

# Why Men Stop Working At or Before Age 65: Findings From the Survey of New Beneficiaries

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*With this article the Bulletin presents another in the series of reports on the findings from the Survey of Newly Entitled Beneficiaries.<sup>1</sup> The second report compares men who stop working after becoming entitled to social security cash benefits with those who keep on working. This article (the third report in the series) examines the reasons why nonworking men left their jobs and claimed full or reduced retirement benefits.*

**THE EARLY RETIREMENT ISSUE** has gained prominence as more and more of the Nation's elderly receive reduced social security benefits because they claimed them before age 65. The actuarial reduction ranges from 5/9 of 1 percent for those receiving a benefit only 1 month before age 65 to 20 percent for those who begin receiving benefits a full 3 years before age 65. The Survey of Newly Entitled Beneficiaries (SNEB) was initiated to find out why older workers claim reduced benefits.

Only insured workers who met the earnings test in the Social Security Act before age 65 could receive reduced benefits. The earnings test provides an administrative definition of retirement.<sup>2</sup> In the fiscal year 1969, 4 in 10 of the men awarded reduced retired-worker benefits continued to work. This article focuses on the 6 in 10 who stopped working altogether.

Earlier findings show that those who supplement their benefits with earnings include a disproportionate share of the self-employed men and of wage earners in service and unskilled

blue-collar jobs. These men generally had lower benefits than the nonworking men and rarely were entitled to pensions from another public program or through their employment. The men who stopped working include a high concentration of skilled blue-collar workers and men with second pension rights. Both groups report a high incidence of health problems that affect their ability to work.<sup>3</sup>

The men who were not working at the time of the Survey were asked a series of questions about the circumstances under which they left their jobs. Findings reported here are based on a sample of men awarded their first retirement benefits from July through December 1968. Men awarded benefits during the subsequent 6 months report similar patterns of reasons for leaving their jobs.

Since estimates in this report are based on a sample, they may differ somewhat from the figures that would have been obtained by asking the same questions of all persons in the subject population. Some preliminary estimates of sampling variability of the Survey results are given in the Technical Note at the end of this report.

## MEN WHO STOPPED WORKING

Within 6 months after they had been awarded benefits during the last half of 1968, 146,000 men had stopped working. As the tabulation that follows shows, 2 out of 3 of these men were entitled to reduced benefits at ages 62-64, and 2 in 5 became entitled at age 62.

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<sup>1</sup> Patience Lauriat and William Rabin, *Men Claiming Benefits Before Age 65*, Preliminary Findings from the Survey of New Beneficiaries, Report No. 1, November 1970 (also printed in the *Social Security Bulletin*, November 1970), and Virginia Reno, *Retirement Patterns of Men at OASDHI Entitlement*, Report No. 2, March 1971.

<sup>2</sup> In 1969 a worker could earn up to \$1,680 or \$140 a month and still receive his regular retirement benefits. Benefits were withheld \$1 for each \$2 in annual earnings between \$1,680 and \$2,880 and were withheld \$1 for \$1 in annual earnings above \$2,880.

	Percentage distribution
Total .....	100
Reduced-benefit awards .....	69
Aged 62 at entitlement .....	41
Aged 63-64 .....	25
Benefits initially postponed .....	3
Full-benefit awards .....	31
Aged 65 .....	10
Aged 66 and over .....	4
Benefits initially postponed .....	17

<sup>3</sup> Virginia Reno, *op. cit.*

About half the men entitled to full benefits had their benefits postponed initially but were ready to receive them at the time of the Survey.

The small number entitled to payable benefits at age 66 or older is a unique group. Most people who do not file for early retirement benefits become entitled initially at age 65 when they file a claim to ensure eligibility for hospital benefits under Medicare. If their earnings are more than the exempt amount in the earnings test, they receive a "conditional" award—that is, benefits are postponed. The small group initially entitled after their 66th birthday apparently missed receiving a benefit award at 65, either because they did not file to establish eligibility for Medicare or they did not have sufficient coverage to establish benefit entitlement if they did file. These men are markedly different from others entitled to full benefits and will be considered in a separate report.

Regardless of the age at which they stopped working or claimed benefits, the nonworking men almost always reported that they considered themselves retired. When asked, "Do you now consider yourself retired, partly retired or not retired at all?" the nonworking men responded as follows:

Retirement status	Age at entitlement		
	62	63-64	65
Total percent.....	100	100	100
Retired.....	84	88	90
Partly retired.....	13	10	7
Not retired at all.....	2	2	2
Not reported.....	1	1	1

### Age at Entitlement and Age at Filing

To protect individuals against loss of benefits simply because they are unaware of their rights under the program, the Social Security Act provides for retroactive entitlement to benefits. An applicant may backdate his entitlement up to 12 months from the date he first files his claim. Two in 5 nonworking men claimed some months of retroactive entitlement (table 1). This backdating occurred most frequently among those entitled at ages 63-64: Nearly 3 in 5 in that age

TABLE 1.—Type of filing: Percentage distribution of nonworking men initially entitled to retired-worker benefits, by age at entitlement, July-December 1968 awards

Type of filing	Total	Age at entitlement			
		Aged 62-64			Aged 65
		Total	62	63-64	
Number (in thousands).....	140	101	60	41	39
Total percent.....	100	100	100	100	100
Filed before entitlement.....	54	45	53	34	77
Filed in month of entitlement.....	7	8	8	8	4
Filed retroactively.....	39	47	39	58	19
1-3 months.....	9	10	11	9	4
4-11 months.....	20	25	21	31	8
12 months.....	10	11	7	18	7

group claimed retroactive entitlement; 18 percent were actually a full year past their entitlement age when they filed their benefit claims. Thus, entitlement age is not a precise indication of how old the men were when they filed for benefits or when they stopped working. It does, however, reflect the amount of actuarial reduction in their benefits for claiming entitlement before age 65. The men who became entitled to benefits at age 62 or age 65 usually filed their application in or before the month they wanted entitlement to begin.

### Interval Between Employment and Entitlement

Men choosing benefit entitlement at the earliest age include many who had been out of work a number of months. Forty-one percent of the nonworking men entitled at age 62 had been out of work for 6 months or more; 33 percent had not worked for at least a year; and 17 percent had been out of work 3 or more years (table 2).

The rest of the nonworking men chose an entitlement date close to the time they stopped working. Over half of those entitled at ages 63-64 and 5 in 6 entitled at age 65 became entitled in or before the month they stopped working. Men becoming entitled to reduced benefits before they stopped working usually claimed retroactive entitlement. They may have filed their benefit claims near the time they stopped working but learned they could gain some additional benefits by choosing a retroactive entitlement date when this option was explained to them at the social security office.

Only about 1 in 10 men entitled at age 63 or older had more than a 5-month gap between

TABLE 2.—Interval between last employment and first entitlement to benefits: Percentage distribution of nonworking men initially entitled to retired-worker benefits, by age at entitlement, July–December 1968 awards

Interval between employment and entitlement	Total	Age at entitlement			
		Aged 62–64			Aged 65
		Total	62	63–64	
Number (in thousands):					
Total.....	140	101	60	41	39
Reporting on interval.....	132	94	56	38	38
Total percent.....	100	100	100	100	100
Stopped working after entitlement.....	30	25	17	37	43
Stopped working in month of entitlement.....	21	13	11	16	42
Stopped working before entitlement.....	49	62	72	47	15
1–5 months.....	22	28	26	32	7
6–11 months.....	5	6	8	3	2
12–35 months.....	8	11	16	3	2
36 or more months.....	10	13	17	6	4
Not reported.....	3	4	6	3	1

their last employment and first entitlement to benefits. Nearly half of these claimed the maximum amount of retroactive entitlement when they did file. Thus only about 6 percent of those entitled at age 63 or older had the option, when they filed, of narrowing the gap between employment and entitlement but did not do so.

Very few of the nonworking men could have qualified for benefits before the year in which they stopped working. Each age group's median annual rate of earnings on their former jobs was far above the earnings test limits:

Age at entitlement	Median earnings on last job
62 -----	\$5,990
63 -----	6,640
64 -----	6,650
65 -----	7,150

The overwhelming majority of nonworking men claimed benefits, with or without early retirement reductions, as soon as they met both the earnings test and the minimum age requirements. Another recent study of early retirement corroborates the SNEB findings that few men wait to claim full benefits, if they stop working before age 65.<sup>4</sup> Thus the reasons why nonworking men left their jobs should largely explain why they claimed benefits when they did.

<sup>4</sup> Richard Barfield and James Morgan, *Early Retirement: The Decision and the Experience*, 1969, page 163; and Richard Barfield, *The Auto Worker and Retirement: A Second Look*, 1970, pages 43–44, Institute for Survey Research, University of Michigan.

## REASONS FOR STOPPING WORK

Recent studies show that older workers' reasons for leaving their jobs may be varied and complex—involving the worker's health, job attitudes or retirement preference, employer retirement policies, and availability of pensions.<sup>5</sup>

Each person who had stopped working when he received the SNEB questionnaire was asked a series of independent questions about whether these factors affected his decision to leave his former job. In addition, each was asked to describe, in his own words, what he considered the "most important reason" for leaving his job. Categories of responses to the latter question are shown in table A.

TABLE A.—Categories of responses to question, "Please describe briefly the most important reason for leaving your last job": Percentage distribution of nonworking men initially entitled to retired-worker benefits, by age at entitlement, July–December 1968 awards

Categories of responses	Total	Age at entitlement			
		Aged 62–64			Aged 65
		Total	62	63–64	
Number (in thousands):					
Total.....	140	101	60	41	39
Reporting on reasons.....	133	96	58	39	37
Total percent.....	100	100	100	100	100
Health.....	45	54	57	48	23
Specific illness or disability.....	29	34	38	30	14
Accident, injury.....	2	3	3	2	1
General poor health.....	14	16	16	16	8
Job-related.....	27	20	19	22	44
Compulsory retirement.....	12	3	1	7	36
Job discontinued, laid off.....	11	13	14	12	6
Dissatisfied.....	4	4	4	4	2
General retirement age.....	7	5	4	6	14
Eligibility for social security benefit or pension.....	2	2	2	2	1
Age for retirement.....	6	3	2	4	13
Retirement, wanted to retire.....	17	17	15	19	16
Changed jobs.....	1	( <sup>1</sup> )	1	1	1
Family or personal.....	3	3	3	4	1
Miscellaneous.....	1	1	1	1	1

<sup>1</sup> Less than 0.5 percent.

The "health" category contains all who identified physical problems or inability to keep up with the pace of work. The category of "job-related" reasons includes those who identified a compulsory or company retirement age, those whose jobs were eliminated or who report being

<sup>5</sup> Richard Barfield and James Morgan, *op. cit.*; and *The Aged Population of the United States: The 1963 Social Security Survey of the Aged*, Research Report No. 19, Social Security Administration, Office of Research and Statistics, pages 103–105; and Ethel Shanas, et al., *Old People in Three Industrial Societies*, Atherton Press, 1968, pages 310–319.

laid off, and a small group who identified undesirable features of their jobs or general job dissatisfaction as the most important reason. Men who reported reaching "retirement age" or simply reported their own age as the most important reason, without specifying whether it was a mandatory retirement age, are included in the "general retirement age" category. Also included are the very small group who said that becoming eligible for social security benefits or a pension was the primary reason.

Men who said they wanted to retire are included in the fourth group. Their responses ranged from mildly negative expressions about work in general (didn't want to work any more, worked long enough, tired of working) to positive anticipation of retirement (wanted to retire, wanted more time for specified activities). This category also included the noncommittal response, "retirement."

## Health

Failing health is the most important reason described by more than half the men claiming reduced benefits. Those entitled at age 62 were the most likely to describe health problems as the most important reason (table A). A little less than a fourth of the men entitled at age 65 said they left their jobs primarily because of health problems.

The subgroups shown under the health category indicate how specific the men were in answering the question. The first group includes those who identified specific illnesses or limitations, such as heart condition, arthritis, glaucoma, or bad back. The small number in the second group described an accidental injury. The third group includes those who simply reported "health" or "poor health" as the most important reason; also included in this group are those giving such reasons as: work became too tiring, too much standing, or couldn't keep up any more.

The nonworking men were also asked directly "Did you leave your last job because of your health or physical condition?" The proportions responding affirmatively (table B) were identical with those given in table A for men reporting health as the most important reason. Although the men with health problems may have had

additional reasons for leaving their jobs, those who said health was a factor almost always ranked it as the most important reason (table 3).

TABLE 3.—Health as a reason for leaving last job: Percentage distribution of nonworking men initially entitled to retired-worker benefits, by age at entitlement, July-December 1968 awards

Reason	Total	Age at entitlement			
		Aged 62-64			Aged 65
		Total	62	63-64	
Number (in thousands):					
Total	140	101	60	41	39
Reporting on reasons	128	93	56	38	35
Total percent	100	100	100	100	100
Left because of health	48	56	60	50	25
Health most important reason	44	52	56	46	22
Other reason most important	4	4	4	5	4
Did not leave because of health	52	44	40	50	75
Health most important reason	2	2	2	3	2
Other reason most important	50	41	37	47	73

## Compulsory Retirement Age

Compulsory retirement policies frequently accompany private pension plans. According to a 1963 study of employer and union pension plans, nearly three-fourths of the private plans, with over three-fifths of the covered workers, had involuntary retirement provisions.<sup>6</sup> The vast majority of plans using a compulsory age specify that workers can be involuntarily retired at age 65—the prevailing "normal retirement age" at which covered workers may qualify for private pensions as well as for unreduced social security benefits. Some plans provide for early retirement with pension rights, but few contain compulsory retirement provisions that affect workers before age 65.

The SNEB findings tend to confirm the fact that compulsory retirement occurs frequently at age 65 and rarely at earlier ages. Among former wage and salary earners, half of those entitled to full social security benefits said they had reached compulsory retirement age (table B). In contrast, only 2 percent of those claiming benefits at age 62 had reached compulsory retirement age. Men entitled to benefits at ages 63-64, though more likely than the group aged 62 to be affected

<sup>6</sup> Bureau of Labor Statistics, *The Older American Worker—Age Discrimination in Employment*, June 1965, page 27.

by compulsory retirement policies, still only infrequently reported reaching mandatory retirement age. Of the 17 percent entitled at age 64 who had reached compulsory retirement age, two-thirds continued working some months after their entitlement date. They may have been aged 65 when they reached the compulsory age and left their jobs.

*Compulsory retirement and pensions.*—It is often contended that compulsory retirement policies, together with pension plans, serve to open up jobs for younger workers and assure older workers of earnings-replacement income in retirement. A 1961 study of compulsory retirement policies among firms employing 50 or more workers reported: “as is commonly thought to be the case, our analysis confirmed the fact that plants which have neither a pension nor a profit-sharing plan tend overwhelmingly to have a completely flexible (retirement) policy.”<sup>7</sup>

According to the SNEB results, 80 percent of the men reaching a compulsory retirement age were either receiving or expecting to receive pensions in addition to social security benefits. As the distribution below indicates, 11 percent of those reaching mandatory retirement age were not covered or didn't expect to realize pension rights from their former jobs. The rest didn't know or didn't report their pension status.

<i>Pension coverage</i>	<i>Aged 65 at entitlement</i>
Number (in thousands):	
Left wage or salary jobs -----	37
Reached compulsory retirement age	20
Total percent -----	100
Covered by pension plan on former job --	87
Receiving a pension -----	73
Expecting to receive -----	7
Not expecting to receive -----	2
Didn't report receipt -----	5
Not covered by pension plan -----	9
Didn't know or didn't report coverage --	4

*Compulsory retirement and ability to work.*—Those men aged 65 who reached compulsory retirement age usually considered themselves healthier than the men who left their jobs for other reasons. Since health is the most common

of the other reasons cited by the 65-year-olds, this finding is not surprising.

All persons in the Survey were asked whether their health or physical condition affected their ability to work and, if so, were they able to work regularly, occasionally, or not at all. Among the 32,000 men entitled at age 65 who reported on work limitations and compulsory retirement age, 41 percent had reached compulsory retirement age and had no work-limiting health conditions. An additional 24 percent were also free of such health problems but stopped working for some other reason. The 35 percent with work limitations were equally divided between those who did and did not face compulsory retirement. The considerable number of men automatically retired at age 65 who are able to work, particularly those who would have preferred not to retire, indicates a sizable manpower resource among the group aged 65 and older.

<i>Work limitation</i>	<i>Percentage distribution</i>
Total -----	100
Reached compulsory retirement age ----	59
No work limitation -----	41
Work limitation -----	18
Cannot work -----	5
Can work occasionally -----	6
Can work regularly -----	6
Not reported -----	1
Not affected by compulsory retirement --	41
No work limitation -----	24
Work limitation -----	17
Cannot work -----	9
Can work occasionally -----	6
Can work regularly -----	2
Not reported -----	1

*Compulsory retirement and other reasons.*—Not surprisingly, most of the age-65 group reporting they did reach a compulsory retirement age describe employer retirement policies as the most important reason for leaving their jobs. Only about 1 man in 10 said something other than such policies, their age, or retirement was the most important reason and most of these men considered their health the overriding reason for stopping work. In table 4, the “main” reason for wage and salary workers leaving the last job includes under compulsory retirement age all those who reached such an age and did not report that poor health or being laid off was the most important reason. Thus, employee-initiated reasons include only those who did not report reaching compulsory retirement age.

<sup>7</sup> Fred Slavick, *Compulsory and Flexible Retirement in the American Economy*, New York State School of Industrial and Labor Relations, Cornell University, 1966, page 19.

TABLE 4.—Main reason for leaving last job by class of worker: Percentage distribution of nonworking men initially entitled to retired-worker benefits by age at entitlement, July–December 1968 awards

Main reason for leaving last job	Total	Age at entitlement			
		Aged 62-64			Aged 65
		Total	62	63-64	
<b>Wage and salary employees</b>					
Number (in thousands):					
Total	126	89	53	36	37
Reporting on main reason	120	85	51	34	36
Total percent	100	100	100	100	100
Health	44	54	57	48	21
Employer-initiated	28	17	14	21	57
Job discontinued, laid off	11	13	14	12	5
Compulsory retirement	18	4	1	10	52
Employee-initiated	27	29	28	31	22
Dissatisfied with job	4	4	4	4	2
Retirement	19	20	18	23	18
Family or personal	3	4	3	4	1
Miscellaneous	1	2	2	1	1
<b>Self-employed</b>					
Number (in thousands):					
Total	14	12	7	4	2
Reporting on main reason	14	12	7	4	2
Total percent	100	100	100	100	100
Health	51	55	56	51	33
Business not doing well	18	19	21	17	16
Retirement or retirement age	22	18	14	25	41
Miscellaneous	9	6	5	7	10

### Economic Factors

Men claiming reduced benefits were more likely than the group aged 65 to have lost their jobs. When they were asked to describe the most important reason for leaving their jobs, 13 percent of the former wage and salary earners with reduced benefits gave such reasons as—laid off, out of business, plant closed down, cutback in work force, or automation (table 4). In contrast, only about 5 percent of those aged 65 said they lost their jobs.

The formerly self-employed accounted for only 11 percent of the nonworking men entitled to reduced benefits and 6 percent of those entitled at age 65. The self-employed are far more likely than wage or salary workers to continue working after becoming entitled to payable or postponed benefits.<sup>8</sup> Those who had stopped working were asked whether lack of success in their businesses prompted them to quit. The question, "Was your

<sup>8</sup> Virginia Reno, *op. cit.*

own business not doing well enough to keep on?", generated a relatively high nonresponse rate among the formerly self-employed. Nonetheless, about 3 men in 10 indicated that poor returns influenced their decisions to close their businesses

TABLE B.—Responses to structured questions about leaving last job by class of worker: Percentage distribution of nonworking men initially entitled to retired-worker benefits, by age at entitlement, July–December 1968 awards

Structured questions	Total	Age at entitlement			
		Aged 62-64			Aged 65
		Total	62	63-64	
<b>All nonworking men</b>					
Number (in thousands)	140	101	60	41	39
Total percent	100	100	100	100	100
Did you leave your last job because of your health or physical condition?:					
Yes	45	54	57	48	23
No	50	42	38	47	70
Not reported	5	4	5	4	6
Total percent	100	100	100	100	100
Did you leave your last job because you wanted to retire?:					
Yes	43	41	37	47	50
No	50	53	57	47	44
Not reported	6	6	6	6	6
Total percent	100	100	100	100	100
Did you want to leave your last job, or would you have worked longer, if you could?:					
Wanted to leave	39	37	34	42	42
Would have worked longer	54	55	58	52	50
Not reported	7	7	8	6	8
Total percent	100	100	100	100	100
Did you leave your last job because you wanted to start getting social security or a pension?:					
Yes	31	28	25	33	36
Social security	10	9	8	11	11
A pension	2	3	3	1	1
Both	18	16	13	20	24
No	61	63	66	59	55
Not reported	8	8	8	8	9
<b>Wage or salary workers</b>					
Number (in thousands)	126	89	53	36	37
Total percent	100	100	100	100	100
Did the place where you worked have a compulsory retirement age?:					
Yes	46	40	36	45	62
Did you reach that age?:					
Yes	20	6	2	12	53
No	25	33	33	31	7
Not reported	2	1	1	2	2
No	39	43	44	42	29
Not reported	15	17	20	14	9
<b>Self-employed</b>					
Number (in thousands)	14	12	7	4	2
Total percent	100	100	100	100	100
Was your own business not doing well enough to keep on?:					
Yes	30	31	36	24	21
No	51	49	46	55	62
Not reported	19	19	19	20	17

or farms (table B). Health problems often compounded business problems as a reason for quitting. Two-fifths of those whose businesses had been doing poorly, as well as half of those who had been more successfully self-employed, described their health as the most important reason for stopping. In table 4, the "main" reason for self-employed men includes under "business not doing well" all who reported this was a factor and did not report that poor health was the most important reason for leaving. Thus, "retirement or retirement age" and miscellaneous reasons for the self-employed include only those for whom poor returns on the business were not a factor in the decision to leave.

### RETIREMENT PREFERENCE AND RETIREMENT BENEFIT INCOME

Earlier studies have suggested that causal relationships between retirement preference and the specific factors prompting a worker to leave his job are often unclear. A worker may want to retire because health problems make his work difficult, perhaps impossible. He may want to retire because he is expected to do so or because he has made plans to do so on reaching compulsory retirement age.<sup>9</sup> For a healthy person who has the opportunity to continue working, however, the desire to retire is probably the sole reason for his retirement.

Two Survey questions probing respondents' attitudes about leaving their jobs are shown in table B. When they were asked whether they left their jobs because they wanted to retire, about 2 in 5 nonworking men responded affirmatively. Those entitled to benefits at age 62 were the least likely to have wanted to retire—about 3 in 8 compared with 4 in 8 of the group entitled at age 65.

The second attitudinal question posed the hypothetical alternatives: "Did you want to leave your last job, or would you have worked longer, if you could?" Answers to this question revealed

<sup>9</sup> A longitudinal study of retirement conducted in the 1950's reveals that about half the men retired by their employers had favorable preretirement attitudes toward retirement; see Wayne E. Thompson and Gordon F. Streib, "Situational Determinants: Health and Economic Deprivation in Retirement," *Journal of Social Issues*, No. 2, 1958, page 24.

somewhat greater reluctance to part with their jobs among the group aged 65.

The Survey results suggest that for men aged 62–65 leaving the job usually means retirement. Therefore the similarity in responses to the two questions is not surprising. Among the men who answered both questions, 38 percent wanted to leave their jobs and wanted to retire and 49 percent would have worked longer and didn't want to retire (table 5). Only 13 percent indicated that wanting to leave their jobs and wanting to retire did not mean the same thing to them.

TABLE 5.—Job attachment by retirement preference: Percentage distribution of nonworking men initially entitled to retired-worker benefits, by age at entitlement, July–December 1968 awards

Job attachment and retirement preference	Total	Aged at entitlement			
		Aged 62–64			Aged 65
		Total	62	63–64	
Number (in thousands):					
Total.....	140	101	60	41	39
Reporting on attachment and preference.....	125	90	54	37	35
Total percent.....	100	100	100	100	100
Wanted to leave last job.....	42	41	38	40	46
Wanted to retire.....	33	36	32	41	43
Didn't want to retire.....	5	5	5	5	3
Would have worked longer.....	58	59	62	54	54
Wanted to retire.....	8	8	7	9	10
Didn't want to retire.....	49	51	56	45	44

### Retirement Preference and Reasons for Leaving the Job

About 7 in 10 men who stopped working—former wage earners and self-employed alike—reported leaving their jobs because of poor health, compulsory retirement, loss of their jobs, or poor returns on their business (table 6). Most of the others were willing retirees. In addition, some of the men who reported compelling reasons for leaving their jobs were willing to retire. About 2 in 5 men with full benefits who reached compulsory retirement age wanted to retire. Men with reduced benefits who stopped working because of their health usually did not want to retire, nor did most who lost their jobs. That the latter group were reluctant to retire may in part be explained by the fact that 3 in 4 who lost their jobs were not receiving pensions—yet half had at least 15 years' tenure on the job.

TABLE 6.—Retirement preference by main reason for leaving last job and class of worker: Percentage distribution of nonworking men initially entitled to retired-worker benefits, by age at entitlement, July–December 1968 awards

Reason for leaving and retirement preference	Total	Age at entitlement			
		Aged 62-64			Aged 65
		Total	62	63-64	
<b>Wage and salary employees</b>					
Number (in thousands):					
Total.....	126	89	53	36	37
Reporting on main reason.....	120	85	51	34	36
Total percent.....	100	100	100	100	100
Wanted to retire.....	43	40	37	46	48
Didn't want to retire.....	51	54	57	48	45
Not reported.....	6	6	6	5	7
Health.....	44	54	57	48	21
Wanted to retire.....	13	14	12	16	10
Didn't want to retire.....	29	36	41	29	10
Not reported.....	3	3	4	3	1
Job discontinued.....	11	13	14	12	5
Wanted to retire.....	1	1	2	1	1
Didn't want to retire.....	9	11	11	10	4
Not reported.....	(1)	1	1	1	(1)
Compulsory retirement.....	18	4	1	10	52
Wanted to retire.....	7	2	(1)	4	19
Didn't want to retire.....	10	2	(1)	5	29
Not reported.....	1	(1)	(2)	1	3
Employee-initiated.....	27	29	28	31	22
Wanted to retire.....	22	23	22	25	19
Didn't want to retire.....	4	5	4	5	1
Not reported.....	2	2	2	1	2
<b>Self-employed</b>					
Number (in thousands):					
Total.....	14	12	7	4	2
Reporting on main reason.....	14	12	7	4	2
Total percent.....	100	100	100	100	100
Wanted to retire.....	48	44	38	54	70
Didn't want to retire.....	44	47	53	38	28
Not reported.....	8	9	9	8	3
Health.....	51	55	56	51	33
Wanted to retire.....	15	14	12	17	15
Didn't want to retire.....	33	37	40	31	16
Not reported.....	3	3	3	3	2
Business not doing well.....	18	19	21	16	16
Wanted to retire.....	8	8	8	8	8
Didn't want to retire.....	9	10	12	7	7
Not reported.....	1	1	1	1	(1)
Retirement and miscellaneous.....	31	27	23	32	51
Wanted to retire.....	26	22	18	29	47
Didn't want to retire.....	2	1	1	1	4
Not reported.....	3	4	4	4	(1)

<sup>1</sup> Less than 0.5 percent.

### Pension Receipt and Reasons for Leaving the Job

Practically all the men who were receiving second pensions had left wage or salary jobs. Only 6 percent of the small group of the formerly self-employed, compared with 55 percent of those who left wage or salary jobs, were receiving pensions in addition to their social secu-

urity benefits (table 7). When the self-employed are excluded, pension receipt rates for nonworkers ranged from 46 percent of the group aged 62 to 68 percent of those entitled at age 65.

Former wage and salary workers who reached compulsory retirement ages were the most likely to be receiving pensions (table 8). Most employee-initiated early retirements were also accompanied by second pensions. About 2 in 5 of the men who retired early because of their health were supplementing social security benefits with second pensions.

TABLE 7.—Pension receipt by class of worker: Percentage distribution of nonworking men initially entitled to retired-worker benefits, by age at entitlement, July–December 1968 awards

Pension receipt <sup>1</sup>	Total	Age at entitlement			
		Aged 62-64			Aged 65
		Total	62	63-64	
<b>Wage and salary employees</b>					
Number (in thousands).....	126	89	53	36	37
Total percent.....	100	100	100	100	100
Recipients.....	55	50	46	55	68
Private.....	45	39	36	45	58
Public.....	12	12	11	12	13
Private and public.....	2	1	1	2	3
Nonrecipients.....	45	50	54	45	32
Not reported.....			1		
<b>Self-employed</b>					
Number (in thousands).....	14	12	7	4	2
Total percent.....	100	100	100	100	100
Recipients.....	6	6	6	6	8
Private.....	2	2	1	3	4
Public.....	4	4	5	3	5
Private and public.....					1
Nonrecipients.....	93	94	94	94	92
Not reported.....	(2)	1	1		

<sup>1</sup> Includes private pensions, State, local, and Federal employees' pensions, military retirement pensions, and railroad retirement benefits.

<sup>2</sup> Less than 0.5 percent.

### Level of Retirement Benefit Income

For early retirees the level of retirement benefit income influenced their willingness to leave their jobs. Nonworking men claiming reduced benefits had a median income of \$1,770 in retirement benefits—social security benefits sometimes supplemented by pensions under private plans or other public retirement programs at the State, local, or national levels (table 9). The proportion



TABLE 8.—Pension receipt by reasons for leaving last job of wage and salary employees: Percentage distribution of nonworking men initially entitled to retired-worker benefits, by age at entitlement, July-December 1968 awards

Reason for leaving and pension receipt	Total	Age at entitlement			
		Aged 62-64			Aged 65
		Total	62	63-64	
Number (in thousands):					
Total.....	126	89	53	36	37
Reporting on reasons.....	120	85	51	34	35
Total percent.....	100	100	100	100	100
Health.....	44	54	57	48	21
Receiving pension.....	19	23	24	22	11
Not receiving pension.....	25	31	34	25	11
Job discontinued.....	11	13	14	12	5
Receiving pension.....	3	4	4	4	2
Not receiving pension.....	7	9	10	8	4
Compulsory retirement.....	18	4	1	10	52
Receiving pension.....	15	3	(1)	7	43
Not receiving pension.....	3	1	(1)	2	9
Employee-initiated.....	27	29	28	31	22
Receiving pension.....	19	20	18	22	15
Not receiving pension.....	9	9	10	9	7

<sup>1</sup> Less than 0.5 percent.

who wanted to retire when they left their jobs increased directly with the amount of retirement benefits—from 15 percent of those with less than \$1,000 to about 75 percent of those with retirement benefits exceeding \$5,000.

Second pensions had a major impact on the men's level of retirement benefit income and the accompanying increase in their willingness to retire early. Second pensions had little effect on the retirement preferences of the group aged 65, about half of whom expressed a willingness to

TABLE 9.—Retirement preference by amount of retirement benefit income: Percentage distribution of nonworking men initially entitled to reduced retired-worker benefits at ages 62-64, July-December 1968 awards

Amount of retirement benefit income <sup>1</sup>	Total	Retirement preference		
		Total	Wanted to retire	Didn't want to retire
Number (in thousands):				
Total aged 62-64 at entitlement.....	101		41	53
Reporting on benefit income and preference.....	90	90	39	51
Total percent.....	100	100	43	57
Less than \$1,000.....	22	100	15	85
1,000-1,999.....	21	100	35	65
1,500-1,999.....	13	100	44	56
2,000-2,999.....	8	100	46	54
2,500-2,999.....	7	100	54	46
3,000-3,999.....	6	100	58	42
3,500-3,999.....	5	100	62	38
4,000-4,999.....	7	100	66	34
4,500-4,999.....	5	100	77	23
5,000-5,999.....	6	100	74	26
6,000 or more.....	6	100		
Median.....	\$1,770		\$2,720	\$1,560

<sup>1</sup> Public or private pensions and social security benefits.

<sup>2</sup> Includes men not reporting on retirement preference.

retire whether or not they had a pension (table 10). Among the group aged 62, however, pension recipients were two and one-half times more likely than nonrecipients to have wanted to retire when they left their jobs.

Clearly, second pensions make early retirement prospects more attractive. However, men with second pensions who wanted to retire accounted for only 26 percent of the men who stopped working and claimed reduced social security benefits (table 11). About 40 percent of those entitled at ages 62-64 had only their social security benefits and did not want to retire when they left their jobs. The rest of the men claiming reduced benefits were about equally divided between those with second pensions who did not want to retire and those without such pensions who retired willingly.

Although the presence of second pensions accounted for the major differences in the men's retirement benefit incomes, willing retirees averaged higher benefit incomes than unwilling retirees with like sources. Among men with second pensions claiming social security benefits at age 62, the willing retirees had a median combined income nearly \$1,000 higher than that of unwilling retirees. For those entitled at ages 63-64 the difference in median retirement benefits was about \$600; for those entitled at age 65 the difference amounted to about \$250.

Similar patterns emerge for the willing and

TABLE 10.—Retirement preference by pension receipt: Percentage distribution of nonworking men initially entitled to reduced retired-worker benefits, by age at entitlement, July-December 1968 awards

Pension <sup>1</sup> receipt and retirement preference	Total	Age at entitlement			
		Aged 62-64			Aged 65
		Total	62	63-64	
Recipients, number (in thousands).....	70	45	25	20	25
Total percent.....	100	100	100	100	100
Wanted to retire.....	55	57	57	58	50
Didn't want to retire.....	40	38	39	38	44
Not reported.....	5	5	5	5	6
Nonrecipients, number (in thousands).....	70	56	35	20	14
Total percent.....	100	100	100	100	100
Wanted to retire.....	32	27	22	36	49
Didn't want to retire.....	61	65	70	57	44
Not reported.....	8	8	8	7	7

<sup>1</sup> Private, State, local, and Federal employees' pensions, military retirement, and railroad retirement.

TABLE 11.—Retirement preference by source and median amount of retirement benefit income: Percentage distribution of nonworking men initially entitled to reduced retired-worker benefits, by age at entitlement, July–December 1968 awards

Sources of benefit income and retirement preference	Total	Age at entitlement			
		Aged 62-64			Aged 65
		Total	62	63-64	
Number (in thousands):					
Total	140	101	60	41	39
Reporting benefit income and retirement preference	126	90	53	37	35
Total percent	100	100	100	100	100
Receiving OASDHI and pension	50	44	41	49	63
Wanted to retire	29	26	24	30	34
Didn't want to retire	21	18	16	19	29
Receiving OASDHI only	50	56	59	51	37
Wanted to retire	17	17	14	20	19
Didn't want to retire	33	39	45	31	17
Median amount, total	\$1,980	\$1,770	\$1,420	\$2,000	\$2,840
Receiving OASDHI and pension	3,630	3,580	3,670	3,490	3,780
Wanted to retire	3,910	3,930	4,100	3,780	3,890
Didn't want to retire	3,340	3,150	3,120	3,180	3,650
Receiving OASDHI only	1,310	1,200	1,010	1,480	1,770
Wanted to retire	1,510	1,390	1,280	1,550	1,800
Didn't want to retire	1,150	1,060	930	1,410	1,720

unwilling retirees who did not have second pensions. Among the men entitled at age 62, those who wanted to retire had a median social security income nearly \$350 greater than those who didn't want to retire. At ages 63-64, the difference was about \$140; at age 65 the difference narrowed to about \$80.

The large group of men who stop working and claim social security benefits at the earliest possible age includes some of the most advantaged and the most disadvantaged new retirees. The 24 percent entitled at age 62 who retired willingly with second pensions had a higher median retirement benefit income than older men in similar circumstances, despite a 20-percent reduction in their social security benefits. Yet the 45 percent of the retirees aged 62 who neither had pensions nor wanted to retire had by far the lowest benefit incomes, with a median of only \$930 or about \$78 a month from social security.

### Income Incentive To Stop Working

The relatively high level of retirement benefit incomes for some early retirees leads directly into questions about the role social security and pen-

sion programs play in influencing people to stop working before normal retirement age. The provisions of the social security earnings test limit the amount a worker under age 72 may earn and still receive all or part of his social security benefit. Under most pension plans, pension receipt is contingent upon termination of employment for the firm or industry in which pension credits were earned.

A good way to evaluate the effect of such programs on the decision to retire early would be to compare the retirement benefit resources of men who retired early with the potential early retirement resources of those who delayed their retirement. Recent research used this approach in studying United Auto Workers' responses to an unusually attractive early retirement option. The auto workers who immediately took advantage of the early retirement pension option had a median family income of \$4,800 from their pension and social security. In contrast, nearly half of those who did not take the early retirement option were eligible for less than \$1,000 in such benefits when surveyed.<sup>10</sup> The study concludes that financial considerations were paramount in the auto workers' decisions to retire early.

The Survey of Newly Entitled Beneficiaries differs from that study. The Survey collects information only at the time of the initial social security benefit award—whether before or after age 65. When they were asked to describe the most important reasons for leaving their jobs, no more than 2 percent of the nonworking men singled out social security or other pension programs (table A). To find out more specifically whether the retirees felt such programs influenced their decisions to stop working, they were asked directly, "Did you leave your last job because you wanted to start getting social security or a pension?" About a fourth of the men entitled at age 62 and more than a third of those entitled at age 65 acknowledged that these benefit programs did influence their decisions to stop working (table B). These men account for about two-thirds of the group who said they wanted to retire when they left their jobs (table 12). Most said that a pension in addition to social security benefits influenced them.

The men's own reports confirm the finding that financial considerations often underlie the will-

<sup>10</sup> Richard Barfield and James Morgan, *op. cit.*, page 81.

TABLE 12.—Income incentive by retirement preference: Percentage distribution of nonworking men initially entitled to retired-worker benefits, by age at entitlement, July–December 1968 awards

Retirement preference and income incentive	Total	Age at entitlement			
		Aged 62–64			Aged 65
		Total	62	63–64	
Number (in thousands):					
Total	140	101	60	41	39
Reporting on incentive and preference	125	90	54	36	35
Total percent	100	100	100	100	100
Wanted to retire	46	43	39	50	52
Retirement benefits a factor	31	28	25	33	37
Retirement benefits not a factor	15	15	14	17	15
Didn't want to retire	54	57	61	50	48
Retirement benefits a factor	2	2	2	2	3
Retirement benefits not a factor	52	55	59	48	45

ingness with which men retire early. About a fourth of the men entitled at age 62 acknowledge that retirement benefits influenced them, and a similar proportion retired willingly with second pensions that brought their median combined benefit income up to more than \$4,000 a year. Yet such financial considerations do not explain why the large majority of men filed for reduced social security benefits. As shown in the earlier SNEB reports, 40 percent of the men claiming reduced benefits kept working to supplement their social security benefits. These partly retired men rarely had second pensions. Most men who did leave their jobs and claim reduced benefits did not want to retire, and most did not have the second pensions that enhance the retirement prospects of more fortunate early retirees.

### MEN WHO STOP WORKING BEFORE AGE 62

As noted earlier, many men claiming benefits at age 62 had been out of work a number of months. Despite different timespans between their last earnings and first entitlement to social security benefits, the men's reasons for leaving their jobs were very similar. Health is the most important reason described by more than half the group, whether they stopped working at age 62 or more than 3 years earlier (table 13). Those whose health caused them to stop working 6 or more months before they claimed retirement benefits account for almost one-fourth of the nonworking men entitled at age 62.

TABLE 13.—Reasons for leaving last job, retirement preference, and "looked for work" by interval between last employment and first entitlement to benefits: Percentage distribution of nonworking men initially entitled to retired-worker benefits at age 62, July–December 1968 awards

Reasons, retirement preference, and "looked for work"	Interval				
	0–5 months	6 or more months			
		Total	6–11	12–35	36 or more
Number (in thousands):					
Total entitled at age 62	30	23	4	9	10
Reporting on reasons	29	23	4	9	9
Total reporting, percent	100	100	100	100	100
Health	57	56	53	55	59
Job discontinued, laid off	10	16	13	14	20
Compulsory retirement age	1	1	1	1	1
Other	33	26	34	31	20
Dissatisfied	5	4	10	4	3
Retirement	23	16	20	22	9
Family or personal	3	4	3	3	5
Miscellaneous	1	2	1	1	3
Total entitled at age 62	100	100	100	100	100
Wanted to retire	47	31	37	42	16
Didn't want to retire	48	65	60	53	77
Not reported	5	4	3	4	5
Total entitled at age 62	100	100	100	100	100
Looked for work	11	19	17	15	24
Didn't look for work	83	74	78	80	66
Not reported	6	7	5	5	10

That many men with serious health problems must await the minimum social security retirement age to receive income support is also shown in another recent study. The 1966 Survey of Disabled Adults reveals that the incidence of severe and occupational disabilities, as well as secondary work limitations, is as high among men aged 60–61 as among those 62–64. Those in the latter group, however, are twice as likely to be receiving support from public income-maintenance programs. Although none of the disabled in the age bracket 60–61 are eligible for OASDHI retirement benefits, 2 in 5 of the disabled aged 62–64 and nearly half of those severely disabled were receiving reduced retired-worker benefits.<sup>11</sup>

Of men entitled at age 62 who stopped working for reasons other than health, those who had been out of work the longest were the most likely to have lost their jobs and to have unsuccessfully sought work. Men who had less than a 3-year gap between their last employment and first benefit entitlement were more likely to have

<sup>11</sup> Lawrence D. Haber, *The Effect of Age and Disability on Access to Public Income-Maintenance Programs*, Report No. 3, Social Security Survey of the Disabled: 1966, July 1968.

retired willingly. About 2 in 5 of these men wanted to retire when they left their jobs; about 1 in 5 indicated that retirement was the most important reason for leaving.

## SUMMARY

Declining health was the reason most men gave for leaving their jobs and claiming social security benefits before age 65. Seven in 10 men with reduced benefits gave one or more of the following reasons: they were physically unable to continue, their jobs were eliminated, their own businesses were doing poorly or they reached compulsory retirement age.

Compulsory retirement policies influenced the majority of men who stopped working and claimed full benefits at age 65. Most of these men said they were free of any health problems affecting their ability to work, and only 2 in 5 said they wanted to retire.

Pensions supplementing their social security benefits were reported by two-thirds of the nonworking men entitled at age 65 and nearly half of the former wage or salary earners with reduced benefits. Most of the men who reached compulsory retirement age received second pensions.

The presence of second pensions and, accordingly, the level of retirement benefit income had an important influence on the men's willingness to accept or initiate early retirement. The rate at which men with reduced benefits retired willingly increased from 15 percent of those with less than \$1,000 in retirement benefits to 75 percent of those with \$5,000 or more per year.

Nonworking men claiming benefits at the earliest possible age include some of the most advantaged and the most disadvantaged new retirees. A fourth of the nonworking men entitled at age 62—representing 15 percent of all men entitled at this age—retired willingly with second pensions; they had a median income of \$4,000 from their retirement benefits. Yet 45 percent of the group aged 62 had no pensions and did not want to retire when they had to leave their jobs. These men had a median income of only \$930 from their actuarially reduced social security benefits.

## Technical Note

The estimates presented here are based on data obtained from the Survey of Newly Entitled Beneficiaries, which is one of the on-going surveys being undertaken by the Social Security Administration to study the retirement process. Collection and tabulation operations were conducted by the Bureau of the Census. This selection of the sample from the social security records was performed by the Social Security Administration.

### Survey Design

*Population.*—The SNEB universe consists of all persons initially awarded retired-worker benefits during each month, starting in July 1968. Disability beneficiaries who reach age 65 and whose benefits are therefore automatically converted to retired-worker benefits are excluded. Transitionally insured workers aged 72 and over are included, but "special age-72" awards are not.

*Sample design.*—The sample for SNEB is selected by means of a two-stage design. The first stage consists of the selection of a single primary sampling unit (PSU) from each of 100 strata by appropriate probability procedures. The selection of the PSU's was made by the Bureau of the Census as one of several combinations of the basic 357 PSU design of the Current Population Survey.<sup>1</sup> Each PSU is composed of a single county or a group of counties (town or group of towns in the New England States). Twenty-one of the PSU's used in the first stage consist of the counties comprising each of the 21 largest metropolitan areas; each of these self-representing PSU's is identical with its stratum. The remaining metropolitan areas were grouped into 33 strata and a PSU, a single metropolitan area, selected from each one. The remaining counties not in metropolitan areas are grouped into 46 strata, and one PSU was selected to represent each such stratum.

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<sup>1</sup> For details on the Current Population Survey sampling procedure, a description of PSU's, stratification, and selection of first-stage units see the Bureau of the Census, *The Current Population Survey—A Report on Methodology*, Technical Paper Number 7.

The second stage of the sampling process was the monthly selection of the new beneficiaries to whom questionnaires would be mailed. These are individuals who had been awarded retired-worker benefits for the first time during the preceding month and who resided in a sample PSU.

*Sample size.*—The size of the SNEB sample was originally set at about 3,200 cases per month, or 1 in 27 of the persons receiving retired-worker benefit awards each month. As of July 1969, the sample was reduced to about 1,500 cases per month when processing delays precluded quarterly data.

*Data collection.*—Each month questionnaires are mailed to the retired workers selected for the sample by the end of the month following their award. Because of problems encountered in selecting the sample during the first 6 months of the survey, the mailings took place 2–3 months after the awards.

For persons who do not respond to the first mailing within 2 weeks, a second questionnaire is mailed and, after 2 more weeks, a third one is sent by certified mail. These successive mailings yield about 75-percent response.

At the end of each quarter, a 50-percent random sample of persons who did not respond to the mailings or whose questionnaires were returned by the Post Office as undeliverable are followed up by personal interviews conducted by Census Bureau personnel.

*Noninterview adjustment.*—About 1 in every 10 persons in the sample failed to return an adequately completed questionnaire in spite of follow-up procedures. About three-fourths of these persons refused to participate in the survey.

In order to represent the nonrespondents, the originally assigned weights were adjusted by multiplying them by the reciprocal of the response ratio. To allow for possible variations in response rates, the adjustment was made for 12 sex, residence, age at entitlement, and payment-status groups separately for each quarter of data.

*Comparison of the estimates.*—Data published quarterly by the Social Security Administration may be used as the basis for comparison with estimates based on SNEB. For the last 6 months

of 1968 the comparative data are shown in the tabulation that follows:

[In thousands]

Type of award	Men		Women	
	SNEB estimates	Award data <sup>1</sup>	SNEB estimates	Award data <sup>1</sup>
Total awards.....	324	334	216	219
Currently payable.....	196	200	175	179
Reduced.....	162	166	148	151
Not reduced.....	34	34	28	28
Conditional and deferred.....	129	134	40	40

<sup>1</sup> Based on table Q-6, *Social Security Bulletin*, March 1970. Published award data exclude a small number of transitionally insured persons who are included in SNEB.

The overall difference between the Survey estimates and the adjusted data on awards is 3 percent for men and 1 percent for women. For awards in payment status—the area of most concern—the difference in the estimates is 2 percent for men and 1 percent for women.

### Reliability of Estimates

Since the SNEB estimates are based on a sample they may differ somewhat from the figures that would have been obtained if every person initially awarded retired-worker benefits during the last 6 months of 1968 were included in the Survey. In this survey, as in others, the results are subject to errors of response and nonreporting, in addition to sampling variability.

The standard error measures the sampling variability of estimates—that is, the variations that occur by chance simply because a sample of the population rather than the population as a whole is surveyed. The chances are about 68 out of 100 that an estimate from the sample would differ by less than the standard error from the results based on the same procedures for the entire population. The chances are about 95 out of 100 that the differences would be less than twice the standard error.

The standard error of an estimated percentage depends on the size of the percentage and the size of its base. Table I presents a rough approximation of standard errors of estimated percentages for SNEB by level of percentage and size of base. Linear interpolation applied to the base or the percentage or both may be used to calcu-

late the value of a standard error not specifically shown. For example:

Of 60,000 nonworking men entitled to benefits at age 62, an estimated 37 percent reported they wanted to retire when they left their jobs. Interpolating in table I, the estimated standard error is approximately 1.5 percent. The chances are 68 out of 100 that the population proportion who wanted to retire is between 35.5 and 38.5 percent. Further, the chances are 95 out of 100 that the results for the whole population of nonworking men entitled at 62 lie between 34.0 and 40.0 percent.

If it is necessary to compare two percentages to determine whether they are significantly different, the standard error of the difference can be approximated as the square root of the sum of the squares of the standard error of each of the percentages. For example:

The proportion of the 60,000 nonworking men entitled to retirement benefits at age 62 who wanted to retire is 37 percent and the proportion of the 39,000 nonworking men entitled at age 65 who wanted to retire is 50 percent. The standard error for the first group is 1.5 percent and the standard error for the second group is about 1.9 percent.

The sum of the squares of the two standard errors is 5.86 percent and the square root, the standard error of the difference, is 2.4 percent. Since the actual difference of 13 percentage points is much greater than twice the standard error of the difference, it is extremely likely that the difference is significant.

*Sampling variability of estimated medians.—*

The sampling variability of an estimated median depends on the distribution as well as the size of the base. An approximate method for measuring the reliability of the estimated median is to determine an interval about the estimated median so that there is a stated degree of confidence that the true median lies within the limits.

The upper and lower limits of the interval

TABLE I.—Rough approximations of standard errors of estimated percentages of persons or married couples (68 chances out of 100)

Size of base	Estimated percentages					
	2 or 98	5 or 95	10 or 90	20 or 80	60 or 40	50
5,000	1.4	2.2	3.0	4.0	4.9	5.0
10,000	1.0	1.6	2.1	2.8	3.5	3.6
25,000	0.6	1.0	1.4	1.8	2.2	2.3
50,000	0.5	0.7	1.0	1.3	1.6	1.6
100,000	0.3	0.5	0.7	0.9	1.1	1.1
150,000	0.3	0.4	0.6	0.7	0.9	0.9
200,000	0.2	0.3	0.5	0.6	0.8	0.8
250,000	0.2	0.3	0.4	0.6	0.7	0.7
300,000	0.2	0.3	0.4	0.5	0.6	0.7

about the median—that is, the confidence limits—based on grouped sample data may be estimated as follows: (1) using the base on which the median was calculated, determine from table I the standard error for 50 percent, the proportion represented by the median; (2) add to and subtract from 50 percent twice the standard error determined in step 1 (for 95-percent confidence limits); and (3) read off the distribution of the characteristic the upper and lower limits of the interval about the median corresponding to the two points established in step 2. For example, the confidence limits of a median may be computed as follows:

In table 9, the median annual rate of income from retirement benefits for nonworking men entitled to reduced benefits is estimated to be \$1,770. The number of those reporting such income is 90,000.

1. The standard error of 50 percent with a base of 90,000 is 1.2 (from table I);
2. For a 95-percent confidence interval, it is necessary to subtract and add two standard errors, to yield limits of 47.6 and 52.4;
3. Since, as table 9 shows, 43 percent of the men had retirement benefit incomes below \$1,500 and 13 percent had incomes between \$1,500 and \$1,999, the dollar value of the lower limit may be found by linear interpolation to be:

$$\frac{47.6 - 43.0}{13} \times \$500 + \$1,500 = \$1,677$$

The upper limit can be found in the same way:

$$\frac{52.4 - 43.0}{13} \times \$500 + \$1,500 = \$1,862$$

Thus, the chances are 95 out of 100 that the true median lies between \$1,677 and \$1,862.

TABLE II.—Response before and after personal interview follow-up, July–December 1968

Status of questionnaire	Before personal interview follow-up <sup>1</sup>		After personal interview follow-up <sup>2</sup>	
	Number	Percent	Number	Percent
Total sample	18,504	100	18,504	100
Questionnaires with adequate response	13,604	74	16,825	91
Questionnaires without adequate response				
Undeliverable	999	5	1,575	9
Deceased	141	1	14	( <sup>3</sup> )
Refusal	123	1	185	1
Failed quality check	364	2	1,317	7
Miscellaneous	343	1	30	( <sup>3</sup> )
Questionnaires not returned	28	( <sup>3</sup> )	29	( <sup>3</sup> )
	3,901	21	104	1

<sup>1</sup> After a maximum of three mailings.

<sup>2</sup> Undeliverable and nonresponse sample cases are weighted to include cases not chosen for the follow-up sample.

<sup>3</sup> Less than 0.5 percent.

## Response to the Survey

As table II shows, about three-fourths of the persons in the sample returned completed questionnaires by mail. The personal follow-up of 1 out of 2 of those who did not respond or whose questionnaires were undeliverable produced an effective response of 91 percent after allowing

for the weighting of such follow-up cases. Of the 9 percent who did not respond, most (7 percent) represented refusals. The follow-up interviews of persons who returned questionnaires that failed a quality check reduced the number of such inadequately completed questionnaires from 343 to 30.

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# Notes and Brief Reports

## Reports of the 1971 Advisory Council on Social Security\*

The Advisory Council on Social Security on March 31, 1971, submitted a comprehensive review of the old-age, survivors, disability, and health insurance program to the Secretary of Health, Education, and Welfare for forwarding to Congress and to the trustees of the social security trust funds. The report made specific recommendations for changes in the cash benefits program and in Medicare.

The Council, the seventh major advisory group to consider social security,<sup>1</sup> was appointed by the Secretary of Health, Education, and Welfare in 1969 in accordance with section 706 of the Social Security Act. The law calls for the appointment of nongovernment advisory councils at specified intervals (every 4 years under present law). The Council is the third to be appointed under this provision of the Act. Its members were:

Arthur S. Flemming, President, Macalester College,  
*Chairman*

Bertha S. Adkins, former Under Secretary of Health,  
Education, and Welfare

J. Douglas Brown, Provost and Dean of the Faculty,  
Emeritus, Princeton University

Walter J. Burke, Secretary-Treasurer, United Steel-  
workers of America

Kermit Gordon, President, The Brookings Institution

Gabriel Hauge, Chairman of the Board, Manufac-  
turers Hanover Trust Company

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\* *Reports of the 1971 Advisory Council on Social Security* (House Document No. 92-80), 1971.

<sup>1</sup> See "Reports of the Advisory Councils," *Social Security Bulletin*, September 1963.

Arthur Larson, Director, Rule of Law Research  
Center, Duke University

Bert Seidman, Director, Department of Social Security, AFL-CIO

Charles A. Siegfried, Vice-Chairman of the Board  
and Chairman of the Executive Committee, Metro-  
politan Life Insurance Company

Joseph P. Tonelli, President-Secretary, International  
Brotherhood of Pulp, Sulphite and Paper Mill  
Workers of the United States and Canada

Robert C. Tyson, Director, and former Chairman of  
the Finance Committee, United States Steel  
Corporation

Dwight L. Wilbur, M.D., Past President, American  
Medical Association

Whitney M. Young, Jr., Executive Director, National  
Urban League (deceased March 11, 1971)

The law directs the Council to review the status of the four social security trust funds in relation to the long-term commitments of the social security program, the scope of coverage, and the adequacy of benefits—and all other aspects of the program as well, including its impact on public assistance. In carrying out its review, the Council considered, among other proposals, those that were currently being considered by Congress.

The Council submitted its reports in three parts: The first contains the findings and recommendations on the social security cash benefits program, the second contains findings and recommendations on health insurance for the aged (Medicare), and the third presents recommendations for financing the cash benefits and Medicare programs.

In its main introduction to the report, the Council pointed out that its central task was closely related to other matters of major importance in our society: public concern with the imperfections of present public assistance programs; public concern about our health care system and the need for developing a national