

Notes and Brief Reports

OASDHI Covered Employment of Foreign Subsidiaries, January-March 1968*

American citizens who are working for foreign subsidiaries of domestic corporations and are covered by old-age, survivors, disability, and health insurance had average taxable earnings of \$3,910 during the first quarter of 1968. These earnings were nearly three times the average of \$1,375 reported for all wage and salary workers for the first quarter of 1968 and were nearly 11 percent higher than the average amount a year earlier. Both higher salaries and the increase in the taxable maximum from \$6,600 to \$7,800 beginning in 1968 contributed to this increase, the largest since these workers were first covered.

The number of firms reporting taxable wages for employees of their foreign subsidiaries and the number of workers covered have leveled off at just under 550 employers and about 10,500 workers. Each firm reporting employed an average of 20 workers.

COVERAGE PROVISIONS

Coverage of foreign subsidiary employment first became effective January 1, 1955, under the 1954 amendments to the Social Security Act. U.S. citizen employees of foreign subsidiaries of American firms may obtain social security coverage only at the request of the domestic corporation. The company must enter into an agreement with the Secretary of the Treasury or his delegate to pay contributions on the wages of its employees on the same basis as if their services were performed in the United States. The agreement must be applicable to all citizens employed outside the United States by the particular foreign subsidiary and to those subsequently employed. The agreement may apply to only one or to any number of foreign subsidiaries of the domestic corporation. After the effective date, an agree-

ment can be terminated by the parent company by giving 2 years' notice, providing that the agreement has been in effect for at least 8 years. Only the Secretary of the Treasury can terminate the agreement sooner. Once terminated for any foreign subsidiary, the agreement cannot be renewed for that company.

The accompanying table uses first quarter reports because they are most representative of overall coverage. Many employees earn the taxable limit (\$1,200 through 1958, \$1,800 through 1965, \$6,600 through 1967, and \$7,800 for 1968) before the end of the second calendar quarter and are not included in later reports for the year. Data were not compiled for the first quarters of 1960 or 1965.

Foreign subsidiary wage report data, January-March, selected years, 1955-68

Year	Domestic corporations	Workers reported	Taxable wages (in thousands)	Average wage per worker
1955.....	81	1,838	\$4,021	\$2,187
1956.....	219	3,173	7,471	2,354
1957.....	276	4,340	10,549	2,431
1958.....	328	5,855	15,468	2,628
1959.....	377	7,243	19,350	2,672
1961.....	447	8,268	22,795	2,757
1962.....	498	8,772	21,956	2,845
1963.....	524	9,376	27,818	2,967
1964.....	537	9,121	27,443	3,009
1966.....	546	10,207	33,800	3,317
1967.....	547	10,689	37,700	3,527
1968.....	544	10,587	41,399	3,910

Benefit Amounts Under 1971 Amendments*

The 1971 amendments to the Social Security Act, enacted by Congress in March, provided a 10-percent increase in basic benefit rates for all beneficiaries except those with "special age-72" benefits who received a 5-percent increase. The new benefit rates, retroactive to January 1971, were first incorporated in the checks for May 1971, which reached the beneficiaries in the first week of June. Supplementary checks mailed during the latter part of June included 4 months' retroactive increases for January through April.

Data showing benefit amounts and averages

* Prepared in the Division of OASDI Statistics.

* Prepared by Harry Shulman, Division of OASDI Statistics.