

Benefits and Beneficiaries Under Public Employee Retirement Systems, 1981 and 1982*

During calendar year 1982, the number of persons receiving benefits from civilian and military Federal, State, and local employee retirement systems rose to 6.2 million, 3.9 percent higher than in the previous year. The amount of benefits paid was \$51.8 billion, or 10.7 percent more than in 1981. Retirement systems covering Federal employees, including members of the Armed Forces, accounted for about two-thirds of the benefit payments and half the beneficiary population. These proportions have remained constant since the mid-1960's.

Table 1 presents 1981 and 1982 data on the amount of benefits and number of beneficiaries for each retirement system, arranged according to the category of benefit received. The percentage distribution of these data by benefit category and level of government can be seen in table 2. The State and local government figures are aggregated from the 2,559 separate retirement systems surveyed by the 1982 Census of Governments.¹ Nearly three-fourths of all the benefits paid in the "State and local" category, however, were paid by the 190 State systems included in the survey. The 2,369 local systems accounted for only 27 percent of the total.

Table 3 shows the average annual benefit amount in each category of receipt for both Federal and State/local systems. Average benefits are shown in both current and constant (1982) dollars for selected years in the period 1972-82. Federal benefits increased in constant dollars over the decade, especially during its first 5 years. All three categories of risk showed higher rates of growth between 1972 and 1977 than between 1977 and 1982. The age and service category increased 16 percent between 1972 and 1977, and 8 percent between 1977 and 1982. The disability category increased 19 percent in the first 5-year period and 5 percent in the second.

The Federal survivors' benefit showed the largest constant dollar increase of any category: 30 percent between 1972 and 1977 and 12 percent in the period 1977-82. The main reason for this growth was the liberalizing amendment of the Retired Serviceman's Family Protection Plan (Public Law 92-425) in September 1972. In 1972, approximately 15 percent of career military personnel elected the survivor benefit option. The revised provisions were so attractive that by 1977 nearly 60 percent of such personnel had elected to participate.

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¹Bureau of the Census, *Employee-Retirement Systems of State and Local Governments*, August 1983.

State and local benefits, by contrast, showed a decline in real terms over the decade. Automatic cost-of-living increases are generally not the rule under State and local plans, which consequently have not kept pace with the rest of the economy in recent years. State and local age and service benefits decreased 2 percent from 1972 to 1977 and 9 percent in the period 1977-82. Disability benefits declined 13 percent in the first 5-year period and increased 18 percent in the second. During the same two periods, survivor benefits declined 40 percent and increased 50 percent. The 10-year changes were -10 percent, +3 percent, and -11 percent, respectively.

Table 4 summarizes data on public employee retirement systems from 1954 through 1982. The amount of benefits paid and the number of beneficiaries receiving them are shown by category of benefit receipt. The share of benefits allotted to age and service retirees has increased 10 percent over the 28-year period, and the proportion of such retirees has increased 8 percent. The number of disability benefits and the number of beneficiaries have dropped by equal proportions.

Table 5 presents similar time series data by the level of government administering the system. It also shows the percentage increase between 1972 and 1982 for each of the various categories. The Federal retirement systems had a 64-percent increase in beneficiaries during that time, and a 327-percent increase in benefits. State and local retirement systems, on the other hand, experienced a 98-percent growth in beneficiaries and a 265-percent growth in benefit payments. The lesser increase in State and local benefits is due to the fact, as previously stated, that they are generally not indexed for inflation.

In April 1983, an important change in retirement provisions for Federal civilian employees was enacted. The Social Security Amendments of 1983 extended old-age, survivors, and disability insurance (OASDI) coverage to Federal civilian employees hired after December 31, 1983, as well as to elected officials, including Members of Congress, the President, the Vice President, Federal judges, and most executive-level political appointees. Persons in Federal civilian employment on December 31, 1983, will continue to contribute to the Civil Service Retirement Fund and will receive benefits from it when they retire if they are qualified.

The 1983 provision was designed to protect Federal employees who shift from employment covered under the Civil Service Retirement system to employment covered under social security, or vice versa. For Federal employees hired after 1983, the provision also eliminates windfall benefits. Windfall benefits are those that represent a high return on OASDI taxes for workers who spend only a part of their working careers in OASDI-covered employment while also accruing pension credits based on employment that is not OASDI-covered during another part of their careers. Bringing Federal employees under the social security system will eliminate

Table 1.—Benefits and beneficiaries under public employee retirement systems, by reason for benefit receipt, 1981–82

System	Total		Age and service		Disability		Survivor			
	1981	1982	1981	1982	1981	1982	Monthly ¹		Lump-sum	
							1981	1982	1981	1982
Benefits (in thousands)										
Total	\$46,820,912	\$51,812,129	\$36,805,912	\$40,659,083	\$6,219,011	\$6,952,750	\$3,382,254	\$3,762,432	\$413,734	\$437,864
Federal employees, total	32,065,912	35,244,629	24,677,312	27,157,283	4,728,811	5,141,750	2,614,954	2,905,432	44,834	40,164
Civil Service	17,564,570	19,320,440	11,915,708	13,113,052	3,364,435	3,702,509	2,242,957	2,468,339	41,470	36,540
Armed Forces ²	13,938,817	15,299,904	12,287,282	13,521,833	1,308,829	1,373,418	342,706	404,653	...	...
Other Federal programs, total	562,525	624,285	474,322	522,398	55,547	65,823	29,291	32,440	3,364	3,624
Contributory systems	208,487	235,847	178,840	202,943	11,318	12,639	16,228	17,850	2,101	2,415
Federal judiciary survivors ³	2,245	2,253	...	...	...	...	2,245	2,253	...	...
Foreign Service	169,316	184,764	150,183	163,886	8,635	9,423	10,328	11,271	170	184
Tennessee Valley Authority	36,926	48,830	28,657	39,057	2,683	3,216	3,655	4,326	1,931	2,231
Noncontributory systems	354,038	388,438	295,482	319,455	44,229	53,184	13,063	14,590	1,263	1,209
Coast Guard ^{2,4}	243,552	264,496	199,698	210,970	36,411	44,964	7,443	8,562	...	...
Federal judiciary ^{2,5}	13,709	16,016	12,450	14,780	1,164	1,146	95	90	...	...
Federal Reserve banks (and Board) ^{6,7}	42,104	45,671	36,546	39,942	1,474	1,660	2,820	2,860	1,263	1,209
NOAA ^{2,8}	3,592	3,242	2,820	2,431	525	508	247	303	...	...
Public Health Service ^{2,9}	50,372	58,343	43,337	50,734	4,655	4,906	2,380	2,703	...	...
Tax Court ^{2,10}	709	670	631	598	...	...	78	72	...	...
State and local employees, total ^{11,12}	14,755,000	16,567,500	12,128,600	13,501,800	1,490,200	1,811,000	767,300	857,000	368,900	397,700
Beneficiaries (at end of year)										
Total	5,969,274	6,202,031	4,426,771	4,610,198	751,083	779,139	791,420	812,694	...	...
Federal employees	3,217,274	3,305,031	2,151,771	2,206,198	522,083	529,139	543,420	569,694	...	...
Civil Service	1,805,000	1,858,000	963,000	989,000	375,000	384,000	467,000	485,000	...	...
Armed Forces ²	1,364,492	1,397,471	1,151,540	1,178,491	141,696	139,755	71,256	79,225	...	...
Other Federal programs, total	47,782	49,560	37,231	38,707	5,387	5,384	5,164	5,469	...	...
Contributory systems	13,746	14,415	10,306	10,855	1,122	1,145	2,318	2,415	...	...
Federal judiciary survivors ³	207	199	...	...	...	...	207	199	...	...
Foreign Service	7,393	7,656	5,988	6,197	370	399	1,035	1,060	...	...
Tennessee Valley Authority	6,146	6,560	4,318	4,658	752	746	1,076	1,156	...	...
Noncontributory systems	34,036	35,145	26,925	27,852	4,265	4,239	2,846	3,054	...	...
Coast Guard ^{2,4}	21,446	22,073	16,058	16,539	3,784	3,780	1,604	1,754	...	...
Federal judiciary ^{2,5}	228	244	202	220	21	19	5	5	...	...
Federal Reserve banks (and Board) ^{6,7}	10,129	10,468	8,940	9,256	209	195	980	1,017	...	...
NOAA ^{2,8}	168	171	106	109	27	27	35	35	...	...
Public Health Service ^{2,9}	2,051	2,175	1,611	1,719	224	218	216	238	...	...
Tax Court ^{2,10}	14	14	8	9	...	...	6	5	...	...
State and local employees, total ^{11,12}	2,752,000	2,897,000	2,275,000	2,404,000	229,000	250,000	248,000	243,000	...	...

¹ Unless otherwise specified, number of survivor beneficiaries represents number of individuals.

² Survivor beneficiaries represent families.

³ Excludes annuities to widows of Supreme Court justices. See footnote 5 below.

⁴ Includes former Lifesaving and Lighthouse Service employees and their widows, through 1980; thereafter Coast Guard only.

⁵ Includes Supreme Court justices and other Federal judges retired on salary as well as widows of Supreme Court justices receiving noncontributory annuities.

⁶ Contributory Board Plan not available separately. Lump-sum benefits re-

late to Board plan only.

⁷ Survivor beneficiaries represent widows only.

⁸ National Oceanic and Atmospheric Administration commissioned officers.

⁹ Commissioned officers.

¹⁰ Retirement pay for judges is noncontributory; survivor benefits are contributory.

¹¹ Benefits estimated by Social Security Administration from Census of Governments data for fiscal years; beneficiaries estimated from most recent (1982) quinquennial **Census of Governments**.

¹² Survivor beneficiaries represent payees, not necessarily individuals.

Source: Data reported by administering agencies, except as noted.

this problem for those hired after 1983. For workers already in non-OASDI-covered employment before 1984, the amendments introduced a modified social security benefit formula to eliminate windfall benefits. This new formula will be phased in over a 5-year period, and will

be applicable to workers who become eligible after 1985 for both a pension based on non-OASDI-covered employment and retirement or disability benefits under social security.

The 1983 amendments (revised in 1984) also modified

Table 2.—Percentage distribution of benefits and beneficiaries of public employee retirement systems, by reason for benefit receipt and level of administering government, 1972 and 1980–82

Reason for receipt and level of government	1972	1980	1981	1982	Reason for receipt and level of government	1972	1980	1981	1982
	All levels of government, by reason for receipt					All reasons for receipt, by level of government			
Benefits, total	100	100	100	100	Benefits, total	100	100	100	100
Age and service	79	79	79	79	Federal	64	68	68	68
Disability	13	13	13	13	Civil Service	31	37	37	37
Survivor, monthly benefits	6	7	7	7	Armed Forces	32	30	30	30
Survivor, lump-sum benefits	2	1	1	1	Other	1	1	1	1
					State and local	36	32	32	32
Beneficiaries, total	100	100	100	100	Beneficiaries, total	100	100	100	100
Age and service	73	74	74	74	Federal	58	54	54	53
Disability	13	13	13	13	Civil Service	31	30	30	30
Survivor, monthly benefits	14	13	13	13	Armed Forces	26	23	23	22
					Other	1	1	1	1
					State and local	42	46	46	47

Table 3.—Average annual benefits, by reason for benefit receipt and level of government, selected years 1972–82, in current and constant (1982) dollars

Reason for receipt	1972	1977	1980	1981	1982	Percentage increase, 1972–77	Percentage increase, 1977–82	
	Current dollars							
All public employee retirement systems, total	\$3,617	\$5,421	\$7,190	\$7,774	\$8,283	50	53	
Age and service	4,086	5,955	7,719	8,314	8,819	46	48	
Disability	3,698	5,724	7,588	8,280	8,924	55	56	
Survivor, monthly benefits	1,760	2,507	3,855	4,274	4,629	42	85	
Federal employee retirement systems, total	4,091	6,703	9,181	9,953	10,652	64	59	
Age and service	4,816	7,760	10,529	11,468	12,310	61	59	
Disability	3,768	6,246	8,324	9,058	9,717	66	56	
Survivor, monthly benefits	1,699	3,074	4,481	4,812	5,100	81	66	
State and local employee retirement systems, total	2,963	3,844	4,859	5,228	5,582	30	45	
Age and service	3,038	4,164	5,029	5,331	5,616	37	35	
Disability	3,424	4,145	5,821	6,507	7,244	21	75	
Survivor, monthly benefits	1,923	1,596	2,624	3,094	3,527	-17	121	
	Constant (1982) dollars							
All public employee retirement systems, total	\$7,426	\$7,996	\$8,246	\$8,222	\$8,283	8	4	
Age and service	8,389	8,783	8,853	8,793	8,819	5	(1)	
Disability	7,592	8,442	8,703	8,758	8,924	11	6	
Survivor, monthly benefits	3,613	3,698	4,421	4,521	4,629	2	25	
Federal employee retirement systems, total	8,399	9,886	10,530	10,527	10,652	18	8	
Age and service	9,887	11,445	12,076	12,130	12,310	16	8	
Disability	7,736	9,212	9,547	9,581	9,717	19	5	
Survivor, monthly benefits	3,488	4,534	5,139	5,090	5,100	30	12	
State and local employee retirement systems, total	6,083	5,670	5,573	5,530	5,582	-7	-2	
Age and service	6,237	6,142	5,768	5,639	5,616	-2	-9	
Disability	7,029	6,114	6,676	6,882	7,244	-13	18	
Survivor, monthly benefits	3,948	2,354	3,010	3,273	3,527	-40	50	

¹ Less than 0.5 percent.

the 1977 pension offset—that is, the offset of a pension based on non-OASDI-covered governmental employment against social security spouse or survivor benefits. In 1983, the amount of this offset was reduced from the previous 100 percent to two-thirds of the pension amount. Moreover, persons eligible for their pensions before August 1983 who were dependent on a social se-

curity primary beneficiary for half or more of their support are entirely exempt from the offset.

Data on the beneficiary population of State and local government retirement systems are available only through the quinquennial **Census of Governments** reports. Table 6 summarizes the revised figures based on the 1982 **Census of Governments**. Intercensile year fig-

Table 4.—Benefits in current dollars and beneficiaries of public employee retirement systems at end of year, by reason for benefit receipt, 1954–82

Year	Benefits (in millions)					Beneficiaries (in thousands)			
	Total	Age and service	Disability	Survivor		Total	Age and service	Disability	Monthly survivor
				Monthly	Lump-sum				
1954	\$1,300	\$881	\$301	\$69	\$50	850	559	180	110
1955	1,463	998	335	81	50	917	606	189	122
1956	1,665	1,153	360	96	56	1,004	672	197	136
1957	1,881	1,331	377	112	62	1,108	756	201	150
1958	2,156	1,534	419	135	68	1,222	835	217	170
1959	2,424	1,736	459	162	67	1,341	907	232	203
1960	2,674	1,921	492	185	76	1,448	977	247	224
1961	3,008	2,181	530	208	88	1,578	1,072	263	243
1962	3,303	2,401	571	229	97	1,688	1,150	280	259
1963	3,754	2,763	625	266	101	1,838	1,263	294	280
1964	4,253	3,151	693	296	113	1,984	1,372	310	301
1965	4,720	3,520	751	324	125	2,117	1,472	326	319
1966	5,479	4,104	857	382	135	2,293	1,607	346	340
1967	6,172	4,636	942	448	145	2,474	1,744	364	366
1968	6,926	5,250	1,022	492	162	2,666	1,890	378	388
1969	7,920	6,052	1,135	554	179	2,854	2,049	398	406
1970	9,355	7,210	1,312	645	189	3,050	2,204	419	427
1971	10,947	8,553	1,491	734	200	3,265	2,375	439	451
1972	12,783	10,039	1,687	837	220	3,474	2,543	456	476
1973	14,975	11,867	1,907	965	236	3,796	2,785	487	525
1974	18,052	14,382	2,241	1,171	258	4,136	3,035	518	583
1975	21,617	17,200	2,707	1,439	271	4,428	3,243	549	636
1976	24,526	19,506	3,096	1,641	282	4,739	3,747	577	688
1977	27,429	21,795	3,500	1,842	292	5,006	3,660	611	735
1978	30,873	24,452	3,985	2,111	324	5,175	3,791	648	737
1979	35,068	27,730	4,560	2,445	333	5,409	3,982	679	749
1980	41,060	32,416	5,371	2,896	377	5,659	4,200	708	751
1981	46,821	36,806	6,219	3,382	414	5,969	4,427	751	791
1982	51,812	40,659	6,953	3,762	438	6,202	4,610	779	813

ures are estimated by the Social Security Administration's Office of Research, Statistics, and International Policy, based on the amount of benefits paid during the year. A document published annually by the Census Bureau² provides data on the total benefits paid by State

and local retirement systems for the fiscal year. Calendar year figures presented here are derived from an aggregation of fiscal years. The proportion of benefits assigned to each risk category is estimated by using the proportions observed in the most recent **Census of Governments** report. Data on Federal retirement systems are taken from reports of the administering agencies.

² Bureau of the Census, **Finances of Employee-Retirement Systems of State and Local Governments in 1982-83**, September 1984.

Table 5.—Benefits in current dollars and beneficiaries of public employee retirement systems at end of year, by level of government, 1954–82, and percentage increase, 1972–82

Year	Benefits (in millions)					Beneficiaries (in thousands)				
	All systems	Federal			State and local	All systems	Federal			State and local
		Total ¹	Civil Service	Armed Forces			Total ¹	Civil Service	Armed Forces	
1954	\$1,300	\$764	\$338	\$398	\$535	850	450	269	168	399
1955	1,463	868	380	456	595	917	490	297	180	427
1956	1,665	988	456	496	677	1,004	533	327	191	471
1957	1,881	1,106	536	531	775	1,108	584	369	200	523
1958	2,156	1,281	637	601	875	1,222	649	418	215	573
1959	2,424	1,499	740	664	975	1,341	722	476	230	619
1960	2,674	1,596	816	732	1,078	1,448	788	515	256	660
1961	3,008	1,805	909	845	1,203	1,578	869	559	293	709
1962	3,303	2,006	1,000	952	1,296	1,688	949	602	329	739
1963	3,754	2,304	1,149	1,097	1,450	1,838	1,044	643	382	793
1964	4,253	2,643	1,270	1,310	1,610	1,984	1,144	688	435	840
1965	4,720	2,945	1,384	1,430	1,775	2,117	1,231	729	481	886
1966	5,479	3,494	1,713	1,703	1,985	2,293	1,348	796	530	945
1967	6,172	3,952	1,906	1,960	2,220	2,474	1,445	831	590	1,029
1968	6,926	4,442	2,087	2,260	2,485	2,666	1,549	872	651	1,117
1969	7,920	5,085	2,346	2,631	2,835	2,854	1,650	910	714	1,203
1970	9,355	6,075	2,820	2,133	3,280	3,050	1,759	959	773	1,291
1971	10,947	7,127	3,329	3,660	3,820	3,265	1,886	1,026	831	1,379
1972	12,783	8,248	3,946	4,149	4,535	3,474	2,012	1,092	890	1,463
1973	14,975	9,660	4,808	4,679	5,315	3,796	2,171	1,192	948	1,625
1974	18,052	11,942	6,082	5,651	6,110	4,136	2,350	1,306	1,012	1,786
1975	21,617	14,592	7,532	6,808	7,025	4,480	2,480	1,372	1,073	1,948
1976	24,526	16,546	8,584	7,674	7,980	4,739	2,630	1,432	1,161	2,109
1977	27,429	18,429	9,626	8,479	9,000	5,006	2,735	1,488	1,208	2,271
1978	30,873	20,709	10,925	9,420	10,164	5,175	2,857	1,564	1,252	2,318
1979	35,068	23,578	12,519	10,642	11,490	5,409	2,946	1,617	1,286	2,463
1980	41,060	28,042	15,065	12,478	13,018	5,659	3,052	1,675	1,330	2,607
1981	46,821	32,066	17,565	13,939	14,755	5,969	3,217	1,805	1,364	2,752
1982	51,812	35,245	19,320	15,300	16,568	6,202	3,305	1,858	1,398	2,897
Percentage increase, 1972–82	305	327	390	269	265	79	64	70	57	98

¹ Includes Federal systems other than Civil Service and Armed Forces not shown separately.

Table 6.—Benefits and beneficiaries under State and local government employee retirement systems, 1978–82¹

Retirement systems	Benefits (in millions)					Beneficiaries (in thousands)				
	1978	1979	1980	1981	1982	1978	1979	1980	1981	1982
Total	\$10,164	\$11,490	\$13,018	\$14,755	\$16,568	2,318	2,463	2,607	2,752	2,897
Age and service	8,568	9,605	10,792	12,129	13,502	1,887	2,016	2,146	2,275	2,404
Disability	793	988	1,211	1,490	1,811	167	188	208	229	250
Survivor, monthly benefits	508	586	664	767	857	264	259	253	248	243
Survivor, lump-sum benefits	295	310	351	369	398	...	...	...	...	...

¹ Data on the beneficiary population of State and local government retirement systems are available only through the quinquennial **Census of Governments** reports. Intercensal year figures are estimates, based on the amount of

benefits paid during the year, published annually by the Bureau of the Census. This table presents revised estimates for 1978–81, based on the 1982 **Census of Governments**. 1982 data are actual figures reported in that Census.