

Federal Civil-Service Annuitants and Social Security, December 1975

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This article examines personal and work-related characteristics of a sample of the nearly 1 million Federal civil-service retirees who were receiving annuities based on their own wage records as of December 31, 1975. Employment patterns and subsequent annuities in civil-service careers have been related to corresponding experience in jobs covered under the old-age, survivors, disability, and health insurance (OASDHI) program. With some exceptions, the review uncovered patterns generally similar to those found in a study of 1967 annuitants. About 2 out of 5 annuitants were entitled to OASDHI cash benefits in 1975. Most of these dual beneficiaries received benefits on the basis of their own OASDHI-covered earnings, but 11 percent were entitled as dependents or survivors of other workers. About two-thirds of the annuitants not currently receiving benefits had some OASDHI-covered employment during their work careers. In general, those with the shortest civil-service careers and lowest annuities were most likely to be entitled to OASDHI cash benefits.

FOR MOST AMERICAN WORKERS the main source of income support during retirement is their benefit under the old-age, survivors, disability, and health insurance (OASDHI) program. The majority of persons not covered under the social security system are employees of Federal, State, or local governments that have their own retirement programs. Most employees of the Federal Government are in this category, as well as up to one-third of all State and local government workers. Most State and local government workers covered under plans of their employers are also covered under the OASDHI program.

Recently, concern has been expressed about problems arising from a lack of integration between various retirement programs. Some workers, for example, may work for a time in OASDHI-covered work and at another time in noncovered government employment. Eventually, upon reaching retirement age, they may discover

that they are not eligible for a pension under any system. This difficulty could result from having been employed a shorter period than required for pension eligibility under a particular system. In addition, workers who move between covered and noncovered employment under the OASDHI program may lose significant protection for themselves and their families in the event of disability or death.

Another area of concern has been the receipt by the same worker of benefits from both OASDHI and a government retirement program. In particular, as the most recent report of the Advisory Council on Social Security pointed out, some Federal civil-service annuitants also receive OASDHI benefits as dependents of other workers, and others earn just barely enough quarters of coverage to qualify for the minimum OASDHI benefit (a so-called "windfall" benefit).¹ This study examines issues presented by the Advisory Council report. Primarily, it consists of an updating of information about Federal annuitants obtained by the Social Security Administration as of June 1967.²

Limited examination is also made here of the benefits available to civil-service annuitants as dependents under the OASDHI program. About 5 percent of all annuitants in 1975 were in this category. The earlier study did not include such annuitants. Comparisons of beneficiary status between the two studies are therefore not as direct as they would have been if this group had been omitted from the current data.

THE SAMPLE

As of December 31, 1975, 978,180 retired employees (not including survivors) were receiving

¹ Advisory Council on Social Security, *Report of the Quadrennial Advisory Council on Social Security*, Committee on Ways and Means, U.S. House of Representatives (94th Cong., 1st sess.), 1975.

² See Elizabeth M. Heidebreder, "Federal Civil-Service Annuitants and Social Security," *Social Security Bulletin*, July 1969, pages 20-33.

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TABLE 1—Civil-service annuitants Number and percentage distribution, by sex, age, type of retirement, and years of service, as of December 31, 1975

| Characteristic | All annuitants | | Men | | Women | |
|-----------------------------------|----------------|---------|---------|---------|---------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| <i>Age</i> | | | | | | |
| Total .. | 978,180 | 100 0 | 715,250 | 100 0 | 262,930 | 100 0 |
| Under 55 | 102,260 | 10 5 | 77,080 | 10 8 | 25,180 | 9 6 |
| 55-59 | 138,570 | 14 2 | 112,010 | 15 7 | 26,560 | 10 1 |
| 60-64 | 183,410 | 18 8 | 140,900 | 19 7 | 42,510 | 16 2 |
| 65-71 | 286,380 | 27 2 | 188,460 | 26 3 | 77,920 | 29 8 |
| 72 and over | 287,560 | 29 4 | 196,800 | 27 5 | 90,760 | 34 5 |
| <i>Type of retirement</i> | | | | | | |
| Total | 978,180 | 100 0 | 715,250 | 100 0 | 262,930 | 100 0 |
| Disability | 257,040 | 26 3 | 187,960 | 26 3 | 69,080 | 26 3 |
| Age and service | 586,060 | 60 9 | 429,450 | 60 0 | 166,610 | 63 4 |
| Mandatory 15 years service | 33,530 | 3 4 | 21,210 | 3 0 | 12,320 | 4 7 |
| Optional, 20 years service | 259,610 | 26 5 | 218,690 | 30 6 | 40,920 | 15 6 |
| Optional, 12-29 years service | 214,080 | 21 9 | 136,480 | 19 1 | 77,590 | 29 5 |
| Immediate, 5-11 years service | 22,350 | 2 3 | 13,400 | 1 9 | 8,950 | 3 4 |
| Deferred, 5 years service or more | 66,490 | 6 8 | 39,660 | 5 5 | 26,830 | 10 2 |
| Involuntary | 112,350 | 11 5 | 86,480 | 12 1 | 25,870 | 9 8 |
| All other ¹ | 12,730 | 1 3 | 11,360 | 1 6 | 1,370 | 5 |
| <i>Years of service</i> | | | | | | |
| Total | 978,180 | 100 0 | 715,250 | 100 0 | 262,930 | 100 0 |
| Less than 5 ² | 2,940 | 3 | 1,310 | 2 | 1,630 | 6 |
| 5-9 | 79,670 | 8 1 | 48,650 | 6 8 | 31,020 | 11 8 |
| 10-14 | 86,240 | 8 8 | 61,450 | 8 6 | 24,790 | 9 4 |
| 15-19 | 116,280 | 11 9 | 72,700 | 10 2 | 43,580 | 16 6 |
| 20-24 | 157,610 | 16 1 | 103,200 | 14 4 | 54,480 | 20 7 |
| 25-29 | 188,010 | 19 2 | 142,000 | 19 9 | 46,010 | 17 5 |
| 30-34 | 222,240 | 22 7 | 185,130 | 25 9 | 37,040 | 14 1 |
| 35-39 | 78,210 | 8 0 | 67,770 | 9 5 | 10,440 | 4 0 |
| 40-44 | 29,410 | 3 0 | 26,280 | 3 7 | 3,130 | 1 2 |
| 45 or more | 7,570 | 8 | 6,760 | 9 | 810 | 3 |

¹ Optional, 20 years service, aged 50, for Members of Congress and through transfers from other systems

² At least 5 years service but less than 5 years of retirement contributions

monthly annuities under the Federal civil-service retirement system. A sample of 10 percent of these persons, or 97,818 individuals, was drawn to represent the total annuitant population. The records for 2,059 annuitants, or 2 percent of the total, did not contain social security numbers, so their civil-service records could not be matched with their OASDHI earnings records. The data for these persons appear in the "nonbeneficiary, uninsured" categories of the tables. In addition, it was found that 342 or less than 0.5 percent of the sample of civil-service annuitants were deceased when their civil-service files were matched with OASDHI earnings records. Data for this group is also contained in the "nonbeneficiary, uninsured" categories. (See the technical note at the end of this article for additional information on the study sample and methodology.)

ANNUITANT CHARACTERISTICS

Three-fifths of the annuitants had retired after completing age-and-service requirements, and

one-fourth had retired for disability (table 1).³ Employees are eligible for disability retirement after 5 years of civilian service, regardless of their age. Age 55 is the earliest age when voluntary retirement for age and service is possible, except for law enforcement officers, firefighters, and air traffic controllers, whose eligibility requirements are different because of the nature of their jobs.

Eleven percent of the annuitants were under age 55 when they retired, compared with 9 percent in the previous study. About 12 percent of the annuitant population had retired involuntarily—a significantly higher proportion than the 3 percent reported for 1967. Involuntary retirement usually results from reductions in force or political vulnerability, and, for those on the rolls in 1975, also includes early retirements with actuarial reduction, sometimes allowed in an agency undergoing a major reduction in force.

³ Civil-service annuitants retired for disability are classified as disabled even after reaching age 65, but when a disabled worker under OASDHI reaches that age, his benefits are automatically converted to retired-worker benefits.

The age of annuitants shown in the tables is their age at the time of the survey—December 31, 1975. Fifty-four percent of the men and 64 percent of the women were aged 65 and over at that time. Two-thirds of the annuitants received their first annuity check in the period 1966–75. The percentage distribution of retirees by the year in which their annuity began was as follows:

| Period | Percent |
|-------------|---------|
| Before 1961 | 11.5 |
| 1961–65 | 18.6 |
| 1966–70 | 24.1 |
| 1971 | 7.4 |
| 1972 | 11.4 |
| 1973 | 13.1 |
| 1974 | 9.0 |
| 1975 | 2.0 |
| Unknown | 2.9 |

Seventy-three percent of the annuitants were men, slightly less than the proportion in 1967. As in the earlier study, men had more years of Government service than did women. Forty percent of the men and 20 percent of women had worked for 30 years or longer, compared with 35 percent and 19 percent in the previous study. Overall, the median number of years of service for all annuitants was 25, for men it was 27 years, and for women, 22 years. In the earlier study the medians were 23 years for all annuitants, 24 years for men, and 20 years for women.

As the following tabulation indicates, 52 per-

| Monthly annuity | Number | Percentage distribution |
|-----------------|---------|-------------------------|
| Total | 978,180 | 100.0 |
| Less than \$100 | 36,090 | 3.7 |
| 100–199 | 86,340 | 8.9 |
| 200–299 | 100,000 | 10.2 |
| 300–399 | 144,400 | 14.8 |
| 400–499 | 138,970 | 14.2 |
| 500–599 | 125,520 | 12.8 |
| 600–699 | 98,400 | 10.1 |
| 700–899 | 112,940 | 11.5 |
| 900–1,199 | 74,460 | 7.6 |
| 1,200 or more | 61,060 | 6.2 |

cent of the civil-service annuitants were receiving less than \$500 a month as of December 31, 1975. Six percent were receiving \$1,200 or more monthly.

The average monthly civil-service annuity in December 1975 was approximately \$544. This figure shows a 137-percent increase over the average monthly civil-service annuity of \$230

reported for 1967 annuitants. During the same period, the average full-time equivalent annual wage for Federal civilian employees rose from \$8,258 to \$15,238,⁴ an increase of 85 percent.

One reason the average annuity has risen at a faster rate than the average salary is the fact that length of service—which helps determine the annuity amount—increased for more recent employees. This considerable rise in the average annuity also reflects a change in the law in October 1969, which shortened the wage-computation period from average pay for the “high 5” consecutive years to the “high 3” years. The shorter wage-computation period generally produces a higher salary amount, on which the retirement annuity is also based.

The \$544 average annuity in December 1975 was more than two and one-half times the average OASDHI cash benefit (\$207) for all retired workers in the same month.⁵ The Federal civil-service retirement system is structured to provide a larger annuity than does the OASDHI program. The civil-service system credits all wages toward the retirement annuity amount, but the OASDHI program includes earnings only up to a specified amount—\$14,100 in 1975, and considerably less in earlier years.⁶

Further, for a civil-service annuitant, the maximum wage-replacement level at retirement is 80 percent. This ratio is rarely reached, however, because it requires approximately 41 years and 11 months of Federal service.

No direct comparison of civil-service replacement rates can be made with those under OASDHI because the computation method is very different under the two systems. One approximation that can be made, however, reveals a much lower replacement rate under OASDHI for higher-paid workers. For a worker with at least the maximum creditable earnings throughout his career, a 32-percent replacement rate can be com-

⁴ Bureau of Economic Analysis, Department of Commerce, *National Income and Product Accounts*, 1977. See also Department of Commerce, *Survey of Current Business*, July 1976, table 6.9.

⁵ Under OASDHI, additional amounts are paid to the eligible spouse of a retired worker (up to 50 percent) and to dependent children. The civil-service retirement system makes no provision for dependents' benefits.

⁶ The earlier maximums were \$13,200 for 1974, \$10,800 for 1973, \$9,000 for 1972, \$7,800 for 1968–71, \$6,600 for 1966–67, \$4,800 for 1959–65, \$4,200 for 1953–58, \$3,600 for 1951–54, and \$3,000 for 1937–50.

TABLE 2—Civil-service annuitants, by type of retirement Number and percent of total, by OASDHI beneficiary¹ and insured status, as of December 31, 1975

| Type of retirement | All annuitants | Nonbeneficiaries | | | | Beneficiaries with— | | | |
|-----------------------------------|----------------|------------------|------------------|----------------------|------------------|---|------------------|---|------------------|
| | | Uninsured | | Insured ² | | Benefits in current payment status ³ | | Benefits not in current payment status ⁴ | |
| | | Number | Percent of total | Number | Percent of total | Number | Percent of total | Number | Percent of total |
| Total | 978,180 | 254,260 | 26 0 | 230 620 | 23 7 | 432,110 | 44 2 | 11,190 | 1 1 |
| Disability | 257 040 | 53,100 | 20 7 | 119 410 | 46 5 | 83,470 | 32 5 | 1,060 | 4 6 |
| Age and service | 596,060 | 173,690 | 29 1 | 83 110 | 13 9 | 329 790 | 55 3 | 9 470 | 1 6 |
| Mandatory, 15 years' service | 33,530 | 10,520 | 31 4 | 530 | 1 6 | 21 890 | 65 3 | 590 | 1 8 |
| Optional, 30 years service | 259 610 | 110,440 | 42 5 | 65,900 | 25 4 | 80,410 | 31 0 | 2,860 | 1 1 |
| Optional 12-29 years service | 214 080 | 41 780 | 19 5 | 12 600 | 5 9 | 157,190 | 73 4 | 2,510 | 1 2 |
| Immediate, 5-11 years service | 22 350 | 2 220 | 9 9 | 300 | 1 3 | 19 480 | 87 2 | 350 | 1 6 |
| Deferred, 5 years service or more | 66 490 | 8 730 | 13 1 | 3,780 | 5 7 | 50,820 | 76 4 | 3,160 | 4 8 |
| Involuntary | 112,350 | 24,500 | 21 8 | 72 940 | 64 9 | 14 480 | 12 9 | 430 | 4 4 |
| All other ⁵ | 12 730 | 2,970 | 23 3 | 5 610 | 40 5 | 4 370 | 34 3 | 230 | 1 8 |

¹ With benefits in force, includes the transitionally insured and "special age 72" beneficiaries
² Fully or permanently insured
³ Benefits actually paid during the month

⁴ Benefits withheld during the month because of earnings or other reasons
⁵ Optional, 20 years' of service, aged 50, for Members of Congress, and through transfers from other systems

puted by dividing his benefit by his creditable earnings in 1975, the year before retirement⁷

Unlike the civil-service retirement system, the OASDHI program provides dependents' benefits in addition to the worker's retirement benefit. Data accounting for wages that dependents may have earned were not available for this study. These earnings must be considered if family benefits are to be related fully to earnings.

OASDHI Status

As of December 31, 1975, 44 percent of the annuitants were also receiving cash OASDHI benefits—that is, they had benefits in current-payment status. This proportion is somewhat higher than the one reported for 1968—41 percent.⁸ The 1975 data, however, include annuitants with OASDHI benefits received as dependents, rather than through their own covered earnings. If these beneficiaries are excluded from the 1975 data, 39 percent of the annuitants had OASDHI benefits based on their own earnings in 1975.

The proportion of annuitants who were dual beneficiaries increases slightly—to 45 percent—

if all those with OASDHI benefits "in force" are included (table 2). The expanded group contains, in addition to those with benefits in current-payment status, those from whom cash benefits were being withheld because they returned to work or for other technical and administrative reasons.⁹

Civil Service Commission studies also indicate that the proportion of annuitants with OASDHI benefits has been roughly 4 out of 10. The 1972 *Survey of Income of Civil Service Annuitants*, compiled by the Civil Service Commission in 1973, reported that 43 percent of Federal annuitants were also receiving OASDHI benefits. In 1965, another Commission study cited a figure of 40 percent for 1964. Available data therefore indicate no discernible shift over the past several years in the proportion of annuitants who also receive OASDHI benefits.

Virtually all the civil-service annuitants who were also OASDHI beneficiaries were insured under the regular OASDHI requirements. Only 3,830 annuitants, or 0.4 percent of the total, had benefits in current-payment status under the transitional or "special age-72" provisions,¹⁰ the proportion was 0.5 percent in the earlier Social Security Administration study.

In 1975, the monthly amount of these special

⁷ For the procedures followed, see 1977 *Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* (House Document No. 95-150, 95th Cong., 1st sess.), 1977.

⁸ Elizabeth M. Heidbreder, *op cit*. Note that civil-service annuity data for the earlier study was as of June 30, 1967, but that the OASDHI histories were as of February 1968.

⁹ Such other reasons may include residence in certain foreign countries, the lack of a determinable payee, refusal of the beneficiary to accept a check, and pending determination of continuing disability.

¹⁰ These provisions, enacted in 1965 and 1966, apply to persons aged 72 and over with little or no OASDHI coverage because much of their work was performed before the Social Security Act was passed.

benefits was \$69 60 a month for a single person, and \$104 40 for a couple. These payments are reduced by the amount of any benefit from a government pension system (except worker's compensation and veteran's service-connected compensation) that the individual is receiving or is eligible to receive. Because receipt of civil-service annuities affects such special benefits, annuitants had very limited eligibility for this type of benefit.

At the time of the 1975 study, some annuitants who were not OASDHI beneficiaries had acquired insured status and may become beneficiaries in the future. Twenty-nine percent, or more than twice the proportion in the previous study, had enough quarters of coverage to be fully or permanently insured as of December 31, 1975. Annuitants who were permanently insured had the necessary quarters of coverage to receive OASDHI benefits upon retirement. Those annuitants who were only fully insured at that time needed additional quarters of coverage to become eligible for benefits later on. Some of these workers may never become OASDHI beneficiaries.

About 73,000 annuitants, or about 7 percent of the total, were not insured for cash benefits under OASDHI but were entitled to Medicare benefits. These persons were older retirees who were not eligible for a civil-service retiree health plan and were blanketed-in under Medicare when that program began. As a proportion of all annuitants, this group will continue to decline in future years.

Thirty-three percent of those in the nonbeneficiary group had no creditable earnings at all under the OASDHI program—a substantial decline from the proportion (42 percent) shown in the earlier study. Moreover, the uninsured nonbeneficiary group was found to constitute 26 percent of the total number of annuitants. In contrast, it represented 44 percent of all annuitants in 1967. The data therefore indicate that a shift toward relatively more annuitants with potential OASDHI benefit eligibility has occurred since the first study.

Additional data from that study, later analyzed more extensively in 1970,¹¹ indicate that of all

¹¹ See Alfred M. Skolnik and Carolyn Jackson, *Age and Sex Characteristics of Civil Service Annuitants in Relation to Social Security* (Research and Statistics Note No. 13), Office of Research and Statistics, Social Security Administration, 1970.

civil-service annuitants under age 62, 45 percent were fully or permanently insured. The comparable proportion in 1975 was 73 percent. Thus, the data indicate that relatively more annuitants in 1975 than in the earlier study were likely to become dual beneficiaries after the respective survey dates. The extent to which additional annuitants later become dual beneficiaries is considerably affected, of course, by the amount of continued employment under OASDHI after the survey for those who were only fully insured.

The recency and extent of OASDHI coverage for all annuitants and for annuitants retiring in selected years are shown in table 3. Sixty-six percent of the beneficiaries and 49 percent of the nonbeneficiaries had their first year of covered employment in the period 1937-50. During this period, only 10 percent of the beneficiaries completed their coverage. Thirty-eight percent did not experience their last year of coverage until after 1969. Those annuitants with OASDHI benefits but no recorded covered employment, who accounted for 8 percent of the total, were primarily those receiving benefits as dependents or under "special age-72" benefit provisions.

The proportion of dual beneficiaries whose first year of OASDHI coverage was acquired in the period 1937-50 increased for those retiring from 1961 to 1973 and stabilized for the most recent retirees. Sixty percent of those retiring from Federal employment in 1961-65 first worked in employment covered by OASDHI during 1937-50, from 77 percent to 81 percent of those retiring during 1971-75 were first covered during that period. The difference between the employment patterns of the two groups may reflect the fact that some of the 1961-65 retirees obtained part of their non-Government work experience before the OASDHI program began. It is interesting to note, however, that the large majority of all annuitants had some covered employment under OASDHI during 1937-50. Table 3 shows that the more recent the retirement, the less likely that the annuitant's last covered year under OASDHI was in 1971-75. This finding would be expected because the recent annuitants would have had less opportunity to return to OASDHI-covered employment after retirement by the time of the survey than would annuitants who had retired several years earlier.

The proportion of nonbeneficiaries without

TABLE 3 — Civil-service annuitants, by year of retirement Number and percentage distribution, by first and last year of OASDHI covered employment and by OASDHI beneficiary status,¹ as of December 31, 1975

| Year of OASDHI employment | Total | Selected years of retirement | | | | | |
|---|---------|------------------------------|---------|--------|---------|---------|---------|
| | | 1961-65 | 1966-70 | 1971 | 1972 | 1973 | 1974-75 |
| All annuitants | | | | | | | |
| Total number | 978 180 | 182,140 | 235,910 | 72,050 | 111,310 | 127,800 | 107,920 |
| <i>First year under OASDHI</i> ² | | | | | | | |
| Total percent | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 |
| 1937-50 | 56 7 | 46 8 | 68 8 | 64 5 | 65 7 | 67 8 | 69 1 |
| 1951-55 | 8 7 | 7 5 | 8 9 | 8 7 | 7 5 | 8 1 | 8 5 |
| 1956-60 | 5 6 | 3 4 | 4 2 | 4 4 | 5 0 | 4 9 | 5 1 |
| 1961-65 | 2 8 | 7 7 | 1 3 | 1 3 | 1 3 | 1 1 | 1 3 |
| 1966-69 | 2 4 | 4 4 | 4 7 | 7 7 | 8 6 | 7 7 | 1 9 |
| 1970-75 | 2 4 | 8 8 | 3 3 | 4 7 | 3 8 | 3 2 | 1 9 |
| None ³ | 21 5 | 29 4 | 18 8 | 15 7 | 16 2 | 14 3 | 13 5 |
| <i>Last year under OASDHI</i> ² | | | | | | | |
| Total percent | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 |
| 1937-50 | 9 9 | 9 4 | 10 2 | 10 8 | 11 1 | 11 6 | 11 4 |
| 1951-55 | 7 7 | 6 7 | 7 5 | 8 0 | 7 4 | 8 7 | 10 6 |
| 1956-60 | 8 0 | 5 0 | 6 8 | 7 9 | 8 5 | 8 6 | 11 0 |
| 1961-65 | 7 7 | 7 0 | 4 8 | 7 1 | 6 6 | 7 3 | 9 7 |
| 1966-69 | 8 3 | 12 9 | 7 2 | 4 9 | 4 8 | 6 4 | 8 3 |
| 1970 | 2 4 | 3 5 | 3 6 | 1 2 | 9 9 | 9 9 | 1 4 |
| 1971 | 2 5 | 3 2 | 4 0 | 2 6 | 1 2 | 1 1 | 1 3 |
| 1972 | 2 7 | 3 6 | 3 9 | 3 3 | 2 5 | 1 3 | 1 3 |
| 1973 | 3 8 | 3 6 | 5 1 | 4 9 | 4 7 | 3 4 | 2 2 |
| 1974 | 6 7 | 5 1 | 7 7 | 9 2 | 9 6 | 9 0 | 5 4 |
| 1975 | 18 7 | 10 6 | 20 4 | 24 3 | 26 6 | 27 5 | 23 8 |
| None ³ | 21 5 | 29 4 | 18 8 | 15 7 | 16 2 | 14 3 | 13 5 |
| Beneficiaries | | | | | | | |
| Total number | 443,300 | 107,480 | 119,470 | 28,520 | 35,840 | 37,480 | 27,550 |
| <i>First year under OASDHI</i> ² | | | | | | | |
| Total percent | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 |
| 1937-50 | 66 1 | 60 0 | 70 8 | 77 0 | 77 9 | 80 5 | 79 5 |
| 1951-55 | 11 3 | 10 1 | 10 6 | 10 7 | 9 6 | 9 2 | 9 7 |
| 1956-60 | 6 9 | 4 6 | 4 2 | 3 8 | 4 0 | 3 8 | 4 5 |
| 1961-65 | 4 3 | 10 4 | 1 5 | 1 3 | 1 2 | 1 3 | 1 3 |
| 1966-69 | 2 9 | 4 9 | 5 1 | 6 6 | 9 9 | 6 6 | 3 3 |
| 1970-75 | 6 6 | 4 4 | 1 1 | 9 9 | 2 2 | 3 3 | 2 2 |
| None ³ | 8 0 | 9 7 | 6 7 | 5 6 | 6 2 | 4 5 | 4 5 |

See footnotes at end of table

any creditable earnings under OASDHI declined with the recency of retirement. Consistent with the pattern already mentioned, the proportion of such persons was 58 percent among the 1961-65 retirees, but only 17 percent among the 1974-75 retirees.

Overall, an eighth of the beneficiaries and a fourth of the nonbeneficiaries had their last year of covered employment in 1975. For nearly three-fifths of all the beneficiaries, the last covered year was before 1971.

Beneficiaries and Nonbeneficiaries

Characteristics of OASDHI beneficiaries and nonbeneficiaries are shown in table 4. The bene-

fiary group contained relatively fewer men and more women in 1975 than in 1968, for men, the proportions were 68 percent and 80 percent, respectively, in the 2 years. These shifts are attributable in part to the presence in this study of annuitants with OASDHI dependent or survivor benefits. In 1975, 98 percent of the dependent beneficiaries were women receiving payments based on their husbands' records. The proportion of men among nonbeneficiaries was somewhat higher in 1975 than in 1968.

In 1975 the beneficiary group contained a higher proportion of persons aged 65 or over than did the nonbeneficiary group. This difference would be expected because older persons have had more time in which to qualify for OASDHI benefits. Eighty-five percent of the beneficiaries

TABLE 3—Civil-service annuitants, by year of retirement, Number and percentage distribution, by first and last year of OASDHI covered employment and by OASDHI beneficiary status,¹ as of December 31, 1975—Continued

| Year of OASDHI employment | Total | Selected years of retirement | | | | | |
|---|---------|------------------------------|---------|--------|--------|--------|---------|
| | | 1961-65 | 1966-70 | 1971 | 1972 | 1973 | 1974-75 |
| Beneficiaries—Continued | | | | | | | |
| <i>Last year under OASDHI</i> ² | | | | | | | |
| Total percent .. | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 |
| 1937-50..... | 9 9 | 10 8 | 10 7 | 10 2 | 10 3 | 10 5 | 8 5 |
| 1951-55..... | 9 7 | 8 5 | 9 9 | 11 2 | 11 2 | 11 7 | 13 2 |
| 1956-60..... | 10 6 | 6 4 | 8 4 | 10 6 | 12 1 | 14 1 | 16 2 |
| 1961-65..... | 11 1 | 9 3 | 6 1 | 10 2 | 9 9 | 11 8 | 14 0 |
| 1966-69..... | 12 6 | 17 6 | 9 9 | 7 5 | 7 5 | 9 7 | 12 2 |
| 1970..... | 3 9 | 5 0 | 5 0 | 2 2 | 1 8 | 1 6 | 2 3 |
| 1971..... | 4 1 | 4 7 | 5 5 | 4 4 | 2 7 | 2 1 | 2 7 |
| 1972..... | 4 4 | 5 2 | 5 5 | 4 4 | 4 3 | 2 9 | 2 6 |
| 1973..... | 5 3 | 5 1 | 6 8 | 6 1 | 6 3 | 5 9 | 4 4 |
| 1974..... | 7 5 | 6 6 | 9 3 | 10 7 | 9 6 | 9 6 | 6 6 |
| 1975..... | 12 9 | 11 1 | 16 1 | 16 8 | 18 2 | 15 7 | 12 8 |
| None..... | 8 0 | 9 7 | 6 7 | 5 6 | 6 2 | 4 5 | 4 5 |
| Nonbeneficiaries | | | | | | | |
| Total number..... | 534,880 | 74,660 | 116,440 | 43,530 | 75,470 | 90,320 | 80,370 |
| <i>First year under OASDHI</i> ³ | | | | | | | |
| Total percent..... | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 |
| 1937-50..... | 48 8 | 27 8 | 46 5 | 56 3 | 59 9 | 62 5 | 65 6 |
| 1951-55..... | 6 5 | 3 8 | 7 3 | 7 4 | 6 5 | 7 6 | 8 1 |
| 1956-60..... | 4 4 | 1 6 | 4 2 | 4 8 | 5 5 | 5 3 | 5 3 |
| 1961-65..... | 1 7 | 3 9 | 1 0 | 1 3 | 1 3 | 1 0 | 1 2 |
| 1966-69..... | 1 9 | 3 7 | 4 4 | 7 7 | 5 | 7 | 8 |
| 1970-75..... | 3 9 | 1 4 | 5 5 | 7 2 | 5 4 | 4 4 | 2 5 |
| None..... | 32 7 | 57 7 | 31 2 | 22 3 | 20 9 | 18 4 | 16 5 |
| <i>Last year under OASDHI</i> ³ | | | | | | | |
| Total percent..... | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 |
| 1937-50..... | 10 0 | 7 4 | 9 6 | 11 1 | 11 4 | 12 1 | 12 5 |
| 1951-55..... | 6 0 | 4 2 | 5 1 | 5 9 | 5 6 | 7 4 | 9 8 |
| 1956-60..... | 5 8 | 2 9 | 5 2 | 6 2 | 6 7 | 6 3 | 9 2 |
| 1961-65..... | 4 9 | 3 6 | 3 4 | 5 0 | 5 1 | 5 4 | 8 3 |
| 1966-69..... | 4 7 | 6 1 | 4 3 | 3 3 | 3 5 | 5 0 | 6 9 |
| 1970..... | 1 1 | 1 4 | 2 2 | 6 | 5 | 6 | 1 1 |
| 1971..... | 1 2 | 1 1 | 2 4 | 1 4 | 5 | 7 | 8 |
| 1972..... | 1 4 | 1 2 | 2 3 | 2 6 | 1 6 | 7 | 9 |
| 1973..... | 2 5 | 1 5 | 3 3 | 4 1 | 4 0 | 2 4 | 1 4 |
| 1974..... | 6 1 | 2 9 | 6 1 | 8 2 | 9 6 | 8 7 | 5 0 |
| 1975..... | 23 5 | 9 9 | 24 9 | 29 3 | 30 6 | 32 4 | 27 6 |
| None..... | 32 7 | 57 7 | 31 2 | 22 3 | 20 9 | 18 4 | 16 5 |

¹ With benefits in force, includes the transitionally insured and "special age-72 beneficiaries"

² At least 1 quarter in 1 year with \$1 or more of reported earnings

³ Includes beneficiaries who are dependents of insured workers or entitled

to transitionally insured or "special age 72" benefits or to regular benefits through transfer of military credits or railroad retirement credits and for other technical reasons

were aged 65 or older in 1975, compared with 90 percent in 1968. The median age for beneficiaries was 72 in 1968 but only 70 in 1975. For nonbeneficiaries, the median age decreased from 66 in 1968 to 61 in 1975. The decline in annuitants' age levels no doubt reflects the national trend toward early retirement.

As noted earlier, both beneficiaries and nonbeneficiaries had more years of service in the 1975 study than in the previous study. The medians, which in 1968 were 19 years of service for beneficiaries and 26 years for nonbeneficiaries, by 1975 had increased to 22 years and 28 years, respectively. The proportion of beneficiaries with

average civil-service salaries of less than \$4,200 (computed as of the time of retirement) was 19 percent in 1975, double the figure for the nonbeneficiary group. Only 5 percent of the beneficiaries had average salaries of \$15,000 or more, compared with 16 percent of the nonbeneficiaries. The median salary for beneficiaries was \$6,472; for nonbeneficiaries, it was \$9,020.

Because the beneficiaries had lower salaries and shorter periods of service than the nonbeneficiaries, it is to be expected that their median monthly civil-service annuity would also be lower. The 1975 figures—\$390 for beneficiaries and \$570 for nonbeneficiaries—bear out this expectation.

TABLE 4—Civil-service annuitants Percentage distribution, by OASDHI beneficiary status,¹ sex, and age and by civil-service employment, salary, and amount of monthly annuity, as of December 31, 1975

| Characteristic | All annuitants | Beneficiaries | Non-beneficiaries |
|---|----------------|---------------|-------------------|
| <i>Sex</i> | | | |
| Total percent | 100 0 | 100 0 | 100 0 |
| Men | 73 1 | 67 9 | 77 4 |
| Women | 26 9 | 32 1 | 22 6 |
| <i>Age</i> | | | |
| Total percent | 100 0 | 100 0 | 100 0 |
| Under 55 | 10 5 | 1 2 | 18 1 |
| 55-64 | 32 9 | 14 3 | 48 4 |
| 65-71 | 27 2 | 41 1 | 15 8 |
| 72 and over | 29 4 | 43 5 | 17 7 |
| Median | 68 | 70 | 61 |
| <i>Years of civil-service employment</i> | | | |
| Total percent | 100 0 | 100 0 | 100 0 |
| Less than 5 ² | 3 | 3 | 3 |
| 5-9 | 8 1 | 11 1 | 5 7 |
| 10-19 | 21 7 | 29 8 | 15 0 |
| 20-29 | 35 3 | 36 5 | 24 4 |
| 30-39 | 30 7 | 19 4 | 40 1 |
| 40 or more | 3 8 | 3 0 | 4 5 |
| Median | 25 | 28 | 28 |
| <i>Average civil-service salary³</i> | | | |
| Total percent | 100 0 | 100 0 | 100 0 |
| Less than \$4,199 | 13 2 | 18 8 | 8 5 |
| 4,200-5,399 | 12 6 | 16 9 | 9 1 |
| 5,400-6,599 | 12 7 | 16 0 | 10 1 |
| 6,600-7,799 | 11 7 | 13 0 | 10 6 |
| 7,800-10,199 | 20 8 | 18 2 | 23 0 |
| 10,200-11,999 | 9 7 | 7 0 | 11 9 |
| 12,000-14,999 | 8 2 | 5 1 | 16 7 |
| 15,000 or more | 11 1 | 5 0 | 16 1 |
| Median | \$7,778 | \$6,472 | \$9,080 |
| <i>Monthly civil-service annuity</i> | | | |
| Total percent | 100 0 | 100 0 | 100 0 |
| Less than \$100 | 3 7 | 7 3 | 7 |
| 100-199 | 8 8 | 14 0 | 4 6 |
| 200-299 | 10 2 | 14 5 | 5 7 |
| 300-399 | 14 8 | 15 7 | 14 0 |
| 400-499 | 14 2 | 14 0 | 14 3 |
| 500-599 | 12 8 | 11 8 | 13 7 |
| 600-699 | 10 1 | 7 9 | 11 8 |
| 700-899 | 11 5 | 8 3 | 14 2 |
| 900-1,199 | 7 6 | 4 1 | 10 5 |
| 1,200 or more | 6 2 | 2 3 | 9 5 |
| Median | \$487 | \$390 | \$570 |

¹ With benefits in force, includes the transitionally insured and "special age-72" beneficiaries

² At least 5 years service but less than 5 years of retirement contributions.

³ For civil-service retirement purposes, based on earnings in 3 highest consecutive years (before Oct 21, 1969, 5 highest years)

DUAL BENEFICIARIES

Annuitants who also were entitled to OASDHI benefits—"dual beneficiaries" for the purposes of this report—include those receiving benefits based on their own wage credits and those receiving dependent or survivor benefits. In addition, the term "dual beneficiary" includes persons en-

titled to benefits but not currently receiving them because of earnings above the exempt amount or for certain administrative reasons. As of December 1975, those dual beneficiaries with benefits withheld accounted for only 11,000, or less than 3 percent, of all dual beneficiaries. The corresponding proportion in 1968—nearly 6 percent—was twice as large—an indication primarily that, while they were on the civil-service rolls, relatively more annuitants entitled to OASDHI benefits were then earning substantial amounts from nongovernment employment.

Chart 1 indicates a strong inverse relationship between the level of civil-service annuity and the likelihood that the annuitant was also an OASDHI beneficiary. Roughly 70-80 percent of those with monthly annuities under \$200 were dual beneficiaries. At the other extreme, less

CHART 1 — Civil-service annuitants Percent with OASDHI benefits, by amount of monthly civil-service annuity, as of December 31, 1975

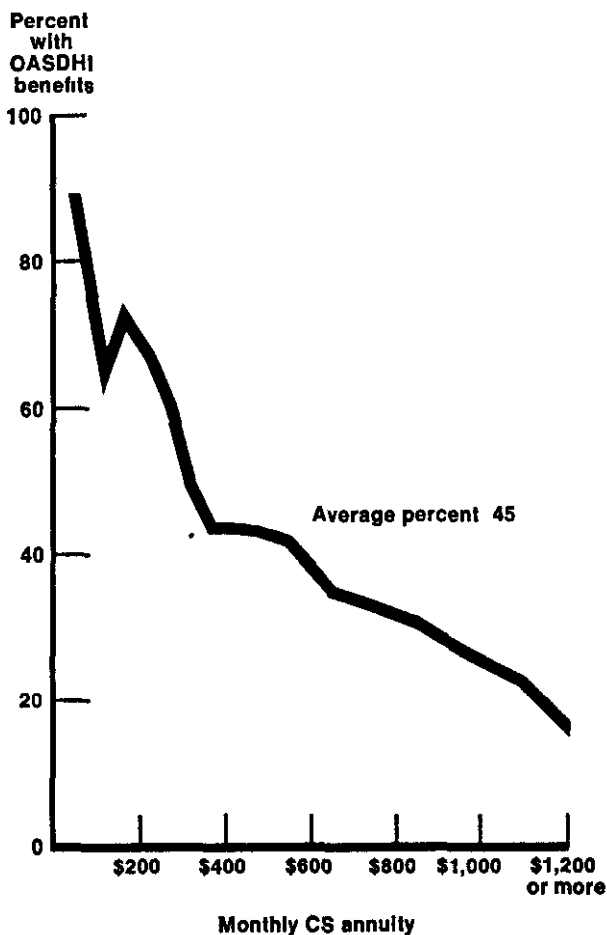


TABLE 5—Dual beneficiaries, by type of civil-service retirement Number and percentage distribution, by extent of OASDHI covered employment after civil-service annuity began, as of December 31, 1975

| Sex and type of retirement | Number | Percentage distribution, by extent of OASDHI employment after annuity began | | | | | | | | | |
|---|-----------|---|--|---------------------------------|---|---|------|-------|-------|-------|------|
| | | Total | With no OASDHI earnings on record ¹ | With year annuity began unknown | With no OASDHI employment after annuity began | With OASDHI employment after annuity began, by percent of all OASDHI employment | | | | | |
| | | | | | | Total | 1-24 | 25-49 | 50-74 | 75-99 | 100 |
| Total..... | 1 438,370 | 100 0 | 5 1 | 3 4 | 41 1 | 50 6 | 13 8 | 12 2 | 9 8 | 5 7 | 9 1 |
| Men..... | 297,590 | 100 0 | 1 5 | 3 8 | 35 8 | 58 8 | 16 4 | 14 4 | 11 2 | 6 8 | 10 0 |
| Women..... | 140 780 | 100 0 | 12 5 | 2 4 | 52 2 | 33 0 | 8 3 | 7 5 | 6 8 | 3 4 | 7 0 |
| Disability..... | 80,980 | 100 0 | 4 0 | 0 | 45 1 | 50 8 | 13 1 | 11 3 | 11 8 | 7 5 | 7 1 |
| Age and service..... | 337 920 | 100 0 | 5 4 | 4 1 | 41 0 | 49 6 | 14 1 | 12 4 | 9 1 | 4 8 | 9 2 |
| Mandatory, 15 years' service..... | 22,460 | 100 0 | 6 9 | 2 4 | 51 3 | 39 4 | 8 3 | 8 3 | 7 8 | 4 2 | 10 8 |
| Optional, 30 years' service..... | 63 180 | 100 0 | 7 3 | 6 9 | 19 0 | 66 8 | 9 4 | 11 4 | 12 4 | 8 9 | 24 7 |
| Optional, 12-29 years' service..... | 159 670 | 100 0 | 4 5 | 1 5 | 56 6 | 37 4 | 12 7 | 9 9 | 7 1 | 3 5 | 4 2 |
| Immediate, 5-11 years' service..... | 19 740 | 100 0 | 2 9 | 12 9 | 52 7 | 31 6 | 17 6 | 8 0 | 3 2 | 1 2 | 1 6 |
| Deferred, 6 years' service or more..... | 62,920 | 100 0 | 5 4 | 4 9 | 19 9 | 69 8 | 26 6 | 24 6 | 12 5 | 3 8 | 2 3 |
| Involuntary..... | 14 860 | 100 0 | 4 5 | 4 7 | 23 1 | 76 8 | 10 1 | 14 1 | 14 9 | 14 8 | 13 9 |
| All other ² | 4,610 | 100 0 | 1 1 | 6 7 | 31 9 | 60 3 | 15 8 | 10 0 | 10 0 | 9 1 | 15 4 |

¹ Includes only those OASDHI beneficiaries whose annuity began in 1951 and after—99 percent of all dual beneficiaries with OASDHI benefits in force as of Dec 31, 1975, includes the transitionally insured and "special age 72" beneficiaries

² Includes beneficiaries who are dependents of insured workers or entitled

to transitionally insured or "special age 72" benefits or to regular benefits³ through transfer of military credits or railroad retirement credits and for other technical reasons

³ Optional 20 years' service, age 50, for Members of Congress, and through transfers from other systems

than 20 percent of the annuitants with at least a \$1,200 monthly pension were dual beneficiaries

When the proportion of annuitants with OASDHI entitlement is related to years of civil-service employment, a similar pattern emerges, though not as consistently throughout the range of values shown. The figures below show that an annuitant was much more likely to be a dual beneficiary if he had fewer than 20 years of service with the Federal Government than if he had longer service; they also indicate that the proportion of dual beneficiaries was rather stable for those with 19 years of service or less. An increase can be seen from the low of 27 percent among the annuitants with 30-34 years of service to 36 percent among those with 40 or more years

| Years of employment | Percent with OASDHI |
|---------------------|---------------------|
| Less than 10 | 60 9 |
| 10-14 | 61 4 |
| 15-19 | 62 8 |
| 20-24 | 55 1 |
| 25-29 | 39 7 |
| 30-34 | 27 3 |
| 35-39 | 32 0 |
| 40 or more | 35 9 |

The inverse relationship between the proportion of dual beneficiaries and the monthly annuity amount and years of employment under civil service suggests that workers with lower-paid and/or less-than-full Government careers are more likely

to receive OASDHI retirement benefits than those with long, higher-wage Government employment. The earlier article also indicated that higher levels of civil-service employment are associated with a lower likelihood of dual entitlement

OASDHI Employment

One area of concern about joint receipt of civil-service annuities and OASDHI benefits relates to those Federal employees who, after working a full career in Government, then obtain other employment to provide coverage for a minimum benefit under the OASDHI program.¹² Table 5 reveals the postretirement OASDHI employment patterns of annuitants by type of civil-service retirement.

In 1975 as in 1968, about two-fifths of the dual beneficiaries had had no postretirement earnings in a job covered under OASDHI. If it had been possible to examine the completed work histories of all annuitants, however, the resulting pro-

¹² "Moonlighting," another type of mixed OASDHI/civil-service employment history, is not analyzed here because the complete civil-service employment pattern of annuitants in relation to their work under OASDHI cannot be determined. It is not possible to identify those civil-service annuitants who moonlight—that is, hold second jobs while in Government service. The Civil Service Commission records on which this study is based did not show the years of actual Government employment or year-by-year Government earnings.

than in 1968 were grouped at the high and low ends of the OASDHI coverage distribution. The higher proportion of beneficiaries in 1975 with very few years of OASDHI coverage probably reflects the inclusion of the earnings records of dependent and survivor beneficiaries. For the most part, data for such persons were not available in the earlier study.

OASDHI Earnings

It has sometimes been assumed that all Federal workers who become dual beneficiaries have relatively trivial earnings (\$50 a quarter) under OASDHI since the Government is their primary employer. This assumption is not validated by the findings of this study.

Only limited interpretation of the earnings data is possible because a span of 38 years (1937-75) is involved, and the earnings of the beneficiaries were credited at various times during this period when wage levels were very different. It is apparent, however, that most dual beneficiaries had substantial incomes from non-Government employment. Median annual credited earnings for these beneficiaries were \$1,824. Actual earnings could have been higher than the amount credited because of the ceiling on creditable earnings in the Social Security Act.

As table 7 indicates, median cumulative earnings under OASDHI for all dual beneficiaries were \$15,924. Except for the group with average civil-service salaries of less than \$4,200, higher civil-service earnings were associated with higher OASDHI-covered earnings. The high median OASDHI earnings of this lowest earnings group

TABLE 7—Dual beneficiaries¹ Number and median cumulative OASDHI earnings, by average salary in civil-service employment, as of December 31, 1975

| Average salary in civil service employment ² | Number of dual beneficiaries | Median cumulative OASDHI earnings, 1937-75 |
|---|------------------------------|--|
| Total | 439,470 | \$15,924 |
| Less than \$4,199 | 81,610 | 15,129 |
| 4,200-5,399 | 73,870 | 13,044 |
| 5,400-6,599 | 70,280 | 14,902 |
| 6,600-7,799 | 67,330 | 16,449 |
| 7,800-10,199 | 80,720 | 17,049 |
| 10,200-11,999 | 31,070 | 17,081 |
| 12,000-14,999 | 22,390 | 18,609 |
| 15,000 or more | 22,200 | 24,025 |

¹ OASDHI beneficiaries represent those with benefits in force as of Dec 31, 1975, excludes the transitionally insured and "special age 72" beneficiaries.

² For civil service retirement purposes, based on earnings in 3 highest consecutive years (before Oct 21, 1969, 5 highest years).

TABLE 8—Dual beneficiaries¹ Percentage distribution, by OASDHI benefit amount and age, as of December 31, 1975

| OASDHI monthly benefit amount | Total | Age | | | |
|-------------------------------|---------|----------|--------|---------|-------------|
| | | Under 62 | 62-64 | 65-71 | 72 and over |
| Total number | 439,470 | 12,260 | 56,250 | 182,070 | 188,890 |
| Total percent | 100.0 | 100.0 | 99.9 | 99.9 | 100.0 |
| Less than \$101 50 | 29.2 | 11.3 | 42.9 | 27.2 | 28.1 |
| 101 50-129 90 | 18.6 | 10.0 | 27.6 | 22.4 | 12.7 |
| 130 00-159 90 | 16.0 | 17.0 | 13.0 | 17.7 | 15.1 |
| 160 00-189 90 | 11.0 | 19.4 | 6.2 | 10.3 | 12.5 |
| 190 00-249 90 | 14.9 | 30.3 | 7.1 | 11.7 | 19.3 |
| 250 00-299 90 | 6.9 | 10.6 | 2.6 | 5.8 | 9.1 |
| 300 00 or more | 3.5 | 1.4 | 6 | 4.8 | 3.2 |

¹ OASDHI beneficiaries represent those with benefits in force as of Dec 31, 1975, excludes the transitionally insured and "special age 72" beneficiaries.

under civil-service employment is a result of more years of covered employment under OASDHI. Nineteen percent of those with less than \$4,200 in average civil-service earnings worked 21 years or longer in OASDHI-covered employment, compared with 11 percent of all dual beneficiaries.

At the other end of the salary distribution, beneficiaries with both high Government salaries and high cumulative earnings under OASDHI were probably mobile persons who had well-paid positions in both the Government and private industry or professionals who had outside earnings while in the Federal service. The salary patterns exhibited in 1975 closely paralleled those in the earlier study.

OASDHI CASH BENEFITS

As table 8 shows, younger dual beneficiaries (those under age 62) had higher monthly OASDHI benefits than did older beneficiaries. This difference presumably is explained by the higher benefits usually payable to disabled beneficiaries because of the more recent date of covered earnings used in computing their benefits.

For the main concentration of dual beneficiaries—those aged 62 and over—the older the age group the higher the average monthly benefit. One factor affecting this pattern is the somewhat greater representation of aged-wife beneficiaries than of other beneficiaries in the lower age categories. The benefits of these dependents and survivors are computed as a proportion of the workers' benefits. A dependent wife's benefit, for example, is 50 percent of that of her husband,

TABLE 9—Dual beneficiaries¹ Number and percentage distribution, by OASDHI primary insurance amount and by sex, civil-service employment, and amount of monthly annuity, as of December 31, 1975

| Characteristic | Total number | OASDHI primary insurance amount | | | | | | | |
|--|--------------|---------------------------------|----------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| | | Total | \$101 40 | \$101 50-129 90 | \$130 00-159 99 | \$160 00-189 90 | \$190 00-249 90 | \$250 00-299 00 | \$300.00 or more |
| Total number | 439 470 | ----- | 122,080 | 59,190 | 76,870 | 54 520 | 68 040 | 38,830 | 19,940 |
| Total percent | ----- | 100 0 | 27 8 | 13 5 | 17 5 | 12 4 | 15 5 | 8 8 | 4 5 |
| <i>Sex</i> | | | | | | | | | |
| Total | 439,470 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 |
| Men | 298 650 | 68 0 | 66 9 | 69 9 | 72 9 | 70 2 | 66 9 | 57 3 | 68 0 |
| Women | 140 820 | 32 0 | 33 1 | 30 1 | 27 1 | 29 8 | 33 1 | 42 7 | 32 0 |
| <i>Years of civil-service employment</i> | | | | | | | | | |
| Total | 439,470 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 |
| Less than 5 years | 1 130 | 3 | 2 | 1 | 3 | 3 | 4 | 4 | 4 |
| 5-9 | 48,960 | 11 1 | 3 8 | 5 3 | 7 0 | 11 8 | 21 4 | 23 7 | 28 3 |
| 10-19 | 131 150 | 29 8 | 19 0 | 26 1 | 32 9 | 40 1 | 37 6 | 32 1 | 36 5 |
| 20-29 | 160 410 | 36 5 | 45 9 | 47 6 | 41 9 | 27 4 | 21 2 | 26 5 | 21 9 |
| 30-39 | 84,910 | 19 3 | 27 0 | 18 2 | 15 3 | 17 7 | 17 0 | 15 3 | 11 1 |
| 40 or more | 12,910 | 2 9 | 4 2 | 2 7 | 2 6 | 2 7 | 2 5 | 2 0 | 1 9 |
| <i>Monthly civil-service annuity</i> | | | | | | | | | |
| Total | 439,470 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 | 100 0 |
| Less than \$100 | 32,240 | 7 3 | 1 9 | 2 5 | 3 8 | 6 9 | 12 3 | 19 8 | 28 9 |
| 100-199 | 61 450 | 14 0 | 8 1 | 9 8 | 11 6 | 16 4 | 22 0 | 20 4 | 24 7 |
| 200-299 | 63,390 | 14 4 | 11 7 | 13 8 | 15 5 | 18 1 | 17 3 | 13 7 | 10 0 |
| 300-399 | 68,870 | 15 7 | 14 9 | 17 2 | 19 8 | 17 1 | 13 3 | 13 3 | 8 9 |
| 400-499 | 61,660 | 14 0 | 16 2 | 16 5 | 16 0 | 12 4 | 11 0 | 10 7 | 7 2 |
| 500-599 | 52 020 | 11 8 | 15 0 | 14 6 | 11 8 | 10 6 | 8 7 | 7 7 | 6 7 |
| 600-699 | 34,730 | 7 9 | 11 3 | 8 7 | 7 6 | 6 4 | 5 5 | 5 2 | 3 7 |
| 700-899 | 36,600 | 8 3 | 11 8 | 9 7 | 7 9 | 6 9 | 5 4 | 5 0 | 5 1 |
| 900-1,199 | 18 140 | 4 1 | 5 7 | 4 6 | 4 0 | 3 2 | 2 8 | 2 9 | 2 8 |
| 1,200 or more | 10 370 | 2 4 | 3 4 | 2 6 | 2 0 | 1 9 | 1 7 | 1 4 | 2 0 |

¹ OASDHI beneficiaries represent those with benefits in force as of Dec 31, 1975, excludes the transitionally insured and "special age 72" beneficiaries

upon whose earnings her benefit entitlement is based. Thus, the members of this group are likely to have lower benefits than others.

Benefits at the Minimum

Dual beneficiaries who receive a primary insurance amount (PIA)¹⁴ at the minimum, and thus a minimum or low monthly OASDHI benefit, are of particular interest because of the weighting factor in the benefit formula. In December 1975 the minimum PIA represented a replacement of over 100 percent of the "average monthly earnings" used to compute benefits under the OASDHI program.

The weighted benefit formula was designed to

¹⁴ The primary insurance amount, derived from the earnings record, is used as a base for computing benefits and is not necessarily the actual amount paid. The data on PIA show the direct economic relationship between earnings and benefits before family status or the decision to take reduced benefits determines the size of the actual benefit.

provide a more nearly adequate benefit for those with very low wages. Some concern has therefore been expressed that certain beneficiaries—particularly ex-government workers with annuities from Federal, State, or local retirement systems—receive heavily weighted benefits based upon supplemental part-time or short-term covered work.

The distribution of dual beneficiaries by PIA as of December 1975 is given in table 9. The large majority (72 percent) had PIA's exceeding the \$101.40 minimum. It should be noted that data in the tape file. These individuals were included "special age-72" and transitionally insured beneficiaries who had a special \$69.60 minimum PIA.

The 28 percent of dual beneficiaries at the minimum PIA in 1975 was several percentage points lower than the 33-percent figure for the earlier study. This difference probably reflects primarily the inclusion in the 1975 study of aged wives and aged widows, whose OASDHI benefits were based on another worker's earnings. It is to be expected that more of these benefits were

based on full-career employment than were the benefits based on annuitants' own OASDHI employment, and that therefore they would be less likely to be at the minimum. For the same reason, it is not surprising that the proportion of all OASDHI retired-worker beneficiaries at the minimum PIA in December 1975 (14 percent) is much lower than that for the dual beneficiaries studied here.

As table 9 indicates, the sex distribution of dual beneficiaries at the minimum PIA was about the same as that for all dual beneficiaries. On the other hand, proportionately more beneficiaries at the minimum than all dual beneficiaries had at least 20 years of civil-service employment—about 77 percent, compared with 59 percent. Similarly, those with large civil-service annuities were somewhat more likely to have minimum PIA's.

The relationship between the level of PIA and the amount of annuity and length of Federal service in table 9 shows the effect of split careers (in and out of Government) on retirement benefits obtained. Retirees with substantial OASDHI-covered employment and hence high PIA's were likely to have had a limited number of years of civil-service employment and a low monthly annuity. This tendency is particularly evident among beneficiaries with PIA's of \$300 or more. Close to 3 out of 10 persons with fewer than 10 years of civil-service employment or annuities of less than \$100 a month had PIA's that high. Only 14 percent of all OASDHI retired-worker beneficiaries in December 1975 had PIA's at that level. In contrast, only 4 percent of dual beneficiaries at the minimum PIA level had fewer than 10 years of civil-service employment and only 2 percent had an annuity of less than \$100.

Examination of dual beneficiaries in terms of recency of OASDHI-covered employment is helpful in describing the type of annuitants who received minimum OASDHI benefits. Chart 2 shows that all dual beneficiaries and those at the minimum PIA had similar work experience in employment covered under OASDHI in relation to the starting date of their civil-service annuity. Most dual beneficiaries (91-93 percent), whether or not at the minimum PIA, had OASDHI work experience before their annuity began. Few (7-9 percent) had their first OASDHI-covered employment after the annuity started. Roughly

similar proportions (51-56 percent) completed their employment under OASDHI either before or after the annuity began.

Type of Benefit Received

Most civil-service annuitants who were also receiving OASDHI benefits in 1975 had a "primary" OASDHI benefit—one based on their own earnings record. About 85 percent of the dual beneficiaries were receiving a retired-worker benefit and 3 percent a disabled-worker benefit. Most of those getting dependent or survivor benefits were aged wives or widows, as the following figures show. Less than 1 percent of the annuitants who also received OASDHI benefits had not been insured through covered employment under the OASDHI program but instead were in benefit status by virtue of the "special age-72" provisions of the law.

| | Type of OASDHI benefit (in force) | Percentage distribution |
|-------------------------|-----------------------------------|-------------------------|
| Total | | |
| Number | ----- | 443,300 |
| Percent | ----- | 100.0 |
| Primary | ----- | 88.0 |
| Retirement | ----- | 85.0 |
| Disability | ----- | 3.0 |
| Dependent or survivor | | |
| Aged wife ¹ | ----- | 4.3 |
| Aged widow ¹ | ----- | 6.9 |
| Widowed mother | ----- | (²) 6 |
| Special age-72 | ----- | 6 |

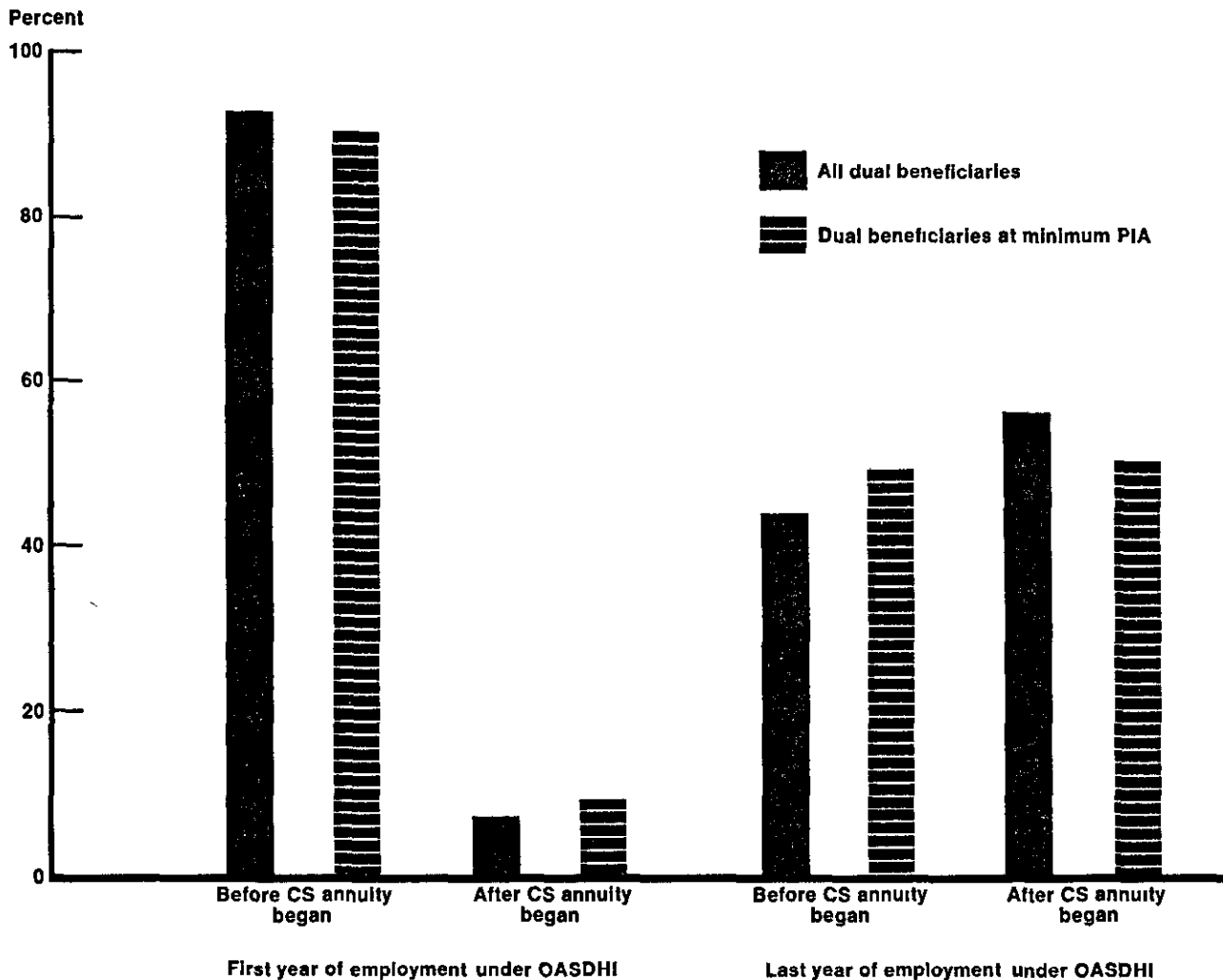
¹ Includes a few aged husband or aged widower beneficiaries.

² Less than 0.5 percent.

Except for persons with disability benefits, about four-fifths or more of those in each group of dual beneficiaries were aged 65 or older, regardless of whether they received benefits on their own account or as dependents (table 10). Annuitants receiving aged-wife benefits were somewhat younger than widows or those receiving retired-worker benefits. 30 percent of aged-wife beneficiaries were aged 72 or older, compared with 47 percent for widows and 45 percent for retired-worker beneficiaries.

As would be expected, disabled-worker beneficiaries had fewer years of Federal service before benefits began than did the other dual beneficiaries. About 3 out of 10 annuitants receiving disability benefits under OASDHI had fewer than 10 years of Government employment. Only about

CHART 2—Dual beneficiaries Percent of total and of those with minimum OASDHI primary insurance amount, by first and last year of OASDHI covered employment and start of civil-service annuity, as of December 31, 1975



1 in 10 of those in each of the other groups had so few years of work in the Federal service

Civil-service salaries and annuity amounts were somewhat lower for annuitants who were dependent or survivor beneficiaries under OASDHI. In the distributions of both salaries and annuities, disabled-worker beneficiaries exhibited a slightly different pattern, more concentrated toward the middle values, than did the other dual beneficiaries.

Technical Note

A tape file containing retirement data on civil-service annuitants (excluding survivors) as of

December 31, 1975, was made available by the Civil Service Commission to the Social Security Administration. The file consisted of 978,180 annuitant records representing all those on the rolls at that time. Ten percent, or 97,818, were selected for study. These sample data were linked to the Social Security Administration master beneficiary record files and earnings records. The social security numbers of the annuitants were used to identify those who were OASDHI beneficiaries—current or potential—as of December 31, 1975.

The estimates presented here, like those from any sample survey, may differ from figures obtained from a complete census conducted under the same procedures. Errors of misreporting may

TABLE 10—Dual beneficiaries¹ Percentage distribution, by selected type of OASDHI entitlement, sex, and age, and by civil-service employment, average salary, and amount of monthly annuity, as of December 31, 1975

| Characteristic | Type of OASDHI entitlement | | | |
|---|----------------------------|-----------------|-----------|------------|
| | Primary beneficiary | | Dependent | |
| | Retired worker | Disabled worker | Aged wife | Aged widow |
| <i>Sex</i> | | | | |
| Total | 100 0 | 100 0 | 100 0 | 100 0 |
| Men | 76 1 | 88 9 | 2 1 | 2 0 |
| Women | 23 9 | 11 1 | 97 9 | 98 0 |
| <i>Age</i> | | | | |
| Under 55 | 0 | 35 4 | 6 | 0 |
| 55-64 | 12 1 | 64 6 | 20 0 | 15 3 |
| 65-71 | 42 8 | 0 | 49 1 | 37 6 |
| 72 and over | 45 1 | 0 | 30 2 | 47 0 |
| <i>Years of civil-service employment</i> | | | | |
| Less than 10 | 11 0 | 30 6 | 8 7 | 8 4 |
| 10-19 | 29 6 | 38 6 | 28 6 | 30 0 |
| 20-29 | 36 3 | 24 0 | 41 3 | 43 0 |
| 30 or more | 23 2 | 6 7 | 21 5 | 18 7 |
| <i>Average civil-service salary²</i> | | | | |
| Less than \$4,200 | 18 1 | 12 3 | 23 6 | 25 7 |
| 4,200-6,599 | 32 5 | 35 2 | 34 1 | 34 9 |
| 6,600-10,199 | 31 2 | 37 5 | 31 0 | 29 9 |
| 10,200 or more | 18 2 | 15 2 | 11 4 | 9 4 |
| <i>Monthly civil-service annuity</i> | | | | |
| Less than \$200 | 21 6 | 12 2 | 21 4 | 21 3 |
| 200-299 | 14 0 | 18 5 | 15 6 | 17 0 |
| 300-399 | 14 5 | 32 8 | 18 3 | 20 7 |
| 400-499 | 13 6 | 16 5 | 17 0 | 16 3 |
| 500-599 | 12 1 | 9 6 | 10 7 | 10 1 |
| 600 or more | 24 1 | 10 4 | 16 9 | 14 5 |

¹ OASDHI beneficiaries represent those with benefits in force excludes "special age 72" beneficiaries

² For civil service retirement purposes, based on earnings in 3 highest consecutive years (before Oct 21, 1969, 5 highest years)

also affect the accuracy of estimates made. In this survey, the very large sample taken and the fact that the data reported are from operating agency records minimize the level of discrepancies that might be expected to be found in the estimates.

A measure of the sampling variability of an estimate is given by the standard error of the estimate. Generally, the chances are about 68 out of 100 that an estimate will differ from the value given by a complete census by less than one standard error. The chances are about 95 out of 100 that the difference will be less than twice the standard error. For this study, the standard error of a percentage is given by the square root of pq/n , where p is the percentage, q is 1 minus the percentage, and n is the number of sample cases.

Data in table 8 can be used to illustrate the

minimal sampling error in the results presented in this article. The proportion of dual beneficiaries with a monthly benefit amount of \$300 or more was 35 percent of 43,947 sample cases. The standard error for 35 percent of the beneficiaries is 0.1 percent. Thus, with 95-percent confidence, the proportion of annuitants receiving an OASDHI benefit of \$300 or more was 35 percent plus or minus 0.2 percent, or can be said to lie between 33 percent and 37 percent.

To make a rough determination of the statistical significance between two independent percentages in this study, it is necessary to calculate the standard error of the difference, which is the square root of the sum of the variances for the two percentages. If p_1 , q_1 , and n_1 refer to the first percentage and p_2 , q_2 , and n_2 refer to the second, the standard error of the difference would then be estimated as the square root of $p_1q_1/n_1 + p_2q_2/n_2$. If the absolute difference between the two percentages is greater than twice the standard error of the difference, the percentages are said to be different from one another at the 95-percent level.

Data in table 1 permit an examination of the significance of the difference between the percentages of men and of women annuitants who were under age 55. The proportion of women under age 55, 9.6 percent (of 26,293 sample cases), is subtracted from the corresponding proportion of men, 10.8 percent (of 71,525 sample cases), resulting in a percentage-point difference of 1.2. The square root of 0.000046 sample cases (0.000013 plus 0.000033) is 0.2 percent. At a 95-percent confidence level, twice the estimated standard error of the difference, or 0.4 percent, is used. Since the absolute difference of the two percentages in question is 1.2 percent, which is larger than twice the estimated error of the difference (0.4 percent), it can be said that the proportion of men annuitants under age 55 is significantly higher than the proportion of women under age 55.

Another factor affecting the data presented in this article is that 2,059 annuitant records, or 2 percent of the sample, had no usable social security numbers. The annuitants involved were included in the data reported concerning their civil-service records and in the "nonbeneficiary, uninsured" categories of the table showing status under the OASDHI program.

As far as is known, the lack of social security identification for these individuals resulted from a less complete recordkeeping system in use a number of years ago that produced a random group of such cases rather than omission of any particular type of annuitant. Most of the annuitants with missing social security numbers, however, are known to have retired before 1957 and thus would be older than other annuitants. Therefore, to the extent age is associated with any patterns of OASDHI work history, the patterns reported here for such older individuals may be slightly understated.

As indicated above, less than one-half of 1 percent of those in the sampled annuitant file were deceased according to social security records, although they were listed as current annuitants in the tape file. These individuals were included

in the annuitant and nonbeneficiary data reported here.

The Social Security Administration earnings records used in the study did not have data on the number of years in covered employment under OASDHI before 1951. Data concerning this period were estimated for the annuitants through the use of information on total earnings and number of quarters of coverage that was available for 1947-50 and on earnings for earlier groups of years. Assignment was made to each individual's record of \$400 a quarter for the number of quarters shown in 1947-50. Similar assignment was made for years before 1947 according to covered earnings recorded for that earlier period. Estimates for these years were added (where applicable) to the number of years of covered employment after 1950.