

# Income of People Aged 65 and Older: Overview From 1968 Survey of the Aged

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FORMAL RETIREMENT PROGRAMS at the close of 1967 were paying basic benefits to about 9 in every 10 married couples with one or both members aged 65 or older and 9 in 10 nonmarried persons of that age. Old-age, survivors, disability, and health insurance (OASDHI), as the basic income-maintenance program for the elderly in this country, provided regular benefits to more than 5 million couples and 7.5 million nonmarried persons, many of them widowed, and special benefits to an additional 800,000. Programs for railroad and government workers afforded basic support for an additional half-million aged units and some income for nearly 1 million OASDHI beneficiary units. Private pensions supplemented the OASDHI benefits of almost 1.8 million aged units.

Most of the 700,000 men aged 65 and over and some of the aged women receiving no benefits under these public programs could have drawn such benefits had they not continued at regular jobs. Public assistance provided the entire support—or practically all of it—for about 600,000 nonmarried persons—mostly aged widows and a few couples not eligible for OASDHI benefits.

Those on the OASDHI rolls were a far from homogeneous group. More than one-fifth of all beneficiary couples had less than \$2,000 in 1967 incomes and nearly one-tenth had at least \$7,500. Among beneficiaries without spouses, three-fifths of the women and two-fifths of the men had less than \$1,500, and about 1 in 25 reported \$5,000 or more. Most favorably situated were those who supplemented their benefits with earnings or were entitled to a second pension.

About two-fifths of the aged beneficiary couples had the husband, the wife, or both members working—most often the husband. Median income for couples with any earnings to supplement their retirement benefits was \$4,100. One-fourth of the

beneficiary couples had more than one pension, with private pensions outnumbering government pensions more than 2 to 1. Median incomes were \$4,360 for those who had a second public pension and \$4,040 for those who also received a pension from private industry.

Women greatly outnumber men in the entire aged population and among the beneficiaries of OASDHI. Many of the 5.6 million women beneficiaries without husbands were widows, often past age 73. Their OASDHI benefits were low, they seldom worked, and they had little retirement income in addition to OASDHI. As a result, half of them had total incomes below \$1,300 and only 1 in 16 had as much as \$4,000. One in 10 turned to welfare agencies for cash support.

Veterans' benefits provided an important supplement for some aged beneficiaries. Many received some income from assets, but the amounts of these supplements were usually small. On the whole, OASDHI beneficiaries who were not working or who did not have a second pension had low incomes. One-fourth of the couples on the OASDHI rolls and two-fifths of the nonmarried depended on OASDHI for almost their entire support (all but \$300 a person for the year). Half the beneficiaries without spouses had no more than \$500 in income from any other source, including public assistance payments, which are subject to a means test. Nearly half the couples and three-fifths of the nonmarried beneficiaries were practically without retirement income except for their benefit.

By 1967 the group of elderly people not receiving regular OASDHI retirement benefits was reduced to one-sixth of the population aged 65 and over. Some of those not drawing benefits were earning and probably chose to postpone retirement. Continuing work with fairly high earnings was much more common for married couples than for those not married. Nearly two-thirds of the married couples not on the OASDHI rolls had incomes of \$4,000 or more. Those with an employed member had a median income of \$7,550. Most of the other couples not on the

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OASDHI rolls received a pension. It was likely to be larger than an OASDHI benefit, so that the median income for this small group was \$3,750 compared with \$2,750 for beneficiary couples without a second pension.

Least well-off of any group of the aged were the 1.1 million women without husbands who were not on the OASDHI rolls, nearly half of whom had incomes of less than \$1,000. Some of them were living with relatives who provided a home and food. Some were getting other public pensions and they presumably had relatively higher incomes. More than two-fifths of them, however, had to turn to public assistance for their main support, and among those aged 73 and over nearly 60 percent were receiving public assistance payments.

In the aggregate, retirement benefits provided the largest share of the income of the aged population in 1967. OASDHI alone accounted for 26 percent of the total income of the aged and other retirement programs were the source for 11 percent of the total, when the estimate of total income incorporates data from the Internal Revenue Service and administrative agency records. Earnings provided 30 percent of the total, and assets yielded 25 percent. All other sources—including veterans' benefits, public assistance, and personal contributions from relatives not in the home—made up the remaining 8 percent.

The findings on income size and receipt are from the second nationwide Survey of the Aged undertaken by the Social Security Administration. The 1968 Survey of the Demographic and Economic Characteristics of the Aged (DECA) was designed to provide data similar to those from the 1963 Survey of the Aged<sup>1</sup> on work experience, income, living arrangements, and certain types of assets, for persons aged 65 and over and their spouses.

## CONCEPTS AND DEFINITIONS

The Survey was timed to provide up-to-date information for use by the 1969-70 Advisory Council on Social Security in their review of benefit-level adequacy. It was thus impractical

<sup>1</sup> Lenore A. Epstein and Janet H. Murray, *The Aged Population of the United States: The 1963 Social Security Survey of the Aged* (Research Report No. 19), Social Security Administration, 1967.

to mount a special study that would also cover those aged 62-64, as in the 1963 study.

The 1968 Survey of the Aged is based on supplemental questions asked in the monthly Current Medicare Survey (CMS), established by the Social Security Administration to provide current estimates of the hospital and medical services used and charges incurred in the program of health insurance for the aged. The DECA questions were asked of two CMS samples—the outgoing 1967 panel and the new 1968 panel. The reference period for the questions was the calendar year 1967. As stated in the Technical Note that follows the article, the DECA sample consisted of 9,128 persons, of whom 8,248 were interviewed.

Unlike the 1963 Survey of the Aged, which was conducted by the Bureau of the Census acting as agent for the Social Security Administration in collecting and tabulating the data, the 1968 Survey questionnaires were administered by the Bureau of the Census but processed by the Social Security Administration. The economic and demographic data are being tabulated separately from the regular CMS data. Social Security Administration record data have been combined with interview data to support analyses of program issues. Cross-tabulations are being prepared by size and type of OASDHI benefit, date of entitlement, and whether or not the person elected an actuarial reduction in his benefit to obtain it before age 65.

The sample universe consisted of persons aged 65 and older, but the basic unit for interview and analysis was defined, as it was in 1963, as a married couple living together, with at least one member aged 65 or older, or an individual aged 65 or older who was widowed, divorced, living apart from his spouse, or never married.

Since the estimates in this report are based on a sample, they may differ somewhat from the figures that would have been obtained in a census. Some preliminary estimates of the sampling variability of the survey results are given in the Technical Note (page 28), with a summary of the characteristics of units reporting total income.

## Measuring Income Size

Every effort—short of assigning values on the basis of demographic characteristics—was made

to build up a total income profile. Nevertheless, about one-fifth of the nonmarried and one-fourth of the married couples are excluded from the distributions by income size and income shares because of failure to report on crucial income items.

Information on total income from assets was most often missing, even though income at the rate of 4 percent of value was imputed when a financial asset holding was reported and there was no entry for income accruing from such assets. Fortunately, reporting on receipt of most other types of income is relatively complete.

Information on income size is of great importance as an indicator of the level of living. Information on receipt of income from certain sources is by itself highly significant because the source indicates whether or not the income is likely to continue throughout retirement or widowhood. Thus, the small group of fully employed among the aged have much more income than the retired, but only a negligible number can count on continuing employment or self-employment for the remainder of their lives. Entitlement to pensions is therefore decisive, and their size, of course, controls the level of living that can be achieved in retirement by all but the exceptional unit with large holdings of income-producing assets.

Since income size and source are interrelated, the source data are suggestive of size. The seriousness of the gaps in reporting on size of total money income is alleviated by the fact that distributions of units by income size and by type of income have been prepared for many subgroups in the population—those receiving different types and combinations of pensions, those with and without work experience, and those with and without public assistance—not only for all aged units but also for those with and without OASDHI benefits. Here attention is called to the main relationships and to differences related to age. Subsequent articles will explore the detailed interrelationships of income size and source.

### Defining Income

Income is defined, as in Bureau of the Census surveys, to include money income received in the survey year from the following sources:

- (1) Earnings, including money wages or salary

before deductions for taxes, bonds, insurance, pensions, etc., and net income from farm and nonfarm self-employment (gross cash receipts minus operating expenses);

- (2) retirement benefits, including OASDHI benefits, benefits under other public programs (for railroad workers, Federal, State, and local government employees, and retired members of the Armed Forces), and private group pensions paid by a former employer or union directly or through an insurance company;

- (3) veterans' benefits—including compensation for service-connected disability or death and pensions for non-service-connected disability or death;

- (4) public assistance payments (excluding vendor medical payments);

- (5) income from assets, in the form of interest (on bonds or savings), dividends from stock holdings or membership in associations and cooperatives, and net rents from rental of houses, apartments, business buildings and vacant lots, or from rooms and boarders;

- (6) cash contributions from relatives or friends not living in the household; and

- (7) all other money income (except from relatives in the household), including unemployment insurance benefits, workmen's compensation, private welfare or relief, and private annuities.

The money income concept used as a classification variable for the data obtained in this survey provides comparability with other surveys. Although a case can be made for a more inclusive income concept, many of the possible additions present problems of measurement and interpretation.

Proposals are often made for additions to the income concept to take into account factors that enable people to live better than seems possible on their money incomes. Some of the proposed additions—such as capital gains, expense accounts, and stock options—result from developments in the tax structure and accrue largely to the well-to-do.<sup>2</sup> Perhaps even more widespread are fringe benefits such as employer contributions to health and pension plans and government contributions to health insurance for the aged. They present relatively minor measurement problems because they can be expressed in dollars. If these “non-income flows” were to be counted as income, a major change in the definition applicable to all income levels would be required. More difficult to express in money values are additions to the

<sup>2</sup> National Bureau of Economic Research Inc., *New Challenges for Economic Research*, Forty-Ninth Annual Report, October 1969, page 58.

level of living that may result from occupying owned homes or sharing living quarters with relatives. Gifts of food or clothing present similar problems though they are probably of less magnitude among the aged. Can these items be valued and should they be added to the income account as a kind of nonmoney income?

The measurement problem is obvious. It seems unlikely that respondents can put values on their homes, and especially on their rights to shared quarters with any reasonable level of precision.

The conceptual problem can be stated as follows: Granted that occupying owned homes or sharing living quarters raises levels of living above what would have been achieved if these goods were purchased out of money income, do they raise it by the full amount of their value? Or, to put it another way, granted that receipt of these goods frees some cash for other purposes, does it free cash equal to their full value? If, for example, a family with a very low income lives rent-free in luxurious quarters, the family is spared paying rent but does not have the large money value of its accommodations free in cash for other uses. Aged couples who continue to occupy homes that they bought to accommodate their growing children and that are now worth more than they would choose to pay in rent are in a similar, though less extreme, position. Putting a money value on shared living quarters would be even more difficult.

Because of these questions (or problems), occupancy of owned homes and shared living quarters are not evaluated as additions to income but are presented as aspects of the way the aged population lives. A later article will present information on the extent of shared living quarters when incomes are relatively high or low. This information should throw some light on whether home sharing is voluntary—reflecting ties of affection—or involuntary, either because health does not permit living alone or as a way of compensating for low income. Data on the extent of homeownership and the amount of home equity will also be presented as part of a later analysis of asset holdings.

### Description of the Aged Population

As of the end of 1967, the United States population included an estimated 19.3 million persons

aged 65 or older. Nearly 3 out of 5 of them were women (chart 1). Among the men, almost 3 out of 5 were married, but only about 1 out of 3 women was among the married, as the following figures show. More than half the women but less than one-fifth of the men were widowed. Only a small proportion of men or women were divorced, separated, or never married:

Marital status	Men	Women
Total number (in thousands).....	8,108	11,186
Percent.....	100	100
Married, spouse present.....	72	34
Nonmarried.....	28	66
Widowed.....	18	54
Other.....	10	12

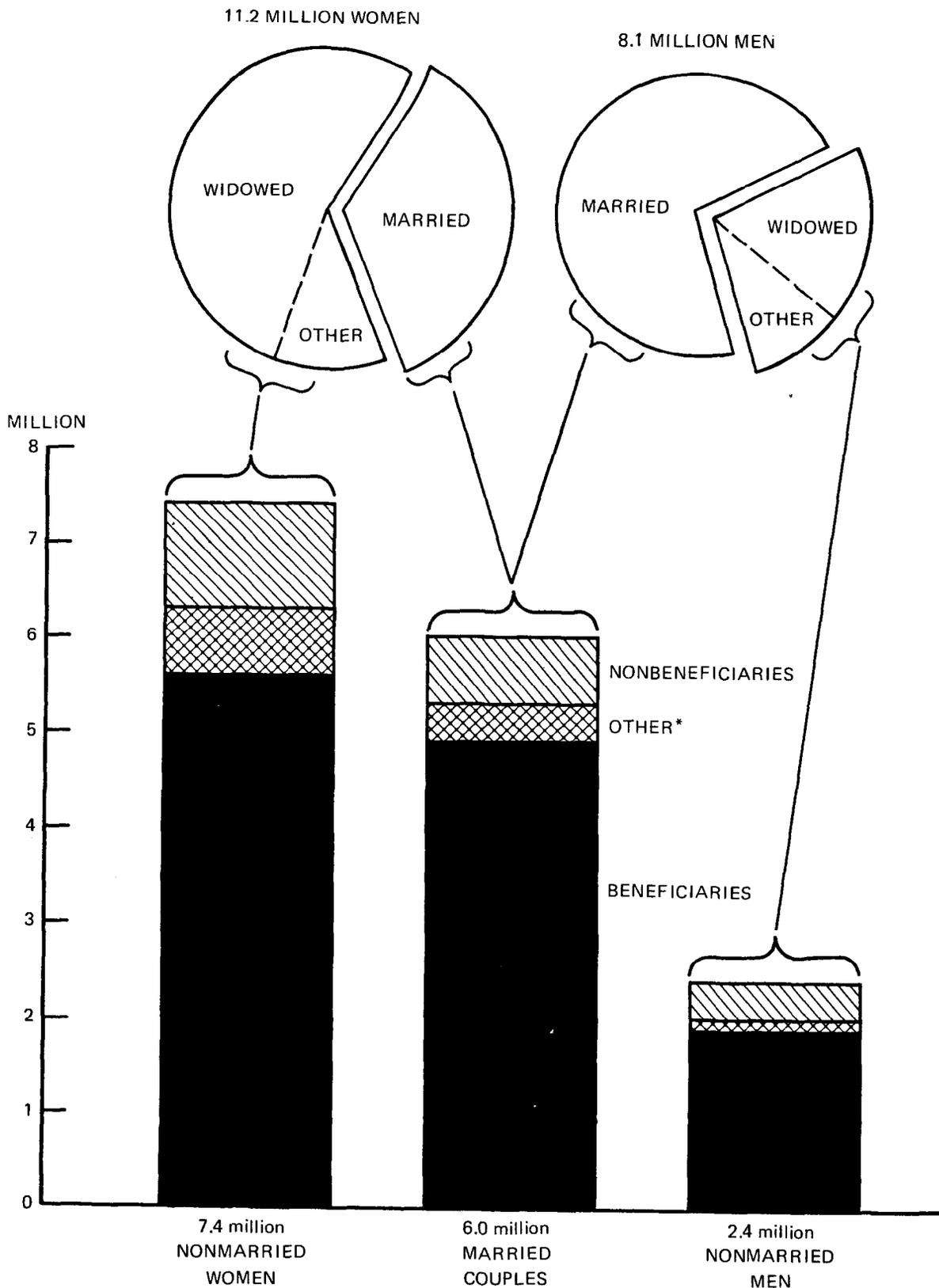
These aged, together with their wives or husbands who had not yet reached age 65, made up the 15.8 million aged units in the survey. Almost half the units (7.4 million) were nonmarried women, of whom 6.0 million were widows. The 6.0 million married couples formed the next largest group (chart 1). Men who had never married or were no longer living with a spouse numbered barely 2.4 million, or 15 percent of all units.

*Age of units.*—Most DECA tabulations to date have been prepared for the two broad age groups 65–72 and 73 and over.<sup>3</sup> As in the 1963 Survey, 73 was used for the start of the second broad classification, so that persons subject to the earnings or retirement test under the OASDHI program could be distinguished from those not subject to that test for at least a full year. Under the program, insured workers (and their dependents and survivors) may draw benefits regardless of their earnings when they reach age 72. Until that age, the earnings test operates to reduce benefits when earnings exceed a specified sum—\$1,500 in 1967. Moreover, the 73-and-over age classification helps to identify persons receiving cash benefits under the transitional insured-status and “special age-72” provisions of the Social Security Act.

This age classification conveniently divides the total sample into almost equal parts. (The

<sup>3</sup> For married couples, age refers to that of the husband, if known and if he is aged 65 or older; for 1 percent the age of the unit is that of the wife.

CHART 1.—THE AGED POPULATION, 1967



\* Represents units receiving first benefits after January 1967 and special age-72 beneficiaries.

more conventional classification at age 70 or 75 would not have divided it evenly.)

Slightly more than half of all aged units were aged 73 or over. As would be expected, couples were more often in the younger group, aged 65-72. Nonmarried units among both men and women were much more likely to be in the older group:

Age	Percent of aged units by age and marital status			
	Total	Married couples	Nonmarried persons	
			Men	Women
65 or older.....	100	38	15	47
65-72.....	48	23	6	19
73 and over.....	52	15	9	28

These relationships are a function of the life cycle. As the couple ages, there is more probability that one spouse will die, leaving the other widowed.

*OASDHI beneficiary status.*—More than 13.6 million married couples and nonmarried persons aged 65 and over, or 86 percent of all aged units, were receiving cash benefits under the OASDHI program at the end of 1967.<sup>4</sup>

The following subgroups, included in this total, are omitted when the economic resources of beneficiaries are considered: (1) about 375,000 units that received their first benefit after January 1967—predominantly married beneficiaries aged 65-72—and (2) about 775,000 units aged 72 or older (four-fifths of them nonmarried women) not regularly insured but entitled to the special low-rate benefit under the 1965 and 1966 amendments.<sup>5</sup> Together these two groups of units comprised about 5 percent of both the couples and the nonmarried men, and nearly 10 percent of the nonmarried women (table I of the Technical Note). Their inclusion with regular beneficiaries who drew a first cash benefit before 1967 would have distorted comparisons between regular

<sup>4</sup> Not classified as beneficiaries for DECA purposes were those insured workers enrolled for Medicare who could have drawn cash benefits in the survey year if they had not chosen to continue to work.

<sup>5</sup> In 1967 the special benefit was \$35 per month for an eligible person (\$52.50 for a couple). The statutory minimum was \$44 for a worker retiring at age 65 or later and half as much for a wife) and the maximum possible amount was about \$140 for a worker who retired in 1966 after reaching age 65.

TABLE 1.—Income size: Percentage distribution of aged units by money income class, 1967

Total money income	All units	Married couples	Nonmarried persons		
			Total	Men	Women
Number (in thousands):					
Total.....	15,779	5,989	9,789	2,356	7,434
Reporting on income.....	12,186	4,417	7,770	1,954	5,816
Percent of units.....	100	100	100	100	100
Less than \$1,000.....	21	3	31	20	36
1,000-1,499.....	19	6	26	23	27
1,500-1,999.....	14	11	16	18	15
2,000-2,499.....	10	12	10	15	8
2,500-2,999.....	7	11	5	7	4
3,000-3,499.....	6	10	3	4	3
3,500-3,999.....	4	9	2	3	1
4,000-4,999.....	6	11	3	4	2
5,000-7,499.....	7	15	2	3	2
7,500-9,999.....	3	7	1	2	1
10,000-14,999.....	2	3	1	1	1
15,000 or more.....	1	2	1	1	1
Median income.....	\$1,828	\$3,373	\$1,306	\$1,692	\$1,227

OASDHI beneficiaries and those not receiving benefits.

#### SIZE AND SOURCE OF INCOME

A few of the aged had very large incomes in 1967, but for the majority the income level was low. The 3 percent with incomes of \$10,000 or more represents a small number compared with the 44 percent classified as poor and 11 percent as near poor, on the basis of income thresholds developed by the Social Security Administration.<sup>6</sup> In round numbers, the 1967 thresholds are as follows:

	Married couples	Nonmarried persons
Poor .....	\$2,020	\$1,600
Near poor .....	2,690	1,900

Roughly one-third of the aged units had incomes large enough to provide at least a moderate level of living as defined by the Bureau of Labor Statistics (BLS) for a retired couple (\$3,930).<sup>7</sup>

<sup>6</sup> See Mollie Orshansky, "Counting the Poor" and "Who's Who Among the Poor," *Social Security Bulletin*, January and July 1965; for recent revisions, see the Bureau of the Census, *Current Population Reports: Consumer Income*, Series P-60, No. 68.

<sup>7</sup> See the Bureau of Labor Statistics, *Retired Couple's Budget for a Moderate Living Standard* (Bulletin No. 1570-4), 1968, and "Measuring Retired Couples' Living Costs in Urban Areas," *Monthly Labor Review*, November 1969. The cost for an aged person living alone at the moderate level is here estimated at \$2,170 or 55 percent of that for a retired couple on the basis of the BLS data reported in *Revised Equivalence Scale* (Bulletin No. 1570-2).

On the whole, the income status of married couples was better than that of the nonmarried persons.

Most surveys underestimate incomes at the upper end of the distribution because the very small number with high incomes are less likely than others to be properly represented. If they are drawn in the sample, they are less likely than those with moderate incomes to cooperate in providing complete information. In consequence the "true" mean and aggregate income for aged units would be expected to exceed the survey figures by a considerable margin. Medians and measures of the distribution, especially for the lower end, are not likely to be affected.

### Comparison of Survey with Other Data

A measure of the shortfall in survey data is obtained by comparison with tax data compiled by the Internal Revenue Service (IRS).<sup>8</sup> Income-tax returns from taxpayers aged 65 and over numbered 6.6 million in 1967. This figure, translated into aged units as defined by DECA, represents 3.8 million married couples and 2.7 million other aged persons, or a total of 6.5 million units.<sup>9</sup>

It is striking that only about two-fifths of all aged units had incomes that required them to file a Federal income-tax return for 1967 and that about three-fifths of these returns were taxable. In other words, only 3.9 million aged units, or one-fourth of the 15.8 million units in the population, had taxable incomes in 1967.

Although tax returns are classified by income size on the basis of "adjusted gross income"<sup>10</sup> rather than income as defined for survey purposes, the extent of the underestimate of the number of high income units may be inferred.

<sup>8</sup> Internal Revenue Service, "Taxpayers Age 65 or Over," *Statistics of Income, 1967* (Publication 79 (7-69), section 4).

<sup>9</sup> An unpublished table made available by IRS shows 3.7 million joint returns (with 5.6 million persons) and 153,000 separate returns of husbands and wives aged 65 or over. If only half the separate returns are counted, the total is reduced from 6.6 million to 6.5 million.

<sup>10</sup> "Adjusted gross income" includes net capital gains (not treated as income in the survey) and excludes public and private transfer income such as OASDHI and railroad retirement benefits, Veterans Administration payments; workmen's compensation; a portion of the income from contributory pensions and annuities, and personal contributions; and interest on State and municipal bonds and nontaxable dividend distributions by corporations.

Despite the known shortfall of the survey income data on assets and earnings, no attempt has been made to use the IRS data to correct survey results. Statistics from IRS obviously could not provide information on those dependent on OASDHI benefits or public assistance, or for others with low incomes.

When adjusted gross income is taken as a not unreasonable proxy at higher levels for income as defined for DECA, it appears that the Survey may have underestimated the number of aged units with incomes of \$15,000 or more by some 320,000 and those with \$10,000-\$15,000 by about 170,000. If that is true, then the proportion of the 15.8 million aged units with incomes of \$10,000 or more in 1967 would have been closer to 5 percent than to the 3 percent shown in table 1. The effect on the shape of the distribution or the median income for aged units would have been slight.

The Survey's shortfall is greatest in the asset items, with DECA yielding less than half the aggregate reported in the *Statistics of Income, 1967* (\$6.5 billion out of \$15.2 billion). The Survey also fails to account for some 30 percent of income from employment and self-employment combined (\$12.6 billion out of \$18.4 billion). The small group of taxpayers aged 65 and over with adjusted gross income of \$10,000 or more received 56 percent of the income from assets and 49 percent of the income from employment.

In the reporting of income from OASDHI, public assistance, and other public programs, the survey does relatively well on the basis of comparison with reports of agencies administering these programs.

Any shortage appears to be more in the amount of earnings and asset income than in the number reporting receipt of these types of income. Major emphasis is therefore directed to income sources—that is, the percentage of units with income from specified sources (tables 2, 5, and 7).

Only a survey provides the basis for studying the characteristics of the various subgroups of the aged population and comparing their resources. A clear understanding of the differences between aged people who still work and those who do not and among recipients of benefits under different programs is basic to the development of appropriate income-maintenance policies and of special programs for the aged.

TABLE 2.—Income sources: Percent of aged units with money income from specified sources, 1967

Source of money income	All units	Married couples	Nonmarried persons		
			Total	Men	Women
Total number <sup>1</sup> (in thousands)	15,779	5,989	9,789	2,356	7,434
Percent of units with:					
Earnings	27	46	15	19	14
Wages and salaries	21	36	12	14	12
Self-employment	6	12	3	5	2
Retirement benefits	89	90	89	91	88
OASDHI	86	87	85	86	84
Other public pensions	10	11	9	11	8
Railroad retirement	4	5	3	5	3
Government employee	6	7	5	6	5
Private group pensions	12	19	7	13	5
Veterans' benefits	10	12	9	11	8
Unemployment insurance	1	2	1	1	1
Public assistance	12	6	15	14	16
Income from assets	50	60	44	44	45
Private individual annuities	2	2	2	1	2
Personal contributions <sup>2</sup>	3	2	4	2	5

<sup>1</sup> Substantially all respondents reported whether or not they had income (although not necessarily its amount) from each source except assets, on which 84 percent reported.

<sup>2</sup> Contributions by relatives or friends not in household.

### Sources of Income

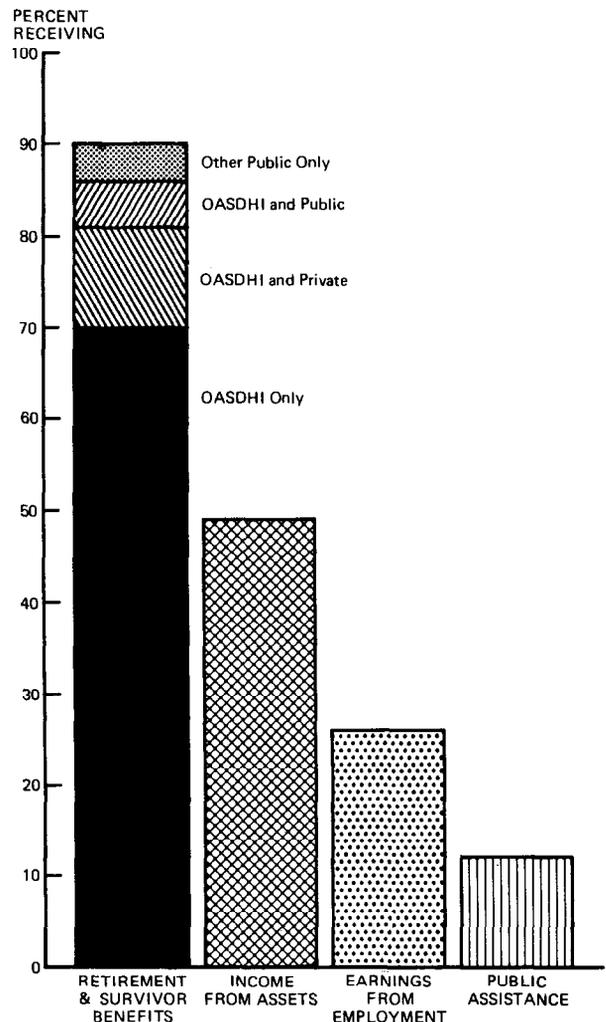
Because retirement programs are designed to replace only a portion of average preretirement earnings, groups that typically have some employment income receive larger total incomes than those no longer in the labor market. The disparity is aggravated by the fact that with rising earnings levels the pension even of new retirees is often very small in relation to current earnings levels.

Retirement benefits are nevertheless the mainstay of the great majority of the aged. In 1967, about 90 percent received payments from at least one program. OASDHI was of course far and away the most important source, with all but 14 percent receiving a regular or "special age-72" benefit at the end of 1967 (table 2 and chart 2). More than four-fifths drew a regular OASDHI benefit.

Just over 1 in 4 of all units had some earnings during the year. Only about 1 in 25 were working and did not receive any retirement benefit.

Close to half the total had some income from assets, but the great majority of units with assets received only small amounts of interest, dividends, or rents. For most of the aged, therefore, this income source made only a minor contribution to their support in old age. For a small

CHART 2.—MAIN SOURCES OF MONEY INCOME FOR AGED UNITS, 1967



group, however, assets could provide luxurious living. When DECA data on asset holdings are tabulated, the characteristics of the owners will be compared with those of units without assets, and the size and composition of the holdings of various groups examined.

About 1 in 8 aged units (most of them men) received a private pension, and approximately 1 in 10 drew a public pension under the railroad retirement program or a staff retirement system for Federal, State, or local government employees.<sup>11</sup> Substantially all private pensioners and about two-thirds of the aged units receiving

<sup>11</sup> The DECA estimate of 1.0 million units receiving pensions because of government employment omits about 100,000 former Federal civil servants not represented in the DECA sample, as explained in the Technical Note.

public pensions other than OASDHI were also on the OASDHI rolls. Annuities for government employees were more common than benefits for railroad workers. Most retired railroad workers draw benefits under their special program instead of OASDHI. Many government employees are covered under staff systems coordinated with OASDHI and thus receive benefits under both; others earn a benefit under both from work at different times or by moonlighting.<sup>12</sup>

Veterans' benefits and public assistance are the only sources of income other than retirement benefits, earnings, and assets that were reported by any considerable proportion of units aged 65 and over. About 1 in 8 received cash public assistance payments, and 1 in 10 had veterans' benefits. Payments under private individual annuities were reported by only 2 percent of the aged units, unemployment insurance by 1 percent, and contributions by relatives and friends not living in the household by 3 percent—more than twice as often by the nonmarried as by the couples. Little attention is devoted to these infrequent income sources both because of sampling variability of the data and because they do not explain much about the level of income of the aged as a whole.

The Veterans Administration pays cash compensation to veterans with service-connected disabilities, with the amount of the payment varying with the extent of disability. It also pays pensions in varying amounts to those with non-service-connected disability, under a reasonably liberal income test. Survivors of deceased veterans receive compensation and pension payments under similar circumstances. Supplementary benefits may be paid to dependents of living disabled veterans. Veterans' benefits went to about the same number of aged units as the number receiving public pensions other than OASDHI. Men were more likely to receive payments under the veterans' programs than women, but a relatively large number of veterans' widows were also on the Veterans Administration rolls.

Public assistance, which went to about the same proportion of aged units as private pensions did, was usually paid under the old-age assistance program. But some aged persons received cash

assistance payments under the Federal-State programs of aid to the blind or aid to the permanently and totally disabled. A few persons aged 65 or older with grandchildren in their care received payments under aid to families with dependent children.

*Marital status and sex.*—Because married couples with one or both members aged 65 and over were roughly three times as likely as the non-married aged to have some income from employment, as a group they had a much higher income level. Thus, in 1967 the median income of married couples, at \$3,370, was about two and one-half times the median for the nonmarried (table 1).

The 7.4 million women without husbands were the least likely to work and the most disadvantaged. Their median income was less than three-fourths the median for men. One-third of them reported less than \$1,000 in money income for the year and only 11 percent reported \$3,000 or more. In contrast, 5 percent of the married couples reported more than \$10,000, 27 percent more than \$5,000. One-third of the couples, however, were concentrated in the \$1,500–\$3,000 income range.

An important factor contributing to these differences is that retirement benefits tend to be smaller for women than for men: both because women characteristically earn less than men during their working life (most retirement benefits are earnings-related) and because many women depend on survivor benefits usually set at some fraction of the deceased husband's benefit—82½

TABLE 3.—Income shares: Percentage distribution of money income by source for aged units, 1967

Source of money income	All units	Married couples	Nonmarried persons		
			Total	Men	Women
Number (in thousands):					
Total.....	15,779	5,989	9,789	2,356	7,434
Reporting on income.....	12,177	4,474	7,779	1,954	5,816
Percent of income.....	100	100	100	100	100
Earnings.....	29	39	15	17	14
Retirement benefits.....	46	42	51	56	48
OASDHI.....	34	30	40	40	39
Other public pensions.....	7	6	8	10	7
Private group pensions.....	5	6	3	6	2
Veterans' benefits.....	3	3	4	5	4
Public assistance.....	4	2	7	5	8
Income from assets.....	15	13	18	14	19
Personal contributions <sup>1</sup> .....	1	( <sup>2</sup> )	1	( <sup>2</sup> )	2
Other sources.....	3	2	4	2	4

<sup>1</sup> Contributions by relatives or friends not in household.  
<sup>2</sup> 0.5 percent or less.

<sup>12</sup> See Elizabeth Heidbreder, "Federal Civil-Service Annuitants and Social Security," *Social Security Bulletin*, July 1969.

percent for aged widows under the OASDHI program.

Asset ownership is highly correlated with size of income. It is not surprising then that the proportion reporting income from assets was about one-third larger among couples than among nonmarried aged persons.

Public assistance fills some of the gap for those unable to work and not eligible for retirement benefits or receiving benefits that do not meet their needs. Even with the assistance payments, however, the total income of those receiving such payments tends to be small. As a group, women without husbands have the lowest incomes and the highest assistance recipient rates. The higher recipient rates at low incomes are even more evident when income size and source for beneficiaries and nonbeneficiaries are examined.

*Beneficiary status and age.*—For a group of the younger couples among the aged, earnings opportunities were presumably good enough to affect the decision not to draw OASDHI benefits. Their incomes were thus likely to be much higher than those of couples with benefits. Almost one-fifth of the couples under age 73 and not yet on the beneficiary rolls had at least \$10,000 in income in 1967, and two-thirds of them had \$5,000 or more. The younger nonmarried men not on the benefit rolls also had generally higher incomes

than did those receiving benefits. This fact is clearly evident from the following median income figures drawn from table A (page 26):

Type of unit	Married couples	Nonmarried persons	
		Men	Women
Aged 65-72:			
OASDHI beneficiaries.....	\$3,480	\$1,750	\$1,440
Nonbeneficiaries.....	6,470	2,100	1,660
Aged 73 and over:			
OASDHI beneficiaries.....	2,860	1,730	1,210
Nonbeneficiaries.....	2,600	1,240	1,020

On the other hand, among people aged 73 or older and younger nonmarried women as well, beneficiaries had higher incomes than those not having OASDHI benefits. Nearly half the nonbeneficiary women without husbands had incomes of less than \$1,000.

The differing contribution of employment income and retirement benefits in determining the level of total income is emphasized by the fact that the median income of all nonbeneficiary couples as a group was almost two-thirds above that of beneficiary couples—\$5,220 and \$3,200, respectively. For nonmarried beneficiaries the median income was almost one-third higher than that of the nonmarried not receiving benefits and generally not eligible for benefits (table 4).

The income of beneficiary couples would have

TABLE 4.—Income size by OASDHI beneficiary<sup>1</sup> status: Percentage distribution of aged units by money income class, 1967

Total money income	All units		Married couples		Nonmarried persons					
	Beneficiaries	Nonbeneficiaries	Beneficiaries	Nonbeneficiaries	Total		Men		Women	
					Beneficiaries	Nonbeneficiaries	Beneficiaries	Nonbeneficiaries	Beneficiaries	Nonbeneficiaries
Number (in thousands):										
Total.....	12,446	2,146	4,913	720	7,533	1,426	1,928	302	5,605	1,125
Reporting on income.....	9,676	1,638	3,692	485	5,984	1,153	1,613	247	4,371	907
Percent of units.....	100	100	100	100	100	100	100	100	100	100
Less than \$1,000.....	17	30	3	5	26	42	18	28	30	46
1,000-1,499.....	20	20	7	4	28	26	23	24	29	26
1,500-1,999.....	16	8	12	6	18	8	20	5	17	9
2,000-2,499.....	12	8	13	6	11	8	15	16	9	6
2,500-2,999.....	8	3	11	4	5	3	7	7	4	2
3,000-3,499.....	6	3	11	6	4	2	5	2	3	2
3,500-3,999.....	5	2	9	4	2	2	3	3	2	1
4,000-4,999.....	6	6	12	11	2	3	4	3	2	3
5,000-7,499.....	6	8	14	19	2	4	3	6	2	3
7,500-9,999.....	2	7	5	20	1	2	1	4	1	1
10,000-14,999.....	1	2	3	7	1	1	(?)	1	1	1
15,000 or more.....	1	2	1	7	(?)	(?)	(?)	1	(?)	(?)
Median income.....	\$1,904	\$1,490	\$3,199	\$5,218	\$1,412	\$1,068	\$1,742	\$1,322	\$1,297	\$1,032

<sup>1</sup> Excludes beneficiaries who received their first benefit in February 1967 or later, transitionally insured, and special age-72 beneficiaries.

<sup>2</sup> 0.5 percent or less.

TABLE 5.—Income sources by OASDHI beneficiary <sup>1</sup> status: Percent of aged units with money income from specified sources, 1967

Total money income	All units		Married couples		Nonmarried persons					
	Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries	Total		Men		Women	
					Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries
Total number <sup>2</sup> (in thousands).....	12,446	2,146	4,913	720	7,533	1,426	1,928	302	5,605	1,125
Percent of units with:										
Earnings.....	26	29	43	65	16	13	19	17	15	12
Wages and salaries.....	20	23	32	51	13	11	14	10	12	11
Self-employment.....	7	6	12	13	3	2	5	6	3	2
Retirement benefits.....	100	24	100	25	100	27	100	40	100	23
OASDHI.....	100		100		100		100		100	
Other public pensions.....	8	24	9	24	6	24	7	37	6	21
Railroad retirement.....	2	16	2	17	2	15	2	26	1	12
Government employee.....	6	9	7	8	5	10	5	12	5	9
Private group pensions.....	13	3	21	2	8	3	15	4	6	2
Veterans' benefits.....	11	8	13	7	10	8	12	8	9	8
Unemployment insurance.....	1	1	2	2	1	1	1	1	( <sup>3</sup> )	1
Public assistance.....	8	31	5	11	11	41	11	32	10	43
Income from assets.....	52	39	60	57	47	31	45	38	48	29
Private individual annuities.....	2	2	2	2	2	2	1	3	2	2
Personal contributions <sup>4</sup> .....	3	3	2	( <sup>3</sup> )	4	4	( <sup>3</sup> )	1	5	5

<sup>1</sup> Excludes beneficiaries who received their first benefit in February 1967 or later, transitionally insured, and special age-72 beneficiaries.  
<sup>2</sup> Substantially all respondents reported whether or not they had income (although not necessarily its amount) from each source except assets, on

which 84 percent reported.  
<sup>3</sup> 0.5 percent or less.  
<sup>4</sup> Contributions by relatives or friends not in household.

been further below that of nonbeneficiary couples but for the receipt of other types of income. About 40 percent of them had some earnings, and about 30 percent a second pension (table 5). Veterans' benefits and asset income were very helpful to some. Among the couples who did not have OASDHI benefits, about one-fourth were drawing retirement benefits of other kinds and 11 percent had to turn to public assistance, compared with 5 percent among the beneficiary couples.

Among the nonmarried, earnings were much less common than among the couples, with beneficiaries differing little from those not drawing benefits. Veterans' benefits were an important source for roughly 1 in 10. Some income from asset holdings accrued to nearly half the beneficiaries without spouses but fewer than one-third of the nonbeneficiaries.

Public assistance was the single most frequent source of income for people without spouses not on the OASDHI rolls. It provided the main sup-

TABLE 6.—Income shares by OASDHI beneficiary <sup>1</sup> status: Percentage distribution of money income by source for aged units, 1967

Source of money income	All units		Married couples		Nonmarried persons					
	Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries	Total		Men		Women	
					Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries
Number (in thousands):										
Total.....	12,446	2,146	4,913	720	7,533	1,426	1,928	302	5,605	1,125
Reporting on income.....	9,676	1,638	3,692	485	5,984	1,153	1,613	247	4,371	907
Percent of income.....	100	100	100	100	100	100	100	100	100	100
Earnings.....	22	57	30	75	12	30	13	33	12	28
Retirement benefits.....	52	16	50	12	57	23	61	36	54	18
OASDHI.....	42		38		47		47		47	
Other public pensions.....	5	16	5	12	6	22	6	34	5	18
Private group pensions.....	5	( <sup>2</sup> )	7	( <sup>2</sup> )	4	1	7	2	2	( <sup>2</sup> )
Veterans' benefits.....	4	2	4	1	4	4	5	4	4	4
Public assistance.....	3	12	1	4	4	26	3	16	4	30
Income from assets.....	16	8	14	6	19	10	15	9	21	10
Other sources <sup>3</sup> .....	3	4	2	1	4	7	2	3	4	9

<sup>1</sup> Excludes beneficiaries who received their first benefit in February 1967 or later, transitionally insured, and special age-72 beneficiaries.

<sup>2</sup> 0.5 percent or less.  
<sup>3</sup> Including personal contributions by relatives or friends not in household.

port for more than two-fifths of the women and one-third of the men in this category, compared with one-tenth of the beneficiaries that were not married.

### Shares of Income

The wide range in amounts typically received from different sources results in striking differences in the role of certain sources when they are measured in terms of their contribution to total income instead of frequency of receipt.

According to the Survey findings, OASDHI benefits, which were paid to 86 percent of all aged units, provided 34 percent of the 1967 income of units aged 65 and over. Other retirement programs added 12 percent (7 percent from railroad retirement and government employee pension systems and 5 percent from private pension plans) and brought the total from retirement programs to 46 percent (table 3). Public assistance added 4 percent and veterans' benefits added 3 percent. Earnings were the second major income source, accounting for 29 percent of the total. Third in importance was income from assets (interest, dividends, and rents), which contributed 15 percent of the total. The remaining 4 percent came from miscellaneous sources, including contributions from relatives and friends outside the household.

As noted above, DECA—like most field surveys—underestimates the aggregate income of the group under study. The shortfall is particularly serious for income from assets and next most serious for earnings. Payments under income-supported programs were well reported in the Survey but were still slightly short of the amounts reported by the administering agencies.

*Estimated aggregates.*—Although it was not feasible to adjust the survey income data for missing asset income or earnings, an estimate of the aggregate income of the aged population has been made that takes into account data from a number of sources—the Internal Revenue Service, administrative records, and DECA. According to this estimate, in 1967 some \$60 billion in income (as defined earlier) went to people aged 65 or older and to their spouses. The per-

centage distribution of this total, by source, is as follows:

<i>Source</i>	<i>Percent</i>
Earnings -----	30
Retirement benefits -----	37
OASDHI -----	26
Other -----	11
Veterans' benefits and public assistance ---	6
Income from assets -----	25
Other -----	2

Because of the Survey underestimate for asset income and, to a lesser extent, for earned income, the adjusted data show a larger share of income coming from assets than does the Survey and they show about the same from employment. Other sources are consequently less important. The ranking in order of importance is the same for the major sources of income to the aged, however—retirement benefits, earnings, and income from assets.

*Variations in shares.*—DECA data on income shares for subgroups of the aged population help both to round out and to qualify the impressions obtained from the sources data of the role played by different types of income. Thus, receipt of retirement (or survivor) benefits was reported with about the same frequency by the nonmarried as by married couples, but such benefits made up a much larger share of the income of the nonmarried. Assets and assistance also contributed more to the nonmarried, for women in particular, and earnings contributed much less. The larger role of asset income for nonmarried men and women, compared with that for couples, is noteworthy because barely three-fourths as large a proportion of the nonmarried reported any asset income. The very low total income of most aged women without husbands accounts in large part for this apparent anomaly.

Similarly, both retirement benefits and asset income show up as relatively more important on the basis of income shares than on the basis of frequency of receipt when the older group among the aged is compared with those aged 65-72 (tables 7 and B).

When the income shares of OASDHI beneficiaries and nonbeneficiaries are compared, the contribution of asset income among the couples appears much greater for beneficiaries—presumably because their average total income was

smaller—even though about the same percentage reported receipt of such income (tables 5 and 6). Earnings appear relatively less important for beneficiaries and relatively more important for nonbeneficiaries on the basis of shares than of

the percentage having this type of income. The difference is explained by the fact that beneficiaries rarely have regular full-time jobs and a considerable portion of nonbeneficiaries, particularly the married men, have not yet elected retire-

TABLE 7.—Income sources by age and OASDHI beneficiary status: Percent of aged units with money income from specified sources, 1967

Total money income	Married couples		Nonmarried persons					
	65-72	73 and over	Total		Men		Women	
			65-72	73 and over	65-72	73 and over	65-72	73 and over
All units								
Total number <sup>1</sup> (in thousands).....	3,663	2,326	3,901	5,889	945	1,411	2,957	4,477
Percent of units with:								
Earnings.....	60	26	26	8	32	11	24	7
Retirement benefits.....	85	97	86	90	88	94	85	90
OASDHI.....	83	94	83	86	83	88	83	85
Other public pensions.....	11	12	8	9	11	10	8	8
Railroad retirement.....	4	6	3	4	5	4	2	4
Government employee.....	7	7	6	5	6	6	6	5
Private group pensions.....	20	17	8	6	14	13	6	4
Veterans' benefits.....	9	16	11	7	13	10	11	6
Unemployment insurance.....	3	1	2	( <sup>2</sup> )	2	1	1	( <sup>2</sup> )
Public assistance.....	5	7	12	17	12	15	12	18
Income from assets.....	60	60	45	44	39	47	47	43
Private individual annuities.....	2	2	2	2	2	1	2	2
Personal contributions <sup>4</sup> .....	1	2	3	6	1	2	3	7
Beneficiary units <sup>3</sup>								
Total number <sup>1</sup> (in thousands).....	2,803	2,109	3,152	4,381	762	1,166	2,390	3,216
Percent of units with:								
Earnings.....	54	28	24	10	29	13	23	9
Retirement benefits.....	100	100	100	100	100	100	100	100
OASDHI.....	100	100	100	100	100	100	100	100
Other public pensions.....	9	9	7	6	7	7	7	6
Railroad retirement.....	2	3	2	1	2	2	1	1
Government employee.....	7	7	5	5	5	5	5	4
Private group pensions.....	22	19	9	8	16	15	7	5
Veterans' benefits.....	10	16	12	8	14	10	11	7
Unemployment insurance.....	3	1	1	( <sup>2</sup> )	1	1	1	( <sup>2</sup> )
Public assistance.....	5	5	10	11	11	11	10	11
Income from assets.....	59	61	47	48	38	49	49	47
Private individual annuities.....	2	2	2	2	2	1	2	3
Personal contributions <sup>4</sup> .....	( <sup>3</sup> )	2	3	6	1	2	3	6
Nonbeneficiary units								
Total number <sup>1</sup> (in thousands).....	582	138	614	812	139	163	475	649
Percent of units with:								
Earnings.....	81	14	28	2	35	3	26	2
Retirement benefits.....	18	56	18	33	32	47	14	30
OASDHI.....	17	55	17	30	32	41	12	27
Other public pensions.....	11	45	9	19	23	28	5	17
Railroad retirement.....	7	13	8	11	12	14	7	11
Government employee.....	2	2	2	3	-----	7	3	2
Private group pensions.....	2	2	2	3	-----	7	3	2
Veterans' benefits.....	4	24	8	8	5	10	8	7
Unemployment insurance.....	2	1	1	( <sup>2</sup> )	2	2	2	-----
Public assistance.....	6	37	23	54	22	42	24	57
Income from assets.....	62	39	37	27	40	36	36	25
Private individual annuities.....	2	3	3	2	5	1	2	2
Personal contributions <sup>4</sup> .....	( <sup>2</sup> )	-----	3	5	2	-----	4	8

<sup>1</sup> Substantially all respondents reported whether or not they had income (although not necessarily its amount) from each source except assets, on which 90 percent reported.

<sup>2</sup> 0.5 percent or less.

<sup>3</sup> Excludes beneficiaries who received their first benefit in February 1967 or later, transitionally insured, and special age-72 beneficiaries.

<sup>4</sup> Contributions by relatives or friends not in household.

ment. Even small earnings count for a considerable share of the small incomes of nonmarried nonbeneficiaries.

A striking finding is the considerable importance of the railroad retirement system and, to a lesser extent, staff programs for government employees, particularly among nonmarried men not entitled to OASDHI benefits. Such programs contributed as much as employment, according to DECA findings, for nonmarried men not receiving OASDHI benefits and were second in importance (though not a close second) for nonbeneficiary couples. Such retirement benefits were important mainly to the nonbeneficiaries aged 73 and over. These sources provided half the support for this fairly small group of men, public assistance contributed about a fourth, and earnings very little.

The nonmarried women aged 73 and over not on the OASDHI benefit rolls received about half their income from public assistance and one-fourth from retirement benefits under public programs other than social security. As previously noted, nonmarried men and women aged 73 and over not entitled to OASDHI benefits were especially disadvantaged. Their median incomes—

like those of nonmarried women aged 65-72—were below the poverty thresholds.

### Income Differences in Patterns of Receipt

The effect of employment and of retirement on size of total income has been implied by the data in the previous section comparing beneficiaries and nonbeneficiaries as groups and classified by age. Here attention is directed first to income-class variations in receipt of other types of income as well, then to the 1967 income-size distributions of aged units (1) with and without work experience and (2) with different combinations of retirement benefits. A series of articles to be published later will give more information on the characteristics of groups with various income sources, as well as size distributions of earnings, of retirement benefits and of public assistance.

As already shown, OASDHI benefits, earnings, and income from assets rank in that order as sources of income for the elderly. Earnings and income from assets were most frequent income sources for the well-to-do. The OASDHI pro-

TABLE 8.—Income sources by income size: Percent of aged units with income from specified sources by money income class, 1967

Total money income	Number reporting on income (in thousands)	Source of income							
		Earnings	Retirement benefits			Veterans' benefits	Public assistance	Income from assets	Personal contributions <sup>1</sup>
			OASDHI	Other public pensions	Private pensions				
Married couples									
Less than \$1,000.....	135	32	83	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	8	34	3
1,000-1,499.....	276	19	93	2	( <sup>2</sup> )	3	21	35	3
1,500-1,999.....	493	22	94	3	4	5	18	38	3
2,000-2,499.....	517	27	94	7	7	10	14	45	2
2,500-2,999.....	459	30	95	8	19	22	6	55	2
3,000-3,499.....	444	43	93	15	21	24	7	58	1
3,500-3,999.....	375	47	93	12	30	26	4	66	2
4,000-4,999.....	493	55	88	24	30	17	1	70	1
5,000-7,499.....	670	76	85	18	28	10	1	71	2
7,500-9,999.....	311	86	69	13	22	7	-----	84	-----
10,000-14,999.....	150	81	77	13	30	4	-----	97	-----
Nonmarried persons									
Less than \$1,000.....	2,450	5	80	3	( <sup>2</sup> )	1	16	26	3
1,000-1,499.....	2,038	9	85	5	1	8	24	38	6
1,500-1,999.....	1,216	16	92	7	7	25	18	54	6
2,000-2,499.....	788	23	88	15	16	20	14	55	4
2,500-2,999.....	358	38	90	19	19	9	8	63	2
3,000-3,499.....	241	36	89	16	19	9	1	77	4
3,500-3,999.....	144	44	87	23	24	8	1	72	2
4,000-4,999.....	202	46	79	26	23	8	2	79	2
5,000-7,499.....	188	58	76	21	12	4	1	81	2

<sup>1</sup> Contributions by relatives or friends not in household.

<sup>2</sup> 0.5 percent or less.

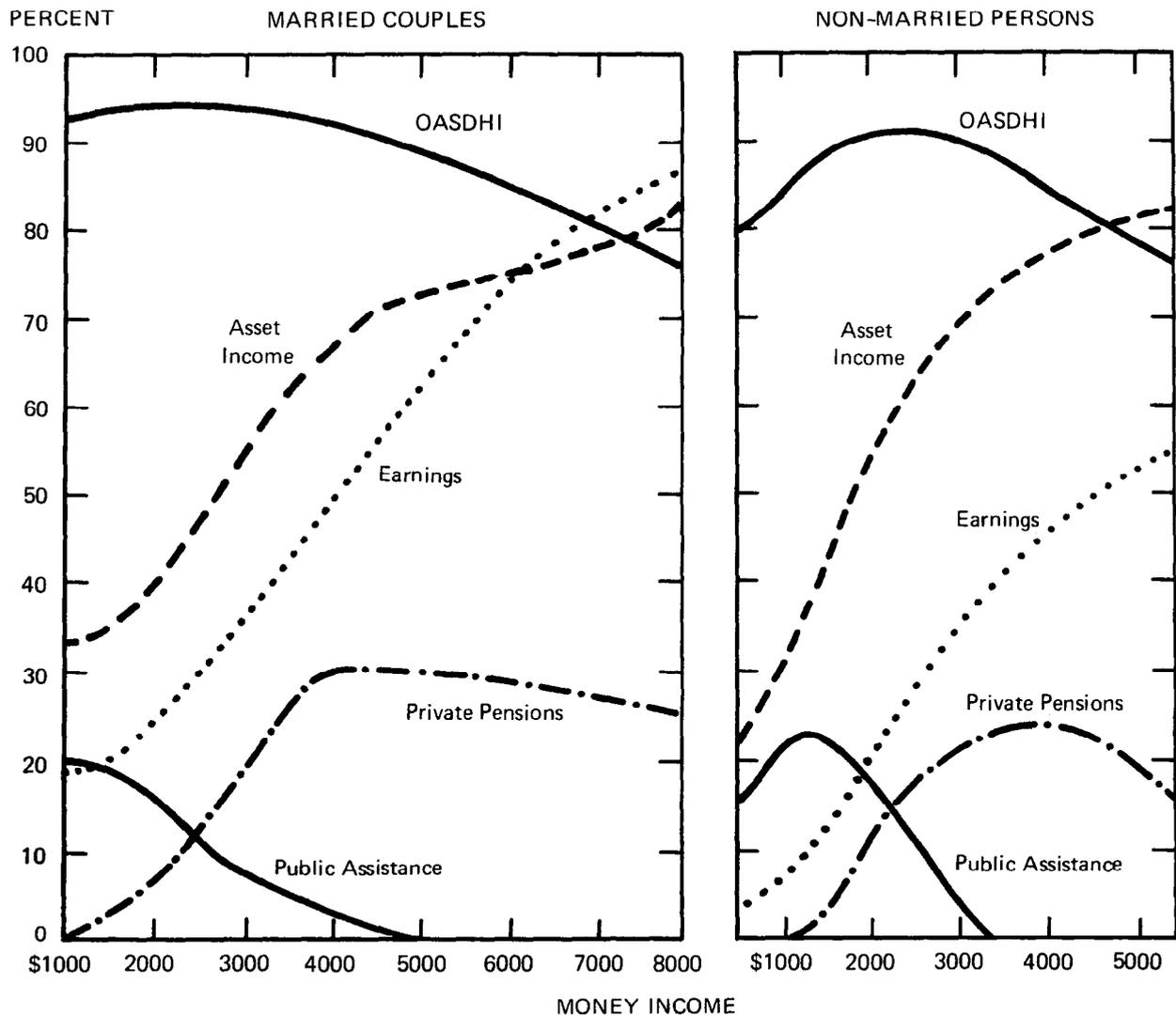
gram was a relatively common source at all income levels although it was less important for those better off (chart 3). In the \$1,500–2,000 income class, for example, 22 percent had earnings and 38 percent had income from assets; at the upper end of the income range most aged couples had some earnings and some income from assets as well (table 8).

Veterans' benefits provided income for one-fifth to one-fourth of the married couples with incomes of \$2,500–\$4,000 and the nonmarried units with incomes of \$1,500 to \$2,500. Aged units with smaller and larger incomes were much less likely to be receiving compensation or pensions under Veterans Administration programs.

Public assistance was important only at modest

income levels, and its receipt dropped off sharply above \$2,500. At first it may seem surprising that recipient rates were lower for those with less than \$1,000 in income than for the aged with \$1,000–\$1,500 and even for those with \$1,500–\$2,000, but few of the aged who applied for assistance and were certified as eligible would have had incomes, including assistance, less than \$1,000. In 1967, the United States average old-age assistance payment in cash was \$70 a month, equivalent to \$840 a year; it was more for those with no other income and less for those with some resources. More than half the assistance recipients in 1967 were also OASDHI beneficiaries. For most of this group, benefits and assistance combined should have exceeded \$1,000 a year, even though beneficiaries

CHART 3.—SOURCES OF INCOME OF AGED UNITS BY SIZE OF INCOME, 1967



with benefit amounts at or near the minimum were the most likely to receive such assistance.

Some of the aged with very low cash incomes were dependent on relatives with whom they shared a home. (The extent to which the aged shared living quarters will be reported in a later article.) Some were entitled to the special low-rate benefits, which are payable to persons aged 72 and over only for months when no cash public assistance payment is received and are reduced by the amount of any government pension. Since such beneficiaries—mostly women it will be recalled—never earned insured status in employment covered by the social security program, it is improbable that they could find work at their advanced age.

### Work Experience and Income

In 1967 about half the aged couples had one or both members in the labor force, according to DECA. Almost 800,000 reported that both the husband and the wife worked at some time during the year, and a half-million reported only the wife working. The man was most often the only worker, and 1.7 million couples so reported. Thus, 2.5 million husbands and 1.3 million wives had some work experience in 1967. More than one-third of the wives in the 6 million couples had not yet reached age 65.

Of the 3 million couples with neither member working in 1967, 60 percent had less than \$3,000 in income, but 60 percent of the other 3 million aged couples—with at least one member working—received more than \$4,000 (table 9). For those with at least one member earning, the median income (\$4,690) was roughly 80 percent above the \$2,620 median for couples with neither member employed or self-employed.

Among aged persons without spouses, as among married couples, men were more likely to work than women: The proportions were 23 percent and 15 percent, respectively. But the overall proportion of the nonmarried with work experience was barely one-sixth, compared with one-half for the married couples, both because the nonmarried were older and because about three-fourths of them were women.

The comparatively rare earners among the non-

married were much better off than those who did not work in 1967. Half had incomes of \$2,290 or more, and more than a third had \$3,000 or more. Among those who did not work, median income was \$1,240 and one-third had less than \$1,000.

Of all couples in which only the man worked, about one-fifth were nonbeneficiaries. An exceptionally large proportion (71 percent) of them had incomes of \$5,000 and over, and 18 percent had incomes of \$10,000 or over. When only the wife was working, the husband was usually drawing OASDHI benefits.

Couples not on the OASDHI rolls worked much more often than not. The half-million with one or both members working—usually the husband only—had a median income of \$7,550, about three times the median for the 200,000 nonbeneficiary couples with neither spouse working. In the case of the nonmarried, too, the median income was roughly three times as high for those with some work as for those without. Even among the nonmarried aged with current work experience, however, there was a large group clustered at the bottom of the income range. Those without work account for much of the group previously mentioned as relying on public assistance.

Some of the couples and other aged persons with work experience in 1967 claimed their OASDHI benefits during the year and consequently are excluded when separate data for regular beneficiaries are examined. The regular beneficiary couples were much less likely than nonbeneficiaries to have had some work experience in 1967, but differences in this respect were not significant for the nonmarried.

While the differences in income level between those with and without work experience were much less for regular beneficiaries than for nonbeneficiaries, earned income was nonetheless crucial for the beneficiaries' level of living. Beneficiary couples with neither member working had incomes very similar to those of nonbeneficiary couples without work. Among the nonmarried, beneficiaries without earnings were not nearly so likely as nonbeneficiaries without earnings to have incomes under \$1,000, but they were not much more likely to have even \$3,000 income.

The median incomes of the large numbers of nonworking beneficiaries were very much below those of beneficiaries that did some work in 1967,

as shown in chart 4. The median income for couples with one member working at least part of the year was at about the level of the moderate-

cost budget for a retired couple. More than three-fifths of the couples with both members working had incomes in excess of that level. Any

TABLE 9.—Income size by work experience and OASDHI beneficiary status: Percentage distribution of aged units by money income class, 1967

Total money income	Married couples					Nonmarried persons					
	With work in 1967				Neither worked	Total		Men		Women	
	Total	Both worked	Man only worked	Woman only worked		Worked	Did not work	Worked	Did not work	Worked	Did not work
All units											
Number (in thousands):											
Total.....	3,013	773	1,705	535	2,977	1,635	8,154	531	1,825	1,104	6,329
Reporting on income.....	2,127	542	1,186	399	2,289	1,212	6,557	407	1,547	805	5,010
Percent of units.....	100	100	100	100	100	100	100	100	100	100	100
Less than \$1,000.....	2	2	2	2	4	14	35	10	23	16	38
1,000-1,499.....	3	4	3	3	9	13	29	10	26	14	30
1,500-1,999.....	5	4	6	6	17	15	16	16	18	14	15
2,000-2,499.....	7	5	8	6	16	15	9	12	16	17	7
2,500-2,999.....	7	5	8	7	14	10	4	11	6	10	3
3,000-3,499.....	9	6	10	10	11	7	2	8	3	6	2
3,500-3,999.....	8	5	9	10	9	5	1	5	2	5	1
4,000-4,999.....	13	11	12	17	10	6	2	7	3	5	2
5,000-7,499.....	24	25	22	29	7	9	1	12	1	7	1
7,500-9,999.....	12	17	12	7	2	4	1	4	1	4	(1)
10,000-14,999.....	6	9	5	3	1	2	(1)	2	(1)	2	(1)
15,000 or more.....	4	6	4	1	1	1	(1)	2	(1)	(1)	(1)
Median income.....	\$4,691	\$5,450	\$4,390	\$4,362	\$2,621	\$2,293	\$1,241	\$2,518	\$1,516	\$2,200	\$1,162
Beneficiary units <sup>2</sup>											
Number (in thousands):											
Total.....	2,259	564	1,210	485	2,654	1,301	6,232	429	1,499	872	4,734
Reporting on income.....	1,654	411	874	369	2,038	968	5,241	340	1,274	623	3,743
Percent of units.....	100	100	100	100	100	100	100	100	100	100	100
Less than \$1,000.....	2	2	2	2	3	11	29	10	20	12	33
1,000-1,499.....	4	5	3	3	9	15	30	12	26	16	32
1,500-1,999.....	6	5	7	6	17	18	18	19	21	18	17
2,000-2,499.....	8	6	10	6	16	17	10	12	16	19	8
2,500-2,999.....	8	6	10	7	14	11	4	11	6	11	3
3,000-3,499.....	11	7	12	11	11	7	3	8	4	6	2
3,500-3,999.....	10	7	11	10	9	6	1	5	2	6	1
4,000-4,999.....	14	14	12	16	10	5	2	8	3	4	2
5,000-7,499.....	22	26	17	29	7	6	1	10	1	4	1
7,500-9,999.....	9	12	9	6	2	2	1	2	1	3	(1)
10,000-14,999.....	5	7	4	3	1	1	(1)	2	(1)	1	1
15,000 or more.....	2	3	2	1	1	1	(1)	1	(1)	(1)	(1)
Median income.....	\$4,111	\$4,864	\$3,758	\$4,237	\$2,628	\$2,190	\$1,300	\$2,349	\$1,612	\$2,138	\$1,231
Nonbeneficiary units											
Number (in thousands):											
Total.....	517	134	349	34	203	222	1,204	61	240	161	964
Reporting on income.....	319	86	209	24	166	165	1,054	43	204	122	784
Percent of units.....	100	( <sup>3</sup> )	100	( <sup>3</sup> )	100	100	100	( <sup>3</sup> )	100	100	100
Less than \$1,000.....	2	( <sup>2</sup> )	1	( <sup>2</sup> )	9	22	45	( <sup>2</sup> )	30	24	48
1,000-1,499.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	11	6	29	( <sup>2</sup> )	29	8	29
1,500-1,999.....	2	( <sup>2</sup> )	2	( <sup>2</sup> )	14	1	10	( <sup>2</sup> )	6	2	11
2,000-2,499.....	2	( <sup>2</sup> )	2	( <sup>2</sup> )	15	8	8	( <sup>2</sup> )	18	8	6
2,500-2,999.....	2	( <sup>2</sup> )	2	( <sup>2</sup> )	9	8	2	( <sup>2</sup> )	5	4	2
3,000-3,499.....	3	( <sup>2</sup> )	3	( <sup>2</sup> )	13	4	1	( <sup>2</sup> )	1	4	1
3,500-3,999.....	2	( <sup>2</sup> )	4	( <sup>2</sup> )	8	3	1	( <sup>2</sup> )	4	4	1
4,000-4,999.....	11	( <sup>2</sup> )	14	( <sup>2</sup> )	12	10	2	( <sup>2</sup> )	3	14	2
5,000-7,499.....	26	( <sup>2</sup> )	27	( <sup>2</sup> )	7	21	1	( <sup>2</sup> )	1	18	1
7,500-9,999.....	30	( <sup>2</sup> )	26	( <sup>2</sup> )	1	9	1	( <sup>2</sup> )	2	9	(1)
10,000-14,999.....	10	( <sup>2</sup> )	10	( <sup>2</sup> )	(1)	6	(1)	(1)	(1)	6	(1)
15,000 or more.....	10	( <sup>2</sup> )	8	( <sup>2</sup> )	1	1	(1)	(1)	(1)	(1)	(1)
Median income.....	\$7,553	( <sup>2</sup> )	\$6,468	( <sup>2</sup> )	\$2,497	\$3,464	\$1,032	( <sup>2</sup> )	\$1,140	\$3,304	\$1,020

<sup>1</sup> 0.5 percent or less.

<sup>2</sup> Excludes beneficiaries who received their first benefit February 1967

or later, transitionally insured, and special age-72 beneficiaries.

<sup>3</sup> Not shown where base is less than 100,000.

expenses associated with employment, not included in the budget, would make the situation less favorable. The extent to which benefits were suspended because of earnings or to which earnings may have been limited intentionally, will be explored in later articles.

### Pension Receipt and Income

As previously noted, about one-fifth of all regular beneficiary units had a supplementary retirement benefit—28 percent of the couples and 14 percent of the nonmarried. Two out of 3 of these pensions were paid under private industry plans—discussed in another article in this issue.

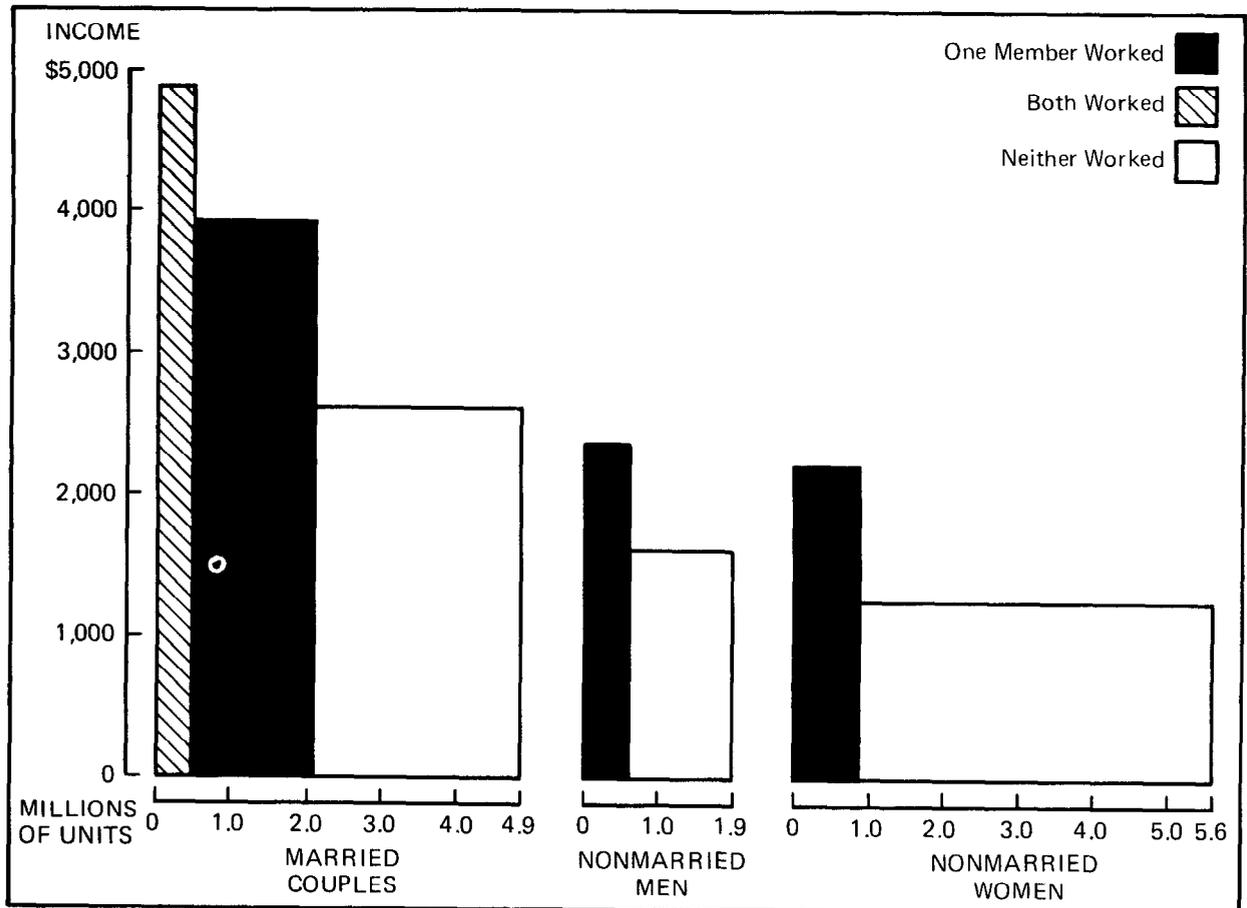
Beneficiaries that also received a pension as a former employee of a Federal, State, or local government or under the railroad retirement sys-

tem appear to have been in a slightly better income position than those who drew a supplementary private pension (table 10 and chart 5). The significant difference, however, is between those with more than one pension and those with no pension or survivor benefit other than OASDHI. The income distribution for beneficiaries with no other pension was very similar to that for beneficiaries with no work experience in 1967.

The 3.4 million couples whose OASDHI benefit was their only pension had a median income of \$2,750, close to the near-poverty threshold and roughly one-third below the median income for beneficiaries with a second pension. Nearly 30 percent of them had less than \$2,000 income and only one-sixth received \$5,000 or more, even though most of the working beneficiaries were in this group.

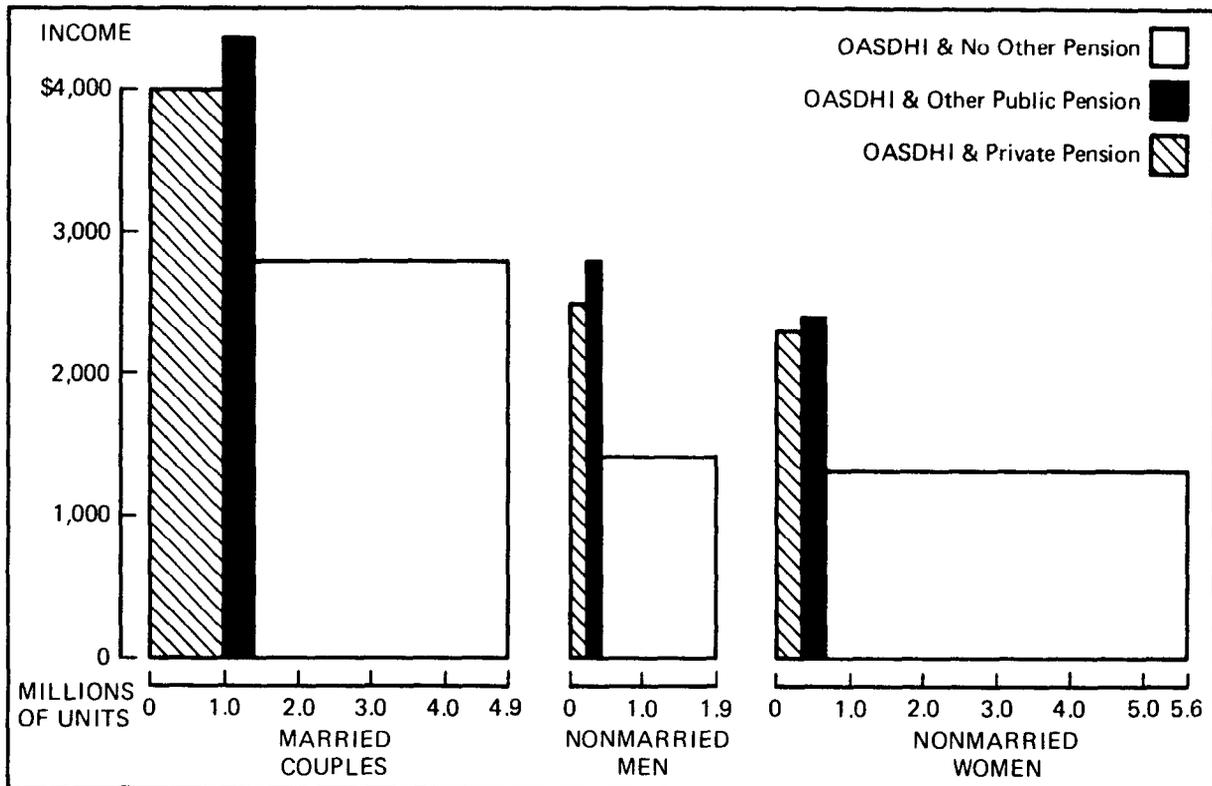
Half the 1.5 million men without wives who

CHART 4.—MEDIAN INCOME OF OASDHI BENEFICIARY\* UNITS BY 1967 WORK EXPERIENCE



\* Represents units receiving first benefits after January 1967 and special age-72 beneficiaries.

CHART 5.—MEDIAN INCOME OF OASDHI BENEFICIARY\* UNITS BY RECEIPT OF OTHER PENSIONS, 1967



\* Represents units receiving first benefits after January 1967 and special age-72 beneficiaries.

TABLE 10.—Income size and retirement benefits for OASDHI beneficiaries<sup>1</sup>: Percentage distribution of aged beneficiary units by money income class, by receipt of retirement benefits, 1967

Total money income	Married couples			Nonmarried persons									
	OASDHI and other pension		OASDHI and no other pension	Total			Men			Women			
	OASDHI and no other pension	Public		Private	OASDHI and no other pension	Public	Private	OASDHI and no other pension	Public	Private	OASDHI and no other pension	Public	Private
Number (in thousands):													
Total	3,438	392	960	6,353	476	596	1,476	128	283	4,876	348	313	
Reporting on income	2,665	299	692	5,160	365	439	1,268	103	234	3,892	262	205	
Percent of units	100	100	100	100	100	100	100	100	100	100	100	100	
Less than \$1,000	4	( <sup>2</sup> )	( <sup>2</sup> )	30	3	1	22	( <sup>2</sup> )	1	33	5	1	
1,000-1,499	9	1	( <sup>2</sup> )	31	13	5	28	14	3	32	13	7	
1,500-1,999	16	4	2	18	14	19	22	7	20	17	17	20	
2,000-2,499	15	8	5	9	19	29	13	23	24	8	17	34	
2,500-2,999	12	6	12	4	11	14	5	13	15	4	10	13	
3,000-3,499	10	12	13	3	8	11	4	2	12	2	10	8	
3,500-3,999	8	10	16	1	6	8	1	12	9	1	4	6	
4,000-4,999	8	27	19	1	10	9	2	7	11	1	11	7	
5,000-7,499	10	21	21	2	8	3	2	12	4	2	6	2	
7,500-9,999	4	6	6	( <sup>2</sup> )	6	1	( <sup>2</sup> )	9	1	( <sup>2</sup> )	5	1	
10,000-14,999	2	4	4	1	1	1	( <sup>2</sup> )	( <sup>2</sup> )	1	1	1	1	
15,000 or more	1	2	1	( <sup>2</sup> )	1	1	( <sup>2</sup> )	2	( <sup>2</sup> )	( <sup>2</sup> )	1	( <sup>2</sup> )	
Median income	\$2,748	\$4,362	\$4,042	\$1,284	\$2,611	\$2,406	\$1,500	\$2,812	\$2,554	\$1,230	\$2,342	\$2,302	

<sup>1</sup> Excludes beneficiaries who received their first benefit February 1967 or later, transitionally insured, and special age-72 beneficiaries and the very small number of beneficiary units that received both other public and private

pensions or failed to report on such receipt.  
<sup>2</sup> 0.5 percent or less.

TABLE 11.—Income size and retirement benefits for nonbeneficiaries<sup>1</sup>: Percentage distribution of aged nonbeneficiary units by money income class, by receipt of retirement benefits, 1967

Total money income	Married couples		Nonmarried persons					
			Total		Men		Women	
	No pension	Public pension other than OASDHI	No pension	Public pension other than OASDHI	No pension	Public pension other than OASDHI	No pension	Public pension other than OASDHI
Number (in thousands):								
Total.....	525	166	1,025	343	172	109	853	234
Reporting on income.....	342	127	860	278	153	87	707	191
Percent of units.....	100	100	100	100	100	( <sup>2</sup> )	100	100
Less than \$1,000.....	6	( <sup>3</sup> )	47	23	37	.....	50	30
1,000-1,499.....	5	2	28	21	36	.....	26	28
1,500-1,999.....	8	2	8	11	2	.....	9	11
2,000-2,499.....	6	9	5	19	8	.....	4	14
2,500-2,999.....	1	13	1	8	3	.....	1	4
3,000-3,499.....	2	20	1	4	( <sup>3</sup> )	.....	1	3
3,500-3,999.....	3	9	1	4	( <sup>3</sup> )	.....	1	1
4,000-4,999.....	8	19	3	4	( <sup>3</sup> )	.....	3	4
5,000-7,499.....	21	15	4	3	8	.....	3	3
7,500-9,999.....	22	12	2	4	3	.....	1	3
10,000-14,999.....	9	( <sup>3</sup> )	1	( <sup>3</sup> )	1	.....	1	( <sup>3</sup> )
15,000 or more.....	10	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	2	.....	( <sup>3</sup> )	( <sup>3</sup> )
Median income.....	\$6,270	\$3,746	\$1,020	\$1,649	\$1,068	( <sup>2</sup> )	\$1,007	\$1,290

<sup>1</sup> Excludes the very small number of nonbeneficiary units that received both other public and private pensions, or private pensions only, or failed to report on such receipt.

<sup>2</sup> Not shown where base is less than 100,000.

<sup>3</sup> 0.5 percent or less.

received an OASDHI benefit and no other pension had less than \$1,500 in income and a third reported their incomes as \$1,500-\$2,500. Nonmarried women beneficiaries with no other pension, nearly 5 million in all, had a median income of \$1,230, just over half the median for the small group with a second pension. The beneficiaries who turned to public assistance to help meet their needs were largely women without husbands who had no second pension.

Aged couples that relied on public pensions other than OASDHI had a median income of \$3,750, well above the median for couples who had OASDHI only. This difference reflects the fact that railroad retirement and many government employee systems have much higher benefits than the OASDHI program.

The million nonmarried persons without any retirement pension or survivor benefit were clearly the most disadvantaged of all the aged, with a median income of only about \$1,000 (table 11). Many of them turned to welfare agencies for support.

By contrast, the vast majority of couples with no pension worked in 1967. Consequently, close to two-thirds of them had incomes above \$5,000. Presumably most of them would qualify for retirement benefits when they retired.

## THE ROLE OF OASDHI BENEFITS

Clearly, benefits under the OASDHI program are crucial for the support of the aged population. More than four-fifths of the aged units were drawing a regular benefit at the end of 1967 and another 5 percent drew a "special age-72" benefit. In aggregate, OASDHI benefits accounted for more than a fourth of the total money income received in 1967 by those aged 65 and older and their younger spouses, after account is taken of the estimated total income from assets and employment that was received by very high-income units. If the 1968 and 1970 benefit increases had been in effect and income from other sources had remained the same, OASDHI would have accounted for about 30 percent of an enlarged total.

Nevertheless, it is evident that OASDHI benefits were not themselves enough to assure a reasonable level of living during retirement or widowhood. Beneficiaries managed fairly well if they had some employment or if they had a second pension. Since few people can count on working throughout their retirement, the combination of benefit income and earnings does not represent a level of income on which retirees and the widowed can rely for life. Those entitled to a second pension have more assurance, but only

about 2 in 10 of the regular beneficiaries are so fortunate. One in 10 can count on veterans' benefits. Only a few have private annuities. Many count on returns on their asset holdings to supplement benefits, but few have large holdings and they are rarely at the lower income levels.

### Retirement Income

Although assets may depreciate and may be drawn on with the result that they later yield less income, it has been customary in some analyses to consider asset income a form of retirement income along with retirement and survivor benefits, veterans' benefits, and private annuities.

Half the regular beneficiary couples had less than \$2,180 in retirement income, so defined, and only 15 percent had \$4,000 or more (table 12). For beneficiaries without husbands or wives the median total retirement income in 1967 was only about \$1,100.

Except for their benefit under the OASDHI program, median retirement income amounted to barely \$1,000 for the couples with such income and \$600 for the nonmarried beneficiaries that received some. Roughly half the regular beneficiaries had practically no retirement income in

addition to their basic benefit: 46 percent of the couples and 58 percent of the nonmarried beneficiaries reported less than \$150 per person for the year (table 12).

### Income Other than OASDHI Benefits

Although the size of retirement income (including and excluding OASDHI) received by beneficiaries points to the importance of benefit levels from a long-run point of view, the amount of income that regular beneficiaries receive from all sources other than OASDHI is another indicator of the crucial role of benefits.

With roughly half the regular beneficiary units having neither current work experience nor a second pension (about one-fourth of the couples and two-thirds of beneficiaries without spouses), it is not surprising that so many had little except benefits. About one-fourth of the beneficiary couples and two-fifths of the nonmarried beneficiaries had no money income but their benefits, or less than \$300 per person in 1967. Most of this group that relied so heavily on benefits had less than \$150 per person in income other than benefits (table 13). Some of those with more in other income had only public assistance payments, re-

TABLE 12.—Size of retirement income for OASDHI beneficiaries<sup>1</sup>: Percentage distribution of aged beneficiary units by size of retirement income, including and excluding OASDHI benefits, 1967

Amount	Retirement income <sup>2</sup>				Retirement income other than OASDHI			
	Married couples	Nonmarried persons			Married couples	Nonmarried persons		
		Total	Men	Women		Total	Men	Women
Number (in thousands):								
Total.....	4,913	7,533	1,928	5,605	4,913	7,533	1,928	5,605
Reporting on retirement income.....	3,869	6,242	1,672	4,570	3,869	6,242	1,672	4,570
Percent of units.....	100	100	100	100	100	100	100	100
Less than \$150.....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	41	58	50	59
150-299.....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	5	6	5	6
300-499.....	1	4	2	5	5	6	6	6
500-999.....	11	38	27	42	13	15	16	14
1,000-1,499.....	15	27	26	28	11	7	10	6
1,500-1,999.....	17	14	18	12	7	3	5	3
2,000-2,499.....	15	7	12	5	5	2	3	1
2,500-2,999.....	11	3	5	2	3	1	2	1
3,000-3,499.....	9	2	3	2	2	1	1	1
3,500-3,999.....	6	1	2	1	2	( <sup>3</sup> )	1	( <sup>3</sup> )
4,000-4,999.....	7	2	2	1	2	( <sup>3</sup> )	( <sup>3</sup> )	1
5,000 or more.....	8	2	2	2	4	1	2	1
Median amount:								
All units.....	\$2,184	\$1,105	\$1,368	\$1,044	\$456	\$40	\$125	\$30
Recipients.....	2,187	1,107	1,368	1,044	984	599	840	500

<sup>1</sup> Excludes beneficiaries who received their first benefit February 1967 or later, transitionally insured, and special age-72 beneficiaries.

<sup>2</sup> In addition to OASDHI benefits, retirement income consists of railroad

and government employees' retirement benefits, private pensions, private annuities, veterans' benefits, and interest, dividends, and rents.

<sup>3</sup> 0.5 percent or less.

TABLE 13.—Size of income other than OASDHI benefits for OASDHI beneficiaries<sup>1</sup>: Percentage distribution of aged beneficiary units by amount of such income, 1967

Money income other than OASDHI benefits	Married couples	Nonmarried persons		
		Total	Men	Women
Number (in thousands):				
Total.....	4,913	7,533	1,928	5,605
Reporting on income.....	3,692	5,958	1,611	4,347
Percent of units.....	100	100	100	100
Less than \$150.....	14	34	30	36
150-299.....	4	7	6	7
300-499.....	5	8	6	8
500-999.....	12	22	22	22
1,000-1,499.....	14	13	14	12
1,500-1,999.....	10	5	7	5
2,000-2,499.....	7	3	5	2
2,500-2,999.....	6	2	2	2
3,000-3,999.....	8	2	3	2
4,000-4,999.....	6	1	1	1
5,000-7,499.....	7	2	2	1
7,500 or more.....	6	1	2	1
Median amount:				
All units.....	\$1,500	\$516	\$687	\$456
Recipients.....	1,656	780	948	672

<sup>1</sup> Excludes beneficiaries who received their first benefit in February 1967 or later, transitionally insured, and special age-72 beneficiaries.

ceipt of which involves the application of a means test.

OASDHI benefits have played a considerable role in holding down the size of the aged population in poverty and in mitigating its impact for those who remain poor. When income other than OASDHI benefits is considered (rather than total income) it is estimated that, if it had not been for these benefits, 2 to 3 times as many beneficiary couples would have been classified as poor in 1967—more than half of all the beneficiary couples instead of one-fifth. Furthermore, the proportion that would have had enough income to cover the cost of the moderate budget would drop from one-third to one-fifth.

Most of the regular beneficiaries without spouses had so little income besides their benefit that such income alone would have meant that more than 8 in 10 were classified as poor and nearly 9 in 10 as poor or near poor—compared with more than 1 out of 2 poor and almost 2 out of 3 poor or near poor when their benefits are counted.

The concentration of nonbeneficiaries in poverty or just above is even greater among nonmarried persons not entitled to OASDHI benefits. The characteristics of the poor and those better off will be reviewed later. It is already clear, however, that, of all aged beneficiaries, those entitled

to widow's benefits were particularly disadvantaged.

The highest proportions that were poor were among aged units receiving benefits based on minimum and low primary insurance amounts (PIA).<sup>13</sup> Relatively large benefits were of course more effective in reducing poverty. In any case, beneficiaries with larger benefits are more likely than those with smaller benefits to have additional resources. Their nonbenefit income, by itself, however, exceeds the poverty threshold rather infrequently, except for couples with more or less regular employment.

### A Look Back and a Look Ahead

In the 5 years ending December 1967, which saw the population aged 65 and older grow by 1½ million, beneficiaries went up from two-thirds to more than four-fifths of the aged population. The drop of 100,000 in this period in the size of the old-age assistance rolls is strong testimony to the important role of OASDHI.

Detailed comparisons of the findings of DECA and of the 1963 Survey must await development of measures of the statistical reliability of the differences, as well as careful analysis of the effects of age and other demographic and program changes. A few trends stand out clearly. The long-term decline in employment of older persons continued, as did the slow but steady uptrend in the proportion of beneficiaries with a second pension.

The median income of all aged couples rose from \$2,875 in 1962 to \$3,370 in 1967 and the median for nonmarried aged persons from \$1,130 to \$1,310—a reflection of various developments in the 5 years between the two surveys. Increases in income levels as measured by the medians were much smaller for regular beneficiary couples and for beneficiary women without husbands<sup>14</sup>

<sup>13</sup> The primary insurance amount (PIA) is the amount, related to the worker's average monthly earnings, that would be payable to a retired worker who begins to receive benefits no earlier than age 65. Some workers receive an amount larger than their PIA because they have dependents also entitled to a benefit. Many more workers receive a benefit smaller than their PIA because they claim it before age 65, and it is thus subject to an actuarial reduction up to 20 percent, depending on the exact age of entitlement between age 62 and age 65.

<sup>14</sup> The trend for men without wives may not be significant because of the relatively small numbers of such men.

than for the corresponding groups of nonbeneficiaries:

Aged units and year	Regular beneficiaries	Non-beneficiaries
Married couples:		
1962.....	2,710	3,580
1967.....	3,200	5,220
Nonmarried women:		
1962.....	1,200	760
1967.....	1,300	1,030
Nonmarried men:		
1962.....	1,380	1,140
1967.....	1,740	1,320

The rise of beneficiaries' incomes between 1962 and 1967 would have been smaller were it not for the 13-percent benefit increase enacted in 1965. On the other hand, without that increase and some easing of the retirement test, some who claimed benefits might possibly have postponed their claim. The rise might have been somewhat smaller, too, had it not been for the larger proportion of women who earned their own benefits. But the amount of the rise in beneficiaries' income would have been larger were it not for the growth in the proportion that had elected reduced benefits in order to come on the rolls before age 65—an option opened to men in 1961, 5 years after it was made available to women.

The gains in the security of persons aged 65 and over as a result of the program of health insurance for the aged are not reflected in the increases in money income. The Medicare program (enacted in 1965) has no bearing, however,

on the differential changes in the income of beneficiaries compared with nonbeneficiaries, because in 1967 the entire population aged 65 and older, whether working or retired, was entitled to insurance against the contingency of heavy medical costs.<sup>15</sup>

Present income levels of OASDHI beneficiaries are already higher than those shown here because of the 1968 and 1970 benefit increases.

In the years ahead, one favorable factor in income levels of the retired will be the rising level of employment of married women. An unfavorable factor will be a continued rise in the proportion claiming benefits before age 65. The Social Security Administration has under way the Survey of New Beneficiaries and the Retirement History Survey, both intended to provide clues to the main reasons for electing reduced benefits. These reasons are important in forecasting the probable outlook for beneficiaries in the years ahead as well as in policy considerations. The outlook may be very different if preference for leisure is predominant in comparison with need for income support because of ill-health or poor employment opportunities. The age at retirement and the extent of postretirement employment will both be influenced by the general economic climate.

<sup>15</sup> See Dorothy P. Rice and Barbara S. Cooper, "Medical Care Outlays for Aged and Nonaged Persons, 1966-68," *Social Security Bulletin*, September 1969, for an analysis of aggregate medical expenditures and the source of funds for meeting them.

TABLE A.—Income size by age and OASDHI beneficiary status: Percentage distribution of aged units by money income class, 1967

Total money income	Married couples		Nonmarried persons					
	65-72	73 and over	Total		Men		Women	
			65-72	73 and over	65-72	73 and over	65-72	73 and over
<b>All units</b>								
Number (in thousands):								
Total	3,664	2,326	3,901	5,888	944	1,411	2,957	4,477
Reporting on income	2,630	1,787	3,110	4,660	769	1,185	2,340	3,476
Percent of units	100	100	100	100	100	100	100	100
Less than \$1,000	3	3	24	36	18	21	26	41
1,000-1,499	5	8	25	27	19	25	27	27
1,500-1,999	8	15	17	15	19	17	17	14
2,000-2,499	9	16	11	10	14	16	10	8
2,500-2,999	10	11	6	4	9	6	5	3
3,000-3,499	9	12	4	2	6	4	4	2
3,500-3,999	8	9	2	2	4	3	2	1
4,000-4,999	12	10	4	2	4	4	4	1
5,000-7,499	19	9	3	2	4	3	3	2
7,500-9,999	10	4	2	1	2	1	1	(1)
10,000-14,999	5	1	1	(1)	1	(1)	1	(1)
15,000 or more	3	1	(1)	(1)	1	(1)	(1)	(1)
Median income	\$3,901	\$2,818	\$1,500	\$1,224	\$1,792	\$1,612	\$1,401	\$1,115
<b>Beneficiary units<sup>2</sup></b>								
Number (in thousands):								
Total	2,803	2,109	3,152	4,381	762	1,166	2,390	3,216
Reporting on income	2,082	1,610	2,556	3,428	642	972	1,914	2,457
Percent of units	100	100	100	100	100	100	100	100
Less than \$1,000	3	2	22	30	18	17	23	35
1,000-1,499	6	8	27	28	21	25	29	29
1,500-1,999	10	15	19	17	21	20	19	16
2,000-2,499	10	16	11	11	14	16	11	8
2,500-2,999	12	11	7	4	9	5	6	4
3,000-3,499	10	12	4	3	6	4	4	2
3,500-3,999	9	10	2	2	3	3	2	2
4,000-4,999	12	10	3	2	4	4	3	1
5,000-7,499	17	9	2	2	2	4	2	2
7,500-9,999	6	4	1	1	1	1	1	(1)
10,000-14,999	4	1	1	(1)	1	(1)	1	(1)
15,000 or more	1	1	(1)	(1)	(1)	(1)	(1)	(1)
Median income	\$3,450	\$2,856	\$1,529	\$1,320	\$1,752	\$1,729	\$1,438	\$1,207
<b>Nonbeneficiary units</b>								
Number (in thousands):								
Total	582	138	614	812	139	163	475	649
Reporting on income	363	122	464	689	100	146	364	543
Percent of units	100	100	100	100	100	100	100	100
Less than \$1,000	5	5	41	42	28	28	45	45
1,000-1,499	2	11	17	32	15	31	18	32
1,500-1,999	2	18	8	9	5	5	9	10
2,000-2,499	3	15	7	9	15	17	5	7
2,500-2,999	1	15	2	3	7	8	1	2
3,000-3,499	4	15	2	1	2	2	3	1
3,500-3,999	4	6	2	1	5	2	1	1
4,000-4,999	14	4	5	2	(1)	5	6	1
5,000-7,499	22	10	9	(1)	14	(1)	8	(1)
7,500-9,999	26	1	3	1	5	3	3	(1)
10,000-14,999	9	(1)	2	(1)	2	(1)	2	(1)
15,000 or more	9	1	1	(1)	2	(1)	(1)	(1)
Median income	\$6,468	\$2,602	\$1,080	\$1,068	\$2,096	\$1,236	\$1,065	\$1,020

<sup>1</sup> 0.5 percent or less.

<sup>2</sup> Excludes beneficiaries who received their first benefit in February 1967

or later, transitionally insured, and special age-72 beneficiaries.

TABLE B.—Income shares by age and OASDHI beneficiary status: Percentage distribution of money income by source for aged units, 1967

Source of money income	Married couples		Nonmarried persons					
	65-72	73 and over	Total		Men		Women	
			65-72	73 and over	65-72	73 and over	65-72	73 and over
<b>All units</b>								
Number (in thousands):								
Total	3,664	2,328	3,901	5,888	944	1,411	2,957	4,477
Reporting on income	2,630	1,787	3,110	4,660	769	1,185	2,340	3,476
Percent of income	100	100	100	100	100	100	100	100
Earnings	48	19	25	7	27	10	24	6
Retirement benefits	35	54	47	53	50	60	45	49
OASDHI	24	41	37	42	36	42	37	41
Other public pensions	5	8	6	8	7	12	6	7
Private group pensions	6	5	4	3	3	6	2	1
Veterans' benefits	2	5	5	4	5	5	5	3
Public assistance	1	3	5	9	4	6	5	11
Income from assets	11	16	14	21	12	16	15	23
Other sources <sup>1</sup>	2	2	4	6	3	3	5	7
<b>Beneficiary units<sup>2</sup></b>								
Number (in thousands):								
Total	2,803	2,109	3,152	4,381	762	1,166	2,390	3,216
Reporting on income	2,082	1,610	2,556	3,428	642	972	1,914	2,457
Percent of income	100	100	100	100	100	100	100	100
Earnings	36	20	17	8	16	11	17	7
Retirement benefits	45	55	54	57	59	63	54	54
OASDHI	33	46	45	48	46	48	45	48
Other public pensions	5	5	5	6	4	8	6	4
Private group pensions	7	5	4	3	9	7	3	2
Veterans' benefits	2	5	6	4	6	4	5	3
Public assistance	1	2	4	4	3	3	4	5
Income from assets	13	16	14	23	13	17	15	25
Other sources <sup>2</sup>	2	2	4	4	3	2	4	5
<b>Nonbeneficiary units</b>								
Number (in thousands):								
Total	582	138	614	812	139	163	475	649
Reporting on income	363	122	464	689	100	146	364	543
Percent of income	100	100	100	100	100	100	100	100
Earnings	83	10	55	2	58	2	53	2
Retirement benefits	8	52	13	34	20	54	11	26
OASDHI								
Other public pensions	8	51	13	32	20	50	11	25
Private group pensions	( <sup>3</sup> )	1	( <sup>3</sup> )	2	( <sup>3</sup> )	4	( <sup>3</sup> )	1
Veterans' benefits	( <sup>3</sup> )	8	3	5	1	7	4	4
Public assistance	1	24	11	43	8	26	12	50
Income from assets	7	3	11	8	10	8	12	9
Other sources <sup>2</sup>	1	2	6	8	3	3	7	10

<sup>1</sup> Including personal contributions by relatives or friends not in household.  
<sup>2</sup> Excludes beneficiaries who received their first benefit in February 1967

or later, transitionally insured, and special age-72 beneficiaries.  
<sup>3</sup> 0.5 percent or less.

## Technical Note\*

The estimates presented here are based on data obtained in the 1968 Survey of the Demographic and Economic Characteristics of the Aged (DECA), the second nationwide survey undertaken by the Social Security Administration with the Bureau of the Census acting as collection agent. Processing and tabulation operations were performed by the Social Security Administration. Questionnaire information was supplemented by selected data available from social security records.

### Survey Design

*Sample design.*—The 1968 Survey of the Aged utilized an already established sample survey as the vehicle for obtaining some selected characteristics of aged persons. That survey, the Current Medicare Survey (CMS), offered advantages of timeliness and economy.

The CMS sample consists of 4,500 persons selected each year from a 5-percent statistical sample of persons enrolled in the supplementary medical insurance (SMI) program as well as a small number of persons who are eligible only for hospital insurance (HI). The 1968 Survey of the Aged is based on supplemental questions on work experience, income, assets, and living arrangements asked of two CMS samples—the outgoing 1967 panel and the new 1968 panel.<sup>1</sup>

The universe from which the CMS sample is drawn includes all persons aged 65 and over except those retired Federal employees who have not enrolled under SMI (and who are not eligible for HI benefits) and aliens admitted for permanent residence but with less than 5 consecutive years of residence. Also excluded are a small number of persons not reached by either HI or SMI, even after extensive enrollment efforts. As of December 31, 1967, the universe from which the DECA sample was drawn consisted of 19.3

million persons aged 65 and over in the United States. It excluded approximately 95,000 Federal annuitants, 30,000 aliens, and a small number of persons not enrolled. The DECA sample consisted of 9,128 persons of whom 8,248 were interviewed.

To meet given sampling requirements most effectively and minimize costs of data collection, the CMS sample is a multistage probability sample (self-weighting) of persons aged 65 and over within 105 primary sampling units (PSU's).

Several features of the DECA design distinguish it from the 1963 Survey of the Aged. As DECA is a systematic sample of a universe list, variability of estimates beyond simple random sampling consists only of that occurring because 105 PSU's were used. In the 1963 Survey, based on an area probability sample in 357 PSU's, sampling variability consisted of both the variance between PSU's and that arising from the clustering of households within PSU's. Because the 1968 sample is a systematic sample of persons, it is more efficient than one of equal size based on an area sample of households. Furthermore, sampling from a universe list is likely to lead to significant improvements in coverage of the universe.

*Interview unit.*—The sample universe was made up of persons aged 65 and over, but the basic interview unit for DECA was an "aged unit." As in 1963, it was defined as a married couple living together with at least one spouse aged 65 or older or a single person in that age group who was widowed, divorced, living apart from his (her) spouse, or never married.

*Data collection.*—The field work was carried out in late 1967 and in the first 2 months of 1968, in conjunction with the monthly CMS interviewing program. The conditions under which the demographic and economic supplements were administered to the two panels were essentially the same, with one exception. For the outgoing panel, information in the demographic supplement was obtained near the end of its interviewing period and the economic supplement data after that period had ended. For the incoming 1968 panel, information for both supplements was obtained at the same time and early in that panel's interviewing period.

*Match with social security records.*—To enhance the usefulness of DECA data in analyses

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<sup>1</sup> For detailed description and discussion of the CMS samples, see Jack Scharff, "Current Medicare Survey: The Medical Insurance Sample," *Social Security Bulletin*, April 1967, and *Health Insurance Statistics*, CMS Nos. 1-12.

focused on program issues, information obtained by interviews was combined with selected data available from the Master Beneficiary Record (MBR) maintained by the Social Security Administration. Because the sample upon which DECA is based was originally drawn from Social Security Administration records, a social security number was available for each person in the sample. Thus a more direct matching technique could be used in matching with social security records for DECA than was the case in the 1963 Survey where the social security number and related information was collected in the survey process, with attendant possibilities of errors. Data from both the interview and benefit records were used to establish beneficiary status for tabulation purposes.

Matching the CMS samples with the MBR was relatively straightforward since the correct social security number was on both the sample record and the benefit record. Additional matching operations were necessary in certain instances, however. Some individuals had been assigned a new number when they filed for Medicare eligibility under the "deemed insured" provisions and were later found to have had a number already assigned and to be receiving cash benefits by the end of 1967. An OASDHI record was found for every person.

Searching the MBR for the spouse of a person in the sample was somewhat more cumbersome. Some spouses' records, particularly those for wives receiving benefits on their husband's record, were found during the search for the sample person. But for other married couples, especially when the spouse received a benefit on the basis of his or her own earnings record, the operation depended basically on the reporting of their social security number on the interview schedule or on several Social Security Administration files to determine or validate account or claims numbers. For some 250 of the 4,609 married persons in the sample, an individual MBR could not be found for the spouse. In only 40 sample cases did the inability to find the spouse's benefit record affect the detailed classification of a married couple's beneficiary status.

### Estimation

The data presented in this article are based on weighted counts of the sample population.

The weight assigned to each individual case was constructed in the manner described below.

*Noninterview adjustment.*—No interview information on demographic and economic characteristics was available for 880 persons in the sample, or 9.6 percent of the total. Therefore, a noninterview adjustment factor was assigned to each of the interviewed units. These factors were determined on the basis of sex, age, three broad periods when the OASDHI benefits were first paid, and two broad monthly benefit amount intervals. Because of a possible differential in the noninterview rate for each of the CMS sample panels, the noninterview inflation factors were determined for the two panels separately. Furthermore, the adjustment was made for metropolitan (including all the self-representing PSU's) and nonmetropolitan PSU's separately. The value of the largest factor was 1.22 and the lowest 1.04, with the vast majority falling between 1.06 and 1.14.

*Ratio estimation.*—Although the CMS sample panels are designed to be self-weighting, ratio estimation was used in order to reduce sampling variability and utilize available data on characteristics of the universe.

Counts of the population aged 65 and over who were residing in the United States and enrolled for HI benefits under Medicare were used as the population controls. No adjustment was made to include persons originally excluded from the universe from which the sample was drawn (see the section on sample design on page 28).

*Final weights.*—The final weights were assigned in two stages. The first stage reflects the distribution of the population aged 65 and over by race and region; the second modifies the initial weights so that the sample estimates add to the independent control totals for the total population by age, sex, and race.<sup>2</sup> With a sample of 9,128 cases representing 19.3 million persons aged 65 and over, the average weight for a sample person is 2,114.

When both members of a married couple were

<sup>2</sup> As of December 31, 1967, the race of about 600,000 persons on the health insurance rolls was not known. In establishing population totals to which to inflate the DECA sample, the known figures for race were adjusted to include those persons.

TABLE I.—Number of aged units, by type and age, 1967

Beneficiary status <sup>1</sup>	[In thousands]				
	All units	Married couples	Nonmarried		
			Total	Men	Women
Aged 65 and over, total.....	15,779	5,989	9,789	2,356	7,434
Beneficiaries.....	13,632	5,269	8,363	2,054	6,309
Regular.....	12,446	4,913	7,533	1,928	5,605
New and special age-72.....	1,186	356	830	126	704
Nonbeneficiaries.....	2,146	720	1,426	302	1,125
Aged 65-72, total.....	7,565	3,664	3,901	944	2,957
Beneficiaries.....	6,368	3,081	3,286	805	2,481
Regular.....	5,955	2,803	3,152	762	2,390
New and special age-72.....	413	278	134	43	91
Nonbeneficiaries.....	1,197	582	614	139	475
Aged 73 and over, total.....	8,214	2,326	5,888	1,411	4,477
Beneficiaries.....	7,264	2,188	5,077	1,249	3,828
Regular.....	6,491	2,109	4,381	1,166	3,216
New and special age-72.....	773	79	696	83	612
Nonbeneficiaries.....	950	138	812	163	649

<sup>1</sup> Beneficiaries are defined here as those units that had ever received a monthly cash benefit by the end of 1967. They are divided into two groups: (1) "regular"—those who received their first benefit in January 1967 or earlier and did not receive their benefits under the transitional insured-status and "special age-72" provisions, and (2) "new" and "special age-72"—those who received their first benefit in February 1967 or later or who received payments under the special age-72 provisions. Nonbeneficiaries are persons who are enrolled under Medicare but have never received a cash benefit.

aged 65 or older and each member thus had an equal probability of selection for the CMS sample, one-half the weight of the sample person was used in the unit tabulations. When only one member of the couple was aged 65 or older (so that the unit did not have a double probability of selection), the full weight of the sample person was used in tabulating units.

Table I presents the estimates of aged units by type and age based on the DECA sample. There were almost 16 million units, of whom just over half (52 percent) were aged 73 and over. Nonmarried women comprised the largest number (7.4 million), followed by 6.0 million married couples and 2.4 million nonmarried men.

### Reliability of the Estimates

Since the estimates presented here are based on a sample, they may differ somewhat from the figures that would have been obtained from a complete census based on the same schedules, instructions, and interviewers. Particular care should be exercised in the interpretation of figures based on relatively small numbers of cases as well as small differences between figures. As in any survey work, the results are subject to errors of response and nonreporting as well as sample variability.

The standard error is primarily a measure of sampling variability, that is, of the variations that occur by chance because a sample rather than the entire population is surveyed. The chances are about 68 out of 100 that an estimate from the sample would differ from a complete census figure by less than the standard error. The chances are about 95 out of 100 that the differences would be less than twice the standard error.

Tables II and III present rough approximations of the standard error of various estimates shown. The approximate standard errors are based on CMS tabulations for one year's panel, adjusted for the fact that DECA was twice the CMS sample size within the same PSU's. Thus the approximations<sup>3</sup> shown in the tables provide an indication of the order of magnitude of the standard errors for DECA data, not the precise error of any specific estimate. Detailed estimates of standard errors based on DECA data will be included in the detailed report on the 1968 Survey of the Aged.

*Sampling variability of estimated numbers.*—The figures in table II are rough approximations of the standard error of estimates of aged units and aged persons shown in this article. The information in this table can be used in the following way:

There were 1,210,000 married couples with only the man working. Interpolation from table II indicates that the standard error of an estimate of this size is approximately 55,000. The chances are 68 out of 100 that the results of a complete count would not differ by more than 55,000 from the estimate of 1,210,000. The chances are 95 out of 100 that the results of a complete count would not have been different from the estimate by more than 110,000 (twice the standard error).

*Sampling variability of estimated percentages.*—The reliability of an estimated percentage, computed by using sample data for both numerator and denominator, depends on both the size of the percentage and the size of the total on which the percentage is based. Estimated percentages are relatively more reliable than the corresponding absolute estimates of the numerator of the percentage, particularly if the percentage is large (50 percent or greater).

<sup>3</sup> Based on estimates shown in *Health Insurance Statistics*, CMS No. 12, January 27, 1970.

TABLE II.—Rough approximations of standard errors of estimated numbers of aged units or aged persons (68 chances out of 100)

[In thousands]

Level of estimate	Standard error	Level of estimate	Standard error
100.....	17	2,500.....	77
300.....	28	3,500.....	88
500.....	36	5,000.....	100
750.....	43	7,500.....	112
1,000.....	50	10,000.....	114
1,500.....	61	12,500.....	110
2,000.....	70	15,000.....	97

Table III shows rough approximations of standard errors of estimated percentages of aged units and aged persons. The figures in table III can be used as follows:

An estimated 20 percent of nonmarried men received less than \$1,000 in total money income. Since the base of this percentage is 1,954,000—the number of nonmarried men reporting on total income amount—interpolation in table III shows that the estimated standard error of the estimated 20 percent is approximately 1.5 percent. The chances are 68 out of 100 that a census would have shown the percentage to be in the range of 18 percent to 22 percent. The chances are about 95 out of 100 that a census result would not have differed from the sample estimate by more than 3 percent.

*Sampling variability of estimated medians.*—DECA data provide estimates of median income as well as the corresponding distributions. 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 an estimated median is to determine an interval about the estimated median within which there is a stated degree of confidence that the true median lies.

TABLE III.—Rough approximations of standard errors of estimated percentages of aged units or aged persons (68 chances out of 100)

Base of percentage (in thousands)	Estimated percentage					
	2 or 98	5 or 95	10 or 90	15 or 85	25 or 75	50
100.....	2.3	3.6	5.0	5.7	7.1	8.2
300.....	1.4	2.1	2.9	3.4	4.2	4.8
500.....	1.2	1.8	2.5	3.0	3.7	4.2
750.....	.8	1.5	2.0	2.5	2.9	3.5
1,000.....	.7	1.2	1.6	1.9	2.3	2.7
1,500.....	.6	1.0	1.3	1.6	2.0	2.3
2,000.....	.5	.8	1.1	1.3	1.7	1.9
2,500.....	.5	.7	1.0	1.2	1.6	1.8
3,500.....	.4	.6	.9	1.0	1.4	1.6
5,000.....	.3	.5	.7	.8	1.0	1.2
7,500.....	.2	.4	.6	.7	.8	1.0
10,000.....	.2	.3	.5	.6	.7	.8
12,500.....	.2	.3	.5	.6	.6	.7
15,000.....	.2	.3	.5	.5	.6	.6

Confidence limits of a median based on grouped sample data may be estimated as follows: (1) Using the appropriate base, determine from table III the standard error of a 50-percent characteristic, (2) add to and subtract from 50 percent the standard error determined in step 1, and (3) read off the distribution of the characteristic the confidence interval for the median corresponding to the two points established in step 2. A two-standard-error confidence limit may be determined by finding the values corresponding to 50 percent plus and minus twice the standard error shown in table III.

The standard error of a median may be computed as follows:

The median income of married couple beneficiaries was \$3,199 (with the 3,692,000 married couples who reported total money income used as the base).

(1) the standard error of 50 percent of these couples expressed as a percentage is 1.55, derived from table III;

(2) because one is usually interested in the confidence interval for the median at the two-standard-error level, it is necessary to add and subtract twice the standard error obtained in step 1; this procedure yields limits of 46.9 and 53.1;

(3) since 46 percent of the beneficiary couples had incomes below \$3,000 and 11 percent had incomes between \$3,400 and \$3,000 the dollar value of the lower limit may be found by linear interpolation to be

$$\frac{46.9 - 46.0}{11.0} \times \$500 + \$3,000 = \$3,040$$

Since 46 percent of the beneficiary couples had incomes below \$3,000 and 11 percent had incomes between \$3,000 and \$3,499, the dollar value of the upper limit may be found by linear interpolation to be

$$\frac{53.1 - 46.0}{11.0} \times \$500 + \$3,000 = \$3,323.$$

Thus, the chances are about 95 out of 100 that a census would have shown the median to be greater than \$3,040 but less than \$3,323.

*Confidence levels of medians based on ungrouped data.*—At the same time that the income data were tabulated, approximate confidence levels of the computed medians were obtained on the basis of ungrouped data, with the same general procedures described above. Since, at the time the detailed computations were made, data were not available on specific DECA variances, an adjustment was made for the fact that DECA was not a simple random sample. The adjustment was based on considerations of the CMS sample de-

sign and available variance tabulations. Confidence limits based on ungrouped data for selected median incomes are given in table IV. The figures presented there were selected from calculations made for all the median income amounts based on DECA data. The confidence levels presented in table IV, although based on ungrouped data, should be very close to those obtained by using extrapolation of the generalized standard errors presented in table III.

### Nonsampling Errors

As in any survey, the DECA results are subject to errors of nonresponse, incomplete response,

and misreporting, in addition to those of sampling variability.

*Nonreporting.*—Two sources of nonresponse errors exist—noninterviews and refusals to be interviewed. No interviews could be obtained when a sample person was temporarily absent during the data-collection time period; when he had died; when the enumerator could not locate his address; or when he had moved to a nonsample area. Furthermore, some respondents refused to be interviewed at all. An adjustment, described on page 29, was made for 880 noninterviews in DECA.

Tabulations of MBR data for both respondents and nonrespondents were prepared. No differences related to sex were found. Nonrespondents

TABLE IV.—Approximate sampling variability of selected median income amounts for aged units or aged persons

Characteristics of units	Median income	Confidence interval		Number of units (in thousands)
		68 percent	95 percent	
<b>Married couples</b>				
Total money income.....	\$3,373	\$3,300-3,436	\$3,230-3,496	4,417
Beneficiary units.....	3,199	3,129-3,262	3,060-3,338	3,692
Nonbeneficiary units.....	5,218	4,835-5,610	4,512-6,210	485
Aged 65-72.....	3,901	3,800-4,000	3,700-4,087	2,630
Aged 73 and over.....	2,818	2,712-2,911	2,625-2,988	1,787
Both worked in 1967.....	5,450	5,187-5,884	4,953-6,301	542
Did not work.....	2,621	2,544-2,693	2,505-2,748	2,289
Beneficiary units:				
Income other than OASDHI.....	1,500	1,440-1,536	1,382-1,656	3,691
Retirement income, total.....	2,184	2,144-2,225	2,099-2,319	3,869
Retirement income other than OASDHI.....	456	400-500	300-600	3,869
<b>Nonmarried men</b>				
Total money income.....	\$1,692	\$1,631-1,752	\$1,584-1,808	1,954
Beneficiary units.....	1,742	1,687-1,784	1,624-1,824	1,613
Nonbeneficiary units.....	1,322	1,138-1,568	1,068-2,040	247
Aged 65-72.....	1,792	1,722-1,884	1,631-1,984	769
Aged 73 and over.....	1,612	1,518-1,702	1,460-1,775	1,185
Worked in 1967.....	2,518	2,349-2,652	2,160-2,885	407
Did not work.....	1,516	1,470-1,584	1,413-1,656	1,547
Beneficiary units:				
Income other than OASDHI.....	687	629-744	569-792	1,611
Retirement income, total.....	1,368	1,331-1,432	1,296-1,517	1,672
Retirement income other than OASDHI.....	125	80-200	40-250	1,672
<b>Nonmarried persons</b>				
Total money income.....	\$1,227	\$1,200-1,245	\$1,189-1,260	5,816
Beneficiary units.....	1,297	1,279-1,321	1,260-1,348	4,371
Nonbeneficiary units.....	1,032	1,020-1,068	988-1,080	907
Aged 65-72.....	1,401	1,350-1,438	1,308-1,487	2,340
Aged 73 and over.....	1,115	1,090-1,140	1,068-1,162	3,476
Worked in 1967.....	2,200	2,078-2,307	1,998-2,396	805
Did not work.....	1,162	1,140-1,176	1,120-1,200	5,010
Beneficiary units:				
Income other than OASDHI.....	456	423-500	400-520	4,347
Retirement income, total.....	1,044	1,028-1,068	1,008-1,092	4,570
Retirement income other than OASDHI.....	30	20-40	15-45	4,570

tended, however, to be somewhat younger than respondents, and a higher proportion of the nonrespondents were white. The distributions of men and women by monthly benefit amount were very similar for respondents and nonrespondents. Slightly higher proportions of nonrespondents had never received a cash benefit or had received their initial benefit more recently than respondents. But, generally, the differences between respondents and nonrespondents were small.

*Incomplete responses.*—For some persons in the sample, questionnaires were only partly completed, with the sections on demographic characteristics and work experience more likely to be completed than those on assets and income.

Incomplete responses to questions were handled in a variety of ways, depending on the question. Every effort (short of mechanical assignment of values based on demographic characteristics) was made to obtain for each schedule a total income, built up from a detailed series of questions.<sup>4</sup> When liquid assets were reported, for example, and there was no entry for income accruing from savings, income at the rate of 4 percent was recorded. If, on the other hand, the respondent reported on most income items, especially social security benefits and private pensions, but made no entry (of an amount, “none,” or “don’t know”) for less common income sources, such as unemployment insurance or individual annuities, the correct entry was assumed to be zero.

*Response error.*—Misreporting, either through ignorance or design, also contributes to nonsampling errors. In most cases the schedule entries for income items are based on memory rather than records and in most cases on the memory or knowledge of the sample person. The tendency to forget minor or irregular sources of income probably contributes to underestimates of income. Other errors of reporting result from misrepresentation or misunderstanding of the scope of the income concept. Nonresponses, including refusals

<sup>4</sup> An analysis undertaken by the Bureau of the Census that made individual assignments of income to nonrespondents in the Current Population Survey resulted in slightly higher estimates of the proportion of families and individuals in the upper income classes than those obtained from the distribution based solely on those reporting income. See the Bureau of the Census, *Current Population Reports*, Series P-60, No. 33.

to answer questions dealing with certain types of income, may be an even greater contributory factor to underestimates than the memory factor.

Another source of reporting error may occur because an interviewer may record correct answers improperly or misunderstand the intent behind a question. However, every effort is made to keep this source of error down to a minimum through training, internal consistency checks, and constant supervision.

*Validation of age and benefit-income reporting.*—The matching of the MBR data with the interview data provided an opportunity to compare the interview reports with the social security benefit records for selected items of information common to both sources. Although the matching was originally conceived to enhance the data for program analysis, it does provide some information on accuracy of reporting. Two basic items were compared for purposes of editing the basic DECA file—age and benefit amount.

For about 300 of the 8,248 DECA respondents, the age reported in the interview was inconsistent with that recorded on the MBR by more than 1 year. Generally, persons reported themselves younger in the interview than on the MBR. In an examination of a subsample of the discrepant cases many appeared to be interviewer or respondent errors—substituting age for year of birth, for example, or transposing the ages of the sample person and the spouse. The small number of errors exceeding 5 years were assumed to be more likely interview errors. Because of the proof-of-age requirements for beneficiaries, MBR year of birth was taken as correct. If MBR information on age was not available, the interview information was used to classify by age.

The benefit income as reported in DECA represents a “best estimate,” on the basis of information from both the survey and the MBR. Differences of  $\pm$  \$100 per person between the benefit record and the interview were accepted as matching reports and the interview amount was accepted as the best estimate. (In many of these within-tolerance cases, respondents apparently reported actual benefit received, excluding the \$3 monthly premium per person for Medicare, as of 1967.)

For 1,670 of the 8,248 respondents, the amount of the discrepancy in benefit income between the

TABLE V.—Percent of aged units reporting amount of total money income by selected characteristics, 1967

Characteristics of units	Married couples	Nonmarried persons	
		Men	Women
All units.....	75	86	82
Beneficiaries.....	76	86	82
Nonbeneficiaries.....	68	84	86
Aged 65-72.....	73	84	82
Aged 73 or over.....	79	87	83
Receiving private pension.....	75	82	69
Not receiving private pension.....	77	88	84
Receiving public assistance.....	95	99	97
Not receiving public assistance.....	75	85	80
Homeowners.....	74	83	79
Nonhomeowners.....	79	89	85
Living with relatives.....	82	90	88
Not living with relatives.....	74	84	78
In institutions.....		81	84
Attended:			
Elementary school.....	82	91	88
High school.....	70	82	78
College.....	59	63	70
Region:			
Northeast.....	68	80	80
North Central.....	74	87	82
South.....	80	88	85
West.....	77	90	82
Urban.....	73	84	81
Nonurban.....	81	90	87
White.....	74	84	81
Negro and other races.....	91	97	96
Worked in 1967.....	71	78	74
Did not work in 1967.....	79	88	84

interview and MBR exceeded the \$100 per person tolerance, ranging from -\$2,500 to +\$3,400. Of these cases, it is estimated that about half the discrepancies were within \$500 and an additional 30 percent had discrepancies between \$500 and \$1,000. Many of the discrepancies could be attributed to (1) enumerator or respondent arithmetic errors in reporting the number of months the benefit was received or the monthly benefit amount, (2) a divorced-wife beneficiary recorded on the MBR but not in the household, or (3) refusals to answer the income questions. For approximately 80 percent of the cases, a reason for the discrepancy could be identified and corrective action taken. Most of the others were cases in which the discrepancy was less than \$1,000. For these cases, the MBR data were taken as the "best estimate" of benefit income actually received.

*Nonreporting of total money income amount.*—About 20 percent of the aged units in the DECA Survey did not provide sufficient information on

amount of income received from all sources to enable the computation of total money income. The proportion varied from 25 percent for married couples to 19 percent for nonmarried women and 14 percent for nonmarried men.

Stated conversely, about 80 percent made a complete report on income received in 1967, including those who reported "none" in one or more items. Table V presents comparative data for units with selected characteristics on the extent of reporting total money income. A more detailed analysis of nonrespondents will be included in the detailed report on the 1968 Survey of the Aged.

Although married couples and nonmarried persons differ somewhat in reporting total money income, a few generalizations can be made. Beneficiary couples were more likely to report income than nonbeneficiary couples; there is no clear difference by OASDHI beneficiary status between nonmarried men and women. Older units (aged 73 and over) were slightly more likely to report than younger units (aged 65-72). Units not receiving private pensions, units receiving public assistance, nonhomeowners, units living with relatives, and those with less education (elementary and high school attendance) were more likely to report. Response rates were highest in the South and lowest in the Northeast, higher for nonurban areas than for urban areas. Response rates were higher for Negroes and other races than for white units. Units with no work experience in 1967 were more likely to report total money income than those who had worked.

*Nonreporting of source of income.*—Although sample persons may not have reported the amount of income from various sources, they were less reluctant to report whether or not they received income from a particular source.

For all aged units, income from assets was the least well-reported, particularly that from interest and dividends. Earnings were better reported but not as well as other income sources. Income from public income-maintenance programs was very well reported.

A more detailed report on response rates, as well as a statement on the comparability of DECA data and other available data, will be included in the final report on the 1968 Survey.