

Aged Women OASDI Beneficiaries: Income and Characteristics, 1971

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This article examines selected benefit characteristics—primary insurance amount, entitlement status, and actuarial reduction—of women aged 62 and over and the relationship between these characteristics and the receipt of income from other sources and the size of total income in 1971. Special attention is given to age variations in beneficiary and income factors and to the comparatively disadvantageous economic situation of the oldest cohorts of aged beneficiary women. A major conclusion is that the lower incomes of the oldest cohorts were largely due to the fact that OASDI cash benefits are not adjusted to reflect rising wage levels after retirement or to steady increases in the taxable maximum.

PREVIOUS RESEARCH conducted by the Social Security Administration has documented the economic hardships experienced by aged Americans, especially widows.¹ Such women constitute a substantial portion of the aged population. The size of the widowed aged population and the likelihood that many married women will become widowed at some time necessitate continuing investigation of the economic resources of widows. Since the old-age, survivors, and disability insurance (OASDI) program is the major income-maintenance program for the aged, the Social Security Administration is especially interested in how much economic protection the program provides for such women.

Using data from the 1972 Social Security Survey of the Status of the Elderly (STATEL),² this article examines how the OASDI program affects the economic security of women aged 62

and older, particularly widows. Where possible, it notes changes that have occurred since the 1963 and 1968 Social Security Surveys of the Aged. The analysis focuses on the distribution of beneficiary characteristics—benefit levels, entitlement status, and the actuarial reduction of benefits—among women beneficiaries and the relationship between these characteristics and the receipt of income from other sources and the size of money income.³

Because of the projected growth in the number of persons aged 65 and over in the United States,⁴ changes in the economic resources of older persons as they age become increasingly important. For this reason, special attention is given here to age variations in beneficiary characteristics and income variables and to the comparatively disadvantageous economic situation of older cohorts of aged beneficiary women. It should be noted, however, that the lack of longitudinal data in STATEL precludes a direct examination of changes in income as a function of age and that any inferences drawn with respect to change must be tentative.

Data for STATEL were derived from the March 1972 Current Population Survey (CPS) of the Bureau of the Census matched with the master benefit record (MBR) system of the Social Security Administration. The sample of 9,632 women represents an estimated 14,259,226 individuals aged 62 and older as of March 1972. The distribution of these women by age and marital status is presented in table 1.⁵ All data, with the

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¹ 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), Office of Research and Statistics, 1967; Lenore E. Bixby et al., *Demographic and Economic Characteristics of the Aged: 1968 Social Security Survey* (Research Report No. 45), Office of Research and Statistics, 1975.

² For the first findings of the survey, see Gayle B. Thompson, "Work Experience and Income of the Population Aged 60 and Older, 1971," *Social Security Bulletin*, November 1974.

³ For income comparisons between beneficiaries and nonbeneficiaries among nonmarried women and married couples, see Susan Grad, *Income of the Population Aged 60 and Older, 1971* (Staff paper in process), Office of Research and Statistics.

⁴ Bureau of the Census, "Some Demographic Aspects of Aging in the United States," *Current Population Reports* (Series P-23, No. 43), February 1973.

⁵ Because of losses incurred during the matching of CPS and Social Security Administration data and some variation in the method used to calculate age, the estimated population counts presented here differ somewhat from those in the first report on STATEL. See Gayle B. Thompson *op cit*.

TABLE 1—Women aged 62 and older Percentage distribution, by marital status and age, 1971¹

Age	Marital status			
	All women	Married women	Nonmarried women	
			Wid-owed	Other
Total number (in thou sands)	14,259	5 863	6 798	1,598
Percentage distribution	100	41	48	11
Total percent	100	100	100	100
62-64	19	27	11	21
65 and older	81	73	89	79
65-72	41	48	34	45
65-67	17	22	12	21
68-72	24	27	22	24
73 and older	40	24	55	34
73-79	24	19	30	23
80-84	11	4	17	8
85 and older	5	1	9	3

¹ In this and succeeding tables data on marital status and age, as of March 1972, all other survey data for 1971

exception of information on age and marital status, pertain to the calendar year 1971 Age and marital status are measured as of March 1972

BENEFICIARY RATES

For this analysis, beneficiaries are divided into three types full-year, part-year, and special—either transitionally insured or “special age-72”—beneficiaries⁶ In this section, all types are discussed In subsequent sections, analysis is restricted to full-year beneficiaries

Nearly 11.3 million women aged 62 and older were OASDI beneficiaries in 1971 A substantial proportion of those aged 62-64 were beneficiaries but, as might be expected, those aged 65 and older had the highest beneficiary rates (table 2) Almost 9 out of 10 married and widowed women and nearly 3 out of 4 women classified as “other nonmarried” (divorced, separated, never-married, and married with spouse absent) in the latter age group were beneficiaries in 1971

Beneficiary rates for women aged 62-64 did not change between 1962 and 1971, but substantial increases occurred during the period among those aged 65 and older (table 3) The greatest gains occurred among nonmarried women aged 73 and older, whose beneficiary rates rose as much as 36 percentage points (from 51 percent to 87 percent)

⁶ For definitions, see the technical note, page 40

TABLE 2—Beneficiary status of women aged 62 and older Percentage distribution, by marital status and age, 1971

Age	Total number (in thou sands)	Percentage distribution					
		Total	Non beneficiary	Beneficiary			
				Total	Full year	Part year	Special
All women							
62 and older	14 259	100	21	79	73	5	2
62-64	2 690	100	47	53	38	15	0
65 and older	11 569	100	14	85	81	3	2
65-72	5 855	100	18	82	77	5	(1)
65-67	2 444	100	22	78	70	8	0
68-72	3 410	100	14	86	83	3	(1)
73 and older	5 714	100	11	89	84	(1)	4
73-79	3 486	100	10	90	87	(1)	2
80-84	1 520	100	11	89	83	(1)	5
85 and older	697	100	17	83	70	(1)	13
Married women							
62 and older	5 863	100	22	78	71	7	(1)
62-64	1 608	100	45	55	37	17	0
65 and older	4 256	100	13	87	84	3	(1)
65-72	2 846	100	15	84	80	4	(1)
65-67	1 285	100	20	80	73	7	0
68-72	1 561	100	12	88	86	2	(1)
73 and older	1 410	100	7	93	92	(1)	1
73-79	1 103	100	6	93	93	(1)	(1)
80-84	256	100	11	89	87	0	2
85 and older	251	100					-
Widowed women							
62 and older	6 798	100	17	83	77	3	3
62-64	746	100	45	55	45	10	0
65 and older	6 052	100	13	87	81	2	3
65-72	2 296	100	16	83	78	5	(1)
65-67	824	100	21	79	70	9	0
68-72	1 472	100	14	86	83	3	(1)
73 and older	3 755	100	12	88	83	(1)	5
73-79	2 016	100	11	89	86	1	2
80-84	1 144	100	9	91	84	(1)	6
85 and older	595	100	17	83	69	(1)	13
Other nonmarried women							
62 and older	1,598	100	33	67	58	6	2
62-64	335	100	61	39	24	11	0
65 and older	1 262	100	25	74	67	4	3
65-72	713	100	31	69	62	7	0
65-67	335	100	34	66	54	12	0
68-72	977	100	29	71	68	3	0
73 and older	549	100	19	81	75	0	6
73-79	367	100	16	84	79	0	5
80-84	131	100	25	74	70	0	4
85 and older	250	100					-

¹ Less than 0.5 percent

² Percentages not computed base fewer than 75,000

between 1962 and 1971, with most of the increase occurring by 1967 In 1962, beneficiary rates for nonmarried women aged 65 and older were much lower than those for married women, but the gap narrowed considerably in the ensuing years

Three factors account for the large increase in beneficiary rates among very old nonmarried women between 1962 and 1967 First, the likelihood increased that the women or their husbands had enough covered employment to qualify for benefits Second, the 1965 amendments extended benefits to divorced wives and “widows” who had

been married to their former husbands for a minimum of 20 years, a provision that added a comparatively small number of women to the beneficiary rolls

Third, the transitionally insured and "special age-72" provisions of the Social Security Act went into effect in 1965 and 1966, respectively. The 703,000 transitionally insured and special age-72 women whose benefits were in current-payment status at the end of 1967 accounted for 44 percent of the increase in the number of women beneficiaries aged 72 and older between 1964 and 1967. The two special provisions became less important after 1967 as more and more women of this age, both absolutely and relatively, achieved fully insured status either on the basis of their own or their husbands' earnings records.

Fully insured status is preferable to transitionally insured or special insured status for three reasons. First, special age-72 or transitionally insured benefits are much lower than even the minimum regular retirement benefit. The respective benefits were \$48.30 and \$70.40 in 1971.

Second, social security cash benefits under the special age-72 provisions are suspended for any month for which an individual receives a cash payment under a federally aided public assistance program (or SSI beginning in 1974) and they are reduced by the amount of any periodic benefit a person is eligible to receive from a government pension system (excluding workmen's compensation and veterans' service-connected compensation).

Third, the transitionally insured and special age-72 provisions are being phased out. The former provision is not applicable to women born after January 1, 1895 (aged 76 or younger in 1971), and the latter does not apply to women born after January 1, 1898 (aged 73 or younger in 1971).

BENEFICIARY CHARACTERISTICS

Entitlement Status

Women can qualify for benefits on their own work records or as dependent wives or widows.⁷ In 1971, only 2 out of 10 widows aged 62-64 compared with more than 5 out of 10 married women beneficiaries were receiving benefits based on their

⁷ For details, see the technical note, page 44.

own earnings records (table 4). Among beneficiaries aged 65 and older, however, widows were more likely than married women to be receiving primary benefits.⁸ The largest differences occurred among the oldest age groups, as the following tabulation indicates.

Age	Percent of women entitled on own earnings record	
	Married	Widowed
62-64	54	20
65-67	50	52
68-72	44	55
73-79	35	56
80 and older	27	53
80-84	28	54
85 and older	(¹)	50

¹ Not computed, base fewer than 7,000.

The small proportion of retired workers among widows aged 62-64 compared with those aged 65 and over suggests that a substantial number of widows entitled to retired-worker benefits postpone such benefits until they reach age 65 or a later age. Some of the widows who postpone benefits earn more than the amount exempted by the retirement test. Others take dependents' benefits while waiting to receive their own unreduced retired-worker benefits at age 65. In the latter case, the widow is recorded as a dependent beneficiary in the administrative record system until she attains age 65, after which she may be reclassified as a retired worker. The number of widows falling into these two categories is unknown.

Dually entitled women—those entitled to both primary and dependents' benefits—accounted for approximately one-tenth of the women beneficiaries aged 62 and older in 1971 (table 4). Although these women had earned retired-worker benefits in their own right, they had not worked long enough at sufficiently high wages to qualify for amounts as large as those due them as dependents of their husbands.

Data in table 5 indicate that the proportion of married women beneficiaries aged 65 and older who were retired workers rose from 28 percent to 42 percent between 1962 and 1971, while the corresponding figures for widowed women bene-

⁸ Primary benefits refer here to retired- or disabled-worker benefits based on the woman's own earnings record. Dependent's benefits are based on the husband's record (or, in rare cases, on the record of a parent or child).

TABLE 3—Beneficiary status of women aged 62 and older Percentage distribution, by age and marital status, 1962, 1967, and 1971

Beneficiary status	Age												
	1962					1967			1971				
	62 and older	62-64	65 and older			65 and older	65-72	73 and older	62 and older	62-64	65 and older		
			Total	65-72	73 and older						Total	65-72	73 and older
All women													
Total number (in thousands)	11 965	2 260	9 705	5 145	4 560				14 259	2 690	11 569	5 855	5 714
Total percent	100	100	100	100	100				100	100	100	100	100
Nonbeneficiary	36	48	33	25	42				21	47	14	18	11
Beneficiary ¹	64	51	67	75	58				79	53	85	82	89
Married women													
Total number (in thousands)	4 828	1 451	3 377	2 348	1 029				5,863	1 608	4 256	2 846	1 410
Total percent	100	100	100	100	100				100	100	100	100	100
Nonbeneficiary	28	48	20	20	20				22	45	13	15	7
Beneficiary ¹	72	52	80	80	80				78	55	87	84	93
Nonmarried women													
Total number (in thousands)	7 137	809	6 328	2 797	3 531	7 434	2 957	4,477	8 396	1 083	7,313	3 009	4 304
Total percent	100	100	100	100	100	100	100	100	100	100	100	100	100
Nonbeneficiary	41	50	40	30	49	15	16	14	20	50	16	20	13
Beneficiary ¹	59	50	60	70	51	85	84	86	80	50	84	80	87

¹ Full year, part year and special beneficiaries, provision for special beneficiaries not in effect in 1962

Source 1962 data—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), 1967, pp. 24, 28. 1967 data—Lenore E. Bixby et al., *Demographic and Economic Characteristics of the Aged: 1968 Social Security Survey* (Research Report No. 45), 1975, table A-2

ficiaries were 54 percent for both years. These statistics, however, should not be interpreted to mean that no increase occurred during the period in the number or proportion of retired workers within the total aged widowed population. The increase is obscured in table 5 because the data pertain to beneficiaries only and do not reflect the large increase in the proportion of all widows who were beneficiaries. When the data for all widows are examined, as in the following tabulation, it becomes clear that the proportion of retired workers increased substantially between 1962 and 1971.

Beneficiary and entitlement status	Percentage distribution of widows aged 65 and older	
	1962	1971
Total percent	100	100
Nonbeneficiary	42	18
Beneficiary		
On own record	31	45
On husband's record only	27	37

Benefit Levels

Primary insurance amount—The primary insurance amount (PIA) is the amount payable to the retired worker himself when he receives a benefit at age 65 or later. It is also the base used to determine all other benefits payable on a given earnings record. Since the PIA is calculated from average monthly earnings, its size is positively related to the period in covered employment and the size of earnings.

Special attention is paid here to those persons entitled to the minimum PIA⁹ (\$70.40 in 1971) because this benefit falls below the poverty line¹⁰ and because those receiving it tend to have other

⁹ See Lenore A. Epstein, "Workers Entitled to Minimum Retirement Benefits Under OASDI," *Social Security Bulletin*, March 1967; Harry Shulman, "Beneficiaries With Minimum Benefits: Their Characteristics in 1967," *Social Security Bulletin*, October 1969; and Judith S. Bretz, "Beneficiaries With Minimum Benefits: Work-History of Retired Workers Newly Entitled in 1966," *Social Security Bulletin*, December 1969.

¹⁰ For details on the poverty line, see the technical note, page 45.

characteristics that are negatively related to adequate retirement income—low covered earnings and discontinuous work histories. On the other hand, some individuals whose benefits are based on the minimum PIA, such as long-term employees of Federal Government, may have sub-

TABLE 4—Entitlement status of women beneficiaries¹ aged 62 and older. Percentage distribution, by age and marital status, 1971

Entitlement status	All women	Marital status		
		Married women	Nonmarried women	
			Widowed	Other
62 and older				
Total number (in thousands)	8 517	3 696	4 057	765
Total percent	100	100	100	100
On own record	52	43	52	95
Dually entitled	12	12	14	3
Not dually entitled	40	31	38	92
On husband's record only	48	57	48	5
62-64				
Total number (in thousands)	821	506	252	*63
Total percent	100	100	100	100
On own record	47	54	20	--
Dually entitled	12	15	8	--
Not dually entitled	35	39	12	--
On husband's record only	53	46	80	--
65 and older				
Total number (in thousands)	7 696	3 190	3 805	702
Total percent	100	100	100	100
On own record	53	42	54	96
Dually entitled	12	12	15	3
Not dually entitled	40	30	40	92
On husband's record only	47	58	40	4
65-72				
Total number (in thousands)	3 867	2 034	1,464	369
Total percent	100	100	100	100
On own record	54	46	54	94
Dually entitled	13	13	16	4
Not dually entitled	40	33	38	90
On husband's record only	46	54	46	6
73 and older				
Total number (in thousands)	3 820	1 136	2 341	333
Total percent	100	100	100	100
On own record	52	33	55	97
Dually entitled	12	9	14	3
Not dually entitled	40	24	41	94
On husband's record only	48	67	45	2

TABLE 5—Entitlement status of women beneficiaries¹ aged 65 and older. Percentage distribution, by marital status, 1962, 1967, and 1971

Entitlement status	1962	1967	1971
Married women ²			
Total number (in thousands)	2 953	3 155	3 190
Total percent	100	100	100
On own record	28	40	42
Dually entitled	6	8	12
Not dually entitled	21	31	30
On husband's record only	72	60	58
Widowed women			
Total number (in thousands)	2 900	4 593	3 805
Total percent	100	100	100
On own record	54	52	54
Dually entitled	6	10	15
Not dually entitled	48	42	40
On husband's record only	46	48	45

¹ Excludes beneficiaries who received their first benefit in February 1971 or later, the transitionally insured and special age 72 beneficiaries. The 1962 data also exclude parent beneficiaries, and the 1971 data exclude beneficiaries for whom MBR data were not available.

² The 1962 data include 250 000 women whose husbands were aged 65 and older but who were under age 65 themselves, and the 1967 data include those with spouse absent.

Source: 1962 data—Lenore A. Epstein and Janet H. Murray, *The Aged Population of the United States: The 1965 Social Security Survey of the Aged* (Research Report No. 19), 1967, table 6.1; 1967 data—Lenore E. Bixby et al., *Demographic and Economic Characteristics of the Aged: 1968 Social Security Survey* (Research Report No. 45), 1975, table 3.2.

stantial resources.¹¹ Social security coverage for such persons may have been earned on a second job, either concurrently with their regular non-covered job, or before or after they earned another public pension. This article examines the demographic and beneficiary characteristics, income sources, and total money income of women at different PIA levels.

For women who qualify for benefits only as dependents, the PIA's shown in this article are those of their husbands. For retired workers, including the dually entitled, the PIA's are those of the women themselves. Not surprisingly, the PIA's of retired workers were substantially lower than those of dependent beneficiaries. A substantial proportion of women retired workers, especially the dually entitled, were entitled to the minimum PIA (table 6). Half the married women and nearly two-fifths of the widows who were dually entitled had the minimum PIA. In contrast, only 7 percent of the married women and 8 percent of the widows entitled solely on the

¹ Excludes beneficiaries who received their first cash benefit in February 1971 or later, the transitionally insured and special age 72 beneficiaries, and beneficiaries for whom MBR data were not available.

² Percentages not computed, base fewer than 75,000.

basis of their husbands' earnings records had benefits that small

Dependent beneficiaries were concentrated at the upper end of the PIA distribution. Thirty-nine percent of the married dependent beneficiaries and 18 percent of their widowed counterparts had benefits based on PIA's of \$180 or more, but only 1 percent of the dually entitled and 12 percent of the nondually entitled primary beneficiaries had earned benefits that large.

Differences in the PIA distributions for primary and dependent women beneficiaries reflect differences in the work histories of women and men. Men typically work for longer periods at higher earnings in covered jobs and thus have

higher PIA's.¹² Though women's labor-force participation and worklife expectancy increased substantially in the 1960's and 1970's, the evidence¹³

¹² Lucy B. Mallan, "Women Born in the Early 1900's: Employment, Earnings, and Benefit Levels," *Social Security Bulletin*, March 1974 (second reprint).

¹³ See Howard N. Fullerton, Jr., and James J. Byrne, "Length of Working Life for Men and Women, 1970," *Monthly Labor Review*, February 1976, pages 31-35; Victor R. Fuchs, "Women's Earnings: Recent Trends and Long-run Prospects," *Monthly Labor Review*, May 1974, pages 23-26; Elizabeth Waldman, *Are Women Paid What They're Worth, or Are They Worth What They're Getting?* paper presented at a meeting of the Washington Statistical Society, Washington, D.C., April 27, 1976, table 1, and Lucy B. Mallan, "Women's Worklives and Future Social Security Benefits," *Social Security Bulletin*, April 1976.

TABLE 6—Primary insurance amount for women beneficiaries¹ aged 62 and older. Percentage distribution and median amount,² by marital and entitlement status and age, 1971

PIA	Marital and entitlement status								
	Married women				Nonmarried women				
	On own record			On husband's record only	On own record			On husband's record only	Other
	Total	Dually entitled	Not dually entitled		Total ¹	Dually entitled	Not dually entitled		
Aged 62 and older									
Total number (in thousands) ..	1,371	226	1,145	2,085	2,114	581	1,533	1,928	713
Total percent	100	100	100	100	100	100	100	100	100
\$70.00	19	50	13	7	24	38	19	8	15
71.00-109.00	27	35	25	10	25	34	21	17	19
110.00-144.00	27	11	30	18	28	20	31	22	20
145.00-179.00	15	3	18	26	15	7	18	35	26
180.00 or more	11	1	14	39	8	1	11	18	2
Median amount	\$114	\$70	\$122	\$170	\$111	\$86	\$119	\$160	\$186
62-64									
Total number (in thousands) ..	235	38	197	233	50	20	80	199	57
Total percent	100	100	100	100	100	100	100	100	100
\$70.00	17	-	12	2	-	-	-	4	-
71.00-109.00	31	-	27	14	-	-	-	11	-
110.00-144.00	28	-	34	21	-	-	-	18	-
145.00-179.00	14	-	16	17	-	-	-	34	-
180.00 or more	10	-	12	46	-	-	-	33	-
Median amount	\$112	-	\$120	\$173	-	-	-	\$170	-
65 and older									
Total number (in thousands)	1,136	188	948	1,852	2,064	561	1,503	1,729	656
Total percent	100	100	100	100	100	100	100	100	100
\$70.00	20	51	13	7	25	38	20	8	15
71.00-109.00	26	32	25	10	24	35	20	18	18
110.00-144.00	27	13	30	18	28	19	31	22	19
145.00-179.00	15	2	18	27	15	6	19	36	27
180.00 or more	12	1	14	38	8	1	11	16	20
Median amount	\$114	\$70	\$122	\$170	\$110	\$85	\$119	\$147	\$150

See footnotes at end of table

TABLE 6 — Primary insurance amount for women beneficiaries¹ aged 62 and older Percentage distribution and median amount,² by marital and entitlement status and age, 1971—Continued

PIA	Marital and entitlement status								
	Married women				Nonmarried women				
	On own record			On husband's record only	On own record			On husband's record only	Other
	Total	Dually entitled	Not dually entitled		Total	Dually entitled	Not dually entitled		
	65-72								
Total number (in thousands)	802	132	670	1 087	780	230	549	671	332
Total percent	100	100	100	100	100	100	100	100	100
\$70 00	19	50	12	6	18	30	11	7	16
71 00-109 00	27	31	26	9	22	32	18	15	18
110 00-144 00	25	10	27	18	28	24	30	20	17
145 00-179 00	16	2	19	22	18	9	22	33	22
180 00 or more	13	1	10	44	13	0	19	25	26
Median amount	\$115	\$70	\$123	\$174	\$119	\$88	\$132	\$159	\$95
	73 and older								
Total number (in thousands)	334	56	278	760	1 280	326	904	1 008	324
Total percent	100	100	100	100	100	100	100	100	100
\$70 00	21		15	9	29	40	25	9	14
71 00-109 00	24		22	11	26	37	22	19	18
110 00-144 00	32		36	18	27	16	31	24	21
145 00-179 00	13		10	34	14	0	17	37	33
180 00 or more	10		11	28	5	1	6	10	13
Median amount	\$114		\$121	\$166	\$105	\$81	\$113	\$140	\$138

¹ See table 4 footnote 1

² Median amount based on 10 interval distribution

³ Percentages not computed base fewer than 70,000

pertaining to changes in the size of their earnings relative to those of men is equivocal. Despite the expansion of women's participation in the work force, the male-female gap in OASDI benefit levels may not decrease substantially over the next few decades. The reason for this is that increases in women's worklives and earnings levels may not be sufficiently large to compensate for the lengthening of the OASDI benefit computation period up to 1990.

The data in table 7 indicate substantial variations in PIA with age. The proportion of women beneficiaries with the minimum PIA tended to be higher and the proportion of those with PIA's of \$180 or more tended to be lower in each succeeding age group, with the possible exception of married retired workers. Among widows entitled to retired-worker benefits, for example, the proportion of those with the minimum PIA was 19 percent for those aged 65-67, compared with 43 percent for those aged 85 and older. Conversely, the proportions with PIA's of \$180 or

more were 16 percent and 0 percent for those in the same age groups. These statistics indicate that the benefits of very old beneficiaries are based on outdated earnings records. As will be apparent later, these lower benefit levels contribute to the higher poverty rates and lower total incomes of such persons.

Actuarial reduction of benefits—Under the early-retirement provisions, cash benefits are permanently reduced for every month they are received between ages 62 and 65 by retired workers or wives and between ages 60 and 62 by widows.¹⁴ These provisions were enacted to provide financial protection to those workers (and their dependents) whose earning capacity is curtailed before age 65 because of ill-health and/or employment problems. One of the concerns about these provisions is whether actuarial reduction further contributes to the already inadequate financial situation of elderly women, especially widows. Are those with actuarially reduced bene-

¹⁴ See the technical note, page 41, for more details.

TABLE 7—Women beneficiaries¹ aged 62 and older Percent with selected PIA levels, by age and marital and entitlement status, 1971

Age	Marital and entitlement status				
	Married women		Nonmarried women		
	On own record	On husband's record only	Widowed		Other
			On own record	On husband's record only	
Percent with minimum PIA (\$70.40)					
62-64	17	2	(?)	4	(?)
65-67	19	5	19	5	15
68-72	19	7	18	8	17
73-79	20	8	24	8	13
80-84	(?)	12	33	11	17
85 and older	(?)	(?)	43	13	(?)
Percent with PIA of \$180.00 or more					
62-64	10	46	(?)	33	(?)
65-67	11	50	16	34	26
68-72	14	41	12	20	24
73-79	10	31	6	13	16
80-84	(?)	18	4	7	4
85 and older	(?)	(?)	0	3	(?)

¹ See table 4 footnote 1
² Not computed, base fewer than 75,000

TABLE 8—Actuarially reduced benefits among women beneficiaries¹ aged 65 and older Percent with reduced benefits, by age and marital and entitlement status, 1971

Age	Percent with reduced benefits by marital and entitlement status			
	Married women		Widowed women	
	On own record	On husband's record only	On own record	On husband's record only
Total	76	65	46	8
65-67	88	89	59	55
68-72	82	77	61	3
73-79	63	53	60	0
80-84	(?)	1	3	0
85 and older	0	0	0	0

¹ See table 4, footnote 1
² Not computed, base fewer than 75,000

of their widowed counterparts received reduced benefits. By 1971, these proportions had increased to 76 percent and 46 percent, respectively. The increased incidence of actuarial reduction over the 6-year period resulted from the fact that persons in new birth cohorts eligible for actuarial reduction were added to the rolls at the same time that some of those in the older, ineligible cohorts were removed by death.

The proportion of beneficiary women with reduced benefits will probably continue to increase with the aging of the beneficiary population until those in the older, ineligible cohorts have died. In addition, the proportion of widowed dependent beneficiaries classified as receiving reduced benefits will increase because of a change in the definition of reduction status for this group resulting from the 1972 amendments to the Social Security Act.¹⁶ Other factors, unmeasurable or unforeseen at this time, may also affect the future growth or decline in the proportion of all women applying for future benefits.

The PIA distributions for married dependent beneficiaries with reduced and with full benefits differed in 1971 but not substantially (table 10). Among retired workers, however, women receiving actuarially reduced benefits were much more likely than those receiving full benefits to have had low PIA's in 1971. Those with reduced benefits were more likely to have had minimum

¹⁶ As a result of the revised definition of actuarial reduction in the 1972 amendments, all widowed dependent beneficiaries in this study who began receiving benefits at ages 62-64 and whose benefits are defined here as nonreduced were reclassified as having reduced benefits in January 1973, the effective date of the amendments.

fits poorer than those who postpone benefits until age 65 or later? Do they have fewer sources of income to augment social security benefits? Do they have lower benefit levels? Are they more likely to be receiving public assistance?

Early entitlement at ages 62-64 with an actuarial reduction was first made available to women as retired workers or dependents under the 1956 amendments to the Social Security Act. The age of earliest entitlement for widows was lowered to 60 with an actuarial reduction under the 1965 amendments. As a result, none of the retired-worker or married dependent beneficiaries aged 81 or older and none of the widowed dependent beneficiaries aged 69 or older were receiving actuarially reduced benefits in 1971.¹⁵ This fact is reflected in the data in table 8 showing the proportion of women receiving actuarially reduced benefits in 1971 by age, marital status, and entitlement status.

The proportion of women beneficiaries with actuarially reduced benefits grew between the 1968 and 1972 Social Security Surveys of the Aged (table 9). In 1967, 67 percent of the married retired workers aged 65 and older and 36 percent

¹⁵ Note that age is defined here as of March 1972, not as of the end of 1971.

PIA's and less likely to have had PIA's of \$180 or more. Among widowed retired workers aged 65-72, for example, 21 percent of those with reduced benefits but only 13 percent of those with full benefits had those benefits based on the minimum PIA. Women retired workers electing early retirement therefore appear to have had lower paying jobs and/or fewer years in covered employment than those who postpone benefits until age 65 or later. They are more likely to receive lower monthly cash benefits in retirement, both as a result of their actuarial reduction and their lower PIA's. Whether these lower benefits are reflected in significantly lower total annual incomes is investigated later.

SOURCES AND SIZE OF INCOME

This section examines the sources from which aged beneficiary women derived their 1971 income and the size of such income as these factors relate to marital status, PIA, age, and actuarial reduction of benefits.¹⁷ Particular attention is given to differences in the total money income of older and younger groups of aged beneficiary women and the extent to which the differences can be attributed to variations in the receipt of income from selected sources and the size of the PIA.

Income Sources and Beneficiary Characteristics

The specific sources examined in terms of receipt or nonreceipt of income are: Earnings from wages and salaries and/or self-employment, private pensions and annuities, pensions for Federal, State, or local government employees, income from assets, and public assistance. Sources not examined because they provide only a small portion of total income for most aged women are: Unemployment and workmen's compensation, veterans' payments, alimony, regular contributions from persons not living in the household, and other unspecified sources. Total money income is defined as all income from all sources mentioned above.

¹⁷ The relationship between the income variables and actuarial reduction is examined only for women aged 65-72 because, as noted earlier, a substantial number of those aged 73 and older were ineligible for early entitlement with an actuarial reduction.

TABLE 9—Actuarially reduced benefits among women beneficiaries¹ aged 65 and older. Percent with reduced benefits, by marital and entitlement status, 1967 and 1971

Marital and entitlement status	Percent with reduced benefits	
	1967 ²	1971
Married women ³		
On own record	67	76
Dually entitled	72	84
Not dually entitled	66	74
On husband's record only	52	65
Widowed women		
On own record	36	46
Dually entitled	41	56
Not dually entitled	34	42

¹ See table 4, footnote 1.
² Lenore E. Bixby et al. *Demographic and Economic Characteristics of the Age! 1968 Social Security Survey* (Research Report No. 45), 1975, table 3.12.
³ Includes those with spouse absent in 1967 but not in 1971.

For married women, total money income consists of the combined total for both husband and wife. Income receipt from various sources is defined in two ways: (1) For the couple or aged unit (where either husband or wife receives income from a specified source, it is considered income of the unit) and (2) for the married woman alone (her "own" income). Unless the married woman's own income sources are referred to specifically, the reference is to those of the aged unit.

Marital status—Receipt of income from selected sources by beneficiary women in 1971 varied with marital status, as illustrated in tables 11 and 12 and chart 1. Widowed women beneficiaries were less likely than their married counterparts

TABLE 10—Primary insurance amount for women beneficiaries¹ aged 65-72. Percentage distribution, by marital, entitlement, and benefit-reduction status, 1971

PIA	Marital entitlement and benefit-reduction status							
	Married women				Nonmarried women			
	On own record		On husband's record only		Widowed on own record		Other	
	Reduced	Full	Reduced	Full	Reduced	Full	Reduced	Full
Total number (in thousands)	683	119	885	202	476	308	239	113
Total percent	100	100	100	100	100	100	100	100
\$70.00	20	10	6	7	21	13	19	11
71.00-109.00	30	10	11	4	26	16	23	11
110.00-144.00	26	22	18	14	29	28	18	19
145.00-179.00	14	31	23	18	14	23	21	23
180.00 or more	10	27	42	56	10	19	19	26
Median amount	\$109	\$148	\$178	\$184	\$108	\$188	\$109	\$184

¹ See table 4, footnote 1.

TABLE 11 — Nonmarried women beneficiaries¹ aged 62 and older. Percent with income from selected sources, percent poor and near poor, and median total money income, by marital and entitlement status and age, 1971

Entitlement status and age	Total number ² (in thousands)	Percent with income from—					Percent		Median total income
		Earnings	Public assistance	Assets	Government employee pension	Private pension	Poor	Poor and near poor	
Widowed women									
Total ³									
62-64	337	33	8	42	2	7	47	64	\$1 972
65 and older	4 900	13	10	45	4	8	50	66	1 947
65-72	1,796	21	8	45	4	10	41	59	2 193
65-67	580	24	8	44	3	12	40	56	2,241
68-72	1 216	20	9	46	4	10	42	61	2 172
73 and older	3 103	8	10	46	3	7	56	71	1 840
73-79	1,730	11	10	46	4	8	51	68	1,931
80-84	961	6	10	45	2	7	60	75	1 780
85 and older	413	3	12	39	2	5	68	78	1,562
On own record									
62-64	4 51								
65 and older	2,075	20	10	47	4	11	44	61	2 111
65-72	793	29	8	48	5	14	33	51	2 385
65-67	247	32	8	43	4	16	34	46	2 423
68-72	545	28	8	50	6	13	33	53	2 371
73 and older	1,283	14	10	47	4	9	51	67	1 934
73-79	779	18	11	45	5	10	44	63	2 078
80-84	375	9	8	52	3	7	58	73	1,820
85 and older	128	6	12	44	1	5	70	76	1,588
On husband's record only									
62-64	200	34	9	48	2	6	43	61	2 067
65 and older	1,729	9	9	51	3	7	51	67	1 947
65-72	671	16	8	48	3	7	45	62	2 069
65-67	231	17	8	48	4	5	44	60	2 106
68-72	440	15	9	49	2	8	45	63	2 050
73 and older	1 008	5	10	52	4	6	54	70	1 890
73-79	616	6	9	53	4	7	50	67	1,957
80-84	314	4	12	53	2	5	56	72	1,848
85 and older	129	1	13	43	4	6	70	79	1 638
Other nonmarried women ⁴									
62-64	82	31	18	32	0	11	46	66	\$2 088
65 and older	849	20	11	51	6	22	39	53	2,334
65-72	439	27	13	44	6	22	40	51	2 393
65-67	181	27	10	41	4	24	39	52	2 402
68-72	258	27	15	46	8	20	40	50	2 387
73 and older	410	13	9	58	5	22	39	56	2,290
73-79	291	16	9	58	6	22	38	54	2 355
80-84	92	6	11	54	2	26	46	63	2 058
85 and older	4 27	--	--	--	--	--	--	--	--

¹ Excludes beneficiaries who received their first benefit in February 1971 or later, the transitionally insured, and special age 72 beneficiaries
² Represents base number for earnings, poverty rate, and total income

Base number for other income sources somewhat lower
³ Includes full year beneficiaries for whom MBR data were not available
⁴ Percentages not computed, base fewer than 75,000

to have received income from assets and were more likely to have received public assistance. Widows were also less likely to have had earnings or income from private or government employee pensions to supplement their OASDI benefits.

Although married beneficiary women themselves were less likely than widows to have received earnings or income from private pensions and about as likely to have received income from government employee pensions, they were much more likely to have had such income to depend on because their husbands received it. To illustrate, 13 percent of the widows aged 65 and older, compared with 8 percent of the married women, had earnings of their own but, when husband and wife are viewed as an earnings unit, 35 percent of the married women had such earnings.

Similarly, 8 percent of the widows and 4 percent of married women by themselves, compared with 25 percent of the couples, had income from private pensions in 1971. These data on the receipt of earnings and pension income suggest that the financial situation of some of the married women probably will deteriorate upon widowhood or divorce.

Primary insurance amount—The level of PIA was related to the receipt of income from other sources in 1971 (tables 13-14). Although the pattern differed somewhat within marital and entitlement status categories, women entitled to lower PIA's (either their own or their husband's) tended to be more disadvantaged with respect to other income sources as well. The proportion of women beneficiaries aged 65 and older receiving

TABLE 12 — Married women beneficiaries¹ aged 62 and older Percent with own and aged unit income² from selected sources, percent of aged units poor and near poor, and median total money income of aged unit, by wife's entitlement status and age, 1971

Wife's entitlement status and age	Total number ³ (in thousands)	Percent with income from—								Percent of aged units		Median total income of aged unit
		Earnings		Public assistance	Assets	Government employee pension		Private pension		Poor	Poor and near poor	
		Own	Aged unit			Own	Aged unit	Own	Aged unit			
Total⁴												
62-64	600	18	58	6	54	1	6	3	22	9	19	\$5 354
65 and older	3 583	8	35	4	61	2	8	4	25	7	15	5 017
65-72	2 286	10	41	5	61	3	9	5	27	6	13	5 268
65-67	942	12	45	5	63	2	9	6	28	7	14	5 402
68-72	1,344	9	38	4	60	3	9	4	26	6	14	5,165
73 and older	1 296	4	25	4	62	1	8	3	23	8	16	4 725
73-79	1 025	5	27	4	64	1	7	4	24	7	15	4 839
80-84	223	1	20	6	52	1	5	2	19	10	20	4 366
85 and older	* 48											
On own record												
62-64	273	21	68	4	60		6	6	25	1	9	6 558
65 and older	1 327	14	42	2	64	3	10	8	28	4	11	5 449
65-72	941	16	46	2	64	4	11	7	28	3	10	5,739
65-67	413	20	53	2	66	3	10	10	30	3	8	5 823
68-72	528	12	41	3	63	5	11	5	26	3	11	5 662
73 and older	386	10	30	2	63	1	8	9	27	5	13	4,882
73-79	320	11	31	2	65	1	8	10	27	4	11	4 944
80-84	* 54											
85 and older	* 12											
On husband's record only												
62-64	233	16	46	8	49	1	5	2	20	14	28	4,333
65 and older	1 863	4	32	5	62	2	7	2	25	8	17	4,937
65-72	1,093	6	37	6	61	2	8	2	28	8	14	5 056
65-67	419	5	39	5	63	3	9	2	30	8	14	5,137
68-72	674	6	36	6	60	2	7	2	27	8	17	5 004
73 and older	770	2	25	5	62	1	6	1	21	8	16	4 797
73-79	595	2	27	4	65	1	7	1	23	8	15	4 969
80-84	142	0	23	7	55	0	3	0	17	7	19	4 319
85 and older	* 32											

¹ See table 11, footnote 1

² Aged unit income represents combined income of husband and wife own income represents income of wife only

³ See table 11, footnote 2

⁴ See table 11, footnote 3

* Percentages not computed, base fewer than 75,000

income from assets or private pensions was decidedly smaller at the lower end of the PIA distribution regardless of marital or entitlement status

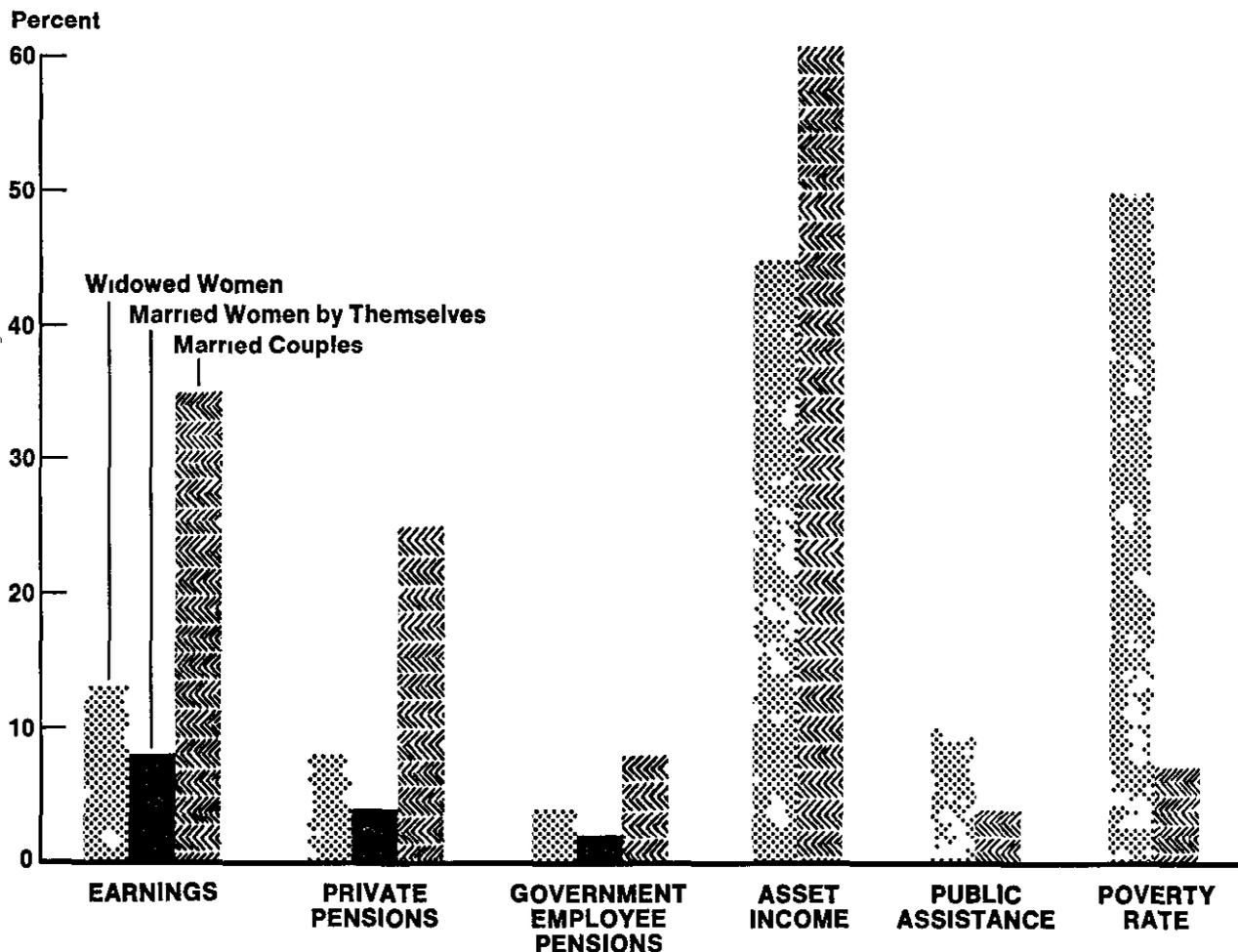
The receipt of earnings, however, was not as clearly related to PIA level. Among women entitled to benefits based on their own earnings records, a definite positive relationship was apparent between PIA and receipt of own earnings in 1971. Those with lower PIA's were less likely to have such earnings. No consistent relationship was evident, however, between receipt of earnings and PIA level among dependent women beneficiaries or among married primary beneficiaries when the couple rather than the wife was treated as the earnings unit.

The experience of widowed primary beneficiaries aged 65 and older illustrates the dominant relationships between PIA and the receipt of income from the selected sources. Thirty-six percent of those entitled to PIA's of \$180 or more received earnings in 1971, compared with only 11 percent of those entitled to the minimum PIA. The proportion of widowed retired workers with

income from assets or private pensions was also substantially higher among those with PIA's of \$180 or more than among those with the minimum PIA—66 percent and 39 percent, respectively, had asset income and 33 percent compared with 6 percent had pension income. As might be expected, receipt of public assistance was much more likely among those with the minimum PIA.

Actuarial reduction of benefits—Among women aged 65-72 entitled to benefits on their own earnings records, reduction status was not significantly related to the receipt of income from any of the sources under investigation (table 15). Retired workers with actuarially reduced benefits were no more or less likely than other women to receive earnings, public assistance, asset income, or pension income, either on their own or through their husbands. Among married women entitled to dependents' benefits only, however, those with actuarially reduced benefits were less likely to have been married to men with earnings or income from assets or government employee pensions in 1971.

CHART 1—Percent of women beneficiaries aged 65 and older with income from selected sources and percent poor, by marital status, 1971



Age—No consistent and substantial variations with age were evident in the receipt of government employee pensions, asset income, or public assistance among either widowed beneficiary women or married couples in which the wife was a beneficiary (referred to as “beneficiary couples”) (tables 11 and 12) Receipt of earnings and private pensions—the two most important supplements to OASDI benefits—did, however, tend to vary with age, both in terms of the proportion of recipients and the amount received. The proportion of widows and married couples with earnings in 1971 was progressively lower in each successive age group. Among widowed beneficiaries, 33 percent of those aged 62–64 but only 5 percent of those aged 80 and older received earnings during the survey year, the correspond-

ing percentages among beneficiary couples were 58 and 20.

The age pattern for receipt of private pensions was somewhat different from that for earnings. Women beneficiaries and couples aged 65–67 were more likely than the youngest beneficiaries—those aged 62–64—to have had private pension income. In each age group from age 65–67 on, however, the proportion of those with private pension income was progressively lower.

Income Size and Beneficiary Characteristics

Data examined thus far indicate that, in 1971, the older cohorts of aged beneficiary women had lower PIA’s than did younger cohorts and were less likely to have received income from earnings.

TABLE 13 — Widowed women beneficiaries¹ aged 65 and older Percent with income from selected sources, percent poor and near poor, and median total money income, by entitlement status and primary insurance amount, 1971

Entitlement status and PIA	Total number ² (in thousands)	Percent with income from—					Percent		Median total income
		Earnings	Public assistance	Assets	Government employee pension	Private pension	Poor	Poor and near poor	
On own record									
\$70 00	510	11	19	39	4	6	64	80	\$1 691
71 00-109 00	503	20	10	43	4	5	57	72	1 817
110 00-144 00	570	20	6	47	3	7	44	64	2 067
145 00-179 00	316	23	4	59	5	25	16	33	2 915
180 00 or more	165	36	0	66	9	33	1	18	4,140
On husband's record only									
\$70 00	146	6	25	32	3	3	72	82	1 405
71 00-109 00	303	10	21	35	3	5	71	81	1 475
110 00-144 00	390	11	10	45	3	6	52	72	1 826
145 00-179 00	615	9	2	57	3	7	46	64	2 068
180 00 or more	276	9	2	73	4	11	26	44	2 699

¹ See table 4, footnote 1

² See table 11, footnote 2

or private pensions. Was the total money income of these older cohorts also lower?

The data in tables 11, 12, and 16 show that the size of total median income was lower in each successive age group regardless of marital status. The only exception to this overall pattern was that the median income of dependent beneficiaries aged 62-64 was lower than that of those aged 65-67.

Very low incomes, as measured by the poverty level, were also more prevalent among older than younger groups of aged women beneficiaries (chart 2). Variations in poverty rates with age were quite substantial among widows but were not very pronounced among married women. Four out of 10 widowed beneficiary women aged 65-67 had total incomes of \$1,936 or less and were thus classified as poor in 1971. Among those aged 85

and older, an even greater number—almost 7 out of 10—had incomes that low.

Age, earnings, and private pensions—To what extent can the income differences between age cohorts of aged beneficiary women be related to age differences in the receipt of earnings and private pensions? Table 17 compares the 1971 total money income and poverty rates of different age cohorts among nonearners and those without income from private pensions—that is, it eliminates the effects of variations in the receipt of earnings and private pensions with age. Among widowed women beneficiaries, the lower total incomes and higher poverty rates of the older age cohorts were due only slightly to the fact that these cohorts were less likely than younger ones to have received earnings or a private pension in 1971. Among those aged 65 and older, median income

TABLE 14 — Married women beneficiaries¹ aged 65 and older Percent with own and aged unit income² from selected sources percent of aged unit poor and near poor, and median total money income of aged unit, by entitlement status and primary insurance amount, 1971

Entitlement status and PIA	Total number ³ (in thousands)	Percent with income from—							Percent of aged units		Median total income of aged unit	
		Earnings		Public assistance	Assets	Government employee pension		Private pension		Poor		Poor and near poor
		Own	Aged unit			Own	Aged unit	Own	Aged unit			
On own record												
\$70 00	222	10	38	7	62	2	11	2	19	11	22	\$4,836
71 00-109 00	298	13	47	3	54	1	7	2	20	5	14	4 770
110 00-144 00	308	15	45	1	63	1	8	5	24	(⁴)	6	5 290
145 00-179 00	174	22	41	1	74	4	10	21	39	1	3	6 684
180 00 or more	134	17	39	0	79	17	24	26	38	0	0	7 934
On husband's record only												
\$70 00	134	6	25	23	40	0	10	0	6	35	57	2 882
71 00-109 00	186	4	25	14	51	2	10	5	10	32	45	3 231
110 00-144 00	326	8	42	7	50	3	6	(⁴)	8	12	29	3 909
145 00-179 00	507	4	29	4	61	1	5	2	26	(⁴)	4	4 857
180 00 or more	699	2	33	(⁴)	75	2	7	1	42	0	1	6,420

¹ See table 4, footnote 1
² See table 12, footnote 2

³ See table 11, footnote 2
⁴ Less than 0.5 percent

TABLE 15 — Women beneficiaries¹ aged 65-72 Percent with own and aged unit income² from selected sources, percent of aged units poor and near poor, and median total money income of aged unit, by marital, entitlement, and benefit-reduction status, 1971

Entitlement and benefit reduction status	Total number ³ (in thou sands)	Percent with income from—								Percent of aged units		Median total income of aged unit
		Earnings		Public assistance	Assets	Government employee pension		Private pension		Poor	Poor and near poor	
		Own	Aged unit			Own	Aged unit	Own	Aged unit			
Married women												
On own record												
Reduced	686	16	48	3	64	4	10	8	26	4	10	\$5 763
Full	122	18	49	3	64	5	22	12	26	1	7	6 649
On husband's record only												
Reduced	890	5	34	6	59	2	6	2	28	9	16	4 843
Full	202	9	50	4	70	3	14	4	29	2	5	6,292
Widowed women												
On own record												
Reduced	482	28		9	45	5		12		36	55	\$2 290
Full	311	31		7	51	4		16		28	46	2,585

¹ See table 4 footnote 1

² For married women, aged unit income represents combined income of husband and wife, own income represents income of wife only For widows,

own and aged unit income are the same

³ See table 11, footnote 2

tended to be lower and poverty rates higher in each successive age group among nonearners and nonpensioners as well as within the total group of widowed beneficiaries (See table 11 for data on the entire group)

Moreover, the magnitude of the difference between the medians and poverty rates of younger and older cohorts was not substantially lower among nonearners and nonpensioners than it was among all widowed beneficiaries The difference in median total income between those aged 65-67 and those aged 85 and older was \$679 among all widowed women beneficiaries, \$473 among nonearners, and \$564 among those not receiving a private pension The differences in poverty rates were 28, 22, and 27 percentage points, respectively

In contrast to the situation for widows, the lower total incomes among older cohorts of married beneficiary women can be attributed largely to the fact that they and/or their husbands were less likely to have received earnings in 1971 The lower incidence of private pension income among these older beneficiaries, however, did not account for their lower total incomes The magnitude of the difference in median income between age cohorts was substantially smaller among nonearners than among nonpensioners (table 17) or all married beneficiaries (table 12) The difference in median income between the group aged 65-67 and that aged 80 and older was \$1,036 among all mar-

ried beneficiaries and \$916 among nonpensioners but only \$562 among nonearners

Age and size of PIA —As indicated earlier, the PIA level varied substantially with the age of women beneficiaries It was also highly related to the size of total money income (table 18) To what extent can age differences in total money income be explained by age differences in PIA level? The data in table 19 suggest that the lower PIA's of the older cohorts of women beneficiaries had a substantial effect on their comparatively lower incomes For both married and widowed women, the linear relationship between age and total money income observed earlier did not occur within most categories of PIA

Analysis of the interrelationships between PIA, total income, and age suggests that the comparatively disadvantageous financial situation of older women beneficiaries can be explained in part by the fact that OASDI benefits are not adjusted to reflect rising wage levels after retirement or for the steady increases in the taxable maximum on covered earnings¹⁸ Although postretirement ben-

¹⁸ The taxable maximum is the maximum amount of annual earnings taxable for social security purposes and creditable to a worker's social security record The maximum was \$3,000 in 1950, \$4,800 in 1960, \$7,800 in 1970, and \$15,300 in 1976 From 1974 on, the base had been subject to an automatic adjustment related to average taxable wages whenever a "cost-of living" benefit increase is established

TABLE 16 — Total money income of women beneficiaries ¹ aged 62 and older Percentage distribution, by marital and entitlement status and age, 1971

Total money income ²	Married women					Nonmarried women					Other
	Total ³	On own record			On hus- band's record only	Total ³	On own record			On hus- band's record only	
		Total	Dually entitled	Not dually entitled			Total	Dually entitled	Not dually entitled		
Aged 62-64											
Total number (in thousands) .	600	273	474	199	233	337	451	420	31	200	82
Total percent	100	100	100	100	100	100	100	100	100	100	100
Less than \$1 000	(⁵)	0	-	0	0	8	-	-	-	4	8
1 000-1 499	1	0	-	0	1	20	-	-	-	19	24
1 500-1 999	3	(⁵)	-	0	6	23	-	-	-	25	14
2 000-2 499	6	1	-	1	8	16	-	-	-	16	20
2 500-2 999	8	7	-	9	12	7	-	-	-	5	4
3 000-3 499	8	5	-	3	11	7	-	-	-	8	2
3 500-3 999	6	5	-	6	7	6	-	-	-	8	2
4 000-4,999	13	13	-	12	14	4	-	-	-	5	9
5 000-5 999	21	24	-	24	21	5	-	-	-	5	10
7 000-9 999	13	18	-	18	8	2	-	-	-	1	7
10 000-14,999	10	14	-	14	7	2	-	-	-	3	0
15,000 or more .	9	13	-	12	4	(⁵)	-	-	-	1	0
Median income	\$5 354	\$6,558	-	\$6 592	\$4 333	\$1 972	-	-	-	\$2 067	\$2 083
Aged 65 and older											
Total number (in thousands) .	3 583	1 327	375	952	1 863	4 900	2,075	563	1 513	1 729	849
Total percent.	100	100	100	100	100	100	100	100	100	100	100
Less than \$1 000	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	9	7	4	8	6	11
1 000-1 499	1	(⁵)	0	(⁵)	0	18	17	16	17	18	15
1 500-1 999	2	1	1	1	3	24	22	28	20	29	14
2 000-2 499	4	3	2	3	5	16	18	19	17	16	14
2 500-2 999	6	5	5	5	6	9	10	10	10	9	11
3 000-3 499	9	9	13	7	8	6	6	7	6	7	6
3 500-3 999	9	8	11	8	9	4	5	2	6	3	5
4 000-4 999	18	17	22	15	19	5	6	6	6	4	7
5 000-5 999	23	25	26	25	23	4	4	3	5	4	7
7 000-9 999	13	15	9	17	13	2	2	2	2	2	6
10 000-14 999	8	10	7	11	8	1	1	2	1	1	3
15 000 or more .	6	6	4	7	6	1	1	0	1	1	1
Median income	\$5 017	\$5 449	\$4 804	\$5 744	\$4 937	\$1,948	\$2,111	\$2 057	\$2,133	\$1,947	\$2,335

See footnotes at end of table

efits are now adjusted for price increases, this adjustment does not compensate for the fact that the covered wages of long-term beneficiaries were lower than those of the working population and the newly retired. If the postretirement adjustment of PIA's remains unchanged and wage levels continue to rise, the financial situation of older (usually long-term) beneficiaries will continue to be worse than that of younger (usually more recently entitled) beneficiaries.

Age and actuarial reduction of benefits—As noted earlier, early entitlement to OASDI benefits was not available to the oldest cohorts of beneficiary women. The actuarial reduction of benefits therefore did not contribute to the lower incomes of the oldest women members of the beneficiary population in 1971. Since sizable propor-

tions of those women eligible for benefit reductions do retire early, however, it is important to examine whether such reductions are related to the size of total money income. The answer to this question may provide some indication of the possible effect of benefit reductions on the incomes of very aged beneficiary women in the future.

Among widowed and married retired workers aged 65-72, no large or significant total income differences are apparent between those who received full benefits and those whose benefits were actuarially reduced (table 20). On the other hand, actuarial reduction of benefits does appear to be adversely related to the total income of married dependent beneficiaries aged 65-72. Those with reduced benefits were significantly less well-off

TABLE 16 —Total money income of women beneficiaries¹ aged 62 and older Percentage distribution, by marital and entitlement status and age, 1971—Continued

Total money income ²	Married women					Nonmarried women					Other
	Total ³	On own record			On husband's record only	Total ³	On own record			On husband's record only	
		Total	Dually entitled	Not dually entitled			Total	Dually entitled	Not dually entitled		
Aged 65-72											
Total number (in thousands)	2,286	941	266	674	1,093	1,796	793	237	506	671	439
Total percent	100	100	100	100	100	100	100	100	100	100	100
Less than \$1,000	0	(⁴) 0	0	(⁴) 0	0	7	5	5	6	6	12
1,000-1,499	1	(⁴) 1	0	(⁴) 1	1	13	11	12	10	13	16
1,500-1,999	2	1	(⁴) 0	1	2	23	18	24	16	28	12
2,000-2,499	4	3	2	3	5	18	20	20	20	17	12
2,500-2,999	6	5	6	5	6	10	11	12	10	10	13
3,000-3,499	8	8	11	7	8	7	8	9	7	8	7
3,500-3,999	9	8	11	7	9	6	8	3	10	4	6
4,000-4,999	16	15	21	13	18	6	8	8	8	4	8
5,000-6,999	25	26	28	25	24	5	5	3	6	6	6
7,000-9,999	14	16	8	19	13	3	3	(⁴) 4	4	4	5
10,000-14,999	9	11	8	12	7	1	2	2	2	1	2
15,000 or more	6	6	5	7	6	1	1	0	2	(⁴) 1	1
Median income	\$5,268	\$5,739	\$4,925	\$6,116	\$5,056	\$2,193	\$2,385	\$2,199	\$2,460	\$2,069	\$2,393
Aged 73 and older											
Total number (in thousands)	1,296	386	109	278	770	3,103	1,283	326	957	1,058	410
Total percent	100	100	100	100	100	100	100	100	100	100	100
Less than \$1,000	(⁴)	1	1	(⁴)	0	11	8	3	10	6	10
1,000-1,499	(⁴)	0	0	(⁴) 0	0	22	20	19	21	21	14
1,500-1,999	3	2	1	2	4	25	24	30	22	29	17
2,000-2,499	5	3	2	4	4	16	16	18	16	15	17
2,500-2,999	7	6	4	6	4	8	8	9	9	8	9
3,000-3,499	9	11	17	9	8	5	5	6	5	6	4
3,500-3,999	10	8	9	8	10	2	3	2	3	3	4
4,000-4,999	21	22	26	20	20	4	5	5	5	4	6
5,000-6,999	21	23	19	25	22	3	4	3	4	3	8
7,000-9,999	12	13	13	13	12	2	2	3	2	2	6
10,000-14,999	7	6	4	7	8	1	1	1	1	1	5
15,000 or more	4	5	3	6	4	1	1	0	1	1	1
Median income	\$4,725	\$4,822	\$4,568	\$5,049	\$4,797	\$1,840	\$1,934	\$1,964	\$1,921	\$1,890	\$2,291

¹ See table 11, footnote 1
² For married women, income represents combined income of husband and wife

³ See table 11, footnote 3
⁴ Percentage not computed, base fewer than 75,000
⁵ Less than 0.5 percent

overall 34 percent of those with reductions, compared with only 14 percent of those with full benefits, had total incomes of less than \$4,000 in 1971. These income differences related to reduction status may well result from the lower incidence of income from earnings, assets, or government employee pensions among couples in which the dependent wife was receiving reduced benefits.

SUMMARY

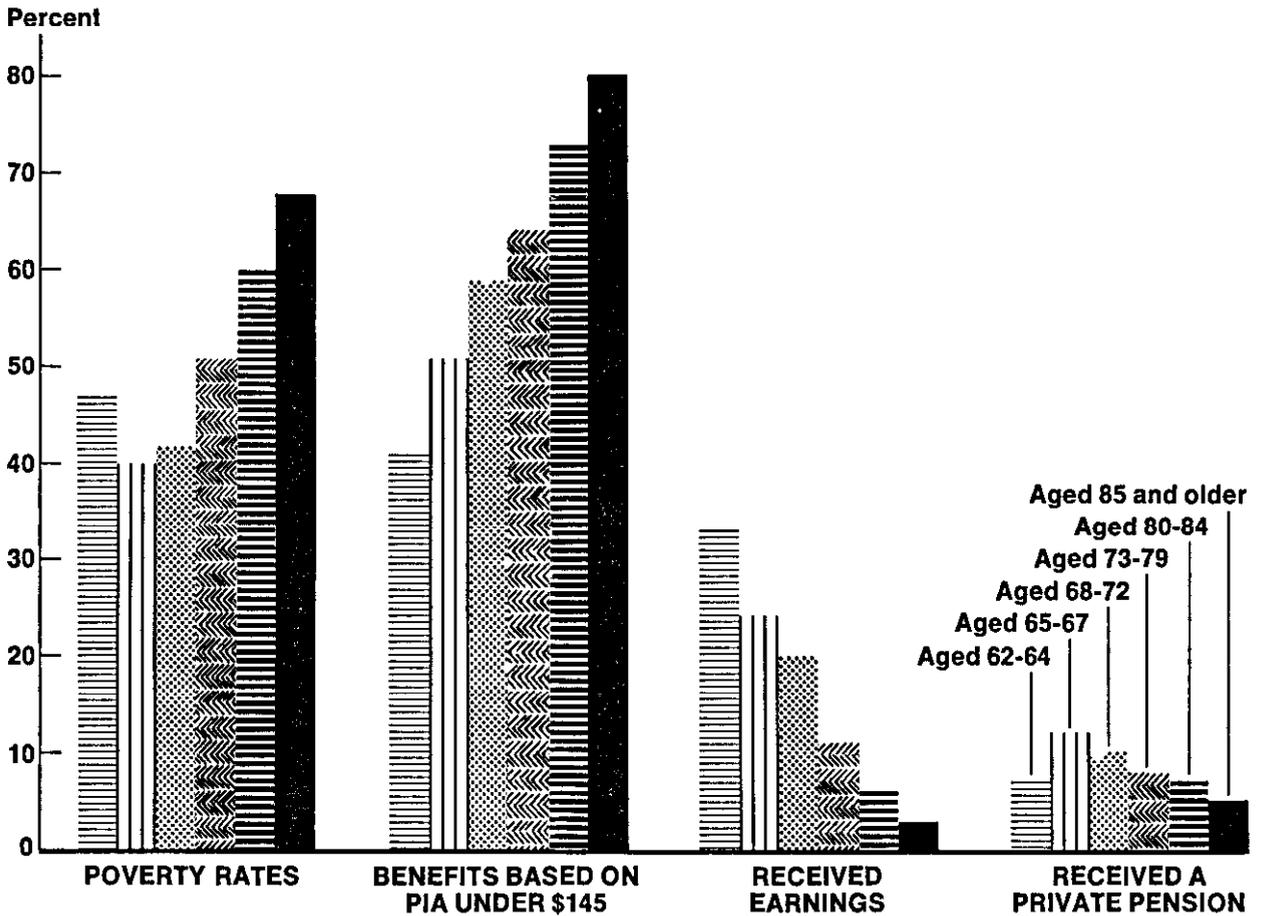
Beneficiary rates for women aged 65 and older increased substantially between 1962 and 1971. The largest such gains were registered by older nonmarried women, whose rates had been much lower than those for married women in 1962 but

who narrowed the gap considerably in the ensuing years.

Except for those aged 62-64, widows were more likely than married women to have been entitled to OASDI benefits on their own earnings records—particularly among the oldest age cohorts. Between 1962 and 1971, the proportion of primary beneficiaries increased among both married and widowed women aged 65 and older.

Women beneficiaries entitled to benefits on their own earnings records had lower PIA's than did women dependent on their husbands' earnings records—probably because of differences in the work and earnings histories of men and women. The PIA levels also varied substantially with age. Older women beneficiaries were more likely

CHART 2—Selected characteristics of widowed women beneficiaries aged 62 and older, 1971



to have had benefits based on the minimum PIA and were less likely to have had PIA's of \$180 or more

Because most beneficiaries in the older cohorts had never been eligible for early entitlement, few of them received actuarially reduced benefits in 1971. Among retired-worker and wife beneficiaries aged 65-72—all of whom had been eligible for early entitlement—substantial proportions were receiving actuarially reduced benefits. It is anticipated that the proportion of all aged women beneficiaries with reduced benefits will grow as younger, eligible cohorts are added to the beneficiary rolls and older, ineligible cohorts are removed.

Women beneficiaries with reduced benefits tended to have lower PIA's than those with full benefits, especially among retired workers. Retired-worker beneficiaries with reduced benefits were no less likely to have received income from

any of the sources examined here or to have had lower total incomes than were those with full benefits.

Receipt of income from the sources investigated did vary substantially with age, marital status, and PIA in 1971. Generally speaking, earnings and private pensions—the most important of these sources in terms of the frequency of receipt and the amount received—were least common among the very old, the widowed, and those at lower PIA levels.

Total money income was lower among older than among younger beneficiaries and was especially low among widows. Among widows, age variations in PIA level but not in receipt of earnings or private pensions appear to have accounted for a large part of the differences in income levels between older and younger women. Among married women, age differences in the receipt of earnings and in PIA level both seem

TABLE 17 — Total money income of women beneficiaries¹ with no earnings and with no private pension Percentage distribution, by age and marital status, 1971

Total money income ²	With no earnings						With no private pension					
	62-64	65-67	68-72	73-79	80-84	85 and older	62-64	65-67	68-72	73-79	80-84	85 and older
Married women												
Total number (in thousands)	251	514	840	751	177	* 40	425	626	919	781	170	* 35
Total percent	100	100	100	100	100	100	100	100	100	100	100	100
Less than \$1,000	1	0	0	(⁴)	0	-	1	0	0	(⁴)	0	-
1,000-1,499	1	1	1	(⁴)	1	-	1	1	1	(⁴)	1	-
1,500-1,999	5	4	2	4	4	-	5	4	2	4	5	-
2,000-2,499	11	6	4	5	9	-	7	6	5	5	10	-
2,500-2,999	13	6	9	6	10	-	11	7	8	8	10	-
3,000-3,499	13	10	10	10	13	-	9	10	10	10	15	-
3,500-3,999	7	10	11	12	9	-	7	10	10	12	11	-
4,000-4,999	17	17	19	24	25	-	12	15	18	21	22	-
5,000-5,999	23	24	24	22	19	-	18	20	23	17	22	-
7,000-9,999	6	13	11	12	4	-	11	12	10	12	5	-
10,000-14,999	1	5	6	4	5	-	10	10	6	6	3	-
15,000 or more	1	3	3	1	1	-	7	6	5	3	5	-
Median income	\$3 930	\$4,798	\$4,653	\$4 567	\$4,166	-	\$4,767	\$4 817	\$4,697	\$4 449	\$3 901	-
Percent poor	16	10	7	9	12	-	12	10	8	10	13	-
Percent poor and near poor	32	18	17	17	23	-	25	19	18	19	26	-
Widowed women												
Total number (in thousands)	226	441	978	1,534	906	400	300	482	1,024	1 491	836	369
Total percent	100	100	100	100	100	100	100	100	100	100	100	100
Less than \$1 000	8	8	9	8	12	24	9	8	8	8	13	25
1,000-1,499	27	13	14	21	25	25	21	14	15	22	26	25
1,500-1,999	28	29	25	28	26	23	25	26	25	28	27	24
2,000-2,499	14	18	20	17	16	9	15	17	19	16	13	9
2,500-2,999	4	7	9	8	7	7	7	10	9	8	7	9
3,000-3,499	4	10	5	6	4	3	8	7	6	5	4	1
3,500-3,999	5	3	5	3	2	2	6	5	5	2	2	1
4,000-4,999	1	4	5	4	3	2	3	5	5	4	3	2
5,000-5,999	5	2	4	3	2	2	4	4	5	3	3	3
7,000-9,999	0	2	2	1	1	0	1	2	2	2	1	0
10,000-14,999	1	0	1	1	1	1	0	1	1	1	1	0
15,000 or more	1	2	(⁴)	(⁴)	1	1	2	(⁴)	(⁴)	(⁴)	1	0
Median income	\$1,769	\$2,008	\$2,025	\$1 870	\$1,754	\$1,635	\$1,901	\$2 066	\$2,063	\$1,849	\$1 710	\$1,499
Percent poor	57	48	47	55	61	70	50	46	46	56	64	73
Percent poor and near poor	75	67	68	72	77	80	67	63	65	72	77	82

¹ Excludes beneficiaries who received their first benefit in February 1971 or later, the transitionally insured, and special age 72 beneficiaries. Includes full year beneficiaries for whom MBR data were not available.

² See table 16, footnote 2.

³ Percentages not computed, base fewer than 75,000.

⁴ Less than 0.5 percent.

to have contributed to the lower incomes of the oldest cohorts. The major conclusion that can be drawn from this analysis is that the comparatively disadvantageous financial situation of the oldest cohorts of beneficiary women can be explained to a large degree by the fact that OASDI cash benefits of those who have been on the rolls for many years do not reflect the higher wage levels and taxable maximums of recent years.

Technical Note

THE SAMPLE

The estimates presented here are based on data for all persons aged 60 and over and their spouses

derived from the March 1972 Current Population Survey (CPS) of the Bureau of the Census.¹⁹ matched with information from the MBR of the Social Security Administration. Estimates of the size of this population were obtained by inflating the weighted sample results to independent estimates of the civilian noninstitutionalized population by age, race, and sex. The independent estimates were based on statistics from the 1970 Census of Population, statistics of births, deaths, immigration, and emigration, and statistics on the Armed Forces. The sample of 14,724 aged units

¹⁹ For details on the survey design and sampling procedures, see Susan Grad, *op cit*, and Bureau of the Census, *The Current Population Survey: A Report on Methodology* (Technical Report No. 7), 1963.

TABLE 18—Total money income of women beneficiaries¹ aged 65 and older Percentage distribution, by primary insurance amount and entitlement and marital status, 1971

Total money income ²	Entitlement status and primary insurance amount									
	On own record					On husband's record only				
	\$70	\$71-109	\$110-144	\$145-179	\$180 or more	\$70	\$71-109	\$110-144	\$145-179	\$180 or more
Married women										
Total number (in thousands)	222	298	308	174	134	134	186	326	507	699
Total percent	100	100	100	100	100	100	100	100	100	100
Less than \$1 000	1	(³)	0	0	0	0	0	0	0	0
1 000-1 499	0	(³)	0	0	0	4	1	0	0	0
1 500-1 999	4	1	0	0	0	18	15	2	(⁵)	0
2 000-2 499	7	3	1	1	0	15	18	10	(⁵)	0
2 500-2 999	8	7	5	2	0	17	11	15	3	1
3 000-3 499	13	12	8	2	4	9	11	11	11	3
3 500-3 999	6	11	12	4	4	8	10	14	14	4
4 000-4 999	13	19	19	16	5	11	11	17	24	19
5 000-6 999	23	20	29	29	26	6	12	18	20	30
7 000-9 999	15	11	13	24	29	3	8	6	12	20
10 000-14 999	5	9	8	12	20	2	2	3	6	13
15 000 or more	5	5	5	9	12	6	2	3	3	9
Median income	\$4 836	\$4,770	\$5,290	\$6 684	\$7 934	\$2 882	\$3 231	\$3 909	\$4,857	\$6 420
Widowed women										
Total number (in thousands)	510	503	570	316	165	146	303	390	615	276
Total percent	100	100	100	100	100	100	100	100	100	100
Less than \$1,000	22	6	(³)	0	0	27	21	(³)	(³)	(³)
1 000-1,499	18	30	18	0	0	28	30	38	4	1
1 500-1 999	20	21	29	18	2	18	20	18	42	28
2 000-2 499	16	16	20	19	17	10	10	18	19	16
2 500-2,999	6	9	10	16	10	6	6	6	11	11
3 000-3,499	4	4	6	13	8	1	4	6	8	10
3 500-3 999	2	2	6	8	11	0	2	2	4	6
4 000-4,999	4	4	5	12	14	2	2	5	4	7
5 000-6 999	2	4	3	8	13	5	2	3	5	7
7,000-9 999	1	1	1	3	14	1	1	3	1	8
10 000-14 999	1	1	(³)	3	6	0	(³)	1	1	3
15 000 or more	0	1	1	(³)	4	1	(³)	0	1	2
Median income	\$1,691	\$1 817	\$2,067	\$2 915	\$4 140	\$1,405	\$1 475	\$1,826	\$2 068	\$2 099

¹ See table 4, footnote 1
² See table 16, footnote 2

³ Less than 0.5 percent

examined in STATEL represents an estimated 21,640,641 units aged 60 and older (9,894,215 married couples and 11,746,426 nonmarried individuals)

DEFINITION OF KEY VARIABLES

Actuarial Reduction

Monthly cash benefits are actuarially reduced for every month they are received before age 65 by retired workers, wives, and dependent husbands and before age 62 by aged widows. The reduction applies to the entire period of entitlement. The amount of monthly reduction in 1971 was 5/9 of 1 percent for retired workers (a maximum of 20 percent), 25/36 of 1 percent for

wives or dependent husbands (a maximum reduction of 25 percent), and 5/9 of 1 percent for widows (a maximum reduction of 13 percent).

Actuarial reduction of widows' benefits was redefined in the 1972 amendments to the Social Security Act, which make it possible for a widow to collect as much as 100 percent of her deceased husband's PIA. If either spouse collects benefits prior to age 65, however, the widow's benefit is reduced from 100 percent. This article uses the pre-1972 definition of reduction status.

Aged Units

As in the 1963 and 1968 surveys, an aged unit was defined as a husband and wife living together, at least one of whom was aged 60 or older, or a single person in that age group who was

TABLE 19—Total money income of women beneficiaries¹ aged 65–84 Percentage distribution, by primary insurance amount and age,² 1971

Total money income ³	Primary insurance amount and age																			
	\$70 00				\$71 00–109 00				\$110 00–144 00				\$145 00–179 00				\$180 00 or more			
	65–67	68–72	73–79	80–84	65–67	68–72	73–79	80–84	65–67	68–72	73–79	80–84	65–67	68–72	73–79	80–84	65–67	68–72	73–79	80–84
Married women																				
Total number (in thousands)----	88	130	104	* 27	136	184	124	* 32	159	234	202	* 31	138	237	233	* 63	249	337	216	* 26
Total percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Less than \$1 000	0	0	1	-	0	0	1	-	0	0	0	-	0	0	0	-	0	0	0	-
1 000–1 499	4	2	0	-	1	1	0	-	0	0	0	-	0	0	0	-	0	0	0	-
1 500–1 999	3	8	12	-	6	5	9	-	2	(*)	1	-	0	0	1	-	0	0	0	-
2 000–2 499	7	13	7	-	7	9	11	-	7	5	5	-	3	0	0	-	0	0	0	-
2,500–2 999	8	11	12	-	7	6	10	-	7	12	10	-	3	2	3	-	1	1	0	-
3 000–3 499	14	9	14	-	9	11	14	-	10	11	8	-	6	10	6	-	4	4	2	-
3 500–3 999	6	7	7	-	17	6	9	-	8	13	16	-	12	12	12	-	5	4	5	-
4,000–4,999	8	14	15	-	10	16	21	-	16	19	17	-	22	18	26	-	17	17	17	-
5 000–6 999	20	16	14	-	13	23	14	-	23	24	25	-	26	27	24	-	29	25	31	-
7 000–9 999	14	11	10	-	16	9	9	-	14	8	9	-	13	18	15	-	22	20	26	-
10 000–14 999	6	5	3	-	11	7	2	-	7	4	8	-	10	8	7	-	15	14	13	-
15 000 or more----	9	3	4	-	3	6	0	-	6	4	2	-	6	4	7	-	8	11	6	-
Median income	\$4 977	\$3 914	\$3 726	-	\$4 506	\$4 711	\$3 776	-	\$5 006	\$4 454	\$4 622	-	\$5 229	\$5 439	\$5 106	-	\$6 614	\$6 678	\$6 558	-
Percent poor	12	21	21	-	14	14	21	-	9	5	5	-	2	0	(*)	-	0	0	0	-
Percent poor and near poor	26	36	36	-	21	23	32	-	16	18	17	-	7	2	3	-	1	1	0	-
Widowed women																				
Total number (in thousands)----	* 59	132	234	158	83	189	282	177	101	256	377	167	115	249	373	147	119	151	127	* 39
Total percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Less than \$1 000	-	18	21	23	15	17	7	10	1	0	(*)	1	0	0	1	0	1	0	0	-
1 000–1 499	-	18	21	20	17	28	29	42	20	15	28	32	6	2	3	2	0	0	2	-
1 500–1 999	-	26	23	26	22	22	23	17	23	20	24	34	32	26	35	40	18	18	18	-
2 000–2 499	-	17	15	17	13	14	16	12	20	25	20	13	18	22	17	21	17	15	19	-
2,500–2 999	-	8	6	4	15	3	10	6	9	8	7	11	17	12	9	13	8	12	12	-
3,000–3,499	-	2	2	4	5	5	3	5	8	9	5	2	10	8	12	6	13	7	9	-
3 500–3 999	-	3	2	0	2	4	3	1	4	9	3	4	10	5	4	6	5	14	6	-
4,000–4 999	-	3	5	2	3	2	3	4	7	5	4	5	9	6	6	11	10	7	7	-
5,000–6,999	-	2	4	3	4	4	4	1	4	4	2	1	3	7	6	6	10	12	6	-
7 000–9 999	-	1	1	2	2	0	1	1	3	2	2	0	3	3	1	1	7	12	12	-
10 000–14 999	-	1	1	0	2	1	1	1	0	1	(*)	0	2	1	2	2	4	2	9	-
15,000 or more----	-	0	(*)	0	0	0	(*)	1	0	1	0	1	1	1	0	2	1	2	2	-
Median income	\$1 758	\$1 677	\$1 197	\$1 900	\$1 616	\$1 802	\$1 477	\$2 128	\$2 297	\$1 933	\$1 751	\$2 340	\$2 492	\$2 534	\$2 191	\$3 025	\$3 605	\$2 943	-	
Percent poor	61	62	68	54	66	58	67	42	32	49	64	36	27	37	40	19	14	18	-	
Percent poor and near poor	77	77	84	67	78	73	79	61	58	70	79	54	44	54	60	32	31	40	-	

¹ See table 4, footnote 1

² Excludes those aged 62–64 and 85 and older because base fewer than 75 000

³ See table 16, footnote 2

* Percentages not computed base fewer than 75,000

(*) Less than 0.5 percent

widowed, divorced, living apart from his (her) spouse, or never-married

Beneficiary Status

The definition of beneficiary status used in STATEL conforms to the one used in the 1963 and 1968 surveys Nonbeneficiaries are those who had not received a cash benefit at any time during or before the survey year Persons who received Medicare benefits only are not classified as beneficiaries in STATEL Full-year beneficiaries are

those persons entitled to cash benefits as retired workers, disabled workers dependents or survivors, or disabled individuals who received their first benefit before February of the survey year Part-year beneficiaries are those who received their first cash benefit in February–December of the survey year Special beneficiaries are transitionally insured and “special age-72” beneficiaries (not included in the 1963 survey because they had not yet been provided for by legislation) Table I displays the number of women falling within each of the beneficiary status categories by age and marital status

TABLE 20—Total money income of women beneficiaries¹ aged 65-72 Percentage distribution, by marital, entitlement, and benefit-reduction status, 1971

Total money income ²	Marital, entitlement, and benefit-reduction status					
	Married women				Widowed women on own record	
	On own record		On husband's record only		Reduced	Full
	Reduced	Full	Reduced	Full		
Total number (in thousands)	686	122	890	202	482	311
Total percent	100	100	100	100	100	100
Less than \$1 000	0	0	0	0	8	2
1,000-1,499	(³)	0	1	0	12	9
1,500-1,999	1	0	3	0	19	18
2,000-2,499	2	3	6	2	21	19
2,500-2,999	5	4	6	3	10	12
3,000-3,499	9	5	8	6	7	9
3,500-3,999	9	4	10	3	8	9
4,000-4,999	14	12	18	19	6	10
5,000-6,999	26	23	23	24	5	5
7,000-9,999	16	24	12	19	2	3
10,000-14,999	12	11	7	10	2	2
15,000 or more	6	8	5	13	1	2
Median income	\$5,763	\$6,649	\$4,843	\$6,292	\$3,290	\$2,586

¹ See table 4 footnote 1
² See table 16 footnote 2
³ Less than 0.5 percent

To be fully insured and thereby qualify for regular retirement benefits, a worker must have the required number of quarters of coverage determined by his or her age. Workers who reached retirement age (then 65 for men and 62 for women) or died before 1957 qualified themselves or their dependents for special payments under the "transitional insured-status" provision with 3-5 quarters of coverage. Special payments were also made to the wife or widow of such a worker if she attained age 72 before 1969. The "special age-72" provisions of the Social Security

Act extended eligibility for similar special payments to individuals who attained age 72 before 1968 with no quarters of coverage and to those who attained age 72 after 1967 and had at least 3 quarters of coverage for every year after 1966 and before the year of attaining age 72.

The beneficiary status of an individual was determined from MBR data when available or from the CPS, if no MBR record could be located. If CPS data were used, those reporting income from social security and/or railroad retirement benefits were classified as beneficiaries. Eighteen percent or 1,833,030 of the 10,350,243 women full-year beneficiaries aged 62 and older were defined as beneficiaries on the basis of CPS data alone. (See table II for a breakdown by age and marital status.) Since MBR records were missing for these women, they had to be excluded from most of the analysis of the beneficiary characteristics of women in this article.

To see what effect, if any, this exclusion could have had on the analysis, beneficiaries with and without MBR records were compared with respect to several characteristics: Marital status, age, receipt of income from selected sources, total money income, and poverty. These comparisons revealed that those without MBR records were more likely to have been widowed and, with some variation within marital groups, to have been older and poorer, to have had lower median total money incomes, and to have been less likely to have received any income during 1971 from earnings, private pensions, or assets (tables III and IV). In short, those excluded from the analysis of beneficiary women were more disadvantaged financially than those included.

TABLE I—Women aged 62 and older Number, by beneficiary and marital status and age, 1971

[In thousands]

Beneficiary status	Married women			Nonmarried women					
				Widowed			Other		
	62-64	65-72	73 and older	62-64	65-72	73 and older	62-64	65-72	73 and older
Total number	1 608	2 846	1,410	746	2 206	3 755	336	713	549
Nonbeneficiaries	728	437	102	336	374	441	205	221	106
Beneficiaries	879	2 409	1 308	410	1 832	3 314	131	491	443
Full year ¹	600	2 286	1,296	337	1 796	3 103	82	439	410
Part year ²	280	121	2	73	123	10	49	52	0
Special ³	0	1	9	0	4	195	0	0	34

¹ Received first cash benefit in January 1971 or earlier

² Received first cash benefit in February-December 1971

³ Transitionally insured and special age 72 beneficiaries

TABLE II—Women full-year beneficiaries¹ aged 62 and older Number and percent, by variable, marital status, and age, 1971

[Numbers in thousands]

Variable	Married women			Nonmarried women					
				Widowed			Other		
	62-64	65-72	73 and older	62-64	65-72	73 and older	62-64	65-72	73 and older
MBR data ²									
Number Beneficiaries	600	2 286	1,296	337	1,796	3,103	82	439	410
With MBR ³	506	2 034	1,156	252	1,464	2,341	63	369	333
Without MBR	94	252	140	85	332	762	19	70	77
Percent without MBR	16	11	11	25	19	25	24	16	19
PIA data									
Number With MBR	506	2,034	1,156	252	1 464	2 341	63	369	333
With PIA	468	1,890	1,099	249	1 456	2,338	61	352	333
Percent without PIA ⁴	8	7	5	1	6	(⁵)	3	5	0
Income source data ⁶									
Number Total beneficiaries	600	2,286	1 296	337	1 796	3 103	82	439	410
Reporting on receipt of—									
Private pension	543	2 111	1,212	322	1,681	2 911	79	407	385
Government employee pension	543	2 093	1 194	321	1 670	2 900	79	405	382
Asset income	543	2,105	1 212	321	1,676	2 895	79	407	386
Public assistance	546	2,111	1 210	322	1 684	2,921	79	410	386
Percent not reporting on receipt of—									
Private pension	9	8	6	4	6	6	4	7	6
Government employee pension	9	8	8	5	7	6	4	8	6
Asset income	9	8	7	5	7	7	4	7	6
Public assistance	9	8	6	4	6	6	4	7	6

¹ Excludes beneficiaries who received their first cash benefit in February 1971 or later the transitionally insured, and special age 72 beneficiaries
² Data from the MBR
³ Base totals for entitlement and benefit reduction status
⁴ Based only on beneficiaries with MBR

⁵ Less than 0.5 percent
⁶ Refers to the yes/no reporting on receipt of income from sources No missing data for variables measuring actual income from these sources for missing data value is imputed No missing data for receipt of earnings,

Entitlement Status

Entitlement status refers to entitlement to OASDI benefits and is divided into two categories (1) primary beneficiaries, or those entitled to benefits on their own earnings records, and (2) dependent beneficiaries, or those entitled to benefits only on another person's, usually the husband's earnings record A wife receives 50 percent of her husband's full benefit if she receives benefits at age 65 or later At the time of this

TABLE III—Women full-year beneficiaries¹ aged 62 and older with and without MBR Percentage distribution, by marital status, 1971

Marital status	Total	With MBR	Without MBR
Total number (In thousands)	10 350	8,517	1,833
Total percent	100	100	100
Married	40	43	27
Widowed	51	48	64
Other nonmarried	9	9	9

¹ See table II, footnote 1

survey in 1971, a widow could receive 82.5 percent of her deceased husband's full benefit if she received benefits at age 62 or later The 1972 amendments to the Social Security Act raised the widow's benefit to 100 percent of the husband's benefit for those receiving such benefits at age 65 or later Monthly cash benefits are actuarially reduced if benefits are received prior to these ages (see above for definition of actuarial reduction)

Primary beneficiaries are further divided into the nondually entitled—those entitled only to their own retired-worker or disabled-worker benefit—and the dually entitled—those entitled to a primary and a dependent benefit simultaneously A dually entitled beneficiary receives an amount equal to the larger benefit to which he or she is entitled Although various combinations are possible, the great preponderance of those with dual entitlement are women entitled as retired workers who are also entitled to higher benefits as wives or widows

TABLE IV—Women full-year beneficiaries¹ aged 62 and older with and without MBR Percentage distribution, by selected characteristics and marital status, 1971

Characteristic	Married women			Nonmarried women					
	Total	With MBR	Without MBR	Widowed			Other		
				Total	With MBR	Without MBR	Total	With MBR	Without MBR
	Age								
Total number (in thousands) ..	4,182	3 696	487	5,236	4,037	1,180	931	765	166
Total percent ..	100	100	100	100	100	100	100	100	100
62-64	14	14	19	6	6	7	9	8	12
65-72	55	55	52	34	36	28	47	48	42
73-79	24	25	22	33	34	28	31	31	32
80 and older	6	6	6	26	23	36	12	12	14
	Income source data ²								
Percent with—									
Earnings	38	39	33	14	16	8	21	22	17
Private pension	25	26	16	8	9	7	21	22	15
Government employee pension	8	8	7	3	4	2	5	6	0
Asset income	60	62	52	45	49	33	49	52	36
Public assistance	4	4	8	9	10	9	12	12	12
Percent poor	7	6	14	50	47	62	40	38	49
Median total income	\$5,057	\$5 168	\$4 364	\$1 949	\$2 029	\$1 085	\$2 505	\$2 367	\$2 017

¹ See table II, footnote 1

² For married women, income sources, poverty rate, and total income

based on combined income resources of husband and wife

Primary Insurance Amount

The primary insurance amount is the amount that would be payable to a retired worker receiving benefits at age 65. This amount, which is based on the worker's average monthly earnings, is also the amount used as the basis for computing all benefits paid to secondary beneficiaries, such as a wife, widow, or children.

Marital status	Poverty line	Near poverty line
Married couples ..	\$2 449	\$3,061
Nonmarried men	1 960	2 450
Nonmarried women ...	1 936	2 420

Poverty Status

Official poverty lines are based on family size, urban-rural residence, and age of the head of household (under age 65 and aged 65 and older)²⁰ Poverty status as used in this article was determined in accordance with the official 1971 poverty lines established for two-person and one-person adult families with heads aged 65 and older and living in nonfarm areas. The near-poverty line is defined as 125 percent of the poverty line. The 1971 poverty lines were

Total Money Income

Total money income is calculated as the sum of all income received by the aged unit (the aged person and his spouse, if any), before deduction for taxes, from the following sources²¹ (1) Earnings, (2) social security and railroad retirement benefits, (3) dividends, interest (on savings or bonds), income from estates or trusts, net rental income, and royalties, (4) public assistance or welfare payments such as old-age assistance, aid to families with dependent children, aid to the blind, and aid to the permanently and totally disabled, (5) unemployment compensation, government employee pensions, veterans' payments, and workmen's compensation, and (6) private

²⁰ For more detail on the poverty line, see Bureau of the Census, "Characteristics of the Low Income Population, 1971," *Current Population Reports* (Series P-60, No 86), December 1972

²¹ For more details on the components of these items and a discussion of the comparability of CPS income data with other data, see Bureau of the Census, "Money Income in 1971 of Families and Persons in the United States," *Current Population Reports* (Series P-60, No 85), December 1972, pages 6-8, 13-16, 21-22

pensions, annuities, alimony, regular contributions from persons not living in the household, and other periodic income

Money from the following sources was not included as income (1) The sale of property (stocks, bonds, and real estate, for example) unless the person was engaged in the business of selling property, (2) withdrawals of bank deposits, (3) loans, (4) tax refunds, (5) gifts, and (6) lump-sum inheritances or the proceeds from insurance

Imputation of Missing CPS Data

In order to reduce the amount of nonsampling error resulting from nonresponses, the Bureau of the Census has devised procedures to impute work and size-of-income data for all persons for whom this information is missing²²

Yes/no responses to the receipt of income from various sources were not imputed by the Bureau of the Census, however. The percentage of women full-year beneficiaries for whom data on these receipt variables are missing is shown in table II

Rounding Procedures and Size of Base

All percentages are rounded to the nearest whole number. As a result, the percentages in a distribution do not always add to exactly 100. Moreover, individual base counts are rounded to the nearest thousand without being adjusted to group totals, which are independently rounded

²² For detailed discussion of these imputation procedures, methods devised to reduce income nonresponse, and the characteristics of income nonrespondents in the CPS, see the American Statistical Association, *Proceedings of the Social Statistics Section* (years specified). Emmett F. Spiers and Joseph J. Knott, "Computer Method To Process Missing Income and Work Experience Information in the Current Population Survey," 1969, pages 289-297, Mitsuo Ono and Herman P. Miller, "Income Nonresponses in the Current Population Survey," 1969, pages 277-288, Mitsuo Ono, "Current Developments on Collecting Income Data in the Current Population Survey," 1971, pages 342-347, Emmett Spiers, John Coder, and Mitsuo Ono, "Characteristics of Income Nonrespondents in the Current Population Survey," 1971, pages 369-374

Percentages, however, are based on the unrounded numbers

Whenever the base of a percentage distribution is very small, the medians and percentages are extremely unreliable. To conform to Bureau of the Census procedures, medians and percentage distributions are not displayed when the base is less than 75,000

Reliability of the Estimates

Since the analysis in this report is based on a sample of the older population, all reported statistics—counts, percentages, and medians—are only estimates of population parameters and may deviate somewhat from their true values—that is, from the values that would have been obtained from a complete census, using the same schedules, instructions, and enumerators²³. 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 and to sampling 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. As calculated here, the standard error also partly measures the effect of response and enumeration errors but does not measure systematic biases in the data. 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 difference would be less than twice the standard error

The figures presented in tables V and VI are approximations to the standard errors of estimated numbers and percentages of persons, respectively. These tables provide an indication of the order of magnitude of the standard errors rather than the precise standard error for any specific item

²³ Most of this discussion of estimation procedures has been excerpted from Bureau of the Census, "Money Income in 1971 of Families and Persons in the United States," *Current Population Reports* (Series P-60, No 85), December 1972, pages 16-18

TABLE VI—Standard errors of estimated percentages of persons

[68 chances out of 100 Number in thousands]			
Size of estimate	Standard error	Size of estimate	Standard error
100	12	5 000	86
250	20	10,000	119
500	28	25 000	178
1 000	39	50 000	224
2 500	61	100 000	218

Standard error of estimated numbers—Table V presents approximations of the standard errors of estimated numbers of aged persons. The standard error and confidence limits for estimated numbers of aged persons can be calculated as follows:

An estimated 3,805,000 widows aged 65 and older in STATEL were OASDI beneficiaries with matching CPS/MBR records. Interpolation from table V indicates that the standard error of an estimate of this size is approximately 74,000. The chances are 68 out of 100 that the results of a complete count would not differ by more than 74,000 from the estimate of 3,805,000. The chances are 95 out of 100 that the results of a complete count would not have been different from that estimate by more than 148,000 (twice the standard error).

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

Table VI shows the standard errors of the estimated percentages of persons. Use of this table in calculating the standard error of a single percentage and the standard error of a difference between two estimated percentages is illustrated below:

An estimated 54 percent of the widowed women beneficiaries aged 65 and older in 1971 received benefits based on their own earnings records. Since the base of this percentage is approximately 3,805,000, interpolation from table VI shows that the standard error of the estimated 54 percent is approximately 10. The chances are 68 out of 100 that the estimate would have shown a figure differing from a complete census by less than 10 percent. The chances are 95 out of 100 that the estimate would have shown

TABLE V—Standard errors of estimated numbers of all persons

Esti- mated per centage	[68 chances out of 100]									
	Base of percentage (in thousands)									
	100	250	500	1,000	2,500	5,000	10,000	25 000	50 000	100 000
2 or 98	1.7	1.1	0.8	0.5	0.3	0.2	0.2	0.1	0.1	0.1
5 or 95	2.7	1.7	1.2	0.9	0.5	0.4	0.3	0.2	0.1	0.1
10 or 90	3.7	2.3	1.7	1.2	0.7	0.5	0.4	0.2	0.2	0.1
25 or 75	5.4	3.4	2.4	1.7	1.1	0.8	0.5	0.3	0.2	0.2
50	6.2	3.9	2.8	2.0	1.2	0.9	0.6	0.4	0.3	0.2

a figure differing from a complete census by less than 2.0 percent. Therefore, the 95-percent confidence interval would range from 53 percent to 55 percent.

For a difference between two sample estimates, the standard error is approximately equal to the square root of the sum of the squares of the standard errors of each estimate considered separately. This formula will represent the actual standard error quite accurately for the difference between two estimates of the same characteristics in two different areas, or for the difference between separate and uncorrelated characteristics in the same area. If, however, a high positive correlation exists between the two characteristics, the formula will overestimate the true standard error.

The standard error of a difference between two percentages can be calculated as follows:

Fifty-four percent of the 3,805,000 widowed women beneficiaries aged 65 and older and 42 percent of the 3,190,000 married women beneficiaries in the same age group received OASDI benefits in 1971 based on their own earnings records. The standard error of these percentages is 10 and 11, respectively. The standard error of the estimated difference of 12 percentage points is:

$$\sqrt{(10)^2 + (11)^2} = 15$$

The chances are thus 68 out of 100 that the estimated difference based on the sample would differ from the difference derived using complete census figures by less than 15 percentage points. The chances are 95 out of 100 that the sample difference would differ from the complete census difference by less than 30 percentage points. The 95-percent confidence interval is from 9 percent to 15 percent (12 ± 3). Therefore, the estimated difference in percentage points would range from 9 to 15 in 95 percent of all possible samples drawn from the same population.

Confidence limits of medians—The sampling variability of an estimated median depends upon the distribution as well as on the size of the base. Confidence limits of a median based on sample data may be estimated as follows: (1)

From the appropriate base in table VI determine 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) the confidence interval for the median corresponding to the two points established in step 2 are then read off the distribution of the characteristic. 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 VI.

To illustrate, the median total income in 1971 of the 2,075,000 widows who were primary beneficiaries was \$2,111.

1 From table VI, the standard error of 50 percent of these widows expressed as a percentage is about 14 percent.

2 As interest usually centers on 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 from 50 percent. This procedure yields limits of 47.2 and 52.8 (rounded to 47 and 53).

3 Since 46 percent of the women had total incomes below \$2,000 and 18 percent had total incomes between \$2,000 and \$2,499, the dollar value of the lower limit may be found by linear interpolation to be

$$\frac{(47 - 46 \times \$500)}{18} + \$2,000 = \$2,028$$

4 The dollar value of the upper limit may be found by linear interpolation to be

$$\frac{(53 - 46 \times \$500)}{18} + \$2,000 = \$2,194$$

Thus, the chances are about 95 out of 100 that a census would have shown the median to be greater than \$2,028 but less than \$2,194.

Notes and Brief Reports

Health Maintenance Organization Amendments of 1976*

The first amendments to the Health Maintenance Organization Act of 1973¹ were enacted on October 8, 1976 as Public Law 94-460. An alternative to the predominant fee-for-service form of health care, health maintenance organizations (HMO's) offer a comprehensive range of medical and health care services to subscribers in return for a fixed periodic fee determined and paid in advance.

The aim of the 1973 act was to stimulate interest in the HMO concept on the part of both consumers and providers and to make health care delivery under this form available and accessible. Financial assistance from the Federal Government was made available to HMO's that meet

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¹ For a description of the original legislation, see Marjorie Smith Mueller, "Health Maintenance Organization Act of 1973," *Social Security Bulletin*, March 1974, pages 35-39.

specified criteria. Since the act's inception, however, progress in implementation has been slow. The 1976 amendments are intended to provide HMO's with greater flexibility, improve the administration of the program, and correct deficiencies in the original law that placed HMO's at a competitive disadvantage with traditional insurance programs and health delivery systems. To accomplish these goals, the new legislation relaxes some of the original act's more stringent requirements regarding open enrollment, community rating, the benefit package that must be offered, the dual-choice provisions under employee health benefit plans, and the availability of Federal loan guarantees.

Mandatory Health Services

HMO's seeking to qualify for Federal assistance must provide basic health services: Hospital, surgical, and physicians' care, diagnostic, radiological, and home health services, short-term mental health care, preventive health services, and treatment for alcohol and drug abuse. The 1973 act also required that, under certain conditions, the HMO's were to provide supplemental