

of the end of the calendar month next preceding the date of such issue) on all marketable interest-bearing obligations of the United States forming a part of the public debt which are not due or callable until after the expiration of 4 years from the end of such calendar month. Where such average market yield is a multiple of one-eighth of 1 percent, this is taken as the rate of interest on such special obligations; otherwise such rate is the multiple of one-eighth of 1 percent nearest such market yield.

Interest on public issues held by the trust funds is received by the funds at the time the interest is paid on the particular issues held. Interest on special public-debt obligations issued specifically for purchase by the trust funds is payable semiannually or at redemption, if earlier.

Marketable public issues acquired by the funds may be sold at any time by the managing trustee at their market price. Special public-debt obligations issued for purchase by the trust funds may be redeemed at par plus accrued interest. Interest receipts and proceeds from the sale or redemption of obligations held in the trust funds are available for investment in the same manner as other receipts of the funds. Interest earned by the invested assets of the trust funds will provide income to meet a portion of future benefit disbursements. The role of interest in meeting future benefit payments is indicated in tables 21 and 22.

In addition to serving as a source of income, the assets of the trust funds assure the continued payment of benefits without sharp changes in contribution rates during periods of short-run adverse fluctuations in total income and expenditures.

SUMMARY OF THE OPERATIONS OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, FISCAL YEAR 1969

A statement of the income and disbursements of the Federal old-age and survivors insurance trust fund in the fiscal year which began on July 1, 1968, and ended on June 30, 1969, and of the assets of the fund at the beginning and end of the fiscal year, is presented in table 2.

The total assets of the old-age and survivors insurance trust fund amounted to \$25,533 million on June 30, 1968. These assets increased to \$28,191 million by the end of the fiscal year 1969, an increase of \$2,658 million.

Net receipts of the trust fund during the fiscal year 1969 amounted to \$27,348 million. Of this total \$24,166 million represented contributions appropriated to the fund and \$2,260 million represented amounts received by the Secretary of the Treasury in accordance with State agreements for coverage of State and local government employees and deposited in the trust fund. As an offset, \$473 million was transferred from the trust fund into the Treasury as repayment for the estimated amount of contributions subject to refund to employees who worked for more than one employer during the course of a year and paid contributions on wages in excess of the statutory maximum earnings base. (This amount consisted of two transfers—one, made in January 1969 and amounting to \$236 million, represented refunds on

earnings in calendar year 1967; the other, made in June 1969 and amounting to \$237 million, represented refunds on earnings in calendar year 1968. The latter transfer resulted from an acceleration in the schedule of refund transfers into the Treasury.)

TABLE 2.—STATEMENT OF OPERATIONS OF THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND DURING THE FISCAL YEAR 1969

Total assets of the trust fund, June 30, 1968.....	\$25,532,903,561.29
Receipts, fiscal year 1969:	
Contributions:	
Appropriations.....	24,165,802,239.38
Deposits arising from State agreements.....	2,260,117,250.99
Gross contributions.....	26,425,919,490.37
Less payment into the Treasury for contributions subject to refund.....	473,182,500.00
Net contributions.....	25,952,736,990.37
Reimbursement from general fund of the Treasury for costs of—	
Noncontributory credits for military service.....	156,000,000.00
Payments to noninsured persons aged 72 and over:	
Benefit payments.....	198,528,000.00
Administrative expenses.....	12,880,000.00
Interest.....	14,137,000.00
Total reimbursement for payments to noninsured persons aged 72 and over.....	225,545,000.00
Interest:	
Interest on investments.....	1,013,912,236.57
Interest on amounts of interfund transfers for reimbursement of administrative expenses and construction costs.....	207,980.00
Gross interest.....	1,014,120,216.57
Less interest on amounts transferred to disability insurance trust fund for reimbursement of cost of vocational rehabilitation services.....	40,483.00
Net interest.....	1,014,079,733.57
Total receipts.....	27,348,361,723.94
Disbursements, fiscal year 1969:	
Benefit payments.....	23,732,010,292.51
Transfers to railroad retirement account.....	491,482,000.00
Reimbursements to disability insurance trust fund for cost of vocational rehabilitation services for disabled beneficiaries for:	
Fiscal year 1968.....	725,000.00
Fiscal year 1969.....	1,081,000.00
Administrative expenses:	
Department of Health, Education, and Welfare.....	406,204,545.83
Treasury Department.....	56,024,409.78
Construction of facilities for Social Security Administration.....	6,583,037.98
Gross administrative expenses.....	468,811,993.59
Less receipts from sale of surplus supplies, materials, etc.....	59,340.60
Less reimbursement due to adjustment in allocation of administrative expenses for fiscal year 1968, transferred from—	
Disability insurance trust fund.....	5,142.00
Hospital insurance trust fund.....	2,508,484.00
Supplementary medical insurance trust fund.....	325,099.00
Less reimbursement from hospital insurance and supplementary medical insurance trust funds for costs of construction for fiscal year 1968.....	885,910.00
Net administrative expenses.....	465,028,017.99
Total disbursements.....	24,690,326,310.50
Net addition to the trust fund.....	2,658,035,413.44
Total assets of the trust fund, June 30, 1969.....	28,190,938,974.73

Net contributions amounted to \$25,953 million, an increase of 15 percent over the amount for the preceding fiscal year. Growth in contribution income resulted from (1) the increase in the maximum annual amount of earnings taxable from \$6,600 to \$7,800 that became effective on January 1, 1968, (2) the increase from 6.65 percent to 7.45 percent in the combined employer-employee contribution rate allocated to finance benefits from the old-age and survivors insurance

trust fund that became effective on January 1, 1969, and (3) the higher level of employment and taxable earnings. The increase in net contributions would have been larger had it not been for (1) the acceleration in the schedule of refund transfers into the Treasury and (2) the decrease in the combined employer-employee contribution rate from 7.10 percent to 6.65 percent that became effective on January 1, 1968 (this decrease being exactly counterbalanced by increases in the contribution rate for hospital insurance from 1.0 percent to 1.2 percent and in the rate allocated for disability insurance from 0.70 percent to 0.95 percent). Although such increase in the earnings base and decrease in the contribution rate became effective in 1968, the first full fiscal year during which they were operative was 1969.

Reference has been made in an earlier section to provisions under which the old-age and survivors insurance and disability insurance trust funds are to be reimbursed annually from the general fund of the Treasury for costs of granting noncontributory credits for military service performed before 1957. In accordance with these provisions, the Secretary of Health, Education, and Welfare determined, in September 1965, that the annual amounts due were \$87.4 million for the old-age and survivors insurance trust fund and \$18.4 million for the disability insurance trust fund. Two annual reimbursements were made during fiscal year 1969 to the two trust funds; each of the annual reimbursements amounted to \$78 million for the old-age and survivors insurance trust fund, and to \$16 million for the disability insurance trust fund. For each trust fund, the first of these reimbursements was received in July 1968, and the second was received in December 1968. The latter reimbursement represents an acceleration in the schedule of annual reimbursements.

Reference has also been made in an earlier section to provisions under which the old-age and survivors insurance trust fund is to be reimbursed annually from the general fund of the Treasury for costs of monthly payments to certain noninsured persons aged 72 and over who have less than three quarters of coverage. The first of these annual reimbursements, received in December 1968, amounted to \$225,545,000 and represented reimbursement for costs initially expended from the old-age and survivors insurance trust fund in fiscal year 1967.

The remaining \$1,014 million of receipts consisted of interest on the investments of the trust fund and net interest on amounts of interfund transfers among the four trust funds, old-age and survivors insurance, disability insurance, hospital insurance, and supplementary medical insurance.

Disbursements from the trust fund during the fiscal year 1969 totaled \$24,690 million. Of this total, \$23,732 million was for benefit payments, an increase of 14 percent over the corresponding amount paid in the fiscal year 1968. This increase was due primarily to the 1967 amendments which provided for a general increase in benefits effective for February 1968 and which also liberalized some of the conditions under which persons can qualify for benefits. (Fiscal year 1969 was the first full fiscal year during which these provisions of the 1967 amendments were operative.) Another factor that contributed to the increase in benefit payments from fiscal year 1968 to fiscal year 1969 was the expected growth in the total number of beneficiaries as the program gradually matures.

Reference has been made in an earlier section to provisions of the Railroad Retirement Act which coordinate the railroad retirement and the old-age and survivors insurance programs and which govern the financial interchanges arising from the allocation of costs between the two systems. In accordance with these provisions, the Railroad Retirement Board and the Secretary of Health, Education, and Welfare determined that a transfer of \$472,400,000 to the railroad retirement account from the old-age and survivors insurance trust fund would place this trust fund in the same position as of June 30, 1968, as it would have been if railroad employment had always been covered under the Social Security Act. This amount was transferred to the railroad retirement account in June 1969, together with interest to the date of transfer amounting to \$19,082,000.

Expenditures of the old-age and survivors insurance program, in the form of reimbursement to the disability insurance trust fund, for the cost of vocational rehabilitation services amounted to \$1,806,000. These services were furnished to disabled adults—dependents of old-age beneficiaries and survivors of deceased insured workers—who were receiving monthly benefits from the old-age and survivors insurance trust fund. Practically all of these beneficiaries had disabilities that have continued since childhood. (Related administrative expenses of the Department of Health, Education, and Welfare, amounting to \$40,000, are included in the net administrative expenses of the trust fund.)

The remaining \$465 million of disbursements from the old-age and survivors insurance trust fund represents net administrative expenses. Administrative expenses are allocated and charged directly to each of the four trust funds on the basis of provisional estimates. Periodically, as actual experience develops and is analyzed, adjustments to the allocations of administrative expenses for prior periods are effected by interfund transfers, with appropriate interest allowances. Net administrative expenses charged to both the old-age and survivors insurance trust fund and the disability insurance trust fund in fiscal year 1969 totaled \$599 million and represented 2.0 percent of contribution income and 2.3 percent of benefit payments during the fiscal year. Similar figures for each of the last 5 years for the system as a whole, as well as for each trust fund separately, are shown in table 3.

TABLE 3.—RELATIONSHIP OF NET ADMINISTRATIVE EXPENSES OF THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM TO CONTRIBUTION INCOME AND BENEFIT PAYMENTS, BY TRUST FUND, FISCAL YEARS 1965-69

Fiscal year	Total administrative expenses as a percentage of—		Old-age and survivors insurance trust fund, administrative expenses as a percentage of—		Disability insurance trust fund, administrative expenses as a percentage of—	
	Total contribution income	Total benefit payments	Contribution income	Benefit payments	Contribution income	Benefit payments
1965.....	2.2	2.2	1.9	1.9	6.7	5.5
1966.....	2.1	2.1	1.8	1.8	5.8	5.4
1967.....	1.8	2.2	1.6	1.9	4.4	5.3
1968.....	2.2	2.5	2.0	2.2	4.2	5.4
1969.....	2.0	2.3	1.8	2.0	3.8	5.5

Note: In interpreting the figures in the above table, reference should be made to the applicable text in the current and earlier annual reports.

In table 4, the experience with respect to actual amounts of contributions and benefit payments in fiscal year 1969 and trust fund assets at the end of the year is compared with the estimates for fiscal year 1969 which appeared in the 1968 and 1969 annual report of the Board of Trustees. Reference was made in an earlier section to the appropriation of contributions to the trust funds on an estimated basis, with subsequent periodic adjustments to account for differences from the amounts of contributions actually payable on the basis of reported earnings. In interpreting the figures in table 4, it should be noted that the "actual" amount of contributions in fiscal year 1969 reflect the aforementioned type of adjustments to contributions for prior fiscal years. On the other hand, the "actual" amount of contributions in fiscal year 1969 does not reflect adjustments to contributions for fiscal year 1969 that were to be made after June 30, 1969. The estimates for each trust fund were quite close, relatively, to the actual experience.

TABLE 4.—COMPARISON OF ACTUAL AND ESTIMATED OPERATIONS OF THE OLD-AGE AND SURVIVORS INSURANCE AND DISABILITY INSURANCE TRUST FUNDS, FISCAL YEAR 1969

(Dollar amounts in millions)

	Comparison of actual experience with estimates for fiscal year 1969 published in—				
	1969 report			1968 report	
	Actual amount	Estimated amount	Estimates as percentage of actual	Estimated amount	Estimates as percentage of actual
Old-age and survivors insurance trust fund:					
Net contributions ¹	\$26,190	\$26,475	101	\$25,902	99
Benefit payments.....	23,732	23,711	100	23,711	100
Assets, end of year ¹	28,428	28,734	101	28,377	100
Disability insurance trust fund:					
Net contributions ¹	3,565	3,592	101	3,514	99
Benefit payments.....	2,443	2,434	100	2,521	103
Assets, end of year ¹	3,711	3,740	101	3,556	96

¹ The actual amounts have been adjusted to exclude the effect of the 2d transfer into the Treasury for refunds of contributions, resulting from the accelerated schedule, in order that the actual experience be presented on a basis consistent with the basis on which the estimates shown in the 1968 and 1969 annual reports were prepared.

Note: In interpreting the figures in the above table, reference should be made to the accompanying text.

The distribution of benefit payments in fiscal years 1968 and 1969, by type of beneficiary, is shown in table 5. Approximately 72 percent of the total benefit payments from the old-age and survivors insurance trust fund in the fiscal year 1969 was accounted for by monthly benefits to retired workers and their dependents and about 14 percent by monthly benefits to aged survivors and disabled widows or widowers of deceased workers. Approximately 12 percent of the benefit payments represented monthly benefits on behalf of children of deceased workers and monthly benefits to mothers who had children of deceased workers in their care.

TABLE 5.—ESTIMATED DISTRIBUTION OF BENEFIT PAYMENTS FROM THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, BY TYPE OF BENEFICIARY AND PAYMENT, FISCAL YEARS 1968 AND 1969

[Amounts in millions]

	1968		1969	
	Amount	Percent of total	Amount	Percent of total
Total.....	\$20,737.1	100	\$23,732.0	100
Monthly benefits.....	20,481.0	99	23,441.3	99
Retired workers and their dependents.....	14,887.1	72	16,989.8	72
Retired workers.....	13,114.4	63	14,992.7	63
Wives and husbands.....	1,539.2	7	1,735.7	7
Children.....	233.5	1	261.5	1
Survivors of deceased workers.....	5,273.2	25	6,128.8	26
Aged widows and widowers.....	2,795.7	13	3,257.2	14
Disabled widows and widowers ¹	7	(?)	32.8	(?)
Parents.....	35.3	(?)	36.8	(?)
Children.....	2,000.6	10	2,309.0	10
Widowed mothers caring for child beneficiaries.....	441.0	2	493.0	2
Noninsured persons aged 72 and over ²	320.7	2	322.6	1
Lump-sum death payments.....	256.0	1	290.7	1

¹ Benefits were effective for months beginning February 1968, and disbursements from the trust fund were first made to these beneficiaries in March 1968.

² Less than 0.5 percent.

³ The trust fund is reimbursed from the general fund of the Treasury for the costs of payments to beneficiaries with less than 3 quarters of coverage.

Benefit payments to noninsured persons aged 72 and over amounted to \$323 million, or about 1 percent of total benefit payments from the trust fund. Reference has been made in an earlier section to the legislative provisions governing reimbursement from the general fund of the Treasury for the costs of such payments to persons who have fewer than three quarters of coverage. About 98 percent of the total amount of the payments made in fiscal year 1969 to noninsured persons aged 72 and over went to persons with fewer than three quarters of coverage.

The balance of the benefits paid during fiscal year 1969 consisted of lump-sum death payments.

On June 30, 1969, about 24.9 million persons were receiving monthly benefits under the old-age, survivors, and disability insurance program. About 22.5 million of these persons were receiving monthly benefits from the old-age and survivors insurance trust fund. Average monthly family benefits on that date showed little change from the corresponding averages a year earlier. This is illustrated, for selected beneficiary family groups, in table 6.

TABLE 6.—ESTIMATED AVERAGE MONTHLY BENEFITS FOR SELECTED FAMILY GROUPS RECEIVING BENEFITS UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM, END OF FISCAL YEARS 1968 AND 1969

Beneficiary family group	Average monthly amount per family	
	June 30, 1968	June 30, 1969
Retired worker alone (no dependents receiving benefits).....	\$94	\$96
Retired worker and wife, aged 62 and over, both receiving benefits ¹	165	168
Aged widow alone.....	86	87
Widowed mother and 2 children.....	258	256
Disabled worker alone (no dependents receiving benefits).....	109	110
Disabled worker, wife (under age 65 ²), and 1 or more children.....	239	238

¹ Excludes wife aged 62-64 with entitled children in her care.

² With entitled children in her care.

The assets of the old-age and survivors insurance trust fund at the end of fiscal year 1969 totaled \$28,191 million, consisting of \$26,220 million in the form of obligations of the U.S. Government or of federally-sponsored agency obligations, and \$1,971 million in undisbursed balances. Table 7 shows a comparison of the total assets of the fund and their distribution at the end of fiscal years 1968 and 1969.

TABLE 7.—ASSETS OF THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, BY TYPE, AT END OF FISCAL YEARS 1968 AND 1969

	June 30, 1968		June 30, 1969	
	Par value	Book value ¹	Par value	Book value ¹
INVESTMENTS IN PUBLIC-DEBT OBLIGATIONS				
Public issues:				
Treasury notes:				
5¼ percent, 1975	\$7,000,000	\$7,055,958.35	\$7,000,000	\$7,047,458.39
6 percent, 1975	17,450,000	17,450,000.00	17,450,000	17,450,000.00
6¼ percent, 1976			5,000,000	4,988,244.09
6½ percent, 1976			22,180,000	22,180,000.00
Treasury bonds:				
2½ percent, 1964-69	55,180,000	54,434,560.56	33,000,000	32,849,819.29
2½ percent, 1967-72	250	250.00	250	250.00
2¾ percent, investment series B, 1975-80	1,064,902,000	1,064,902,000.00	1,064,902,000	1,064,902,000.00
3 percent, 1995	70,170,000	70,142,780.56	70,170,000	70,143,804.52
3¼ percent, 1978-83	60,200,000	59,317,153.52	60,200,000	59,376,338.72
3¼ percent, 1985	25,700,000	24,236,558.99	25,700,000	24,323,496.11
3½ percent, 1980	449,450,000	454,829,822.67	449,450,000	454,393,620.87
3½ percent, 1990	556,250,000	547,091,671.86	556,250,000	547,515,996.06
3½ percent, 1998	552,037,000	542,672,946.88	552,037,000	542,981,652.04
3½ percent, 1974	24,500,000	24,482,361.65	24,500,000	24,485,146.73
4 percent, 1969	62,500,000	62,494,096.01	57,500,000	57,498,819.33
4 percent, 1970	15,000,000	14,978,476.46	15,000,000	14,992,070.18
4 percent, 1971	100,000,000	100,561,057.45	100,000,000	100,379,092.93
4 percent, 1973	38,000,000	37,816,240.90	38,000,000	37,852,390.30
4 percent, 1980	153,100,000	153,043,664.44	153,100,000	153,048,528.04
4½ percent, 1974	61,934,000	61,900,130.63	61,934,000	61,906,196.87
4½ percent, 1989-94	91,300,000	90,519,156.42	91,300,000	90,549,382.62
4½ percent, 1974	6,352,000	6,362,292.48	6,352,000	6,360,528.00
4½ percent, 1975-85	77,623,000	77,669,781.83	78,023,000	77,690,765.15
4½ percent, 1987-92	33,000,000	35,031,287.61	33,000,000	34,924,844.57
Total public issues	3,522,048,250	3,506,992,249.27	3,522,048,250	3,507,840,444.81
Accrued interest purchased				121,447.48
Total investments in public issues	3,522,048,250	3,506,992,249.27	3,522,048,250	3,507,961,892.29
Obligations sold only to this fund (special issues):				
Notes:				
4¾ percent, 1974	2,720,279,000	2,720,279,000.00	2,720,279,000	2,720,279,000.00
4¾ percent, 1969	1,080,011,000	1,080,011,000.00		
4¾ percent, 1970	296,526,000	296,526,000.00	296,526,000	296,526,000.00
4¾ percent, 1971	1,080,011,000	1,080,011,000.00	1,080,011,000	1,080,011,000.00
5½ percent, 1975	2,460,795,000	2,460,795,000.00	2,460,795,000	2,460,795,000.00
6½ percent, 1976			3,844,864,000	3,844,864,000.00
Bonds:				
2½ percent, 1970	783,485,000	783,485,000.00	783,485,000	783,485,000.00
2½ percent, 1971	1,080,011,000	1,080,011,000.00	1,080,011,000	1,080,011,000.00
2½ percent, 1972	1,080,011,000	1,080,011,000.00	1,080,011,000	1,080,011,000.00
2½ percent, 1973	1,080,011,000	1,080,011,000.00	1,080,011,000	1,080,011,000.00
2½ percent, 1974	1,080,011,000	1,080,011,000.00	1,080,011,000	1,080,011,000.00
2½ percent, 1975	919,934,000	919,934,000.00	919,934,000	919,934,000.00
3½ percent, 1975	160,077,000	160,077,000.00	160,077,000	160,077,000.00
3½ percent, 1976	1,080,011,000	1,080,011,000.00	1,080,011,000	1,080,011,000.00
3½ percent, 1977	1,080,011,000	1,080,011,000.00	1,080,011,000	1,080,011,000.00
3½ percent, 1978	658,444,000	658,444,000.00	658,444,000	658,444,000.00
3½ percent, 1978	421,567,000	421,567,000.00	421,567,000	421,567,000.00
4½ percent, 1979	1,080,011,000	1,080,011,000.00	1,080,011,000	1,080,011,000.00
4½ percent, 1980	1,080,011,000	1,080,011,000.00	1,080,011,000	1,080,011,000.00
Total obligations sold only to this fund (special issues)	19,221,217,000	19,221,217,000.00	21,986,070,000	21,986,070,000.00
Total investments in public-debt obligations	22,743,265,250	22,728,209,249.27	25,508,118,250	25,494,031,892.29

TABLE 7.—ASSETS OF THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, BY TYPE, AT
END OF FISCAL YEARS 1968 AND 1969—Continued

	June 30 1968		June 30 1969	
	Par value	Book value ¹	Par value	Book value ¹
INVESTMENTS IN FEDERALLY-SPONSORED AGENCY OBLIGATIONS				
Agency securities:				
Federal National Mortgage Association debentures:				
5½ percent, 1969	25,000,000	25,027,931.14	25,000,000	25,000,000.00
5¾ percent, 1970	20,000,000	19,969,999.99	20,000,000	19,983,333.31
5¾ percent, 1968	10,000,000	9,999,479.24	-----	-----
6 percent, 1969	41,500,000	41,512,248.19	41,500,000	41,503,602.31
Participation certificates:				
Federal Assets Liquidation Trust—Government National Mortgage Association:				
5.10 percent, 1987	50,000,000	50,000,000.00	50,000,000	50,000,000.00
5.20 percent, 1982	100,000,000	100,000,000.00	100,000,000	100,000,000.00
5½ percent, 1972	50,000,000	50,000,000.00	50,000,000	50,000,000.00
Federal Assets Financing Trust, Government National Mortgage Association:				
6 percent, 1971	35,000,000	35,000,000.00	35,000,000	35,000,000.00
6.05 percent, 1988	65,000,000	64,761,328.15	65,000,000	64,773,515.71
6.20 percent, 1988	-----	-----	230,000,000	230,000,000.00
6.40 percent, 1987	75,000,000	75,000,000.00	75,000,000	75,000,000.00
6.45 percent, 1988	35,000,000	35,000,000.00	35,000,000	35,000,000.00
Total investments in federally-sponsored agency obligations	506,500,000	506,270,986.71	726,500,000	726,260,451.33
Total investments	23,249,765,250	23,234,480,235.98	26,234,618,250	26,220,292,343.62
Undisbursed balances	-----	2,298,423,325.31	-----	1,970,646,631.11
Total assets	-----	25,532,903,561.29	-----	28,190,938,974.73

¹ Par value, plus unamortized premium, less discount outstanding.

The net increase in the par value of the investments owned by the fund during the fiscal year 1969 amounted to \$2,985 million. New securities at a total par value of \$32,069 million were acquired during the fiscal year through the investment of receipts, the reinvestment of funds made available from the maturity of securities, and the exchange of securities. The par value of securities redeemed or exchanged during the fiscal year was \$29,084 million. A summary of transactions for the fiscal year, by type of security, is presented in table 8.

TABLE 8.—STATEMENT OF TRANSACTIONS IN PUBLIC-DEBT AND IN FEDERALLY-SPONSORED AGENCY SECURITIES FOR OLD-AGE AND SURVIVORS INSURANCE TRUST FUND DURING THE FISCAL YEAR 1969

[All amounts represent par values]

	Acquisitions	Dispositions
Public-debt obligations:		
Public issues:		
Treasury notes:		
6¼ percent, 1976	\$5,000,000	-----
6½ percent, 1976	22,180,000	-----
Treasury bonds:		
2½ percent, 1969	-----	\$22,180,000
4 percent, 1969	-----	5,000,000
Total public issues	27,180,000	27,180,000

TABLE 8.—STATEMENT OF TRANSACTIONS IN PUBLIC-DEBT AND IN FEDERALLY-SPONSORED AGENCY SECURITIES FOR OLD-AGE AND SURVIVORS INSURANCE TRUST FUND DURING THE FISCAL YEAR 1969—Continued

[All amounts represent par values]

	Acquisitions	Dispositions
Public-debt obligations—Continued		
Obligations sold only to this fund (special issues):		
Certificates of indebtedness:		
5¼ percent, 1969	2, 876, 015, 000	2, 876, 015, 000
5¾ percent, 1969	3, 223, 273, 000	3, 223, 273, 000
5½ percent, 1969	3, 847, 447, 000	3, 847, 447, 000
5¾ percent, 1969	2, 121, 331, 000	2, 121, 331, 000
6 percent, 1969	2, 297, 175, 000	2, 297, 175, 000
6¾ percent, 1969	6, 025, 459, 000	6, 025, 459, 000
6¼ percent, 1969	5, 412, 907, 000	5, 412, 907, 000
6½ percent, 1969	2, 163, 560, 000	2, 163, 560, 000
Notes:		
4¾ percent, 1969		1, 080, 011, 000
6¼ percent, 1976	3, 844, 864, 000	
Total obligations sold only to this fund (special issues)	31, 812, 031, 000	29, 047, 178, 000
Total public-debt obligations	31, 839, 211, 000	29, 074, 358, 000
Federally-sponsored agency obligations:		
Agency securities:		
Federal National Mortgage Association debentures:		
5¾ percent, 1968		10, 000, 000
Federal Assets Financing Trust-Government National Mortgage Association:		
6.20 percent, 1988	230, 000, 000	
Total federally-sponsored agency obligations	230, 000, 000	10, 000, 000
Total transactions	32, 069, 211, 000	29, 084, 358, 000

The 1956 amendments provided that the public-debt obligations issued for purchase by the old-age and survivors insurance trust fund and the disability insurance trust fund shall have maturities fixed with due regard for the needs of the funds. Under this provision, the general practice has been to spread the maturity dates for the holdings of special issues as nearly as practicable in equal amounts over a 15-year period. Thus, on June 30, 1969, the old-age and survivors insurance trust fund held special issues, totaling \$11,880 million, that were distributed by year of maturity, 1970–80, in equal amounts of \$1,080 million each (table 7). In addition, \$10,106 million was invested in 5- and 7-year notes, of varying amounts, maturing on June 30 of each year, 1971 and 1974–76. (Similarly, with respect to assets of the disability insurance trust fund at the end of fiscal year 1969, \$2,051 million was invested in 5- and 7-year notes, of varying amounts, maturing on June 30 of each year, 1971 and 1974–76.)

The circumstances under which the 7-year notes maturing on June 30, 1976, were acquired in June 1969 were similar to those under which the other 5- and 7-year notes had been acquired. Briefly, the interest rate on special issues acquired in June 1969, as determined under section 201(d) of the Social Security Act, was 6½ percent, while the interest rate on long-term issues is limited to 4¼ percent. Therefore, the established pattern of spreading the maturities equally over a 15-year period could not be followed, and the entire available amount was invested in 6½ percent 7-year notes, the longest-term issue possible at the prescribed interest rate. A fuller description of these investment operations is contained in the 1968 annual report.

SUMMARY OF THE OPERATIONS OF THE FEDERAL DISABILITY INSURANCE TRUST FUND, FISCAL YEAR 1969

A statement of the income and disbursements of the Federal disability insurance trust fund during fiscal year 1969 and of the assets of the fund at the beginning and end of the fiscal year is presented in table 9.

The total assets of the disability insurance trust fund amounted to \$2,585 million on June 30, 1968. By the end of fiscal year 1969 the assets amounted to \$3,678 million, an increase of \$1,092 million.

TABLE 9.—STATEMENT OF OPERATIONS OF THE DISABILITY INSURANCE TRUST FUND DURING THE FISCAL YEAR 1969

Total assets of the trust fund, June 30, 1968.....	\$2, 585, 396, 067. 49
Receipts, fiscal year 1969:	
Contributions:	
Appropriations.....	3, 251, 306, 156. 83
Deposits arising from State agreements.....	337, 398, 240. 03
Gross contributions.....	3, 588, 704, 396. 86
Less payment into the Treasury for contributions subject to refund.....	56, 270, 000. 00
Net contributions.....	3, 532, 434, 396. 86
Reimbursement from general fund of the Treasury for costs of noncontributory credits for military service.....	32, 000, 000. 00
Interest:	
Interest on investments.....	140, 806, 608. 92
Interest on amounts of interfund transfers for reimbursement of administrative expenses and construction costs.....	13, 175. 00
Interest on amounts of reimbursement for cost of vocational rehabilitation services transferred from old-age and survivors insurance trust fund.....	40, 483. 00
Total interest.....	140, 860, 266. 92
Total receipts.....	3, 705, 294, 663. 78
Disbursements, fiscal year 1969:	
Benefit payments.....	2, 443, 436, 935. 39
Transfers to railroad retirement account.....	21, 328, 000. 00
Payment for cost of vocational rehabilitation services for disabled beneficiaries:	
Gross payment.....	16, 697, 177. 35
Less reimbursements from old-age and survivors insurance trust fund for—	
Fiscal year 1968.....	725, 000. 00
Fiscal year 1969.....	1, 081, 000. 00
Net payment.....	14, 891, 177. 35
Administrative expenses:	
Department of Health, Education, and Welfare.....	125, 264, 632. 00
Treasury Department.....	6, 864, 485. 42
Expenses of the Department of Health, Education, and Welfare for administration of vocational rehabilitation program for disabled beneficiaries.....	348, 000. 00
Construction of facilities for Social Security Administration.....	1, 296, 960. 00
Reimbursement to old-age and survivors insurance trust fund due to adjustment in allocation of administrative expenses for fiscal year 1968.....	5, 142. 00
Gross administrative expenses.....	133, 779, 219. 42
Less receipts from sale of surplus supplies, materials, etc.....	18, 731. 82
Less reimbursement from hospital insurance and supplementary medical insurance trust funds for costs of construction in fiscal year 1968.....	241, 090. 00
Less reimbursement from old-age and survivors insurance trust fund for administration of vocational rehabilitation program for fiscal year 1969.....	24, 000. 00
Net administrative expenses.....	133, 495, 397. 60
Total disbursements.....	2, 613, 151, 510. 34
Net addition to the trust fund.....	1, 092, 143, 153. 44
Total assets of the trust fund, June 30, 1969.....	3, 677, 539, 220. 93

Net receipts of the fund amounted to \$3,705 million. Of this total, \$3,251 million represented contributions appropriated to the fund, and \$337 million represented amounts received by the Secretary of the Treasury in accordance with State coverage agreements and deposited in the fund. As an offset, \$56 million was transferred from the trust fund into the Treasury as repayment for the estimated amount of contributions subject to refund to employees who worked for more than one employer during the course of a year and paid contributions on wages in excess of the statutory maximum earnings base. (As in the case of the old-age and survivors insurance trust fund, two refund transfers were made during the year—amounting to \$23 million and \$33 million, respectively—as a result of the acceleration in the schedule of refund transfers into the Treasury.) Net contributions amounted to \$3,532 million, representing an increase of 31 percent over the amount for the preceding fiscal year.

This increase is accounted for, in part, by the same factors, insofar as they apply to contributions of the disability insurance trust fund, that accounted for the increase in contributions to the old-age and survivors insurance trust fund, and in part by the provision in the 1967 amendments that increased the portion of the contribution rate allocated to finance benefits from the disability insurance trust fund. Effective January 1, 1968, the allocated rate for employees and employers was increased from 0.35 percent of taxable earnings each to 0.475 percent each. For the self-employed, the allocated rate was increased from 0.525 percent to 0.7125 percent. (Although the increase in the allocated rate became effective in 1968, the first full fiscal year during which it was operative was 1969.)

In addition, under an accelerated schedule of annual payments, the trust fund received two reimbursements from the general fund of the Treasury, each amounting to \$16 million, as reimbursement for the costs of noncontributory credits for military service.

The remaining \$141 million of receipts consisted of interest on the investments of the fund and interest on amounts of interfund transfers.

Disbursements from the fund during the fiscal year 1969 totaled \$2,613 million. Of this total, \$2,443 million was for benefit payments, an increase of 17 percent over the corresponding amount paid in the fiscal year 1968. This increase is accounted for by the same factors that resulted in the increase in benefit payments from the old-age and survivors insurance trust fund (described in the preceding section).

Provisions governing the financial interchanges between the railroad retirement account and the disability insurance trust fund are similar to those referred to in the preceding section relating to the old-age and survivors insurance trust fund. The determination made as of June 30, 1968, required that a transfer of \$20,500,000 be made from the disability insurance trust fund to the railroad retirement account. This amount was transferred to the railroad retirement account in June 1969, together with interest to the date of transfer amounting to \$828,000.

The remaining disbursements amounted to \$133 million for net administrative expenses and \$15 million for the net cost of vocational rehabilitation services furnished to disabled-worker beneficiaries and

to those dependents of disabled workers who are receiving benefits on the basis of disabilities that have continued since childhood.

Section 222(d) of the Social Security Act provides that the total amount of funds that may be made available for payment for the costs of vocational rehabilitation services, including applicable administrative expenses of State agencies, in a fiscal year may not exceed 1 percent of the benefits certified for payment in the preceding year from the old-age and survivors insurance trust fund and the disability insurance trust fund to disabled persons receiving benefits because of their disability. The following table shows the relationship between the total amount made available in each fiscal year, 1966-69, for payment for the costs of such rehabilitation services and the corresponding amount of benefits paid in the prior fiscal year from the trust funds to disabled beneficiaries:

[Dollar amounts in thousands]

Fiscal year	Estimated amount of benefit payments in preceding fiscal year to disabled beneficiaries	Payment for costs of rehabilitation services ¹	
		Total	As percent of preceding year's benefit payments
1966.....	\$1, 220, 300	\$473	0. 04
1967.....	1, 483, 700	10, 056	. 68
1968.....	1, 600, 700	16, 000	1. 00
1969.....	1, 803, 700	18, 037	1. 00

¹ Expenditures from the trust funds for payment for costs of rehabilitation services for disabled beneficiaries were first authorized under the 1965 amendments and began in fiscal year 1966. The amounts shown represent the expenditures for a fiscal year and differ from amounts expended in a fiscal year as shown in accounting statements of the trust funds on a cash basis.

At the end of fiscal year 1969, some 2,407,000 persons were receiving monthly benefits from the disability insurance trust fund. The distribution of benefit payments in fiscal years 1968 and 1969, by type of benefit, is shown in table 10.

TABLE 10.—ESTIMATED DISTRIBUTION OF BENEFIT PAYMENTS FROM THE DISABILITY INSURANCE TRUST FUND BY TYPE OF BENEFICIARY, FISCAL YEARS 1968 AND 1969

[Dollar amounts in millions]

	1968		1969	
	Amount	Percent of total	Amount	Percent of total
Total.....	\$2, 088. 4	100	\$2, 443. 4	100
Disabled workers.....	1, 636. 6	78	1, 929. 3	79
Wives and husbands.....	121. 3	6	135. 5	6
Children.....	330. 5	16	378. 7	15

The assets of this fund at the end of fiscal year 1969 totaled \$3,678 million, consisting of \$3,491 million in the form of obligations of the U.S. Government or of federally sponsored agency obligations and \$187 million in undisbursed balances. Table 11 shows a comparison of the total assets of the fund and their distribution at the end of fiscal years 1968 and 1969.

TABLE 11.—ASSETS OF THE DISABILITY INSURANCE TRUST FUND, BY TYPE, AT END OF FISCAL YEARS 1968 AND 1969

	June 30, 1968		June 30, 1969	
	Par value	Book value ¹	Par value	Book value ¹
INVESTMENTS IN PUBLIC-DEBT OBLIGATIONS				
Public issues:				
Treasury notes:				
5½ percent, 1975.....	\$10,000,000	\$10,091,234.87	\$10,000,000	\$10,079,762.01
6 percent, 1975.....	3,750,000	3,750,000.00	3,750,000	3,750,000.00
Treasury bonds:				
3½ percent, 1990.....	10,500,000	9,902,843.06	10,500,000	9,930,510.62
3½ percent, 1998.....	5,000,000	4,684,320.80	5,000,000	4,694,727.80
3½ percent, 1974.....	5,000,000	5,000,000.00	5,000,000	5,000,000.00
4 percent, 1969.....	26,000,000	25,995,608.47	26,000,000	25,999,121.83
4 percent, 1970.....	24,000,000	23,949,276.29	24,000,000	23,976,098.45
4 percent, 1972.....	4,000,000	3,980,773.80	4,000,000	3,985,830.12
4 percent, 1973.....	16,500,000	16,378,543.32	16,500,000	16,402,436.40
4 percent, 1980.....	30,250,000	30,240,339.17	30,250,000	30,241,173.05
4½ percent, 1974.....	10,000,000	10,015,366.88	10,000,000	10,012,614.56
4½ percent, 1989-94.....	68,400,000	67,539,571.80	68,400,000	67,572,878.64
4½ percent, 1975-85.....	20,795,000	20,775,185.74	20,795,000	20,775,929.02
4¼ percent, 1987-92.....	80,800,000	80,972,275.47	80,800,000	80,963,247.99
Total investments in public issues.....	314,995,000	313,275,339.67	314,995,000	313,384,330.49
Obligations sold only to this fund (special issues):				
Notes:				
4¾ percent, 1974.....	309,178,000	309,178,000.00	309,178,000	309,178,000.00
4¾ percent, 1971.....	7,138,000	7,138,000.00	6,486,000	6,486,000.00
5¾ percent, 1975.....	583,612,000	583,612,000.00	583,612,000	583,612,000.00
6½ percent, 1976.....			1,151,608,000	1,151,608,000.00
Bonds:				
2¾ percent, 1974.....	77,006,000	77,006,000.00	77,006,000	77,006,000.00
2¾ percent, 1975.....	132,894,000	132,894,000.00	132,894,000	132,894,000.00
3¾ percent, 1974.....	20,738,000	20,738,000.00	20,738,000	20,738,000.00
3¾ percent, 1975.....	20,738,000	20,738,000.00	20,738,000	20,738,000.00
3¾ percent, 1976.....	153,632,000	153,632,000.00	153,632,000	153,632,000.00
3¾ percent, 1977.....	153,632,000	153,632,000.00	153,632,000	153,632,000.00
3¾ percent, 1978.....	153,632,000	153,632,000.00	153,632,000	153,632,000.00
4¾ percent, 1979.....	153,632,000	153,632,000.00	153,632,000	153,632,000.00
4¾ percent, 1980.....	125,606,000	125,606,000.00	125,606,000	125,606,000.00
Total obligations sold only to this fund (special issues).....	1,891,438,000	1,891,438,000.00	3,042,394,000	3,042,394,000.00
Total investments in public-debt obligations.....	2,206,433,000	2,204,713,339.67	3,357,389,000	3,355,778,330.49
INVESTMENTS IN FEDERALLY-SPONSORED AGENCY OBLIGATIONS				
Agency securities:				
Federal National Mortgage Association debentures:				
5½ percent, 1970.....	20,000,000	19,969,999.99	20,000,000	19,983,333.31
5½ percent, 1968.....	10,000,000	9,999,479.24		
Participation certificates:				
Federal assets liquidation trust—Government National Mortgage Association:				
5½ percent, 1972.....	50,000,000	50,000,000.00	50,000,000	50,000,000.00
Federal assets financing trust—Government National Mortgage Association:				
6.30 percent, 1971.....	15,000,000	15,000,000.00	15,000,000	15,000,000.00
6.35 percent, 1970.....	50,000,000	50,000,000.00	50,000,000	50,000,000.00
Total investments in federally sponsored agency obligations.....	145,000,000	144,969,479.23	135,000,000	134,983,333.31
Total investments.....	2,351,433,000	2,349,682,818.90	3,492,389,000	4,490,761,663.80
Undisbursed balances.....		235,713,248.59		186,777,557.13
Total assets.....		2,585,396,067.49		3,677,539,220.93

¹ Par value, plus unamortized premium, less discount outstanding.

The net increase in the par value of the investments owned by the fund during the fiscal year amounted to \$1,141 million. New securities at a total par value of \$4,925 million were acquired during the fiscal year through the investment of receipts of the fund and the reinvestment of funds made available from the maturity of securities. The par value of securities redeemed during the year was \$3,784 million. A summary of transactions for the fiscal year, by type of security, is presented in table 12.

TABLE 12.—STATEMENT OF TRANSACTIONS IN PUBLIC-DEBT AND IN FEDERALLY-SPONSORED AGENCY OBLIGATIONS FOR THE DISABILITY INSURANCE TRUST FUND DURING THE FISCAL YEAR 1969

[All amounts represent par values]

	Acquisitions	Dispositions
Public-debt obligations sold only to this fund (special issues):		
Certificates of indebtedness:		
5¼ percent, 1969	\$313,571,000	\$313,571,000
5¾ percent, 1969	585,078,000	585,078,000
5½ percent, 1969	532,208,000	532,208,000
5¾ percent, 1969	260,023,000	260,023,000
6 percent, 1969	341,752,000	341,752,000
6½ percent, 1969	746,954,000	746,954,000
6¼ percent, 1969	714,316,000	714,316,000
6½ percent, 1969	279,861,000	279,861,000
Notes:		
4¾ percent, 1971		652,000
6½ percent, 1976	1,151,608,000	
Total public-debt obligations sold only to this fund (special issues)	4,925,371,000	3,774,415,000
Federally-sponsored agency obligations:		
Agency securities:		
Federal National Mortgage Association debentures: 5¾ percent, 1968		10,000,000
Total federally-sponsored agency obligations		10,000,000
Total transactions	4,925,371,000	3,784,415,000

EXPECTED OPERATIONS AND STATUS OF THE TRUST FUNDS DURING THE PERIOD JULY 1, 1969 TO DECEMBER 31, 1974

In the following statement of the expected operations and status of the trust funds during the period July 1, 1969 to December 31, 1974, it is assumed that present statutory provisions affecting the old-age, survivors, and disability insurance program remain unchanged throughout the period. The estimates shown in the various tables in this section reflect the effect of the 1969 amendments to the Social Security Act, as described in a previous section. The income and disbursements of the program, however, are affected by general economic conditions as well as by legislative provisions. Because it is difficult to foresee economic developments, the assumptions and the resulting estimates here presented are subject to some uncertainty. This statement of the expected operations of the trust funds should, therefore, be read with full recognition of the difficulties of estimating future trust fund income and disbursements under changing economic conditions.

Table 13 presents data on the actual operations of the old-age and survivors insurance trust fund for selected fiscal years during the

period 1937-69¹ and also estimates of the expected operations of the trust fund in fiscal years 1970-74. The estimates are based on the assumption that employment and earnings will increase each year through 1974. Under this assumption, the estimated number of persons with taxable earnings under the old-age, survivors, and disability insurance program is expected to increase from 92.2 million during calendar year 1969 to 101.1 million during calendar year 1974; their taxable earnings are estimated to increase from \$402 billion in 1969 to \$502 billion in 1974. The increase in estimated total taxable earnings and income from contributions in fiscal years 1970-74 reflects the assumed upward trend in the levels of employment and earnings, as well as the scheduled changes in contribution rates. Benefit disbursements increase primarily because of the recent amendments and partly because of the long-range upward trend in the numbers of beneficiaries and in the average monthly amounts of benefits under the program. Aggregate income of the old-age and survivors insurance trust fund is expected to exceed aggregate outgo in the 5-year period covering fiscal years 1970-74. During this period, there is an estimated net increase in the old-age and survivors insurance trust fund of \$34.4 billion.

¹ Data relating to the operations of the old-age and survivors insurance trust fund for years not shown in tables 13-16 are contained in the 1967 annual report of the Board of Trustees.

TABLE 13.—OPERATIONS OF THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, SELECTED FISCAL YEARS 1937-74

[In millions]

Fiscal year	Transactions during period								Net increase in fund	Fund at end of period
	Income				Disbursements					
	Contributions, less refunds	Reimbursements from general fund of Treasury for costs of—		Interest on investments ²	Benefit payments ³	Administrative expenses ⁴	Transfers to railroad retirement account			
		Noncontributory credits for military service	Payments to noninsured persons aged 72 and over ¹							
Past experience:										
1937-69	\$229,760	\$327	\$226	\$12,010	\$205,082	\$4,527	\$4,524	\$28,191	\$28,191	
1940	550			42	16	12		564	1,745	
1945	1,310			124	240	27		1,167	6,613	
1950	2,106	4		257	727	57		1,583	12,893	
1955	5,087			438	4,333	103	-10	1,098	21,141	
1960	9,843			517	10,270	202	600	-713	20,829	
1961	11,293			531	11,185	236	332	72	20,900	
1962	11,455			541	12,658	251	361	-1,274	19,626	
1963	13,328			515	13,845	263	423	-687	18,939	
1964	15,503			542	14,579	303	403	760	19,699	
1965	15,857			586	15,226	300	436	482	20,180	
1966	17,866			595	18,071	254	444	-398	19,872	
1967	22,567	78		726	18,886	334	578	3,643	23,515	
1968	22,662	78		899	20,737	447	438	2,018	25,533	
1969	25,953	156	226	1,014	23,734	465	491	2,658	28,191	
Estimated future experience:										
1970	29,774	78	364	1,315	26,357	495	523	4,156	32,347	
1971	32,582	78	371	1,477	29,708	524	562	3,714	36,060	
1972	35,861	108	343	1,813	30,847	547	629	6,102	42,162	
1973	39,180	109	316	2,207	31,960	576	617	8,659	50,821	
1974	42,826	110	266	2,817	33,084	601	608	11,726	62,547	

¹ Under sec. 228 of the Social Security Act, the trust fund is reimbursed from the general fund of the Treasury for the cost of payments to beneficiaries with less than 3 quarters of coverage.

² Includes net profits on marketable investments and, for 1958-70, adjustment for interest on administrative-expense transfers between the old-age and survivors insurance trust fund and the other social security trust funds (see footnote 4 below).

³ Beginning in 1967, includes relatively small amounts of payments for vocational rehabilitation services furnished to disabled persons receiving benefits from the trust fund because of their disability.

⁴ Total excludes administrative expenses for the period ending Dec. 31, 1939; for that period, appropriations to the old-age and survivors insurance trust fund (designated as the old-age reserve account prior to Jan. 1, 1940) were approximately equivalent to tax contributions collected by the Treasury Department less administrative expenses. Beginning in 1954, includes costs of construction of office space for the Social Security Administration. For years 1957-65, expenses incurred by the Department of Health, Education, and Welfare under the disability insurance program were initially

charged to the old-age and survivors insurance trust fund; reimbursements, including interest, were then made from the disability insurance trust fund in the following fiscal year. For 1966, expenses incurred under the disability insurance program, the hospital insurance program, and the supplementary medical insurance program were initially charged to the old-age and survivors insurance trust fund; reimbursements, including interest, were made from the disability insurance trust fund and the hospital insurance trust fund in June 1966, and from the supplementary medical insurance trust fund in December 1966. Beginning in 1967, expenses incurred under each of the 4 programs are charged directly to the appropriate trust fund on a current (preliminary) basis, with a final adjustment made in the following fiscal year.

Note: In interpreting the estimates, reference should be made to the accompanying text which describes the underlying assumptions. Estimates were prepared in January 1970.

Estimates consistent with those shown on a fiscal-year basis in table 13 are presented in table 14 to show the progress of the old-age and survivors insurance trust fund on a calendar-year basis. The trust fund is expected to increase in each of the calendar years 1970-74, reaching \$66.1 billion on December 31, 1974.

TABLE 14.—OPERATIONS OF THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, SELECTED CALENDAR YEARS 1937-74

[In millions]

Calendar year	Transactions during period								Net increase in fund	Fund at end of period
	Income			Disbursements						
	Contributions, less refunds	Reimbursements from general fund of Treasury for costs of—		Interest on investments	Benefit payments	Administrative expenses	Transfers to railroad retirement account			
Noncontributory credits for military service		Payments to noninsured persons aged 72 and over								
Past experience:										
1937-69.....	\$243,003	\$405	\$590	\$12,647	\$217,262	\$4,776	\$4,524	\$30,082	\$30,082	
1940.....	325			43	35	26		306	2,031	
1945.....	1,285			134	274	30		1,116	7,121	
1950.....	2,667	4		257	961	61		1,905	13,721	
1955.....	5,713			454	4,968	119		1,087	21,663	
1960.....	10,866			516	10,677	203	318	184	20,324	
1961.....	11,285			548	11,862	239	332	599	19,725	
1962.....	12,059			526	13,356	256	361	1,388	18,337	
1963.....	14,541			521	14,217	281	423	143	18,480	
1964.....	15,689			569	14,914	296	403	645	19,125	
1965.....	16,017			593	16,737	328	436	890	18,235	
1966.....	20,580	78		644	18,267	256	444	2,335	20,570	
1967.....	23,138	78		818	19,468	406	508	3,652	24,222	
1968.....	23,719	156	226	939	22,643	476	438	1,483	25,704	
1969.....	27,947	78	364	1,165	24,210	474	491	4,378	30,082	
Estimated future experience:										
1970.....	29,991	78	371	1,396	28,799	503	523	2,011	32,093	
1971.....	34,562	108	343	1,645	30,288	536	562	5,272	37,365	
1972.....	36,386	109	316	2,010	31,414	562	629	6,216	43,581	
1973.....	41,334	110	266	2,512	32,518	589	617	10,498	54,079	
1974.....	43,372	111	225	3,164	33,641	616	608	12,007	66,086	

Note: In interpreting the above experience, reference should be made to the footnotes in table 13.

Table 15 shows the annual amount of benefit payments distributed by classification of beneficiaries for selected calendar years during the period 1940-74.

TABLE 15.—BENEFIT PAYMENTS FROM THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, DISTRIBUTED BY CLASSIFICATION OF BENEFICIARIES, SELECTED CALENDAR YEARS 1940-74

[In millions]

Calendar year	Total benefit disbursements	Monthly benefits disbursed to old-age beneficiaries and their dependents			Disbursed to survivors of deceased insured workers				Disbursed to noninsured persons aged 72 and over ¹
		Total	Old-age beneficiaries	Dependents of old-age beneficiaries	Monthly benefits			Lump-sum payments	
					Total	Aged or disabled widows and widowers, and aged parents	Widowed mothers, dependent divorced wives, and dependent children		
Past experience: ²									
1940	\$35	\$17	\$15	\$2	\$6	(³)	\$6	\$12	
1945	274	148	126	22	100	\$21	79	26	
1950	961	651	557	95	277	92	185	33	
1955	4,968	3,748	3,253	495	1,108	412	695	113	
1960	10,677	8,196	7,053	1,143	2,316	1,085	1,231	164	
1961	11,862	9,032	7,802	1,230	2,659	1,262	1,396	171	
1962	13,356	10,162	8,813	1,349	3,011	1,504	1,507	183	
1963	14,217	10,795	9,391	1,403	3,216	1,645	1,571	206	
1964	14,914	11,281	9,854	1,427	3,416	1,787	1,629	216	
1965	16,737	12,542	10,984	1,558	3,979	2,076	1,903	217	
1966	18,267	13,373	11,727	1,645	4,613	2,386	2,227	237	\$44
1967	19,468	14,048	12,371	1,677	4,854	2,579	2,275	252	314
1968	22,642	16,203	14,277	1,926	5,840	3,154	2,686	269	330
1969	24,209	17,393	15,383	2,010	6,219	3,407	2,812	291	305
Estimated future experience:									
1970	28,797	20,770	18,432	2,338	7,421	4,110	3,311	296	310
1971	30,286	21,918	19,522	2,396	7,797	4,380	3,417	302	269
1972	31,412	22,793	20,376	2,417	8,085	4,597	3,488	308	226
1973	32,516	23,631	21,193	2,438	8,382	4,823	3,559	314	189
1974	33,639	24,480	22,018	2,462	8,682	5,049	3,633	320	157

¹ Total benefit expenditures under sec. 228 of the Social Security Act; the trust fund is reimbursed from the general fund of the Treasury for the cost of payments to beneficiaries with less than 3 quarters of coverage.

² Partly estimated.
³ Less than \$500,000.

Benefit payments were 6.12 percent of taxable earnings for calendar year 1969 and are estimated to increase to 6.95 percent in 1970 and to 6.97 percent in 1971. The percentage will decline somewhat after 1971 as the effect of rising taxable earnings offsets the gradual long-term rise in the amount of benefit payments. Figures for selected calendar years during the period 1940-74 are shown in table 16.

TABLE 16.—OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS AS A PERCENTAGE OF TAXABLE EARNINGS,¹ SELECTED CALENDAR YEARS 1940-74

Calendar year	Benefit payments as a percentage of taxable earnings ²	Calendar year	Benefit payments as a percentage of taxable earnings ²
Past experience:		Past experience—Continued:	
1940.....	0.11	1966.....	6.01
1945.....	.44	1967.....	5.99
1950.....	1.10	1968.....	6.11
1955.....	3.27	1969.....	6.12
1960.....	5.33	Estimated future experience:	
1961.....	5.85	1970.....	6.95
1962.....	6.31	1971.....	6.97
1963.....	6.52	1972.....	6.95
1964.....	6.53	1973.....	6.93
1965.....	6.92	1974.....	6.88

¹ Percentage takes into account, for 1951 and later, (1) lower contribution rate payable by the self-employed compared with combined employer-employee rate, (2) employee contributions subject to refund, and (3) for 1966 and later, that only the employee contribution is payable on tips taxable as wages.

² For 1966-69, percentages are preliminary and subject to revision when complete tabulation of taxable earnings is available. For 1966-74, percentages are based on sum of payments for benefits (excluding payments under sec. 228 of the Social Security Act to certain noninsured persons aged 72 and over with less than 3 quarters of coverage, costs of which are financed from the general fund of the Treasury) and for vocational rehabilitation services.

The growth in the number of beneficiaries in the past and the expected growth in the future are attributable in large measure to the rising number of workers who are eligible for and receiving old-age (primary) benefits. The growth in the number of eligible workers since 1940 has been uninterrupted. This growth results partly from the increase in the population at these ages and partly from two other factors—(1) in each passing year a larger proportion of the persons attaining age 65 has had fully insured status and (2) the amendments during the period 1950-67 liberalized the eligibility provisions and extended coverage to new categories of employment.

In addition, there has been a growth in the proportion of eligible workers who receive benefits. In the early years of the program, a considerable proportion of the workers who were eligible for old-age (primary) benefits remained in, or returned to, covered employment and, therefore, did not receive benefits. Since 1945, however, the proportion of eligible workers receiving retirement benefits has been increasing, except for temporary halts due to special circumstances resulting from the amendments of 1950 and 1954. In general, due to the increasing percentage of eligibles aged 72 or over, who receive benefits regardless of earnings, the upward trend in this proportion is expected to continue, although at a slower rate than in the past.

The expected operations and status of the disability insurance trust fund during the next 5 fiscal years are presented in table 17, together with the figures on actual experience in earlier years. Aggregate income of the disability insurance trust fund is expected to exceed aggregate outgo in the 5-year period covering fiscal years 1970-74. During this period there is an estimated net increase in the trust fund of \$8.5 billion.

TABLE 17.—OPERATIONS OF THE DISABILITY INSURANCE TRUST FUND, FISCAL YEARS 1957-74

[In millions]

Fiscal year	Transactions during period								Net increase in fund	Fund at end of period
	Income			Disbursements						
	Contributions, less refunds	Reimbursements from general fund of Treasury for cost of non-contributory credits for military service	Interest on investments ¹	Benefit payments	Payments for vocational rehabilitation services	Administrative expenses ²	Transfers to railroad retirement account			
Past experience:										
1957-69.....	\$18,621	\$64	\$767	\$14,679	\$38	\$908	\$149	\$3,678	\$3,678	
1957.....	337		1			1		337	337	
1958.....	926		16	168		12		762	1,099	
1959.....	855		33	339		21		568	1,667	
1960.....	987		47	528		32	-27	501	2,157	
1961.....	1,022		61	704		36	5	337	2,504	
1962.....	1,021		68	1,011		64	11	2	2,507	
1963.....	1,077		67	1,171		67	20	-113	2,394	
1964.....	1,143		65	1,251		68	19	-130	2,264	
1965.....	1,175		62	1,392		79	24	-257	2,007	
1966.....	1,557		54	1,721	1	183	25	-321	1,686	
1967.....	2,249	16	67	1,861	7	99	31	335	2,022	
1968.....	2,699	16	85	2,088	15	112	20	564	2,585	
1969.....	3,532	32	141	2,443	15	133	21	1,092	3,678	
Estimated future experience:										
1970.....	4,113	16	216	2,798	19	158	18	1,351	5,029	
1971.....	4,656	16	302	3,191	23	166	17	1,587	6,616	
1972.....	4,870	23	385	3,356	27	176	21	1,698	8,314	
1973.....	5,078	23	481	3,577	28	188	22	1,837	10,151	
1974.....	5,312	23	590	3,649	30	197	23	2,026	12,177	

¹ Includes net profits on marketable investments and, for 1958-70, adjustment for interest on administrative-expense transfers between the disability insurance trust fund and the old-age and survivors insurance trust fund (see footnote 2 below).

² For years 1957-65, expenses of the Department of Health, Education, and Welfare under the disability insurance program were initially charged to the old-age and survivors insurance trust fund; reimbursements, including interest, were then made from the disability insurance trust fund in the following fiscal year. For 1966, expenses incurred under the disability insurance program were initially

charged to the old-age and survivors insurance trust fund; reimbursement, including interest, was made from the disability insurance trust fund in June 1966. Beginning in 1967, expenses incurred under the disability insurance program are charged directly to the trust fund on a current (preliminary) basis, with a final adjustment made in the following fiscal year.

Note: Reference should be made to the text which describes the underlying assumptions and limitations. Estimates were prepared in January 1970.

Estimates consistent with those shown on a fiscal-year basis in table 17 are presented in table 18 to show the progress of the disability insurance trust fund on a calendar-year basis. The trust fund is expected to increase in each of the calendar years 1970-74, reaching about \$12.9 billion on December 31, 1974.

TABLE 18.—OPERATIONS OF THE DISABILITY INSURANCE TRUST FUND, CALENDAR YEARS 1957-74

[In millions]

Calendar year	Transactions during period								Net increase in funds	Fund at end of period
	Income			Disbursements						
	Contributions, less refunds	Reimbursements from general fund of Treasury for cost of noncontributory credits for military service	Interest on investments	Benefit payments	Payments for vocational rehabilitation services	Administrative expenses	Transfers to railroad retirement account			
Past experience:										
1957-69.....	\$20,299	\$80	\$866	\$15,972	\$45	\$979	\$149	\$4,100	\$4,100	
1957.....	702		7	57		3		649	649	
1958.....	966		25	249		12		729	1,379	
1959.....	891		40	457		50	-22	447	1,825	
1960.....	1,010		53	568		36	-5	464	2,289	
1961.....	1,038		66	887		64	5	148	2,437	
1962.....	1,046		68	1,105		66	11	-69	2,368	
1963.....	1,099		66	1,210		68	20	-133	2,235	
1964.....	1,154		64	1,309		79	19	-188	2,047	
1965.....	1,188		59	1,573		90	24	-440	1,606	
1966.....	2,006	16	58	1,781	3	137	25	133	1,739	
1967.....	2,286	16	78	1,939	11	109	31	290	2,029	
1968.....	3,316	32	106	2,294	16	127	20	996	3,025	
1969.....	3,599	16	177	2,542	15	138	21	1,075	4,100	
Estimated future experience:										
1970.....	4,452	16	259	3,072	21	169	18	1,447	5,547	
1971.....	4,735	23	344	3,274	25	171	17	1,615	7,162	
1972.....	4,940	23	433	3,435	27	182	21	1,731	8,893	
1973.....	5,150	23	536	3,578	29	192	22	1,888	10,781	
1974.....	5,378	24	650	3,714	30	199	23	2,086	12,867	

Note: In interpreting the above experience, reference should be made to the footnotes in table 17.

The total amount of disability benefit payments will continue to increase as the numbers of beneficiaries and the average monthly benefit amounts increase. Disability benefit expenditures as a percentage of taxable payroll will also increase—from 0.65 percent of taxable earnings for calendar year 1969 to an estimated 0.75 percent of taxable earnings in 1970 and to 0.77 percent in 1971–74, as shown in table 19.

TABLE 19.—DISABILITY INSURANCE BENEFIT PAYMENTS AS A PERCENTAGE OF TAXABLE EARNINGS,¹ CALENDAR YEARS 1957–74

Calendar year	Benefit payments as a percentage of taxable earnings ²	Calendar year	Benefit payments as a percentage of taxable earnings ²
Past experience:		Past experience—Continued	
1957.....	0.03	1967.....	0.61
1958.....	.14	1968.....	.63
1959.....	.23	1969.....	.65
1960.....	.28	Estimated future experience:	
1961.....	.44	1970.....	.75
1962.....	.52	1971.....	.77
1963.....	.55	1972.....	.77
1964.....	.57	1973.....	.77
1965.....	.65	1974.....	.77
1966.....	.59		

¹ Percentage takes into account (1) lower contribution rate payable by the self-employed compared with combined employer-employee rate, (2) employee contributions subject to refund, and (3) for 1966 and later, that only the employee contribution is payable on tips taxable as wages.

² For 1966–69, percentages are preliminary and subject to revision when complete tabulation of taxable earnings is available. For 1966–74, percentages are based on sum of payments for benefits and for vocational rehabilitation services.

Reference has been made in earlier sections to the financial interchanges between the railroad retirement account and the two trust funds, under the provisions of the Railroad Retirement Act. The estimates shown in tables 13, 14, 17, and 18 reflect the effect of future financial interchanges.

Reference has also been made previously to the provisions of section 228 of the Social Security Act under which benefits are paid initially from the old-age and survivors insurance trust fund to certain noninsured persons aged 72 and over, with later reimbursement from the general fund of the Treasury for the costs of payments to those in this group who have less than 3 quarters of coverage. The estimates in tables 13–16 reflect the effect of these provisions.

The estimates in tables 13–19 reflect the effect of the provisions in section 222(d) of the Social Security Act authorizing expenditures from the old-age and survivors insurance and disability insurance trust funds for the cost of vocational rehabilitation services furnished to disabled beneficiaries.

Reference has been made in earlier sections to statutory provisions of the Social Security Act authorizing annual reimbursements from the general fund of the Treasury to the old-age and survivors insurance and disability insurance trust funds for costs of granting noncontributory credits for military service. The estimates shown in the various tables in this section reflect the effect of past and expected future reimbursements.