

Employee-Benefit Plans, 1971

by WALTER W. KOLODRUBETZ*

Employee-benefit plans providing income-maintenance payments and health expense benefits have undergone vigorous expansion since 1950, especially in the last 5 years, as the annual review of these plans reveals. In 1971, annual contributions and benefit payments were almost double the amount in 1966. The wage-price freeze instituted in the second half of 1971 contributed to a slowing in the growth rate of health care contributions and benefit payments. Despite this factor, the rise in contributions to employee-benefit plans was much greater than the growth in wages and salaries in 1971.

CONTRIBUTIONS for employee-benefit plans rose by 16.1 percent from 1970 to 1971, the highest annual percentage increase recorded since the series began in 1950. In 1971, the cost to employers and employees of financing voluntary retirement, health, life, and temporary disability insurance plans reached \$40.2 billion, some \$5.6 billion more than the year before. This increase was greatly in excess of the growth in wages and salaries in 1971. This may be due in part to the institution of the wage and price freeze in August 1971, which probably did not affect prior commitments of payroll dollars into short- and long-range employee benefit programs.

Benefit payments also rose sharply in 1971, totaling almost \$30 billion or \$3.6 billion more than in 1970. The increase of 14 percent, however, was somewhat lower than that recorded in recent years, mostly because of health benefits. Although the curb on price increases was in effect only in the last half of the year, it undoubtedly played a role in the deceleration of health benefit payments.

BACKGROUND

An "employee-benefit plan," as defined here, is any type of plan sponsored or initiated unilater-

ally or jointly by employers or employees and providing benefits that stem from the employment relationship and that are not underwritten or paid directly by government (Federal, State, or local). In general, the intent is to include plans that provide in an orderly predetermined fashion for (1) income maintenance during periods when regular earnings are cut off because of death, accident, sickness, retirement, or unemployment and (2) benefits to meet medical expenses associated with illness or injury.

Government employees who are covered by plans underwritten by nongovernment organizations are included in the series, whether or not the government unit contributes (as an employer) to the financing of the program. Specifically included here are plans providing government employees with group life insurance, accidental death and dismemberment insurance, and hospital, surgical, regular medical, and major-medical expense insurance. Retirement and sick-leave plans for government employees, which are financed and administered directly by government, are excluded from the series.

Coverage Estimates

As noted in previous articles in this series, the data relating to employee coverage under group health insurance and retirement plans are much less precise than might be desirable, chiefly because of problems involved in adjusting for a number of factors that lead to overstatements of coverage. Estimates for health insurance, for example, are based on reports of private insurance companies and other nongovernmental agencies. Many of the reports include data for persons who—because of retirement, layoff, sickness, or job shifts—are no longer employed as wage and salary workers. In addition, an unknown amount of duplication in the coverage of group health insurance, especially involving working husbands and wives, exists.

* Division of Economic and Long-Range Studies, Office of Research and Statistics.

Dual coverage is an especially critical factor with respect to retirement plan coverage estimates. In recent years a growing number of employers have installed more than one type of pension or profit-sharing plan for some, or maybe all of their employees. Workers are frequently covered by both an insured plan and a noninsured plan, or by a multiemployer plan as well as a union-sponsored plan. Duplicate coverage also arises from provisions for separate pension plans established for workers earning more than the social security taxable maximum.

Another factor that produced inflated coverage estimates is the increasing number of workers entitled to vested pensions from a previous employer. No attempt has been made to date to correct the series to account for workers currently covered by a pension plan who have deferred vested rights from a previous job.

A third factor believed to have contributed to overstatement of coverage is the estimates involving smaller employers and groups. Such plans are responsible for much of the growth in private plans in recent years. The estimates in this area, however, have a wide margin of error, since they are projected from reports mainly from large established plans.

In an effort to appraise the significance of these potential overlaps, a survey of pension and health coverage of the labor force was conducted in conjunction with the April 1972 Current Population Survey at the request of the Social Security Administration, the Treasury Department, and the Department of Labor. Preliminary estimates, based on the survey results, indicate the need for downward revisions in the health insurance and pension series. An analysis of these data, including reconciliation with other sources, is now under way. For this reason, the Social Security Administration estimates of employee coverage under employee-benefit plans for 1971 are not included in the current article. It is expected that the material on the coverage benchmarks will be published later in the year. The survey will also permit detailed analyses of the economic and demographic characteristics of persons with and without such coverages.

Contributions

Employer and employee contributions to employee-benefit plans (as defined in this series) amounted to \$40.2 billion in 1971 (table 1). The

TABLE 1.—Estimated total employer and employee contributions¹ under employee-benefit plans,² by type of benefit, selected years, 1950-71

[In millions]								
Type of benefit	1950	1955	1960	1965	1966	1969	1970	1971
Total.....	\$3,937.0	\$7,851.6	\$12,552.1	\$19,892.0	\$21,650.6	\$30,480.8	\$34,678.2	\$40,250.0
Benefits for all wage and salary workers:								
Life insurance and death benefits ³	480.0	880.6	1,416.2	2,223.0	2,375.7	3,223.6	3,522.9	3,837.6
Accidental death and dismemberment ⁴	18.4	43.4	70.0	118.0	131.0	190.0	224.0	229.0
Total health benefits.....	856.3	2,193.6	4,257.0	7,520.0	8,041.5	11,594.8	13,877.6	16,198.1
Hospitalization ^{5,6}	562.4	1,385.1	2,504.8	4,332.8	4,546.8	6,341.4	7,569.3	8,671.8
Surgical and regular medical ⁵	293.9	769.5	1,282.2	2,109.2	2,299.7	3,363.4	3,998.3	4,712.3
Major-medical expense ⁷		39.0	470.0	1,078.0	1,195.0	1,890.0	2,310.0	2,814.0
Benefits for wage and salary workers in private industry:								
Temporary disability, including formal sick leave ⁸	502.3	854.1	1,170.9	1,547.0	1,722.4	2,582.4	2,923.7	3,215.3
Written in compliance with law.....	75.9	178.8	238.8	258.4	280.1	394.4	417.4	453.1
Supplemental unemployment benefits ⁹		40.0	118.0	116.0	130.0	110.0	130.0	140.0
Retirement ¹⁰	2,080.0	3,840.0	5,490.0	8,360.0	9,250.0	12,780.0	14,000.0	16,630.0

¹ Excludes dividends in group insurance.
² Plans whose benefits flow from the employment relationship and are not underwritten or paid directly by government (Federal, State, or local). Excludes workmen's compensation required by statute, and employer's liability.

³ Group and wholesale life insurance premiums based on data from Institute of Life Insurance and Health Insurance Association of America, *Group Insurance Coverages in the United States*, annual issues, and *Tally*, October 1972, modified to exclude group plans not related to employment; excludes premiums for the servicemen's group life insurance plan. Self-insured death benefits costs based on data for various trade-union, mutual benefit associations, and company-administered plans.

⁴ Data from Institute of Life Insurance (see footnote 3).

⁵ Data from "Private Health Insurance in 1971: Health Care Services, Enrollment, and Finances," *Social Security Bulletin*, February 1973. In estimating contributions for employees under plans other than group insurance and union and company plans, it was assumed that the proportion of subscription income attributable to employed groups increased gradually from 75 percent in 1950-60 to 83 percent in 1971.

⁶ Includes private hospital plans written in compliance with State temporary disability insurance law in California; separate data not available for these plans.

⁷ Unpublished data from the Health Insurance Association of America. Represents premiums for group supplementary and comprehensive major-medical insurance underwritten by commercial insurance carriers.

⁸ Data from "Cash Benefits for Short-Term Sickness, 1948-71," *Social Security Bulletin*, January 1973. Includes private plans written in compliance with State temporary disability laws in California, New Jersey, and New York, shown separately in next line.

⁹ Based on trade-union and industry reports, and data from "Financing Supplemental Unemployment Benefit Plans," *Monthly Labor Review*, November 1969. Excludes dismissal wage and separation allowances, except when financed by supplemental unemployment benefit funds covering temporary and permanent layoffs.

¹⁰ Estimated by the Social Security Administration. Includes contributions to pay-as-you-go and deferred profit-sharing plans, plans of nonprofit organizations, union pension plans, and railroad plans supplementing Federal railroad retirement program.

TABLE 2.—Contributions under employee-benefit plans,¹ by type of benefit in relation to wage and salary payroll, 1950–71

Year	Life insurance and death	Accidental death and dismemberment	Hospitalization	Surgical and regular medical ²	Major medical expense	Temporary disability, including formal sick leave ³	Supplemental unemployment	Retirement
	Employer and employee contributions as percent of all wages and salaries ⁴					Employer and employee contributions as percent of wages and salaries in private industry ⁵		
1950.....	0.34	0.01	0.40	0.21	-----	0.40	-----	1.87
1955.....	.44	.02	.69	.38	0.02	.49	0.02	2.19
1960.....	.54	.03	.96	.49	.18	.63	.05	2.47
1961.....	.58	.03	1.06	.54	.24	.63	.05	2.48
1962.....	.59	.03	1.11	.56	.26	.64	.06	2.51
1963.....	.62	.03	1.16	.58	.28	.63	.06	2.55
1964.....	.63	.03	1.21	.58	.30	.61	.04	2.70
1965.....	.64	.03	1.25	.61	.31	.64	.04	2.89
1966.....	.62	.03	1.20	.61	.31	.64	.04	2.92
1967.....	.62	.03	1.16	.63	.32	.65	.03	3.00
1968.....	.66	.04	1.23	.65	.36	.61	.03	3.03
1969.....	.66	.04	1.29	.69	.38	.64	.03	3.15
1970.....	.67	.04	1.45	.77	.44	.69	.03	3.28
1971.....	.69	.04	1.67	.85	.51	.71	.03	3.70

¹ Plans whose benefits flow from the employment relationship and are not underwritten or paid directly by government (Federal, State, or local). Excludes workmen's compensation required by statute and employer's liability.

² Data on contributions for surgical and regular medical benefits not available separately.

³ Includes contributions for long-term disability; data not available separately.

⁴ Amounts for private and public employees related to private and government civilian wages and salaries (\$554.1 billion in 1971) from table 6.2 in *Survey of Current Business*, July 1972 and from the *National Income and Product Accounts of the United States, 1929-1965 Statistical Tables (Supplement to the Survey of Current Business)*, 1966.

⁵ Amounts for private employees related to wage and salaries in private industry (\$449.7 billion in 1971) from table 6.2 in source listed in footnote 4.

record 16-percent growth was considerably more than the increase in any of the 3 years preceding 1971, when the growth rate ran about 14 percent.

Some of the increase can be attributed to a continued rise in health insurance costs. Contributions for health insurance rose less rapidly in 1971, however, than in recent years, reflecting a slowdown in the inflation of hospital and physician prices. Nevertheless, as a result of the 17-percent rise in contributions to health insurance programs, the health bill for employers and employees rose \$2.3 billion to reach approximately \$16.2 billion in 1971.

Much of the increase in total contributions came from a spurt in employer and employee contributions to retirement plans, which amounted to an estimated \$16.6 billion in 1971, or 18.8 percent higher than the 1970 total. This increase was considerably greater than that in any of the 5 years preceding 1971.

Although contributions in 1971 to finance other types of employee-benefit plans showed substantial dollar increases (table 1), the percentage growth was not as great as that for health and retirement programs. Contributions for life insurance and accidental death and dismemberment benefits reached \$4 billion in 1971. For temporary disability and formal sick-leave plans in private industry, contributions amounted to \$3.2 billion, or 10 percent more than in 1970.

Employee-benefit plan contributions have risen at an annual rate of more than 10 percent since 1966. As a result, in the brief span of 5 years, annual total contributions to employee-benefit plans have almost doubled—from \$21.7 billion in 1966 to \$40.2 billion in 1971. The rate of increase has accelerated in the last 2 years and contributions have increased by \$10 billion. The growth rate in contributions has differed little among the various types of benefits; the distribution of the contribution dollar is similar to that of 5 years ago—two-fifths for health insurance and two-fifths for retirement programs.

When contributions are related to aggregate wage and salary payroll, employee-benefit plans also show real advances during 1971, continuing the longrun trend. The ratio of contributions to wages and salaries has had a fairly steady increase since 1950 for most types of benefits, but has been rising at a greater than average pace in recent years. In 1971, contributions for health insurance equaled 2.9 percent of all wages and salaries, compared with 2.1 percent in 1966 (table 2). Employer-employee contributions towards private retirement plans rose from 2.9 percent of total private wage and salary payroll in 1966 to 3.7 percent in 1971.

The rising ratio of contributions to wages in recent years reflects in part the fact that the rate of growth of wages has leveled off. At the same

time, the scope of employee benefits has grown, and the cost of providing such benefits, especially health insurance, has risen.

Benefits

An estimated total of \$29.4 billion was distributed by employee-benefit plans in 1971 (table 3). This amount is double the benefits paid out 5 years ago. The 14-percent rise over 1970 expenditures was somewhat smaller than that experienced in the past few years, partly because of a slackening in the growth of benefits paid under health insurance programs. Some of this slowdown reflects the temporary ceilings placed on hospital and physicians' charges by the Federal Government in August 1971. As a result, the \$15.3 billion paid out for health claims in 1971 represented a 15-percent increase over 1970—a drop from the 21-percent rise of the preceding year.

Temporary disability payments to workers in private industry (including formal paid sick leave) amounted to \$2.5 billion in 1971—slightly up from the amount for 1970. The 5-percent increase was considerably less than that in each of the 3 years preceding 1971. The wage freeze was influential in holding down the level of aggregate benefit payments, because benefits are closely

keyed to wage levels under temporary disability plans.

On the other hand, retirement payments (estimated at \$8.6 billion in 1971) rose by almost 17 percent over the 1970 figure. This growth rate was roughly similar to that in the past few years. Life insurance and accidental death and dismemberment payments amounted to \$2.9 billion—11 percent over 1970 figures.

A general broadening of the health benefit structure of employee-benefit plans has occurred in the past 10 years—especially with respect to major medical protection. The vast part of total health expenditures is, however, still concerned with hospital care and physicians' services.

Table 4 shows the detailed breakdown of the amount of benefits paid, by type of service under employee-benefit plans. It is estimated that in 1971, 62.8 percent of the \$15.3 billion of health-care benefits paid through these plans went for hospital care, 31.2 percent for physicians' services, and only 6 percent for other types of care—drugs, nursing, etc. The proportion of the benefits paid for medical services, other than hospital care and physicians' services, is rising steadily; it was less than 4 percent of the total 5 years ago. Although not yet financially significant, the employee coverage for other medical services has been growing at a more rapid pace than coverage under tradi-

TABLE 3.—Estimated benefits paid under employee-benefit plans,¹ by type of benefit, selected years, 1950-71

1972-1973

[In millions]								
Type of benefit	1950	1955	1960	1965	1966	1969	1970	1971
Total.....	\$1,812.5	\$4,070.9	\$7,804.5	\$13,543.7	\$14,939.2	\$22,119.2	\$25,709.1	\$29,399.0
Benefits for all wage and salary workers:								
Life insurance and death benefits ²	310.0	581.5	1,017.6	1,550.0	1,706.9	2,386.2	2,435.1	2,700.8
Accidental death and dismemberment ³	16.0	26.1	47.3	89.5	97.0	128.7	151.4	170.6
Total health benefits.....	708.7	1,902.9	3,898.2	7,012.1	7,427.5	10,984.1	13,322.7	15,302.6
Hospitalization ⁴	477.5	1,241.8	2,355.0	4,160.5	4,312.0	6,128.3	7,344.0	8,396.0
Written in compliance with law.....	2.1	5.6	8.0	2.5	2.6	3.3	3.3	2.4
Surgical and regular medical ⁴	231.2	637.1	1,116.2	1,847.6	1,979.5	2,933.8	3,563.7	4,023.6
Major-medical expense ⁵.....	.....	24.0	427.0	1,004.0	1,136.0	1,922.0	2,415.0	2,883.0
Benefits for wage and salary workers in private industry:								
Temporary disability, including formal sick leave ⁷	407.8	710.4	1,030.4	1,310.1	1,435.8	2,070.2	2,404.9	2,515.9
Written in compliance with law.....	54.3	135.2	196.1	197.6	208.4	281.2	307.2	310.4
Supplemental unemployment benefits ⁸.....	.....	.....	91.0	62.0	82.0	100.0	125.0	130.0
Retirement ⁹	370.0	850.0	1,720.0	3,520.0	4,190.0	6,460.0	7,360.0	8,580.0

¹ Plans whose benefits flow from the employment relationship and are not underwritten or paid directly by government (Federal, State, or local).

² Group and wholesale life insurance benefits based on data from Institute of Life Insurance, *Life Insurance Fact Book*, 1972, modified to exclude group plans not related to employment; excludes benefits paid under the servicemen's group life insurance plan. Self-insured death benefits based on data for various trade-union, mutual benefit association, and company-administered plans.

³ Unpublished data from the Institute of Life Insurance (see footnote 2).
⁴ Data from "Private Health Insurance in 1971: Health Care Services, Enrollment, and Finances," *Social Security Bulletin*, February 1973. In estimating benefits paid to employees under plans other than group insurance and union and company plans, it was assumed that the proportion of benefits attributable to employed groups increased gradually from 75 percent in 1950-60 to 83 percent in 1971.

⁵ Includes hospital plans written in compliance with State temporary disability insurance law in California, shown separately in next line.

⁶ Unpublished data from the Health Insurance Association of America. Represents benefits paid under group supplementary and comprehensive major-medical insurance underwritten by commercial insurance carriers.

⁷ Data from "Cash Benefits for Short-Term Sickness, 1948-71," *Social Security Bulletin*, January 1973. Includes private plans written in compliance with State temporary disability insurance laws in California, New Jersey, and New York, shown separately in next line. Includes benefits under long-term disability plans, not available separately.

⁸ Based on trade-union and industry reports and "Financing Supplemental Unemployment Benefit Plans," *Monthly Labor Review*, November 1969. Excludes dismissal wage and separation allowances, except when financed from supplemental unemployment benefit funds covering temporary and permanent layoffs.

⁹ Estimated by the Social Security Administration. Includes benefits paid under pay-as-you-go and deferred profit-sharing plans, plans of non-profit organizations, union pension plans, and railroad plans supplementing Federal railroad retirement program.

TABLE 4.—Estimated health insurance benefits paid under employee-benefit plans, by type of service, 1966 and 1971

[In millions]

Type of service	1971		1966	
	Amount	Percentage distribution	Amount	Percentage distribution
Total.....	\$15,302.6	100 0	\$7,427.5	100.0
Hospital care.....	9,606.9	62.8	4,789.0	64.5
Physicians' services.....	4,766.9	31.2	2,367.5	31.9
Other types of care.....	928.8	6.0	271.0	3.6

tional health-care services, so their share of the benefit payments may be expected to expand.

The significant expansion of coverage and improvement of benefits that have taken place under employee-benefit health insurance plans are apparent from the results of a recent study by the Bureau of Labor Statistics of 96 large plans for nonoffice employees.¹ Between 1966 and 1971, cash benefits for hospital and surgical procedures were substantially liberalized, partly in response to rapidly rising costs of health care. In addition, a number of plans switched from cash benefits to service benefits that have built-in cost adjustments. In 1971, 75 percent of the plans had service benefits for hospital care, compared with 58 percent in 1966. A similar though smaller shift occurred for surgical and medical benefits.

Many plans also increased the maximum number of days for which full hospital benefits were payable. In 1971, almost half of them provided full hospital benefits for 365 days or more, compared with roughly one-fourth in 1966.

The study showed that many plans were improved by the addition of new benefits, including the coverage of regular dental expenses. Furthermore, the number of supplemental major medical plans nearly doubled in the 5-year period, with 5 out of 6 plans paying 80 percent of all covered charges in excess of the deductible; the proportion was only 46 percent in 1966.

Despite the substantial broadening of health insurance benefits, more employers pay the full cost of the programs. In 80 percent of the plans studied, the employer paid the full cost of the coverage for employees and most of them also paid the cost for dependents' coverage.

¹ Kevin G. Wetmore, "Improvements in Employee Health Care Benefits," *Monthly Labor Review*, August 1972.

These trends are also evident in the Health Insurance Institute's annual studies of new group health insurance policies issued during the year.² In new plans covering 25-499 employees, for example, 20 percent of the employees in basic hospital expense plans were provided hospital room-and-board benefits of \$25 or more in 1966; in 1971 this ratio was 63 percent. In 1971, 61 percent of the employees in basic surgical expense plans had maximum surgical schedules of \$500 or more; in 1966 only 16 percent had such schedules.

For supplementary major medical plans, the trend was toward higher maximum benefits: 75 percent of the employees in new plans in 1971 had maximum benefits of \$15,000 or more, compared with 11 percent in 1966. Similarly, under comprehensive major medical plans the proportion of employees with such maximums went from 30 percent in 1966 to 93 percent in 1971. Only in the area of duration of hospital benefits was relatively little change reported. In 1971, 28 percent of the employees with basic or basic and major medical coverage were covered for 120 days or more of hospital confinement under their group basic plans, compared with 25 percent in 1966.

The area of group disability insurance was also surveyed by the Health Insurance Institute. In new short-term disability plans, the proportion of employees eligible for 26 weeks of benefits or more went from 36 percent in 1966 to 53 percent in 1971. Among employees protected by 26-week group plans in 1971, almost two-thirds were covered for an average weekly income benefit of \$55 or more. In 1966, only one-fourth of the employees with 26-week plans were so covered.

PRIVATE PENSION TRENDS

Contributions

Employer and employee contributions grew at a strong pace during 1971. Contributions to finance current and future benefit under retirement plans reached \$16.6 billion or eight times the 1950 level (table 5). The sharp increase of 18.8 percent above the 1970 figure continues the upward trend

² Health Insurance Institute, *New Group Health Insurance: I. Policies Issued in 1971 and II. The Five-Year Trend, 1966-1971*.

in contributions. This rise was substantially higher than that experienced in previous years, despite the 1971 leveling in the growth rate of wages and salaries.

Employer contributions rose more rapidly than employee contributions during 1971. As a result, it is estimated that private retirement plans cost employers about \$15.2 billion in 1971 and employees contributed about \$1.5 billion. The employers' share of the total was 91 percent in 1971; in 1950 it was 84 percent.

Benefits and Beneficiaries

Benefits paid out by private pension plans amounted to \$8.6 billion during 1971. The 16.6-percent increase was typical of the growth in the past few years. An estimated 5.2 million persons (retired workers and survivors) received benefits in 1971—10 percent more than in 1970. This was a net increase of 480,000 from the number in 1970.

The 1971 figures serve to underscore the expanding role of private pensions in income maintenance during retirement. The rate of growth in benefits is greater than that for beneficiaries, but the figures in both series have been rising rapidly. The continuing increase in the amount of benefits paid reflects benefit improvements and increased wage and salary payrolls, as well as the growing number of persons qualifying for private pensions. The steady growth in the number of

beneficiaries is tied in part to the gradual aging of the members of the labor force who were first included in these plans in the fifties, as well as pressures for retirement in recent years.

A rough gauge of improvements in benefit levels can be derived by determining average outlays per beneficiary or survivor. It is estimated that the annual outlay per beneficiary averaged about \$1,730 in 1971; in 1965 it was \$1,345 and in 1960, \$1,020.

Reserves

Reserves set aside for current and future benefit commitments of private pension plans rose to more than \$150 billion (book value) in 1971—an addition of about \$14 billion to reserves during the year. The relative gain of 10 percent was greater than that of 1970. Despite a surge in employee-employer contributions during 1971, the rate of growth was lower than that generally experienced during the sixties, when the average growth was about 11 percent.

TECHNICAL NOTE

The estimates of contributions and benefits in this series are based for the most part on reports by private insurance companies and other non-government agencies.

Contributions under insured pension plans are

TABLE 5.—Private pension and deferred profit-sharing plans:¹ Estimated contributions, beneficiaries, benefit payments, and reserves, 1950, 1955, 1960-71

Year	Employer contributions (in millions)			Employee contributions (in millions)			Number of beneficiaries, end of year (in thousands)			Amount of benefit payments (in millions)			Reserves, end of year (in billions)		
	Total	In-sured	Nonin-sured	Total	In-sured	Nonin-sured	Total	In-sured	Nonin-sured	Total ²	In-sured	Nonin-sured ²	Total	In-sured	Nonin-sured
1950.....	\$1,750	\$720	\$1,030	\$330	\$200	\$130	450	150	300	\$370	\$80	\$290	\$12.1	\$5.6	\$6.5
1955.....	3,280	1,100	2,180	560	280	280	980	290	690	850	180	670	27.5	11.3	16.1
1960.....	4,710	1,190	3,520	780	300	480	1,780	540	1,240	1,720	390	1,330	52.0	18.8	33.1
1961.....	4,880	1,180	3,650	780	290	490	1,910	570	1,340	1,970	450	1,520	57.8	20.2	37.5
1962.....	5,200	1,240	3,960	830	310	520	2,100	630	1,470	2,330	510	1,820	63.5	21.6	41.9
1963.....	5,560	1,390	4,170	860	300	560	2,280	600	1,590	2,590	570	2,020	69.9	23.3	46.6
1964.....	6,370	1,520	4,850	910	310	600	2,490	740	1,750	2,990	640	2,350	77.7	25.2	52.4
1965.....	7,370	1,770	5,600	990	320	670	2,750	790	1,960	3,520	720	2,800	86.5	27.3	59.2
1966.....	8,210	1,850	6,360	1,040	330	710	3,110	870	2,240	4,190	810	3,380	95.5	29.3	66.2
1967.....	9,050	2,010	7,040	1,130	340	790	3,410	930	2,480	4,790	910	3,880	106.2	31.9	74.2
1968.....	9,940	2,240	7,700	1,230	340	890	3,770	1,010	2,760	5,530	1,030	4,500	117.8	34.8	83.1
1969.....	11,520	3,030	8,490	1,360	350	1,010	4,180	1,070	3,110	6,450	1,160	5,290	127.8	37.2	90.6
1970.....	12,580	2,860	9,720	1,420	350	1,070	4,720	1,220	3,500	7,360	1,390	6,030	137.1	40.1	97.0
1971.....	15,150	3,820	11,330	1,480	370	1,110	5,200	1,300	3,900	8,580	1,510	7,070	151.4	45.0	106.4

¹ Includes pay-as-you-go, multiemployer, and union-administered plans, those of nonprofit organizations, and railroad plans supplementing the Federal railroad retirement program. Excludes pension plans for Federal, State, and local government employees, as well as pension plans for the self-employed. Insured plans are underwritten by insurance companies; noninsured plans are, in general, funded through trustees.

² Includes refunds to employees and their survivors and lump sums paid under deferred profit-sharing plans.

Source: Compiled by the Social Security Administration from data furnished primarily by the Institute of Life Insurance and the Securities and Exchange Commission.

on a net basis, with dividends and refunds deducted. Contributions under noninsured plans are, for the most part, on a gross basis, and refunds appear as benefit payments. For pay-as-you-go (unfunded) plans, contributions have been assumed to equal benefit payments.

The number of beneficiaries under pension plans relates to those receiving periodic payments at the end of the year and thus excludes those who received lump sums during the year. The amounts shown for retirement benefits under noninsured plans does include (1) refunds of employee contributions to individuals who withdraw from

the plans before retirement and before accumulating vested deferred rights, (2) payment of the unpaid amount of employee contributions to survivors of pensioners who die before they receive in retirement benefits an amount equal to their contributions, and (3) lump-sum payments made under deferred profit-sharing plans. Because the source of the data from which the estimates have been developed does not permit distinction between these lump-sum benefits and the amounts representing monthly retirement benefits, precise data on average monthly or annual retirement benefit amounts cannot be derived.

Notes and Brief Reports

Spanish-Surnamed OASDI Beneficiaries in the Southwest*

How Federal social insurance programs affect the economic, social, and health situations of the Nation's disadvantaged minorities is a matter of public concern. A look at social security program data throws some light on this question, with respect to persons of Spanish background.¹ Information on this group can be gleaned from examining social security data for beneficiaries in five States with sizable populations of Spanish heritage—Arizona, California, Colorado, New Mexico, and Texas. (Data from the Bureau of the Census, collected in the 1970 Decennial Census, identify the Spanish-heritage population of this group of States, defined as the Southwest for the purpose.)

* Prepared by Jack Schmulowitz, Division of Disability studies. The beneficiary data file was prepared by Walter E. Kelsey and John W. Wagner, Division of OASDI Statistics. For a fuller report, see Jack Schmulowitz, *Spanish-Surnamed Social Security Beneficiaries in the Southwest*, Research and Statistics Note No. 28, Social Security Administration, Office of Research and Statistics, 1972.

¹ For a similar report on another minority, see Jack Schmulowitz and Anna M. Young, *Social Security Benefits and Earnings of Minority Groups in Covered Employment*, Research and Statistics Note No. 5, Social Security Administration, Office of Research and Statistics, 1971.

POPULATION OF SPANISH BACKGROUND

National data on the population of Spanish background are collected currently on the basis of respondents' self-identification as to origin or descent. The Bureau of the Census collects the data on an ongoing basis through its Current Population Survey. In 1972, the population of Spanish origin was estimated at 9.2 million—4.5 percent of the civilian noninstitutional population of the 50 States and the District of Columbia.²

Fifty-seven percent of those who reported they were of Spanish background identified themselves as of Mexican origin, 17 percent said they were of Puerto Rican descent, and 7 percent claimed Cuban origin. In the five States discussed here, there were some 5.4 million persons of Spanish background (principally Mexican-American).

The Decennial Census of 1970 included information, for the five States listed above, on the population of Spanish heritage, defined to include all persons "of Spanish language" or with "Spanish surnames." The persons "of Spanish language" are those who reported Spanish as their mother

² Bureau of the Census, *Current Population Reports, Population Characteristics*, "Selected Characteristics of Persons and Families of Mexican, Puerto Rican, and Other Spanish Origin, March 1972," Series P-20, No. 238, July 1972.