

# Beneficiaries Affected by Annual Earnings Test in 1973

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*Every year a number of social security beneficiaries under age 72 lose some or all of their benefits because of the annual earnings test. This article describes those affected in 1973—who they were, how much they earned, and how much they lost in cash benefits. The relationships between certain beneficiary characteristics—such as age, sex, race, primary insurance amount, and family status—and the amount of earnings and lost benefits are examined. About 1 1/4 million retired workers aged 62–71, or nearly one-sixth of all such persons on the rolls, were affected by the earnings test. Relatively fewer women retired workers than men incurred benefit losses because relatively fewer women worked and those who did had lower earnings. Black retired workers and those of other minority races had lower earnings than did their white counterparts. About 400,000 dependent and survivor beneficiaries lost benefits because of their earnings. This total included more than 150,000 widowed mothers, or about one-fourth of all such women on the rolls.*

SOCIAL SECURITY beneficiaries under age 72 are affected by the earnings test provision of the law if they have income from employment or self-employment in excess of specific monthly and annual exempt amounts. This article presents some detailed statistical data concerning persons affected by the earnings test in 1973. Most of the data are for retired-worker beneficiaries, but limited data on dependent and survivor beneficiaries who had earnings beyond the exempt amounts are also presented. Beneficiaries entitled under the disability provisions<sup>1</sup> and those residing in foreign countries, who come under a different earnings test, are excluded. All data have been derived on a 100-percent basis from the Social Security Administration's master beneficiary record, which contains detailed benefit data for all beneficiaries.

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<sup>1</sup> Disabled worker beneficiaries are subject to a test of "substantial gainful activity." For a discussion of this provision, see Paula A. Franklin, "Impact of Substantial Gainful Activity Level on Disabled Beneficiary Work Patterns," *Social Security Bulletin*, August 1976.

## EFFECTS OF EARNINGS TEST ON BENEFITS

In 1973 the earnings test provided that benefits were to be withheld at the rate of \$1 for every \$2 in earnings exceeding \$2,100. Benefits were payable, however, for any month in which the entitled individual earned \$175 or less or did not render substantial services in self-employment, regardless of total earnings during the year.

These earnings-test provisions were substantially different from those in effect during previous years. In 1966–72, not only was the exempt earnings amount lower, but the provision to withhold \$1 in benefits for each \$2 in earnings applied only to the first \$1,200 in earnings beyond this exempt amount. The beneficiary received no net gain on any additional earnings because they were offset dollar for dollar by the withholding of additional benefits. In addition, these earnings may have been subject to income and social security taxes.<sup>2</sup> Effective in 1973, elimination of the dollar-for-dollar withholding provision enabled beneficiaries to realize some financial gain from additional earnings.

Table 1 illustrates the situation of an individual entitled to social security benefits of \$2,400 a year in 1972. If such a person continued to work and earned the then exempt amount of \$1,680 during the year, total annual income (exclusive of taxes and work-related expenses) would have been \$2,400 plus \$1,680, or a net gain from working of \$1,680. If earnings during the year had reached \$2,880, an offset of \$600 would have been applied to the benefits and the net gain from working would have been \$2,280. Earnings during the year amounting to \$4,680 would have offset all benefits.

<sup>2</sup> For a description of the effects of the earnings test on 1971 benefits, see Barbara A. Lingg, "Retired Worker Beneficiaries Affected by the Annual Earnings Test in 1971," *Social Security Bulletin*, August 1975. See also Kenneth G. Sander, "The Retirement Test: Its Effect on Older Workers' Earnings," *Social Security Bulletin*, June 1968. For a history of the earnings test provisions and a discussion of possible changes at that time, see U.S. Congress, Committee on Ways and Means, *The Retirement Test Under Social Security*, House Document No. 91-40, January 9, 1969.

TABLE 1—Examples of net receipts from benefits and earnings for beneficiaries with yearly benefits of \$2,400, by annual earnings levels, 1972 and 1973

Annual earnings	Amount of benefits		Amount received from earnings and benefits	Economic advantage of working (in dollars)
	Withheld	Payable		
1973				
\$1,680	0	\$2,400	\$4,080	\$1,680
2,100	0	2,400	4,500	2,100
2,280	\$90	2,310	4,590	2,190
2,880	390	2,010	4,890	2,490
3,000	450	1,950	4,950	2,550
4,680	1,290	1,110	5,790	3,390
6,000	1,950	450	6,450	4,050
6,900	2,400	0	6,900	4,500
7,500	2,400	0	7,500	5,100
9,000	2,400	0	9,000	6,600
1972				
\$1,680	0	\$2,400	\$4,080	\$1,680
2,100	\$210	2,190	4,290	1,890
2,280	300	2,100	4,380	1,980
2,850	600	1,800	4,680	2,280
3,000	720	1,680	4,680	2,280
4,680	2,400	0	4,680	2,280
6,000	2,400	0	6,000	3,600
6,900	2,400	0	6,900	4,500
7,500	2,400	0	7,500	5,100
9,000	2,400	0	9,000	6,600

and the net gain from working would have been only \$2,280. Such a person therefore would have experienced no financial gain from earnings beyond \$2,880 unless those earnings exceeded \$4,680. Had the dollar-for-dollar provision not been in effect, the net financial gain from earnings of \$4,680 would have been \$3,180.

As a result of the elimination of the dollar-for-dollar provision and the increase in the exempt amount (from \$1,680 to \$2,100), beneficiaries were permitted to earn considerably more in 1973 before they lost all of their benefits. It required \$6,900 of earnings to offset \$2,400 of benefits in 1973, compared with \$4,680 in 1972.

## RETIRED-WORKER BENEFICIARIES

### Age and Sex

At the end of 1973, about 14 million retired workers aged 62-71, or roughly one-sixth of all such workers on the rolls, were affected by the earnings test. In assessing the effect of the earnings test, it should be remembered that the number of beneficiaries on the rolls would undoubtedly be larger if it were not for the earnings limitation. The test also affects persons who are eligible for

benefits but do not claim them because they would be precluded by the test from receiving them. Although most persons aged 65 and older do file for benefits despite continued employment and high earnings, they do so primarily to become eligible for hospital benefits under Medicare.

The number of persons aged 62-64 who have not applied for reduced benefits undoubtedly includes some who have not done so because they realize that the earnings test means a limitation on earnings or loss of some or all of their benefits.<sup>3</sup> They therefore decide to wait at least until they attain age 65, at which time they can file for full benefits and also be eligible for Medicare. These individuals are indirectly affected by the earnings test even though they are not on the rolls.

About 70 percent of those persons aged 62-71 who were directly affected by the test were men and 30 percent were women (table 2). In contrast, 57 percent of the total retired-worker beneficiary population in this age range were men and 43 percent were women. Thus, relatively fewer women on the rolls lost benefits, perhaps because relatively fewer women worked and/or relatively more of those who did work had earnings below the exempt amount. The assumption of a smaller percentage of working women among beneficiaries is in line with women's generally lower labor-force participation rate—in 1973, 46 percent for all women and 9 percent for women aged 65 and over. The corresponding rates for men were 79 percent and 23 percent.<sup>4</sup> The second assumption—that relatively more women than men earn less than the statutory exempt amount—is supported by the generally lower median earnings in covered employment for women than for men. Median covered earnings in 1973 were \$3,143 for all women, compared with \$7,445 for all men. In the 62-64 age group, the medians were \$3,660 for women and \$7,710 for men; for those aged 65-71, they were \$1,913 and \$2,808, respectively.

Roughly 110,000 fewer retired workers were affected by the earnings test in 1973 than in the

<sup>3</sup> If a beneficiary who has elected to retire before age 65 has subsequent earnings high enough to offset benefits for some or all of the months preceding attainment of age 65, the reduction factor is adjusted at that time to account for months for which benefits were not paid and the monthly benefit is recomputed on the basis of a smaller reduction factor.

<sup>4</sup> U.S. President, *Employment and Training Report of the President*, 1976, page 214.

previous year, a decline of 6 percent for men and 10 percent for women (table 2) The number of affected beneficiaries also declined in the period 1970-72 but only by about 5 percent for men and 1 percent for women The large percentage decline in 1973 is probably due mainly to the increase in the exempt amount from \$1,680 to \$2,100 This factor probably affected relatively more women than men The former were more likely to have had earnings within the \$1,680-\$2,100 interval and thus may have been affected by the earnings test in 1972 but not in 1973 The general decline over the past few years in the number of retired workers affected by the earnings test is also related to the declining labor-force participation of persons aged 65 and over, particularly that of men While the proportion of women aged 65 and over in the labor force dropped from 11 percent

in 1960 to 10 percent in 1970 and 9 percent in 1973, the proportion of men declined from 33 percent in 1960 to 27 percent in 1970 and 23 percent in 1973 <sup>5</sup>

In 1973, compared with previous years, beneficiaries lost a somewhat lower proportion of the benefits that would have been payable to them had there been no deduction for earnings The decrease in the proportion of benefits lost was larger for women than for men Since women tend to have lower earnings than do men, the higher exempt amount and the elimination of the dollar-for-dollar withholding provision enabled them to retain relatively more of the benefits due them Many men earned enough to offset all benefits, even under the new provisions, and thus were not

<sup>5</sup> Ibid

TABLE 2—Number and percentage distribution of retired-worker beneficiaries on the rolls at end of year and of those affected by earnings test and amount of benefits withheld and before withholding, by sex and age group, 1970-73

Sex and age	Retired worker beneficiaries								
	On rolls at end of year		Affected by earnings test						Ratio of benefits withheld to amount before withholding
	Number	Percentage distribution	Number	Percentage distribution	Percent on rolls	Percent eligible for benefits <sup>1</sup>	Amount of benefits (in thousands)		
						Withheld	Before withholding		
1973									
Total . . . . .	8 758 863	100 0	1,386 232	100 0	15 8	12 4	\$2 435,330	\$3,588 540	0 68
Men . . . . .	4 992 337	57 0	976 110	70 4	19 6	15 4	1,870,599	2 693 016	69
Women . . . . .	3,766 526	43 0	410 122	29 6	10 9	8 5	564,731	895,530	63
Men . . . . .	4,992 337	100 0	976 110	100 0	19 6	15 4	1,870 599	2,693 016	69
62-64 . . . . .	772 821	15 5	130,765	13 4	16 9	6 3	145,736	281 085	52
65-71 . . . . .	4 219,519	84 5	845,345	86 6	20 0	19 9	1,724 863	2,411 931	72
Women . . . . .	3 766 526	100 0	410 122	100 0	10 9	8 5	564 731	895,530	63
62-64 . . . . .	816 429	21 7	83 388	20 3	10 2	5 2	64 181	129,677	50
65-71 . . . . .	2,950,097	78 3	326,734	79 7	11 1	10 1	500,540	765,853	65
1972									
Total . . . . .	8,361 162	100 0	1,496,571	100 0	17 9	13 8	2,301,154	3 269,247	0 70
Men . . . . .	4,900 876	57 4	1 042 589	69 7	21 7	16 8	1,740,914	2,440 206	71
Women . . . . .	3 560 286	42 6	453,982	30 3	12 8	9 7	560,240	828 941	68
1971									
Total . . . . .	7,999,072	100 0	1 528 399	100 0	19 1	14 5	2 178,837	3 070 339	0 71
Men . . . . .	4 622 723	57 8	1 067 949	69 9	23 1	17 6	1,650,272	2 295,576	72
Women . . . . .	3 376,349	42 2	460 450	30 1	13 6	10 3	528,565	774,763	68
1970									
Total . . . . .	7,674,438	100 0	1 555 678	100 0	20 3	15 2	1,998 225	2,792 429	0 72
Men . . . . .	4 455 453	58 1	1 067 672	70 6	24 6	18 5	1 523 994	2 102 706	72
Women . . . . .	3,218,985	41 9	488 006	29 4	14 2	10 6	474 231	689 723	69

<sup>1</sup> Percent of those aged 62-71 who would be eligible to receive retired worker benefits at end of year Excludes disabled worker beneficiaries aged 62-64

TABLE 3—Number and percentage distribution of retired-worker beneficiaries affected by earnings test and amount of family benefits withheld and before withholding, by age group, sex, race, and type of beneficiary family, 1973

Sex, race and type of beneficiary family	Retired worker beneficiaries affected by earnings test						Amount of family benefits (in thousands)					
	Total		Aged 62-64		Aged 65-71		Total		Aged 62-64		Aged 65-71	
	Number	Percent age distribution	Number	Percent-age distribution	Number	Percent age distribution	Withheld	Before with holding	With-held	Before with holding	Withheld	Before with holding
Total	1,386,232	100 0	214 153	15 4	1,172 079	84 6	\$2 435,330	\$3,588 546	\$209 927	\$410 762	\$2 225 403	\$3 177,784
Men ..	976,110	70 4	130 765	9 4	845 345	61 0	1 870 599	2,693 016	145,736	281,088	1,724 863	2,411 931
Women ..	410,122	29 6	83,388	6 0	326 734	23 6	564,731	895,530	64 191	129 677	500 540	765 853
Men ..	976,110	100 0	130,765	100 0	845 345	100 0	1,870 599	2,693 016	145,736	281 085	1,724 863	2 411 931
White	894,922	91 7	115,360	88 2	779 562	92 2	1 747 674	2,497,066	130,771	251 420	1 616 903	2 245 646
Black and other	81,188	8 3	15 405	11 8	65 783	7 8	122 925	197,950	14 965	29 665	107,960	166,285
Women ..	410 122	100 0	83 388	100 0	326,734	100 0	564,731	895 530	64,191	129 577	500 540	765 853
White	380 417	92 8	75,087	90 0	305,330	93 4	532,726	840 519	58,731	118 524	473 995	721,995
Black and other	29,705	7 2	8,301	10 0	21,404	6 6	32 005	55,011	5,460	11,153	26,545	43,858
All beneficiary families	1 386 232	100 0	214 153	100 0	1,172,079	100 0	2 435 330	3 588 546	209 927	410 762	2 225 403	3 177 784
Worker only	1 065,346	76 8	163,615	76 4	901 731	78 9	1,701 098	2 419,820	132 528	265,921	1 568 570	2,153 899
Men ..	662 996	47 8	82 503	38 5	580 493	49 5	1,150 000	1,548,465	71 015	141,718	1 079 045	1,406,747
Women ..	402,350	29 0	81 112	37 9	321,238	27 4	551,038	871 355	61,513	124,203	489,325	747,152
Worker and spouse	245,795	17 8	29,130	13 6	216,665	18 5	581,913	889 095	47 027	78,785	534,886	810,310
Worker and children	30,558	2 2	8,138	3 8	22,420	1 9	55,213	100 972	10,118	22,230	45,095	78,742
Worker, spouse, and children	44,533	3 2	13,270	6 2	31,263	2 7	97,106	178,659	20,254	43 826	78,852	134,833

able to realize any gain as a result of these changes

Among retired workers aged 62-71, the proportion of those who were aged 65 or older was slightly higher among persons affected by the earnings test than it was among those in the general beneficiary population. This difference probably reflects the large number of persons who file for benefits at age 65 to be eligible for Medicare but have their cash benefits postponed because of their continuing employment.

### Earnings and Benefit Losses

When a retired-worker beneficiary has earnings during the year that exceed the statutory exempt amount, not only are that person's benefits subject to withholding but also those of the spouse, children, or other dependents. In 1973, retired-worker beneficiaries and their dependents lost \$2.4 billion in benefits—about 68 percent of the \$3.6 billion that would have been payable had no deductions been made for earnings (table 3). Men lost \$1.9 billion (69 percent) of their benefits and women lost \$0.6 billion (63 percent). Men and women aged 65-71 lost a substantially higher proportion of their benefits than those aged 62-64. Among men, the proportion lost was about 72 percent for

those aged 65-71 but only 52 percent for those aged 62-64. Among women, the corresponding proportions were 65 percent and 50 percent. These differences in part may reflect the higher earnings of beneficiaries aged 65-71.

Information about the amount of income from work in 1973 was available for most retired-worker beneficiaries either from (1) their annual report of earnings if they received some benefits in 1973 and earned more than \$2,100 during the year or (2) from entries in their earnings records.

For persons not required to file annual reports because their benefits for 1973 were completely offset, earnings information was obtained from reports by employers and the self-employed and entered in the earnings record. For some, earnings information was not available either because (1) the reporting by employers or the self-employed was received too late to be included in the tabulations, (2) the individuals worked for employers not covered by the social security program—including the Federal Government, State and local governments, and nonprofit organizations—or (3) errors occurred in processing the data. Earnings information was available for all but 4 percent of the men and 3 percent of the women.

Among the retired-worker beneficiaries, relatively more men (63 percent) than women (40 percent) had earnings of \$6,000 or more and 43

TABLE 4—Number of retired-worker beneficiaries affected by earnings test, percentage distribution by amount of earnings, average benefit amount withheld and before withholding, and percent who lost all benefits, by sex, age group, and primary insurance amount, 1973

Sex, age, and primary insurance amount	Number	Percentage distribution, by amount of earnings						Average benefit amount		Ratio of benefits with held to amount before with holding	Percent who lost all benefits
		Total	Earnings un known	Less than \$3,000	\$3,000-5,999	\$6,000-8,999	\$9,000 or more	With-held	Before with-holding		
Men, total	976 110	100 0	4 1	9 3	23 2	20 9	42 5	\$1 916	\$2,759	0 69	46
Less than \$150.00	90 141	100 0	19 1	18 9	34 5	13 9	13 6	832	1 369	61	38
150 00-249 90	401,193	100 0	4 6	14 2	35 2	26 7	19 3	1,515	2,520	60	35
250 00 or more	484,776	100 0	9	3 5	11 1	17 4	67 1	2 451	3,215	76	57
Aged 62-64	130,765	100 0	2 4	18 2	42 5	18 1	18 8	1 114	2,150	52	16
Less than \$150 00	20 024	100 0	7 0	31 8	47 8	7 3	6 1	618	1 249	49	16
150 00-249 90	77,416	100 0	2 0	18 4	48 2	20 1	11 3	1 084	2,171	50	12
250 00 or more	33 325	100 0	7	9 7	25 8	19 8	44 0	1,483	2,641	56	24
Aged 65-71	845 345	100 0	4 4	7 9	20 2	21 3	46 2	2 040	2 853	72	60
Less than \$150 00	70 117	100 0	22 8	15 2	30 6	15 7	15 7	893	1,403	64	44
150 00-249 90	323 777	100 0	5 1	13 2	32 2	28 3	21 2	1,617	2 604	62	64
250 00 or more	451,451	100 0	1 1	3 0	10 0	17 1	68 8	2 522	3,257	77	59
Women, total	410 122	100 0	3 0	16 9	40 1	23 3	16 7	1,377	2 184	63	29
Less than \$150.00	78 275	100 0	10 2	30 6	41 1	7 4	4 7	625	1,302	48	21
150 00-249.90	220 832	100 0	1 6	16 1	51 7	25 1	5 5	1 275	2,160	59	24
250.00 or more	101,015	100 0	6	3 3	13 1	31 4	51 6	2,193	2,920	75	46
Aged 62-64	83 388	100 0	1 5	29 5	49 7	9 7	9 6	770	1,555	50	7
Less than \$150.00	28 891	100 0	3 2	47 1	45 2	2 5	2 0	453	1 078	42	8
150 00-249 90	45 304	100 0	7	23 0	59 3	12 6	4 4	863	1 731	50	6
250 00 or more	9,193	100 0	3	6 1	16 4	18 0	59 2	1,305	2,185	60	11
Aged 65-71	326 734	100 0	3 4	13 6	37 7	26 8	18 5	1 532	2 344	65	34
Less than \$150 00	49,284	100 0	14 4	30 4	38 7	10 2	6 3	727	1,433	51	28
150 00-249 90	185 328	100 0	1 8	14 4	49 8	28 2	5 8	1 875	2 285	61	28
250.00 or more	91,822	100 0	9	2 9	12 7	32 7	50 8	2,282	2 993	76	50

percent of the men, compared with 17 percent of the women, earned at least \$9,000 (table 4) Relatively more women (57 percent) than men (33 percent) had earnings of \$2,100 to \$5,999 About 46 percent of the men earned enough to offset all benefits payable to them in 1973, but this was true of only 29 percent of the women

The proportion of beneficiaries with earnings of \$6,000 or more was higher among those aged 65-71 than among those aged 62-64 Nearly 68 percent of the men aged 65-71 had earnings of this magnitude, but only 37 percent of those aged 62-64 The corresponding proportions for women were 45 percent and 19 percent These differences between the age groups could be expected because many persons aged 62-64 with fairly high earnings would not have filed for benefits since they were not eligible for Medicare Because beneficiaries aged 62-64 tended to have lower earnings, relatively fewer of them lost all benefits as a result of their earnings, compared with those aged 65-71 Thus, 50 percent of the men aged 65-71 lost all their benefits but only 16 percent of those aged 62-64 Similarly, among women, the proportions were 34 percent and 7 percent, respectively It was not possible to obtain earnings information for persons who would have been eligible for benefits,

but did not file for them Earnings data for workers in covered employment aged 62-64 and 65-71, however, are presented in table 5

More white beneficiaries had high earnings than did those of black and other races Thus, 28-29 percent of the women beneficiaries who were not white had earnings of \$6,000 or more, compared with 41 percent of the white women (table 6) Seventeen percent of the white women beneficiaries but only 11 percent of those of black and other races had earnings of \$9,000 or more Simi-

TABLE 5—Number and percentage distribution of workers aged 62-71 with taxable earnings, by amount of earnings, sex, and age group, 1973

Amount of earnings	Men aged—		Women aged—	
	62-64	65-71	62-64	65-71
Total number	1,624 000	1,754,000	948 000	971 000
Total percent	100	100	100	100
Less than \$000	5	12	12	19
000-1 199	4	11	9	15
1 200-1 799	5	12	9	15
1 800-2,399	6	15	10	15
2,400-2 999	3	4	5	4
3 000-5 999	16	12	26	16
6 000 8 999	19	11	18	10
9,000 or more	42	23	11	6

Source Continuous Work History Sample For a description of the sample design and estimates of sampling variability see *Earnings Distributions in the United States, 1969*, Office of Research and Statistics, 1975

TABLE 6—Number of retired-worker beneficiaries affected by earnings test, percentage distribution by amount of earnings, average benefit amount withheld and before withholding, and percent who lost all benefits by sex, race, and primary insurance amount, 1973

Sex, age, and primary insurance amount	Number	Percentage distribution, by amount of earnings						Average benefit amount		Ratio of benefits withheld to amount before withholding	Percent who lost all benefits
		Total	Earnings unknown	Less than \$3,000	\$3,000-5,999	\$6,000-8,999	\$9,000 or more	Withheld	Before withholding		
Men, total	976,110	100 0	4 1	9 3	23 2	20 9	42 5	\$1,916	\$2 759	0 69	46
White	894 922	100 0	4 0	9 0	21 9	20 7	44 4	1,953	2 790	70	46
Less than \$150.00	73 841	100 0	19 6	18 2	32 5	14 6	15 1	842	1,367	62	39
150.00-249 90	354,404	100 0	4 6	14 4	34 1	26 7	20 2	1 524	2,530	60	34
250.00 or more	466 677	100 0	1 0	3 5	10 9	17 1	67 5	2,461	3 213	77	67
Black	67,255	100 0	5 2	12 4	38 0	23 7	20 7	1 502	2 379	69	35
Less than \$150.00	13,940	100 0	15 7	22 5	43 8	11 1	6 9	781	1 374	57	82
150.00-249 90	38 996	100 0	3 0	12 0	44 9	27 5	12 6	1 449	2,418	60	30
250.00 or more	14,319	100 0	8	3 5	14 0	25 4	56 3	2,947	3 252	72	50
Other	13 933	100 0	6 3	13 5	32 7	23 2	24 3	1,672	2,579	61	36
Less than \$150.00	2,300	100 0	19 9	20 3	37 4	14 3	8 1	816	1 391	59	31
150.00-249 90	7,793	100 0	4 9	16 1	40 6	25 8	12 6	1 408	2,594	54	28
250.00 or more	3 780	100 0	7	4 0	13 4	23 5	58 4	2,384	3 289	72	52
Women, total	410,122	100 0	3 0	16 9	40 1	23 3	16 7	1,877	2,184	63	29
White	380,417	100 0	2 0	16 5	39 6	23 8	17 2	1,400	2,210	63	30
Less than \$150.00	67,852	100 0	10 3	36 0	40 8	7 8	5 1	637	1,315	48	21
150.00-249 90	215,382	100 0	1 6	16 3	51 3	25 3	5 5	1,281	2,171	59	24
250.00 or more	87,183	100 0	7	3 3	13 0	31 6	51 4	2,197	2 920	75	46
Black	27,471	100 0	4 1	21 5	46 4	17 4	10 6	1 076	1,853	78	22
Less than \$150.00	9 644	100 0	9 3	40 2	43 2	5 0	2 3	651	1 223	45	17
150.00-249 90	14 284	100 0	1 8	13 8	57 9	21 7	4 8	1 183	2 020	59	23
250.00 or more	3,543	100 0	7	1 5	9 1	42 2	46 5	2 073	2,892	72	34
Other	2 234	100 0	3 3	22 0	45 6	17 9	11 2	1,095	1,839	60	24
Less than \$150.00	779	100 0	6 9	37 8	46 0	7 0	2 3	656	1,176	47	20
150.00-249 90	1,166	100 0	1 5	16 4	53 4	22 4	6 3	1,186	2 039	58	23
250.00 or more	289	100 0	1 0	2 4	13 5	26 4	56 7	2,184	2,822	77	50

larly, among the men, 65 percent of those who were white but only 44-48 percent of those who were black or of other races had earnings of \$6,000 or more. About 44 percent of the white men receiving benefits had earnings of \$9,000 or more, compared with only 21-24 percent of the men beneficiaries of other races. Because of their lower earnings, fewer of the beneficiaries of other races than of white beneficiaries lost all of their benefits for the year.

The differences in earnings levels between white beneficiaries and those of other races still held when the age groups were examined separately. Among men aged 62-64, 20 percent of the white beneficiaries but less than 10 percent of those of other races had earnings of \$9,000 or more. Forty-eight percent of the white men aged 65-71 had earnings of \$9,000 or more, compared with only 25 percent of those of other races. Among women aged 62-64, 10 percent of the white beneficiaries but only 6 percent of those of other races had earnings of \$9,000 or more. Comparable proportions for women aged 65-71 were 19 percent and 12 percent, respectively. Detailed data by age, race, and primary insurance amount were not available.

### Earnings and Primary Insurance Amount

The primary insurance amount (PIA) is related to the average monthly earnings on which an individual's social security taxes are paid. It serves as the basis for computing all cash benefit amounts. The full PIA is the amount payable to a retired worker who becomes entitled to benefits at age 65. If the worker becomes entitled before age 65, the benefit is actuarially reduced. Since the PIA in a limited way reflects an individual's average monthly earnings before entitlement to benefits, it might be expected that persons with high PIA's would be more likely than those with low PIA's to have high earnings if they engage in work activities after entitlement to benefits.

Tables 4 and 6 indicate that a substantially higher proportion of retired workers with PIA's of \$250 or more had earnings of at least \$9,000 than did those with lower PIA's, regardless of age, race, or sex. Among beneficiaries aged 65-71, for example, 69 percent of the men with PIA's of \$250 or more earned at least \$9,000, but only 21 percent of those with PIA's of \$150.00-\$249.90. Among women in this age group, comparable proportions were 51 percent and 6 percent, respectively.

ly Nearly 47 percent of black women with PIA's of \$250 or more earned at least \$9,000, compared with 5 percent for black women with PIA's of \$150 00-\$249 90 Comparable proportions for black men were 56 percent and 13 percent, respectively

Beneficiaries with the higher PIA's generally have higher benefits than those with the lower PIA's and thus have more to offset In 1973 an individual with annual benefits of \$2,400, for example, could have earned as much as \$6,900 before losing all benefits, while one with benefits of \$3,600 could have earned \$9,300 before encountering total benefit loss Nevertheless, relatively more beneficiaries with higher than with lower PIA's lost all of their benefits for the year, largely because their earnings levels were higher than those of persons with lower PIA's Among women aged 65-71, the disparity was large 50 percent of those with PIA's of \$250 or more lost all their benefits, compared with 28 percent of those with PIA's of \$150 00-\$249 90 Among men in the same age range, the respective proportions were 59 percent and 54 percent The corresponding ratios among black beneficiaries were 34 percent and 23 percent for women and 50 percent and 30 percent for men

#### **Beneficiary Family Status and Monthly Benefit Amount**

About three-fourths of the retired-worker beneficiaries who were affected by the earnings test in 1973 are classified as "worker-only" beneficiary families (table 3) Family-benefit classifications are based on the aggregation of persons entitled to benefits on the worker's earnings record The term worker-only family therefore means that no spouse or child is entitled to benefits on the worker's earnings record It does not necessarily mean that the worker is not married The worker actually may be married to another beneficiary who is entitled to benefits on his or her own earnings record, or to a person who does not meet the requirements for entitlement—a woman too young, for example, to become entitled to a wife's benefit

Only about 5 percent of the retired-worker beneficiaries affected by the earnings test in 1973 had dependent children entitled to benefits on their

earnings records The proportion of beneficiary families with dependent children was somewhat higher among those in which the worker was aged 62-64 than among those in which the worker was aged 65-71 Relatively more of the older families consisted of a worker and an entitled spouse

Less than 2 percent of the retired women workers had entitled husbands and/or children<sup>6</sup> Therefore, detailed benefit and earnings data in table 7 for families with dependents are shown only for men workers and dependents Comparisons are made only between men workers with dependents and men worker-only beneficiaries The earnings data shown apply only to the earnings of the worker, and the amounts of benefits withheld apply only to the benefits that the worker and his dependents lost because of the worker's earnings Data are not available showing earnings of dependents and the benefit losses resulting from their own earnings in families in which both the worker and the dependents were affected by the earnings test

The monthly benefit amounts for families with dependents tend to be larger than those for worker-only beneficiaries because they include amounts to which dependents are entitled<sup>7</sup> In 1973, about 80 percent of the families with dependents, compared with only 45 percent of the men worker-only beneficiaries, had monthly benefits of \$250 or more It takes more earnings beyond the exempt amount to offset the benefits payable to families with dependents than it does for beneficiaries without dependents Beneficiary families with dependents therefore lost a lower proportion of their benefits than did the men worker-only beneficiaries (table 7). Relatively more worker-only beneficiaries than other beneficiary-family groups lost all of the benefits payable to them during the year because of earnings Fifty-one percent of the men worker-only beneficiaries were thus affected, compared with 37 percent of the

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<sup>6</sup> Until March 1977, a husband had to be dependent on his wife before her retirement in order to qualify for benefits No dependency test has been used to qualify women for wife's benefits

<sup>7</sup> The spouse and children of a retired worker may each receive 50 percent of the worker's PIA subject to a statutory maximum, which normally ranges from 150 percent to 188 percent of the PIA If total benefits for all family members exceed this maximum, the benefits for the dependents are proportionately reduced The earnings test is applied against the amount that the family actually receives

TABLE 7—Number of retired-worker beneficiary families affected by earnings test, percentage distribution by amount of earnings, average benefit amount withheld and before withholding, and percent who lost all benefits, by type of beneficiary family and monthly benefit amount, 1973

Type of beneficiary family and monthly benefit amount	Number	Percentage distribution, by amount of earnings						Average benefit amount		Ratio of benefits with held to amount before withholding	Percent who lost all benefits
		Total	Earnings un known	Less than \$3,000	\$3,000-5,999	\$6,000-8,999	\$9,000 or more	With held	Before with holding		
Worker only, men	662,996	100 0	4 4	8 9	23 1	21 4	42 2	\$1 735	\$2,330	0 74	51
Less than \$100.00	24 943	100 0	20 5	15 3	27 7	23 0	13 5	924	1 164	79	35
100.00-149 90	60 390	100 0	15 0	20 3	37 3	16 3	11 1	849	1,419	60	35
150.00-199 90	107,394	100 0	6 4	16 9	42 5	19 3	14 9	1,106	1 911	61	33
200.00-249 90	171 578	100 0	3 0	10 3	30 0	32 1	24 6	1,572	2 374	66	41
250.00 or more	298,691	100 0	1 0	2 4	8 9	17 0	70 7	2,280	2,748	83	68
Worker only, women	402,350	100 0	3 1	16 9	40 0	23 3	16 7	1,370	2 165	63	29
Less than \$100.00	25,150	100 0	11 8	33 2	32 4	16 7	5 9	772	1,132	68	20
100.00-149 90	68 715	100 0	6 2	36 1	46 4	8 1	3 2	667	1 409	47	16
150.00-199 90	109 504	100 0	2 5	20 1	60 7	13 1	3 6	1,023	1 906	62	18
200.00-249 90	111,074	100 0	1 6	9 7	40 8	36 4	11 5	1 547	2,419	64	30
250.00 or more	91,907	100 0	6	3 0	13 5	32 3	50 6	2 242	2,947	76	51
Worker and spouse <sup>1</sup>	241,436	100 0	3 3	9 7	21 4	19 0	46 6	2 374	3 624	66	37
Less than \$150.00	6 016	100 0	16 7	15 3	27 7	19 6	20 7	1,180	1 650	71	22
150.00-199 90	11,265	100 0	10 7	24 0	39 0	14 4	11 9	1 072	2,101	51	20
200.00-249 90	22,435	100 0	7 1	20 2	39 4	18 6	14 7	1 298	2,551	51	21
250.00-299 90	39 708	100 0	3 4	14 1	30 2	22 9	29 4	1,733	3 041	57	29
300.00-349 90	49 709	100 0	2 5	10 1	22 5	22 3	42 6	2,192	3,545	62	35
350.00-399 90	58 019	100 0	1 8	6 5	17 8	22 4	51 5	2 337	3,847	61	34
400.00 or more	54,234	100 0	1 2	1 6	5 9	10 7	80 7	3,900	4 864	80	59
Worker and children <sup>1</sup>	27,776	100 0	3 8	12 2	29 4	21 9	32 7	1 854	3,308	55	22
Less than \$1.00	1 194	100 0	15 8	18 1	31 2	16 7	18 2	1,028	1 564	66	18
150.00-199 90	1 838	100 0	10 8	23 1	43 9	12 0	10 2	939	1 897	49	16
200.00-249 90	2,720	100 0	6 4	21 4	45 0	15 7	11 5	1,199	2 392	47	15
250.00-299 90	3 661	100 0	4 5	17 8	41 8	17 9	18 0	1 395	2 889	49	18
300.00-349 90	4 941	100 0	2 8	13 0	30 5	23 4	20 3	1 662	3,404	49	15
350.00-399 90	8,199	100 0	1 5	7 4	20 6	25 8	44 7	1,995	3 578	56	25
400.00 or more	5,223	100 0	1 5	5 2	10 0	20 0	58 3	3 027	4,728	64	35
Worker, spouse and children <sup>1</sup>	43 902	100 0	4 0	11 9	29 7	22 5	31 9	2,182	4 011	55	20
Less than \$150.00	1,913	100 0	16 4	20 3	36 2	13 3	13 8	1,009	1 566	65	22
150.00-199 90	3 064	100 0	10 3	21 1	38 0	12 0	8 6	964	1,924	50	17
200.00-249 90	4 092	100 0	7 3	19 1	48 0	16 0	9 6	1,177	2 441	48	16
250.00-299 90	3 648	100 0	5 6	17 2	46 4	18 4	12 4	1 439	3 038	47	14
300.00-349 90	4 173	100 0	4 0	13 8	37 8	27 7	16 7	1 773	3,630	49	18
350.00-399 90	4 957	100 0	2 7	12 5	31 3	32 4	21 1	2,018	4,186	48	12
400.00 or more	22 000	100 0	1 4	7 2	18 6	23 4	49 4	2,874	4,999	57	25

<sup>1</sup> Excludes women workers

worker-and-spouse families and 20-22 percent of the families with children

Lower earnings for workers who had entitled children also partially account for the proportionately smaller benefit losses experienced by members of that group. About 33 percent of the workers with entitled children had earnings of \$9,000 or more, compared with 47 percent of those with only entitled wives and 42 percent of the worker-only beneficiaries. The differences in earnings were even more pronounced at the higher benefit levels. Among families with monthly benefits of \$400 or more, for example, 81 percent of the workers in worker-and-wife families earned \$9,000 or more, compared with 58 percent of the workers in worker-and-children families and 49 percent of those in worker, wife, and children families. Among those receiving benefits of this magnitude, 59 percent of the worker-and-wife families, 35 percent of the worker-and-children

families, and 25 percent of the worker-wife-and-children families lost all of their benefits because of the worker's earnings. Seventy-one percent of the men worker-only families with monthly benefits of \$250 or more had earnings of at least \$9,000. Two-thirds of the workers in this group lost all benefits in 1973 because of their earnings.

### State of Residence

Table 8 classifies retired workers affected by the earnings test in 1973 by their State of residence. One-third of all such beneficiaries lived in four States: New York (176,000), California (118,000), Illinois (88,000), and Pennsylvania (87,000). One-fourth of the affected beneficiaries lived in six additional States, each of which had from 40,000 to 70,000 affected beneficiaries: Texas, New Jersey, Florida, Ohio, Massachusetts, and Michi-

gan In contrast, 16 States and the District of Columbia had fewer than 10,000 affected beneficiaries each and together accounted for only about 1 out of every 20 retired workers who lost benefits because of their earnings

In 24 States and the District of Columbia, at

least 39 percent of the men retired workers earned \$9,000 or more, and in 23 States and the District of Columbia at least 14 percent of the women earned this much Sixteen of these States are located in the Middle Atlantic, East North Central, Mountain, or Pacific divisions In no East or

TABLE 8 — Number of retired-worker beneficiaries affected by earnings test, percent with earnings of \$9,000 or more, and average benefit amount withheld and before withholding, by State of residence and sex, 1973 <sup>1</sup>

State and geographic division	Men					Women				
	Number	Percent with earnings of \$9 000 or more	Average benefit amount		Ratio of benefits withheld to amount before withholding	Number	Percent with earnings of \$9 000 or more	Average benefit amount		Ratio of benefits withheld to amount before withholding
			Withheld	Before withholding				Withheld	Before withholding	
<b>New England</b>										
Maine	5,370	25.6	\$1,889	\$2,662	0.63	2,182	7.1	\$1,077	\$1,971	0.55
New Hampshire	4,458	30.8	1,870	2,822	.66	2,270	11.7	1,849	2,207	.61
Vermont	2,837	29.5	1,837	2,791	.66	1,125	12.8	1,809	2,124	.62
Massachusetts	35,197	38.9	1,982	2,717	.73	17,996	11.5	1,424	2,180	.65
Rhode Island	5,642	38.1	2,043	2,833	.72	2,979	11.4	1,848	2,176	.62
Connecticut	17,637	44.7	2,095	2,888	.73	8,349	14.0	1,457	2,277	.64
<b>Middle Atlantic</b>										
New York	117,194	48.0	2,182	2,917	.75	58,377	23.6	1,650	2,375	.70
New Jersey	44,366	47.0	2,149	2,906	.74	20,133	20.6	1,558	2,314	.67
Pennsylvania	59,928	40.4	1,987	2,837	.70	26,989	13.7	1,339	2,169	.62
<b>East North Central</b>										
Ohio	44,744	40.0	1,928	2,743	.70	16,142	11.8	1,304	2,088	.62
Indiana	22,768	40.7	1,900	2,826	.67	9,640	17.3	1,361	2,253	.61
Illinois	61,855	47.4	2,045	2,829	.72	26,394	14.6	1,510	2,260	.67
Michigan	29,563	49.3	2,017	2,888	.70	11,520	23.5	1,440	2,249	.64
Wisconsin	19,860	39.1	1,848	2,844	.65	8,461	15.4	1,258	2,168	.58
<b>West North Central</b>										
Minnesota	16,398	38.0	1,686	2,671	.63	6,599	13.2	1,222	2,122	.58
Iowa	15,555	42.6	1,776	2,738	.65	5,746	14.2	1,222	2,146	.62
Missouri	22,497	39.6	1,905	2,771	.69	10,772	13.5	1,329	2,149	.57
North Dakota	4,239	42.8	1,465	2,642	.55	990	10.3	1,117	2,044	.55
South Dakota	3,805	34.9	1,628	2,566	.64	1,212	12.4	1,100	2,057	.53
Nebraska	9,420	39.9	1,816	2,725	.67	3,245	13.3	1,197	2,133	.56
Kansas	12,939	43.0	1,828	2,794	.65	4,668	14.1	1,229	2,170	.57
<b>South Atlantic</b>										
Delaware	2,296	42.8	1,882	2,743	.69	976	19.2	1,370	2,171	.63
Maryland	16,058	44.2	2,001	2,722	.73	6,635	19.9	1,416	2,179	.65
District of Columbia	3,224	41.0	1,952	2,519	.77	2,098	19.8	1,419	2,014	.70
Virginia	17,327	34.5	1,757	2,589	.68	8,077	14.5	1,224	2,086	.59
West Virginia	5,834	36.8	1,798	2,719	.66	2,216	13.1	1,274	2,111	.60
North Carolina	18,723	28.3	1,676	2,547	.66	8,490	12.6	1,177	2,058	.57
South Carolina	8,564	27.8	1,650	2,508	.66	4,262	11.6	1,215	2,132	.57
Georgia	16,516	31.7	1,725	2,521	.68	7,038	13.8	1,250	2,038	.61
Florida	46,392	38.1	1,763	2,695	.66	16,840	15.8	1,233	2,053	.60
<b>East South Central</b>										
Kentucky	11,012	34.9	1,796	2,660	.68	4,236	10.2	1,192	2,078	.57
Tennessee	16,675	32.0	1,731	2,593	.67	7,496	11.8	1,176	2,050	.57
Alabama	12,445	33.2	1,732	2,594	.67	4,920	13.6	1,258	2,124	.59
Mississippi	8,237	26.4	1,568	2,431	.64	3,561	8.0	1,090	1,983	.55
<b>West South Central</b>										
Arkansas	7,835	28.6	1,580	2,493	.63	3,172	9.0	1,151	2,009	.57
Louisiana	13,287	32.1	1,798	2,671	.67	4,277	11.4	1,294	2,066	.63
Oklahoma	11,861	35.9	1,812	2,668	.68	4,970	12.8	1,225	2,107	.58
Texas	51,359	35.3	1,834	2,672	.69	17,441	12.2	1,252	2,055	.61
<b>Mountain</b>										
Montana	3,361	38.1	1,643	2,635	.62	1,092	14.7	1,117	2,093	.56
Idaho	3,423	30.6	1,545	2,646	.58	1,035	9.9	1,013	1,979	.51
Wyoming	1,809	36.1	1,829	2,710	.67	591	19.5	1,293	2,222	.58
Colorado	9,287	39.5	1,819	2,641	.69	3,119	12.7	1,253	2,031	.62
New Mexico	3,496	33.5	1,670	2,612	.64	1,240	21.5	1,248	2,101	.59
Arizona	8,497	39.8	1,832	2,749	.67	3,215	21.2	1,314	2,165	.61
Utah	3,938	39.3	1,823	2,792	.65	1,482	14.0	1,111	2,091	.53
Nevada	3,326	42.2	1,942	2,677	.73	1,054	11.8	1,336	2,023	.66
<b>Pacific</b>										
Washington	14,059	42.8	1,769	2,810	.63	5,316	16.3	1,263	2,266	.56
Oregon	9,185	40.7	1,691	2,719	.62	3,704	16.1	1,191	2,147	.55
California	83,732	44.4	1,931	2,766	.70	34,043	17.1	1,418	2,199	.64
Alaska	754	50.9	1,845	2,713	.68	286	32.9	1,637	2,264	.73
Hawaii	3,312	33.9	1,774	2,706	.66	733	19.5	1,238	2,050	.60

<sup>1</sup> Excludes beneficiaries for whom State data were not available

West South Central State did as many as 39 percent of the men or 14 percent of the women earn as much as \$9,000

The proportion of men earning \$9,000 or more ranged from 26 percent in Maine and Mississippi to 51 percent in Alaska. In Connecticut, New Jersey, Illinois, New York, and Michigan, 45-49 percent of the men had earnings of this size, in North Carolina, South Carolina, Arkansas, and Vermont, less than 30 percent of the men earned that much. The proportion of women earning \$9,000 or more ranged from 7 percent in Maine to 33 percent in Alaska. In New Jersey, Arizona, New Mexico, Michigan, and New York, 21-24 percent of the women earned that much. Less than 11 percent did so in Mississippi, Arkansas, Idaho, North Dakota, and Kentucky.

## DEPENDENT AND SURVIVOR BENEFICIARIES

### Types of Benefits

Certain dependents and survivors of retired, disabled, and deceased workers are also eligible for monthly cash benefits based on the workers' earnings records. Such benefits are subject to reduction or loss under the same annual and monthly earnings tests that apply to retired workers. The following types of benefits are affected.

**Wife's benefit** The benefit payable to the wife or divorced wife of a retired or disabled worker. A wife must be aged 62 or over or have an entitled minor or disabled child in her care. A divorced wife must be aged 62 or over and have been married to the worker for at least 20 years. To qualify on the basis of her husband's transitionally insured status, a wife must be aged 72 or over.

**Child's benefit** The benefit payable to an unmarried child or eligible grandchild of a retired, disabled, or insured deceased worker. The child must be under age 18, a full-time student aged 18-21 or reaching age 22 before completing the current semester or quarter if an undergraduate, or a dependent disabled person aged 18 or over whose disability began before age 22. A grandchild may be eligible for benefits on a grandparent's earnings record if his parents are either disabled or dead and he is dependent on the grandparent for at least half his support.

**Aged widow's benefit** The benefit payable to a widow or surviving divorced wife aged 60 or over. The beneficiary need not have an entitled child in her care.

**Widowed mother's benefit** The benefit payable to a widowed or surviving divorced mother under age 65 who has in her care an entitled child under age 18 or a person aged 18 or over entitled because of a childhood disability that began before age 22.

**Parent's benefit** The benefit payable to a dependent parent (aged 62 or over) of a deceased fully insured worker.

About 380,000 dependent and survivor beneficiaries, or about 4 percent of all such beneficiaries on the rolls at the end of 1973, had earnings high enough to cause the loss of some of their benefits. More than 70 percent of these beneficiaries were survivors of deceased workers, and the remainder was divided almost equally between the dependents of retired workers and disabled workers (table 9).

More than 150,000 widowed mothers, or about 23 percent of those on the rolls, were affected by the earnings test, as were 44,000 wives of disabled workers, or 11 percent of those on the rolls. Although wife's and mother's benefits are intended to help relieve the financial problems caused by the reduction in family income resulting from the disability or death of these women's husbands, they are not always sufficient. A 1971 study of widowed mothers found that earnings from employment are crucial to the financial well-being of widowed mothers with children under age 18. In that year, about 59 percent of the widowed mothers who were not employed were counted as poor by the Bureau of the Census, compared with 15

TABLE 9—Number of dependent and survivor beneficiaries on the rolls and those who lost benefits because of own earnings, by type of beneficiary, 1973

Type of beneficiary	Number		Percent on rolls affected by earnings test
	On rolls at end of year <sup>1</sup>	Affected by earnings test <sup>2</sup>	
Total.. . . . .	8 963,362	381 060	4 3
Dependents of retired workers . . . . .	2,413,119	50,379	2 1
Wives . . . . .	1,876 023	37 748	2 0
Children <sup>3</sup> . . . . .	537,096	12 631	2 4
Dependents of disabled workers . . . . .	1,570 884	55 833	3 5
Wives . . . . .	385,392	43,999	11 1
Children <sup>3</sup> . . . . .	1 175,492	11,834	1 0
Survivors of deceased workers . . . . .	4,979 359	275 048	5 5
Widows <sup>4</sup> . . . . .	1,558 157	80 869	5 2
Widowed mothers . . . . .	652 586	152 809	23 4
Children <sup>3</sup> . . . . .	2,764,493	41,357	1 5
Parents . . . . .	4,123	13	3

<sup>1</sup> Under age 72

<sup>2</sup> Excludes 41 husbands and 9 widowers who were affected

<sup>3</sup> Excludes disabled children

<sup>4</sup> Excludes disabled widows

percent of those who worked full-time, all year<sup>8</sup>

Widowed mothers and wives of disabled workers are generally younger than aged widows and wives of retired workers and therefore are more likely to be in the labor force. At the end of 1973, almost all widowed-mother beneficiaries and 85 percent of the wives of disabled workers receiving benefits were under age 62, and 67 percent of the mothers and 62 percent of the wives were under age 50.<sup>9</sup> In contrast, 94 percent of the wives of retired workers were aged 62 and over. Only 2 percent of the wives of retired workers and only 5 percent of the aged widows lost benefits because of their earnings in 1973.

Less than 2 percent of all child beneficiaries lost benefits. Most of them were student beneficiaries aged 18-22 with fairly high earnings from part-time and summer employment or those who had left school and worked for a period of time.

The 380,000 dependents and survivors who lost some benefits because of the earnings test obviously had earnings of more than \$2,100. Many other dependent and survivor beneficiaries may also have had 1973 earnings exceeding that figure, even though they were not counted among those who lost benefits. Sometimes the benefit for a working dependent or survivor continues to be paid because the total family benefit amount would remain the same whether or not the withholding is processed.<sup>10</sup>

The family maximum is generally reached when there are more than two beneficiaries receiving benefits on an earnings record. That situation is far more likely for widowed-mother-and-children families or disabled-worker-wife-and-children families than for other family groups since the parents are younger. Thus, the proportion of

widowed mothers and wives of disabled workers who had earnings of more than \$2,100 is probably higher than that shown in table 9. The number of wives and children of retired workers who had excess earnings may also be somewhat understated. Data for working dependents in families in which the retired worker also had excess earnings were not obtainable.

### Earnings and Benefit Losses

The 380,000 dependent and survivor beneficiaries who lost benefits because of their own earnings forfeited a total of \$293 million during 1973, or 58 percent of the \$505 million that would have been payable to them had there been no deductions for earnings. Table 10 gives data on both amounts of earnings and amounts of lost benefits.

Widowed mothers tended to have higher earnings than other types of beneficiaries both overall and by age group. Overall, 46 percent of the widowed mothers had earnings of \$6,000 or more, compared with 26 percent of the aged widows, 40 percent of the wives of disabled workers, and 34 percent of the wives of retired workers. Among beneficiaries aged 35-49, 48 percent of the widowed mothers had earnings of \$6,000 or more, compared with 42 percent of the wives of disabled workers and 38 percent of the wives of retired workers. Benefit losses resulting from earnings were also higher for widowed mothers than for other dependents and survivors. Widowed mothers lost an average of \$993 during 1973, compared with average benefit losses of \$921 for widows, \$498 for wives of disabled workers, and \$531 for wives of retired workers.

The ratios of benefits withheld to benefits before withholding did not differ much between the groups, partly because of the widely differing amounts before withholding. In 1973, the average annual benefit before withholding for those who lost benefits because of earnings ranged from \$801 and \$811 for wives of disabled and retired workers to \$1,481 for widowed mothers and \$1,762 for aged widows. These amounts reflect the different proportions of the worker's PIA that are payable to dependents and survivors: 50 percent for wives and children of retired and disabled workers, 75 percent for widowed mothers and surviving children, and from 71.5 percent to 100 percent for

<sup>8</sup> See Lucy B. Mallan, "Young Widows and Their Children: A Comparative Report," *Social Security Bulletin*, May 1975, page 14.

<sup>9</sup> Widowed mothers' benefits terminate when their youngest child attains age 18, unless the child is disabled. Since all disabled workers are under 65, their wives tend to be younger than the wives of retired workers.

<sup>10</sup> Individual benefits for dependents or survivors in large families are proportionately reduced to keep total family benefits within the limit determined by the family maximum provision. If one member should earn enough to call for withholding, the amount withheld would be added, proportionately, to the benefits of the other members, bringing the total once again to the maximum. Since the amount payable remains the same, no withholding is instituted. For more details on this procedure, see Barbara A. Lingg, "Widowed-Father Beneficiaries," *Social Security Bulletin*, February 1977, pages 28-29.

TABLE 10 —Number of dependent and survivor beneficiaries who lost benefits because of own earnings, percentage distribution by amount of earnings, average benefit amount withheld and before withholding, by type of benefit and age, 1973

Type of beneficiary and age	Number	Percentage distribution, by amount of earnings						Average benefit amount		Ratio of benefits with held to amount before withholding
		Total	Earnings unknown	Less than \$3 000	\$3,000-5 999	\$6,000-8,999	\$9 000 or more	With held	Before with holding	
<b>Dependents of retired workers</b>										
Wives	37,748	100 0	19 4	10 2	36 1	20 3	14 0	\$331	\$811	0 65
Under 35	389	100 0	13 2	8 6	48 6	21 8	7 8	378	371	5 8
35-49	6,279	100 0	11 0	7 8	43 3	25 0	12 9	469	750	63
50-61	16,685	100 0	10 2	9 3	45 0	22 4	13 1	492	713	89
62-64	3,612	100 0	18 5	21 9	26 8	14 7	18 1	436	754	58
65-71	10,783	100 0	39 0	9 1	20 8	16 2	14 9	664	932	71
Children	12,631	100 0	13 7	29 1	49 0	7 3	1 9	337	790	43
Under 18	1,325	100 0	28 6	31 2	36 0	2 8	1 4	321	821	39
18 and over	11,306	100 0	11 9	28 8	49 4	7 8	2 1	339	791	43
<b>Dependents of disabled workers</b>										
Wives	43,999	100 0	9 0	7 3	44 1	27 3	12 3	498	801	62
Under 35	4,632	100 0	12 7	7 7	44 6	26 3	8 7	410	730	56
35-49	22,922	100 0	8 4	6 4	43 6	28 9	12 7	497	808	62
50-61	15,699	100 0	7 6	7 6	45 8	26 2	12 8	532	821	65
62-71	746	100 0	31 5	13 8	28 9	13 7	12 1	408	627	65
Children	11,634	100 0	13 0	26 1	50 7	9 1	2 1	311	711	43
Under 18	1,779	100 0	15 2	37 2	43 7	2 8	1 1	287	799	36
18 and over	9,855	100 0	12 6	24 1	52 0	9 0	2 3	316	719	44
<b>Survivors of deceased workers</b>										
Widows	80,869	100 0	7 2	25 9	41 0	13 7	12 2	921	1,762	52
Under 35	15,725	100 0	3 5	33 6	48 3	6 4	8 2	509	1,372	44
35-49	36,374	100 0	4 2	25 4	44 4	13 2	12 8	931	1,804	52
50-61	28,770	100 0	12 9	22 2	33 0	18 3	13 6	1,085	1,922	56
62-71	152,809	100 0	8 9	8 5	36 2	29 4	17 0	993	1,481	67
Widowed mothers	15,209	100 0	9 2	9 0	40 4	29 2	12 2	899	1,457	62
Under 35	76,760	100 0	8 5	7 5	35 7	30 3	18 0	965	1,481	65
35-49	60,840	100 0	9 3	9 7	35 8	28 4	16 8	1,049	1,487	71
50-64	41,357	100 0	8 5	32 3	49 2	8 4	1 6	415	1,269	33
Children	5,075	100 0	8 3	46 2	42 0	2 6	9	373	1,472	25
Under 18	36,282	100 0	8 5	30 3	50 2	8 8	2 2	410	1,205	34
18 and over	13	100 0	15 5	23 0	38 5	23 0	0	822	1,564	53

aged widows, depending on the age at entitlement for benefits

Relatively fewer beneficiaries under age 35 than older beneficiaries had earnings of \$6,000 or more. Many of these younger beneficiaries were widowed mothers and wives who had young children and may have had to restrict their work activity to care for them. Among aged widows, the proportion with earnings of \$6,000 or more was substantially lower for those aged 60-61 than for those aged 62-64, and the latter proportion was somewhat lower than that for those aged 65-71.

Since the benefits for widows are actuarially reduced for each month of receipt before age 65, many widows with fairly high earnings would not file for benefits until they attained that age.

Relatively few child beneficiaries earned \$6,000 or more. Those who did were most likely student beneficiaries who left school for a while and then returned. Some of the child beneficiaries with earnings of this magnitude probably had completed high school and obtained full-time employment before their benefits were terminated at age 18.