

~~S 0128~~

[COMMITTEE PRINT]

S2127

COMMITTEE ON FINANCE
UNITED STATES SENATE
EUGENE D. MILLIKIN, CHAIRMAN

MAJOR DIFFERENCES IN THE PRESENT
SOCIAL SECURITY LAW AND H. R. 9366
AS REPORTED BY THE COMMITTEE
ON FINANCE
RELATING TO
OLD-AGE AND SURVIVORS INSURANCE
AND
PUBLIC ASSISTANCE

83^d Cong. 2^d Sess. 7



JUNE 27, 1954

Printed for the use of the Committee on Finance

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1954

COMMITTEE ON FINANCE

EUGENE D. MILLIKIN, Colorado, Chairman

EDWARD MARTIN, Pennsylvania	WALTER F. GEORGE, Georgia
JOHN J. WILLIAMS, Delaware	HARRY FLOOD BYRD, Virginia
RALPH E. FLANDERS, Vermont	EDWIN C. JOHNSON, Colorado
GEORGE W. MALONE, Nevada	ROBERT S. KERR, Oklahoma
FRANK CARLSON, Kansas	J. ALLEN FREAR, Jr., Delaware
WALLACE F. BENNETT, Utah	RUSSELL B. LONG, Louisiana
SAM W. REYNOLDS, Nebraska	GEORGE A. SMATHERS, Florida

ELIZABETH B. SPENCER, Chief Clerk

(11)

CONTENTS

OLD-AGE AND SURVIVORS INSURANCE		OLD-AGE AND SURVIVORS INSURANCE—Con.	
I. Coverage.....	Page 1	V. Benefit amounts—Continued	
A. Self-employed.....	1	C. Dropout of low years—Continued	Page
B. Employees in commerce and industry.....	1	Table II. Illustrative benefit amounts	
C. Agricultural workers.....	2	for survivors of insured individuals	
D. Domestic workers in private homes.....	2	under existing law and those quali-	
E. Work not in the course of the employer's	2	fying in the future under H. R.	
trade or business.....	2	9366.....	11
F. State and local government employees.....	2, 3	D. On rolls prior to effective date.....	12
G. Employees of nonprofit organizations.....	3	E. Minimum primary insurance amount.....	12
H. Federal civilian employees.....	4	F. Maximum family benefits.....	12
I. Members of Armed Forces.....	4	G. Dependents' and survivors' benefits.....	12, 13
J. Railroad employees.....	4, 5	H. Retroactive application for benefits.....	13
K. Geographical scope.....	5	I. Recomputation of benefits after entitle-	
II. Creditable earnings.....	6	ment.....	13
III. Insured status.....	6	VI. Retirement test.....	13, 14
A. Fully insured.....	6	VI. Disability "freeze".....	15
B. Currently insured.....	6	A. Effect of provision.....	15
C. Quarter of coverage defined.....	6, 7	B. Eligibility requirements.....	15, 16
IV. Benefit categories.....	7	C. Effective dates.....	16
A. Old age.....	7	D. Disability determinations.....	16, 17
B. Wife.....	7	E. Administrative expenses.....	17
C. Husband.....	7	F. Rehabilitation.....	17
D. Child.....	7	G. Military service credits and railroad com-	
E. Widow.....	7	pensation.....	17
F. Widower.....	7	VII. Financing.....	17
G. Mother.....	7	A. Maximum taxable amount.....	17
H. Parent.....	8	B. Tax rates.....	17
I. Lump sum.....	8		
V. Benefit amounts.....	8	PUBLIC ASSISTANCE	
A. Average monthly wage.....	8	A. Temporary extension of 1952 matching formula.....	18
B. Benefit formula.....	9	B. Temporary extension of special 1950 provisions	
C. Dropout of low years.....	9	relating to State aid-to-the-blind plans.....	18
Table I. Illustrative monthly bene-			
fits for individual retiring in the			
future and for his wife under exist-			
ing law and H. R. 9366.....	10		

Major differences in the present social-security law and H. R. 9366 as reported by the Senate Committee on Finance relating to old-age and survivors insurance and public assistance

(Parenthetical references are to pages in Senate Finance Committee report)

OLD-AGE AND SURVIVORS INSURANCE

I. COVERAGE

Item	Present law	H. R. 9366
<p>A. Self-employed.....</p>	<p>Covers all self-employed for years in which they have net earnings from self-employment of \$400 or more except:</p> <p>(1) Specified professional groups—physicians, lawyers, dentists, osteopaths, veterinarians, chiropractors, naturopaths, optometrists, architects, Christian Science practitioners, professional engineers, funeral directors, and certain public accountants.</p> <p>(2) Farm operators.</p> <p>(3) Ministers.</p> <p>(4) Public officials and employee newsboys under age 18.</p> <p>(5) Certain types of income, such as dividends, interest, and rentals from real estate, unless received by dealers in real estate and securities in the course of business dealings.</p> <p>(6) Certain gains and losses, such as sale of capital asset.</p>	<p>The following coverage provisions are, in general, effective Jan. 1, 1955.</p> <p>Same as present law. (Pp. 39, 119-123.)</p> <p>(3) Coverage of ministers is provided on a self-employed, voluntary basis regardless whether the minister is, in fact, an employee or self-employed. (Pp. 3, 8-9, 38, 122.)</p> <p>(4) Continues exclusion of public officials and employee newsboys under age 18.</p> <p>(5) No change.</p> <p>(6) Excludes certain coal royalties which are now covered under the Social Security Act but excluded under the Internal Revenue Code.</p>
<p>B. Employees in commerce and industry.....</p>	<p>Covers all employees except:</p> <p>(1) Fishermen not employed on vessels of more than 10 net tons and not engaged in commercial halibut or salmon fishing.</p> <p>(2) Domestic service performed by students in local college clubs and fraternities.</p> <p>(3) Certain close relatives working for members of family.</p> <p>(4) Certain students, student nurses, and interns.</p> <p>(5) Newsboys under 18.</p> <p>Certain homeworkers who are not subject to State licensing laws are excluded as employees but may be covered as self-employed persons.</p>	<p>Same as present law except:</p> <p>(1) Covers all fishermen now excluded. (Pp. 4, 10, 38, 117.)</p> <p>(2) No change.</p> <p>(3) No change.</p> <p>(4) No change.</p> <p>(5) No change.</p> <p>Homeworkers who are not subject to State licensing laws are covered on the same basis as those who are. (Pp. 4, 6, 38-39, 118.)</p>

I. COVERAGE—Continued

Item	Present law	H. R. 9366
C. Agricultural workers..	<p>Covers only those who are "regularly employed" by 1 employer and who receive cash wages of \$50 or more in a calendar quarter from that employer. In general, after a farm-worker has worked for 1 employer continuously for an entire calendar quarter, he is "regularly employed" in the next quarter and in succeeding quarters if he works for that employer on a full-time basis for at least 60 days during the quarter.</p> <p>The following are specifically excluded from coverage:</p> <ol style="list-style-type: none"> (1) Mexican contract workers. (2) Workers in cotton ginning and gum naval stores. (3) Noncash remuneration for agricultural work. 	<p>Covers agricultural workers if paid \$50 or more in cash wages by one employer in a calendar quarter. (Pp. 3, 7-8, 35-36, 110.)</p> <ol style="list-style-type: none"> (1) No change. (2) Workers in cotton ginning covered as agricultural workers; workers in gum naval stores continue to be excluded from coverage. (Pp. 7-8, 36, 111.) (3) No change.
D. Domestic workers in private homes.	<p>Covers only those workers in nonfarm homes who work for a single employer on at least 24 days and are paid at least \$50 in cash wages by that employer during a calendar quarter. Noncash remuneration is excluded.</p>	<p>Covers all domestic workers in private homes who are paid \$50 or more in cash wages by an employer during a calendar quarter. (Pp. 3, 8, 34, 110.)</p> <p>No change.</p>
E. Work not in the course of the employer's trade or business.	<p>Covers such work if the individual works for a single employer on at least 24 days and is paid at least \$50 in cash wages by that employer during a calendar quarter. Noncash remuneration is excluded.</p>	<p>Covers such work if the individual is paid \$50 or more in cash wages by an employer during a calendar quarter. (Pp. 3, 8, 34-35, 36, 110.)</p>
F. State and local government employees.	<p>Covers State and local government employees (except those specified below) provided individual State enters into an agreement with Federal Government.</p> <p>Following employees are excluded:</p> <ol style="list-style-type: none"> (1) Employees who are in positions covered under a State or local retirement system (other than the Wisconsin retirement fund) at the time coverage is made applicable to the coverage group to which they belong. 	<p>No change.</p> <p>Same as present law except:</p> <ol style="list-style-type: none"> (1) Makes coverage available, by means of Federal-State agreements to employees in positions covered by a State or local retirement system (except policemen and firemen) provided a referendum is held in which the majority of eligible employees under the retirement system vote in favor of coverage. Employees of institutions of higher learning under a retirement system are a separate coverage group, and 1 or more political subdivisions may be considered as a separate coverage group even though employees are under a statewide retirement system. In addition employees whose positions are covered by a retirement system but who are not themselves eligible for membership in the system could be covered without a referendum. Employees in positions which

I. COVERAGE—Continued

Item	Present law	H. R. 9366
F. State and local government employees—Con.	<p>Following employees are excluded—Continued</p> <p>(4) Individuals employed on work relief projects.</p> <p>(5) Patients and inmates of institutions who perform work for such institutions.</p> <p>Employees of certain State and local transportation systems taken over from private ownership after 1936 are covered compulsorily (no Federal-State agreement necessary).</p> <p>State agreement cannot cover services of the types which would be excluded by the general coverage provisions of the law if they were performed for a private employer, except that agricultural and student services in this category may be covered at the option of the State.</p> <p>State also has the option of covering or excluding employees in any class of elective, part-time, or fee-basis positions, and emergency services.</p>	<p>Same as present law except—Continued</p> <p>were covered by a retirement system on the date the agreement was made applicable to the coverage group but which, by reason of action taken prior to the date of enactment of the bill, are no longer covered by a retirement system on the date when the agreement is made applicable to such services, may also be covered without a referendum at any time prior to Jan. 1, 1958. (Pp. 3, 6-7, 39-49, 142-150.)</p> <p>(2) Provision is made for coverage under a State agreement, at the option of the State, of services of inspectors of agricultural products employed to perform services in connection with agreements between States and the U. S. Department of Agriculture. (Pp. 46, 143-144.)</p> <p>(3) Special provision is made for coverage under the Utah agreement of employees performing services for certain enumerated units of the State in positions covered by a retirement system who are precluded from coverage under present law. (Pp. 46-47, 150.)</p> <p>(4) No change.</p> <p>(5) No change.</p> <p>No change.</p> <p>No change. (Pp. 37, 145.)</p>
G. Employees of nonprofit organizations.	<p>Covers employees of certain nonprofit organizations which file a certificate showing that the organization waives exemption from social-security tax and that at least 2/3 of employees have signed in favor of coverage, except that the following employees are specifically excluded from coverage:</p>	<p>Same as present law except that State could, when bringing in groups of employees other than members of a retirement system, exclude those in positions covered by a retirement system but ineligible for membership in such system. (Pp. 43-44, 144-145.)</p> <p>No change.</p>

4

I. COVERAGE—Continued

Item	Present law	H. R. 9366
G. Employees of nonprofit organizations.—Con.	<p>Following employees are excluded—Continued</p> <p>(2) Persons employed by the organization when coverage begins who do not sign the original, or a supplemental, certificate before the 1st wage report is due.</p> <p>(3) Employees of any organization exempt from income tax earning less than \$50 in a calendar quarter.</p>	<p>Same as present law except—Continued</p> <p>(2) No change.</p>
II. Federal civilian employees.	<p>Covers employees of the Federal Government and of certain of its instrumentalities including wholly owned corporations; national farm loan associations; production credit associations; Federal Reserve banks; Federal credit unions; State, county, and community committees under the Production and Marketing Administration; and, with respect to civilian employees only, post exchanges under the Department of Defense.</p>	<p>Same as present law, except prohibits the use of Federal service credited under old-age and survivors insurance for benefit purposes under any other Federal retirement system. (Pp. 10-11, 37-38, 79.)</p>
I. Members of Armed Forces.	<p>Not covered under the regular contributory provisions of the program but granted social security wage credits of \$160 per month for active service in the Armed Forces during the World War II period (Sept. 16, 1940-July 24, 1947) and for the postwar period (July 25, 1947-June 30, 1955). These wage credits are not given if benefits are payable to veteran under a Federal program other than those administered by the Veterans' Administration.</p>	<p>Same as present law.</p>
J. Railroad employees....	<p>Under coordination provisions contained in Railroad Retirement Act, railroad employment covered jointly under railroad retirement and old-age and survivors insurance. In all cases except retirement cases in which the individual had 10 years or more of railroad employment benefits are payable under one program or the other based on combined railroad compensation and old-age and survivors insurance wages. Provisions for financial interchange are such as to place the old-age and survivors insurance trust fund in the same position it would have been in if railroad employment were covered by old-age and survivors insurance.</p>	<p>Amendments made to the Railroad Retirement Act to preserve the present relationship between the 2 programs; otherwise, no change. (Pp. 93, 163-166.)</p>
K. Geographical scope....	<p>Covers persons within continental United States, Alaska, Hawaii, Puerto Rico, and Virgin Islands regardless of citizenship or residence except:</p> <p>(1) Nonresident aliens engaged in self-employment.</p> <p>(2) Employees of foreign governments and their instrumentalities.</p> <p>(3) Employees of international organizations entitled to certain privileges under the International Organizations Immunities Act.</p>	<p>Same as present law.</p>

I. COVERAGE—Continued

Item	Present law	H. R. 9366
<p>K. Geographical scope—Continued</p>	<p>Coverage in other areas is limited to:</p> <p>(1) American citizens either self-employed or employed by an American employer (except on vessels and aircraft of foreign registry).</p> <p>(2) All persons employed on American vessels and aircraft.</p>	<p>Same as present law except:</p> <p>(1) Covers American citizens employed by an American employer on vessels and aircraft of foreign registry. In addition makes coverage available to citizens of the United States employed outside the United States by foreign subsidiaries of American corporations under voluntary agreements between the Federal Government and the parent American company. The domestic corporation could include some or all of its foreign subsidiaries in the agreement; it would have to agree to pay the equivalent of both employer and employee taxes on behalf of the subsidiaries included. (Pp. 4, 9, 10, 37, 49, 111.)</p> <p>(2) No change.</p>

II. CREDITABLE EARNINGS

	<p>All remuneration for services in covered work is covered except:</p> <p>(1) Earnings in excess of \$3,600.</p> <p>(2) Certain types of payments for retirement and payments under a plan or system providing benefits on account of sickness or accident disability, etc.</p> <p>(3) Sick pay under certain circumstances.</p> <p>(4) Payment by the employer of the employee tax under the Federal Insurance Contributions Act or under a State unemployment compensation law.</p>	<p>Same as present law except:</p> <p>(1) Earnings in excess of \$4,200, rather than earnings in excess of \$3,600 as in present law; are excluded, effective Jan. 1, 1955. (Pp. 4, 11-12, 70-71, 109.)</p> <p>(2) No change.</p> <p>(3) No change.</p> <p>(4) No change.</p>
--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

III. INSURED STATUS

<p>A. Fully insured.....</p>	<p>1 quarter of coverage (acquired at any time after 1936) for every 2 calendar quarters elapsing after 1950 (or after quarter in which age 21 was attained, if later) and before quarter of death or attainment of age 65, whichever first occurs. For persons who died before September 1950, elapsed time is counted from 1936. Minimum requirement 6 quarters of coverage; maximum 40.</p> <p>Fully insured status qualifies for old-age, dependents, and survivors benefits; both fully and currently insured status required for dependent husbands' and dependent widowers' benefits.</p>	<p>See sec. IX for preservation of benefit rights of permanently and totally disabled. Otherwise same as present law except:</p> <p>(1) As alternative to present requirements. Individual fully insured if he has quarters of coverage in all quarters after 1954 and before July 1956 or, if later (i) the quarter of death or (ii) attainment of age 65, whichever occurs first. (Pp. 4-5, 19, 76-79, 124-125.)</p> <p>(2) Deaths before Sept. 1, 1950. For purposes of survivor benefits (other than for widower or former wife divorced), individual who died before Sept. 1, 1950, with at least 6 quarters of coverage is fully insured. (Pp. 5, 77, 124.)</p> <p>Same as present law.</p>
-------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

III. INSURED STATUS—Continued

Item	Present law	H. R. 9366
B. Currently insured.....	6 quarters of coverage within 13 quarters ending with quarter of death or entitlement to old-age insurance benefits (defined as primary insurance benefits before 1950 amendments). Currently insured status qualifies for child's, widowed mother's, and lump-sum benefits.	Same as present law.
C. Quarter of coverage defined.	(1) Quarter in which individual received at least \$50 in wages or was credited with at least \$100 of self-employment income. (2) Each quarter in any calendar year in which wages are \$3,600 or more and each quarter in a taxable year in which combined wages and self-employment income equal at least \$3,600. (3) 4 quarters of coverage credited for minimum \$400 of self-employment income for year. (4) No quarter counted as quarter of coverage before it begins, or after the quarter of death.	(1) Same as present law. (2) After 1954, each quarter in any calendar year in which wages are \$4,200 or more, and each quarter in a taxable year in which combined wages and self-employment income equal at least \$4,200. (Pp. 71, 123-124.) (3) Same as present law. (4) Same as present law.

IV. BENEFIT CATEGORIES

A. Old age.....	Payable at age 65 and over to fully insured individual.	No change.
B. Wife.....	Payable to wife of old-age beneficiary if at least age 65 or regardless of her age if she has in her care a child entitled to benefits on her husband's record.	No change
C. Husband.....	Payable to dependent husband of old-age beneficiary at age 65 or over if wife currently insured at time of her entitlement and she was furnishing half his support.	No change
D. Child.....	Payable to unmarried child under age 18 of old-age beneficiary or of individual who died either currently or fully insured, if child deemed dependent on such person.	No change.
E. Widow.....	Payable at age 65 or over to widow of fully insured worker.	No change.
F. Widower.....	Payable at age 65 or over to dependent widower of woman who died both fully and currently insured, if she was furnishing at least half his support.	No change.
G. Mother.....	Payable to widow or former wife divorced of worker who died either fully or currently insured, if she has in her care an entitled child of the worker. Former wife divorced must have been receiving half her support from deceased pursuant to court order or agreement, and the child must be her child entitled to benefits on the former husband's wage record.	No change.
H. Parent.....	Payable at age 65 or over to parent of deceased fully insured worker, if worker had furnished half or more of parent's support, and was not survived by widow, widower, or child eligible for benefits on his record.	No change.

IV. BENEFIT CATEGORIES--Continued

Item	Present law	H. R. 9366
I. Lump sum.....	Payable on death of fully or currently insured worker to widow or widower living with the worker at the time of his death, or if no such spouse survives, as reimbursement for funeral expenses, irrespective of the payment of monthly benefits.	No change.

V. BENEFIT AMOUNTS

A. Average monthly wage.....	<p>In general, an individual's average monthly wage for computing his monthly old-age insurance benefit amount is determined by dividing the total of his wages and self-employment income after the applicable starting date and up to the applicable closing date, by the number of months involved. Starting dates may be 1936, 1950, or if later, the quarter of attainment of age 22. Closing dates for wages may be 1st day of 2d quarter preceding quarter of death or entitlement to benefits, whichever first occurred. Where either event occurred after individual first became eligible for benefits, alternative closing date of 1st day of 2d quarter before the quarter of first eligibility may be used if that will yield a larger benefit. Special closing dates are applicable for self-employment income. The closing date used for the divisor is the later of the wage and self-employment income closing dates.</p> <p>The applicable starting and closing dates used are those which yield the highest benefit amount. The minimum divisor is 18 months. (The average monthly wage is reduced under this method of computation for periods in the elapsed time when the individual is not in covered employment.)</p>	<p>Generally the same as present law, except for the dropout of low years—see C below—and for technical amendments to provide standard annual starting and closing dates for periods over which average monthly wage is computed. Special midyear closing date in 1956 permitted for deaths or entitlements in that year, if individual has 6 quarters of coverage after 1954. Also see the provisions in sec. IX preserving the benefit rights of permanently and totally disabled persons. (Pp. 11, 50-52, 60-61, 131-132.)</p>
B. Benefit formula.....	<p>An individual may have his benefit computed under the following methods provided he meets the conditions therein prescribed. If more than 1 method is applicable, the 1 yielding the higher benefit amount will be used.</p> <p>(1) 55 percent of the first \$100 of average monthly wage plus 15 percent of the next \$200, based on average monthly wage after 1950, or after age 22, if later. (Formula provided by 1952 amendments.)</p>	<p>After the close of the month following the month of enactment, an individual may have his benefit computed under the following methods provided he meets the conditions therein prescribed. If more than 1 method is applicable, the 1 yielding the highest benefit amount will be used. (Pp. 4, 50-56, 125-131.)</p> <p>(1) 55 percent of the first \$110 of average monthly wage plus 20 percent of the next \$240, based on average monthly wage after 1950, or after age 22, if later. (Pp. 4, 13, 50, 125-126.)</p>

V. BENEFIT AMOUNTS—Continued

Item	Present law	H. R. 9306
C. Dropout of low years..	<p><i>Condition:</i> 6 quarters of coverage after 1950.</p> <p>(2) 1939 benefit formula (40 percent of 1st \$50 of average monthly wage plus 10 percent of next \$200, plus 1 percent of the sum thus obtained for each year of coverage prior to 1951, based on average monthly wage after 1950). The amount obtained is increased by the conversion table in present law. See D below.</p> <p>No provision.</p>	<p><i>Conditions:</i></p> <p>(a) 6 quarters of coverage after June 1953, or</p> <p>(b) First eligible for old-age insurance benefits after effective date, or dies after effective date and before eligible for old-age insurance benefits, provided he has 6 quarters of coverage after 1950.</p> <p>(2) (a) 1952 benefit formula (see present law (1)) with benefit amount increased through conversion table in the bill.</p> <p><i>Condition:</i> 6 quarters of coverage after 1950.</p> <p>(b) 1939 benefit formula (see present law (2)) with benefit amount increased through conversion table in the bill. (Pp. 50-56, 126-131.)</p> <p>In computing average monthly wage under (1) and (2) (b), above, up to 4 years (5 years, if individual has 20 quarters of coverage) of lowest (or no) earnings may be dropped. To be eligible for a dropout under (2) (b) must meet conditions specified in (1) (b) above, except the one relating to 6 quarters of coverage after 1950. (Pp. 11, 12-13, 52, 126-127.)</p> <p>The dropout provision is also applicable to benefit recomputations under certain circumstances after the effective date. (Pp. 56-61, 132-137.)</p>

V. BENEFIT AMOUNTS—Continued.

TABLE 1.—Illustrative monthly benefits for retired workers...

ASSUMING LEVEL EARNINGS...

Average monthly wage		Present law		Bill	
On basis of present law	With dropout as provided in bill	Single	Married ¹	Single	Married ¹
\$50	\$50	\$27.50	\$41.30	\$32.50	\$48.80
100	100	55.00	80.00	60.00	90.00
150	150	62.50	93.80	68.50	102.80
200	200	70.00	105.00	78.50	117.80
250	250	77.50	116.80	88.50	132.80
300	300	85.00	127.50	98.50	147.80
350	350	(²)	(²)	108.50	162.80

ASSUMING SPECIFIED INCREASE IN EARNINGS ARISING FROM DROPOUT PROVIDED IN BILL³

\$50	\$70	\$27.50	\$41.30	\$38.50	\$57.80
100	120	55.00	80.00	62.50	93.80
150	170	62.50	93.80	72.50	108.80
200	220	70.00	105.00	82.50	123.80
250	270	77.50	116.80	92.50	138.80
300	310	85.00	127.50	100.50	150.20
350	350	(⁴)	(⁴)	108.50	162.80

¹ With wife aged 65 or over.² Application of 80 percent maximum may not reduce benefits below \$45.³ These amounts produced by the 1952 benefit formula and conversion table; with level average monthly wage amounts below \$130, amounts are higher if the conversion table used.⁴ Reduced to 80 percent of average wage.⁵ Present law includes earnings only up to \$300 a month.⁶ These assumed increases in earnings arising from the dropout provisions in regard to computation of average wage are merely illustrative. Actually the dropout will produce varying results which may be lower or higher than those shown.⁷ Application of 80 percent maximum may not reduce benefits below 1½ times primary insurance amount.

V. BENEFIT AMOUNTS—Continued

TABLE 2.—Illustrative monthly benefits for survivors of insured workers

ASSUMING LEVEL EARNINGS

Average monthly wage		Aged widow or widower ¹		Widow and 1 child ²		Widow and 2 children		Widow and 3 children	
On basis of present law	With dropout as provided in bill	Present law	Bill	Present law	Bill	Present law	Bill	Present law	Bill
\$50	\$50	\$20.70	³ \$30.00	⁴ \$41.30	⁵ \$48.00	⁶ \$45.00	⁷ \$50.00	⁸ \$45.00	⁹ \$50.00
100	100	41.30	³ 45.00	⁴ 80.00	⁵ 90.00	⁶ 80.00	⁷ 90.00	⁸ 80.00	⁹ 90.00
150	150	46.90	51.40	93.80	102.80	⁶ 120.00	⁷ 120.00	⁸ 120.00	⁹ 120.00
200	200	52.50	58.90	105.00	117.80	140.00	157.00	⁸ 160.00	⁹ 160.00
250	250	58.20	66.40	116.80	132.80	155.00	177.00	⁸ 168.80	⁹ 200.00
300	300	63.80	73.90	127.50	147.80	⁶ 168.80	197.00	⁸ 168.80	⁹ 200.00
350	350	(¹⁰)	81.40	(¹⁰)	162.80	(¹⁰)	⁹ 200.00	(¹⁰)	⁹ 200.00

ASSUMING SPECIFIED INCREASE IN EARNINGS ARISING FROM DROPOUT PROVIDED IN BILL ¹¹

\$50	\$70	\$20.70	³ \$30.00	⁴ \$41.30	⁵ \$57.80	⁶ \$45.00	⁷ \$57.80	⁸ \$45.00	⁹ \$57.80
100	120	41.30	46.90	⁴ 80.00	93.80	⁶ 80.00	⁷ 96.00	⁸ 80.00	⁹ 96.00
150	170	46.90	54.40	93.80	102.80	⁶ 120.00	⁷ 136.00	⁸ 120.00	⁹ 136.00
200	220	52.50	61.90	105.00	123.80	140.00	165.00	⁸ 160.00	⁹ 176.00
250	270	58.20	69.40	116.80	138.80	155.00	185.00	⁸ 168.80	⁹ 200.00
300	310	63.80	75.40	127.50	150.80	⁶ 168.80	⁷ 200.00	⁸ 168.80	⁹ 200.00
350	350	(¹⁰)	81.40	(¹⁰)	162.80	(¹⁰)	⁷ 200.00	(¹⁰)	⁹ 200.00

¹ Also single surviving parent or child.² Also 2 aged parents.³ Application of \$30 minimum family benefit.⁴ Application of 80 percent maximum may not reduce benefits below \$45.⁵ Application of 80 percent maximum may not reduce benefits below \$50.⁶ These amounts produced by the 1952 benefit formula and the conversion table; with level average monthly wage amounts below \$130, the benefit is higher if the conversion table is used.⁷ Reduced to 80 percent of average wage.⁸ Application of 80 percent maximum may not reduce benefits below 1½ times primary insurance amount.⁹ Dollar maximum on benefits.¹⁰ Maximum average wage under present law is \$300.¹¹ These assumed increases in earnings arising from the dropout provisions in regard to computation of average wage are merely illustrative. Actually, the dropout will produce varying results which may be lower or higher than those shown.

V. BENEFIT AMOUNTS—Continued

Item	Present law	H. R. 9366																																								
D. On rolls prior to effective date.	<p>(1) For persons on rolls prior to 1952 amendments whose benefits were computed under 1939 formula, primary insurance amount was determined by means of a conversion table. Examples of the increase in benefits resulting under the conversion table are shown below:</p> <table border="1" data-bbox="337 532 817 822"> <thead> <tr> <th>If primary insurance benefit under 1939 law was—</th> <th>The present primary insurance amount is—</th> </tr> </thead> <tbody> <tr><td>\$10.....</td><td>\$25. 00</td></tr> <tr><td>\$15.....</td><td>35. 00</td></tr> <tr><td>\$20.....</td><td>42. 00</td></tr> <tr><td>\$25.....</td><td>52. 40</td></tr> <tr><td>\$30.....</td><td>60. 80</td></tr> <tr><td>\$35.....</td><td>66. 60</td></tr> <tr><td>\$40.....</td><td>72. 00</td></tr> <tr><td>\$45 or over.....</td><td>77. 10</td></tr> </tbody> </table>	If primary insurance benefit under 1939 law was—	The present primary insurance amount is—	\$10.....	\$25. 00	\$15.....	35. 00	\$20.....	42. 00	\$25.....	52. 40	\$30.....	60. 80	\$35.....	66. 60	\$40.....	72. 00	\$45 or over.....	77. 10	<p>(1) Retired workers on the rolls prior to the effective date of the bill, whether their primary insurance amount was computed by the benefit formula in present law or through the old conversion table, will have their benefits for months following the month after month of enactment increased by a new conversion table as shown below:</p> <table border="1" data-bbox="817 532 1293 883"> <thead> <tr> <th>If present primary insurance amount is—</th> <th>New primary insurance amount would be—</th> </tr> </thead> <tbody> <tr><td>\$25. 00.....</td><td>\$30. 00</td></tr> <tr><td>\$35. 00.....</td><td>40. 00</td></tr> <tr><td>\$42. 00.....</td><td>47. 00</td></tr> <tr><td>\$52. 40.....</td><td>57. 40</td></tr> <tr><td>\$60. 80.....</td><td>66. 80</td></tr> <tr><td>\$66. 60.....</td><td>73. 00</td></tr> <tr><td>\$72. 00.....</td><td>81. 10</td></tr> <tr><td>\$77. 10.....</td><td>88. 50</td></tr> <tr><td>\$81. 00.....</td><td>93. 16</td></tr> <tr><td>\$85. 00.....</td><td>98. 50</td></tr> </tbody> </table>	If present primary insurance amount is—	New primary insurance amount would be—	\$25. 00.....	\$30. 00	\$35. 00.....	40. 00	\$42. 00.....	47. 00	\$52. 40.....	57. 40	\$60. 80.....	66. 80	\$66. 60.....	73. 00	\$72. 00.....	81. 10	\$77. 10.....	88. 50	\$81. 00.....	93. 16	\$85. 00.....	98. 50
If primary insurance benefit under 1939 law was—	The present primary insurance amount is—																																									
\$10.....	\$25. 00																																									
\$15.....	35. 00																																									
\$20.....	42. 00																																									
\$25.....	52. 40																																									
\$30.....	60. 80																																									
\$35.....	66. 60																																									
\$40.....	72. 00																																									
\$45 or over.....	77. 10																																									
If present primary insurance amount is—	New primary insurance amount would be—																																									
\$25. 00.....	\$30. 00																																									
\$35. 00.....	40. 00																																									
\$42. 00.....	47. 00																																									
\$52. 40.....	57. 40																																									
\$60. 80.....	66. 80																																									
\$66. 60.....	73. 00																																									
\$72. 00.....	81. 10																																									
\$77. 10.....	88. 50																																									
\$81. 00.....	93. 16																																									
\$85. 00.....	98. 50																																									
	(2) Dependents given proportionate increases, subject to family maximum provisions.	(1) Retired workers on the rolls prior to the effective date of the bill, whether their primary insurance amount was computed by the benefit formula in present law or through the old conversion table, will have their benefits for months following the month after month of enactment increased by a new conversion table as shown below: (Pp. 4, 12-13, 14-15, 52-56, 127-132.) (2) Dependents given proportionate increases, subject to family maximum provisions. (Pp. 15-16, 61-62, 100.)																																								
E. Minimum primary insurance amount.	\$25	\$30, after month following month of enactment. (Pp. 4, 15-16, 53, 127-130.)																																								
F. Maximum family benefits.	<p>(1) The maximum amount payable on a single wage record is the lesser of \$168.75 or 80 percent of the insured person's average monthly wage. The 80-percent limitation, however, cannot reduce the total family benefits below \$45.</p> <p>(2) Reductions necessary to bring total family benefits within the applicable limitations are made proportionately against all benefits except the insured worker's benefit, which is never reduced.</p>	<p>(1) Dollar maximum raised to \$200. The 80-percent maximum cannot reduce total family benefits below the larger of \$50 or 1½ times the primary insurance amount. (Pp. 4, 16, 61-62, 100.)</p> <p>(2) Same as present law.</p>																																								
G. Dependents' and survivors' benefits.	(Subject to maximum limitations on total family benefits.)	(Subject to maximum limitations on total family benefits.)																																								
1. Wife or husband of old-age beneficiary.	½ of primary insurance amount.	Same as present law.																																								
2. Child of living old-age beneficiary.	½ of primary insurance amount.	Same as present law.																																								
3. Widow, widower, former wife divorced, or parent of deceased insured person.	½ of primary insurance amount.	Same as present law, except minimum benefit is \$30 if individual is sole beneficiary entitled. (Pp. 4, 15, 64, 99.)																																								
4. Child of deceased insured person.	If only 1 child is entitled, ½ of primary insurance amount. If more than 1 child entitled, each child gets ¼ of primary insurance amount plus an equal share in an additional ¼ of primary insurance amount.	Same as present law, except minimum is \$30 if a child is sole beneficiary entitled. (Pp. 4, 15, 64, 99.)																																								
5. Lump-sum death payment.	3 times the primary insurance amount.	No change (P. 16.)																																								

V. BENEFIT AMOUNTS—Continued

Item	Present law	H. R. 9366
H. Retroactive application for benefits.	Benefits payable retroactively for 6 months prior to month of application.	Retroactive period extended to 12 months for application filed after month following month of enactment (but period may not extend back further than 6 months prior to month of enactment). (Pp. 71, 99.)
I. Recomputation of benefits after entitlement.	<p>Recomputation to take account of wages earned in 2 quarters preceding quarter of entitlement or death. (Initial computation based on earnings up to the second quarter preceding the quarter of death or entitlement—beginning of lag period.)</p> <p>Recomputation of benefit rate if individual has 6 quarters of coverage after 1950 and 12 benefit suspensions on account of work within a 3-year period after August 1950 and after last computation or recomputation.</p> <p>Individuals age 75 and over with 6 quarters of coverage after 1950 eligible for 1 recomputation to base benefits on earnings since 1950.</p>	<p>Recomputation to take account of earnings in year of death or entitlement. (Pp. 52, 59, 136-137.)</p> <p>Recomputation if individual has 6 quarters of coverage after 1950 and \$1,200 of earnings in calendar year after 1953 and after individual's last computation. Applies also for beneficiaries age 72 and over. (Pp. 5, 22-23, 56-57, 132-133.)</p> <p>Restriction deleted.</p>

VI. RETIREMENT TEST

<p>1. Applies only to covered work.</p> <p>2. Separate tests for employed and self-employed persons.</p> <p>(a) Employed persons: No benefit is payable to a beneficiary under age 75 (or to any dependent drawing on his record) for any month in which he earns wages of more than \$75 in covered employment. Penalties imposed for failure to report wages of more than \$75 prior to accepting a benefit for the 2d month following the month in which the earnings occurred.</p> <p>(b) Self-employed persons: 1 month's benefit is withheld from the beneficiary under age 75 (and from any dependent drawing on his record) for each unit of \$75 (or fraction thereof) by which annual covered net earnings exceed \$900. However, benefits are not withheld for any month in which the self-employed person did not render "substantial services" in a covered trade or business. Where the taxable year is less than 12 months, the basic exempt amount is reduced in proportion to the number of months in the taxable year.</p>	<p>1. No change. (P. 19.)</p> <p>2. Same annual test of earnings for both employed and self-employed persons. (Pp. 4, 18-19, 65-70, 100-107.)</p> <p>1 month's benefit withheld from the beneficiary under age 72 (and from any dependent drawing on his record) for each unit of \$80 (or fraction thereof) by which annual earnings from covered employment and self-employment exceed \$1,200. However, benefits not withheld for any month during which the individual neither rendered services for wages in excess of \$80 nor rendered substantial services in a trade or business.</p> <p>Where the taxable year is less than 12 months, the basic exempt amount is reduced in proportion to the number of months in the taxable year.</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

VI. RETIREMENT TEST—Continued

Item	Present law	H. R. 9366
	<p>2. Separate tests for employed and self-employed persons—Continued</p> <p>(b) Self-employed persons—Continued</p> <p>Beneficiaries required to file annual reports of net earnings from self-employment in excess of \$75 times the number of months in the year. Reports must be filed on or before the 15th day of the 3d month following the close of the year. Penalties imposed for failure to file timely reports.</p> <p>Estimates of net earnings (and other information) may be requested from the beneficiary during the course of the year.</p> <p>Temporary suspensions of benefits may be made during the course of the year, until it is determined whether deductions apply.</p> <p>3. No test for noncovered work outside the United States.</p> <p>4. Benefits are not suspended because of work or earnings for months during which the beneficiary is age 75 or over.</p>	<p>2. Same annual test of earnings for both employed and self-employed persons—Continued</p> <p>Beneficiaries required to file annual reports of earnings in excess of \$1,200, or the proportionate amount for taxable years of less than 12 months. Penalties imposed for failure to file timely reports of earnings, unless the failure to file on time was for "good cause."</p> <p>Estimates of earnings (and other information) may be requested from the beneficiary during the course of the year.</p> <p>Temporary suspensions of benefits, similar to those now applicable to the self-employed, may be made during the course of a year until it is determined whether deductions apply.</p> <p>These provisions effective for taxable years beginning after 1954.</p> <p>3. Test for noncovered work outside the United States.</p> <p>Deductions made from the benefits for any month in which a beneficiary under age 72 engages in a noncovered remunerative activity (whether employment or self-employment) outside the United States on 7 or more calendar days. If deductions are made for any month for this reason, deductions also made from the benefits of any dependent drawing benefits on the basis of the individual's wage record.</p> <p>Provisions effective for months after December 1954.</p> <p>4. Benefits are not suspended because of work or earnings if beneficiary is age 72 or over. (Pp. 65, 100-101.)</p>

IX. DISABILITY "FREEZE"

<p>A. Effect of provision—</p>	<p>No provision.</p> <p>(Note.—An inoperative provision similar to disability freeze in H. R. 9366 was included in sec. 8 of Public Law 590, Social Security Act amendments of 1952.)</p>	<p>When an individual for whom a period of disability has been established dies or retires his period of disability will be disregarded in determining his insured status and in figuring any benefits due him or his family.</p> <p>The dropout provision (see sec. V C) will apply after a period of disability has been excluded from consideration. (Pp. 20-22, 71-76, 137-139.)</p>
<p>B. Eligibility requirements.</p>		<p>(1) An individual must be precluded from engaging in any substantial gainful activity by reason of a physical or mental impairment. The impairment must be medically determinable and one which can be expected to be of long-continued and indefinite duration or to</p>

IX. DISABILITY "FREEZE"—Continued

Item	Present law	H. R. 9366
B. Eligibility requirements—Continued		<p>result in death. An individual is disabled, within the meaning of the law, if he is blind as that term is defined. (Pp. 20-22, 73-74, 137-139.)</p> <p>(2) A period of disability cannot be established unless it has lasted at least 6 full calendar months. (Pp. 21, 73, 138.)</p> <p>(3) To be eligible for the freeze, an individual must have acquired at least 20 quarters of coverage out of the last 40 calendar quarters ending with the quarter in which the period of disability begins. In addition he must have acquired 6 quarters of coverage out of the last 18 calendar quarters ending with the quarter in which the period of disability begins. (Pp. 20, 74, 139.)</p> <p>(4) He must be alive and still disabled at the time application for a disability freeze is filed. (Pp. 22, 73, 138.)</p>
C. Effective dates		<p>(1) Jan. 1, 1955, is the 1st day on which a disability "freeze" application may be accepted. The individual must be alive, however, on July 1, 1955, to establish a period of disability. (Pp. 22, 76, 139.)</p> <p>(2) July 1955 is the 1st month for which an individual can be paid a benefit computed with the exclusion of a period of disability. (Pp. 22, 76.)</p> <p>(3) All applications filed before July 1, 1957, are fully retroactive, insofar as the start of a period of disability is concerned, i. e., the period of disability extends from the earliest date on which the individual was disabled and met the quarters of coverage requirements described in B (3). (Pp. 22, 76, 139.)</p> <p>(4) For applications filed after June 30, 1957, retroactivity of the period of disability is limited to 1 year. (Pp. 23, 139.)</p>
D. Disability determinations.		<p>(1) The Secretary is directed to enter into contractual agreements under which State vocational rehabilitation agencies or other appropriate State agencies will make determinations of disability. (Pp. 21-22, 75, 151-152.)</p> <p>(2) The Secretary is authorized to make determinations of disability for individuals who are not covered by State agreements. (Pp. 22, 75, 152.)</p> <p>(3) The Secretary may, on his own motion, review a State agency determination that a disability exists and may, as a result of such review, find that no disability exists or that the disability began later than determined by the State agency. (Pp. 75, 151.)</p> <p>(4) Any individual who is dissatisfied with a determination, whether made by a State agency or by the Secretary, has the right to a hearing and to judicial review, as provided in present law. (Pp. 75, 151.)</p>

IX. DISABILITY "FREEZE"—Continued

Item	Present law	H. R. 9336
E. Administrative expenses.		Appropriations are authorized from the trust fund to reimburse State agencies for necessary costs incurred in making disability determinations. (Pp. 75, 152.)
F. Rehabilitation.		The policy of Congress is stated that disabled persons applying for the disability freeze be promptly referred to vocational rehabilitation agencies for necessary rehabilitation services. (Pp. 76, 152.)
G. Military service credits and railroad compensation.		Technical amendments are included to permit using (a) wage credits for service in the Armed Forces and (b) railroad compensation, for purposes of determining an individual eligibility for a period of disability. (Pp. 74, 139, 141, 164-165.)

X. FINANCING

A. Maximum taxable amount.	\$3,000 a year.			\$4,200 a year after 1954.																																																				
B. Tax rates.	<table border="1"> <thead> <tr> <th>Years</th> <th>Employee</th> <th>Employer</th> <th>Self-employed</th> </tr> </thead> <tbody> <tr> <td>1951-53</td> <td>1½%</td> <td>1½%</td> <td>2¼%</td> </tr> <tr> <td>1954-59</td> <td>2</td> <td>2</td> <td>3</td> </tr> <tr> <td>1960-64</td> <td>2½</td> <td>2½</td> <td>3½</td> </tr> <tr> <td>1965-69</td> <td>3</td> <td>3</td> <td>4½</td> </tr> <tr> <td>1970 and thereafter</td> <td>3½</td> <td>3½</td> <td>4½</td> </tr> </tbody> </table>	Years	Employee	Employer	Self-employed	1951-53	1½%	1½%	2¼%	1954-59	2	2	3	1960-64	2½	2½	3½	1965-69	3	3	4½	1970 and thereafter	3½	3½	4½		<table border="1"> <thead> <tr> <th>Years</th> <th>Employee</th> <th>Employer</th> <th>Self-employed</th> </tr> </thead> <tbody> <tr> <td>1951-53</td> <td colspan="3">Same as present law.</td> </tr> <tr> <td>1954-59</td> <td colspan="3">Same as present law.</td> </tr> <tr> <td>1960-64</td> <td colspan="3">Same as present law.</td> </tr> <tr> <td>1965-69</td> <td colspan="3">Same as present law.</td> </tr> <tr> <td>1970-74</td> <td>3½%</td> <td>3½%</td> <td>5¼%</td> </tr> <tr> <td>1975 and thereafter</td> <td>4</td> <td>4</td> <td>6</td> </tr> </tbody> </table>	Years	Employee	Employer	Self-employed	1951-53	Same as present law.			1954-59	Same as present law.			1960-64	Same as present law.			1965-69	Same as present law.			1970-74	3½%	3½%	5¼%	1975 and thereafter	4	4	6	(Pp. 5, 23-33, 89, 166-167.)
Years	Employee	Employer	Self-employed																																																					
1951-53	1½%	1½%	2¼%																																																					
1954-59	2	2	3																																																					
1960-64	2½	2½	3½																																																					
1965-69	3	3	4½																																																					
1970 and thereafter	3½	3½	4½																																																					
Years	Employee	Employer	Self-employed																																																					
1951-53	Same as present law.																																																							
1954-59	Same as present law.																																																							
1960-64	Same as present law.																																																							
1965-69	Same as present law.																																																							
1970-74	3½%	3½%	5¼%																																																					
1975 and thereafter	4	4	6																																																					

PUBLIC ASSISTANCE

A. Temporary extension of 1953 matching formula.	<p>Temporary increase in Federal matching shares for State public assistance programs expires Sept. 30, 1954.</p> <p>Under such temporary increase, formula for old-age assistance, aid to the blind, and aid to the permanently and totally disabled is ½ of the 1st \$25 of a State's average monthly payment plus ¼ of the remainder up to a maximum of \$55.</p> <p>Under such temporary increase, formula for aid to dependent children is ½ of the 1st \$15 of a State's average monthly payment plus ¼ of the remainder within individual maximums of \$30 for the adult, \$20 for the 1st child, and \$21 for each additional child in a family.</p>	Expiration date postponed until Sept. 30, 1955. (Pp. 5, 33, 92-93, 94-96.)
B. Temporary extension of special 1950 provisions relating to State aid-to-the-blind plans.	Temporary provision for approval of certain State plans for aid to the blind which do not meet requirements of clause 3 of sec. 1003 (a) of Social Security Act (relating to consideration of income and resources in determining need) expires June 30, 1955.	Expiration date postponed until June 30, 1957. (Pp. 5, 33, 92.)