

[COMMITTEE PRINT]

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

OLD-AGE AND SURVIVORS INSURANCE

COVERAGE, ELIGIBILITY REQUIREMENTS
AND BENEFIT PAYMENTS



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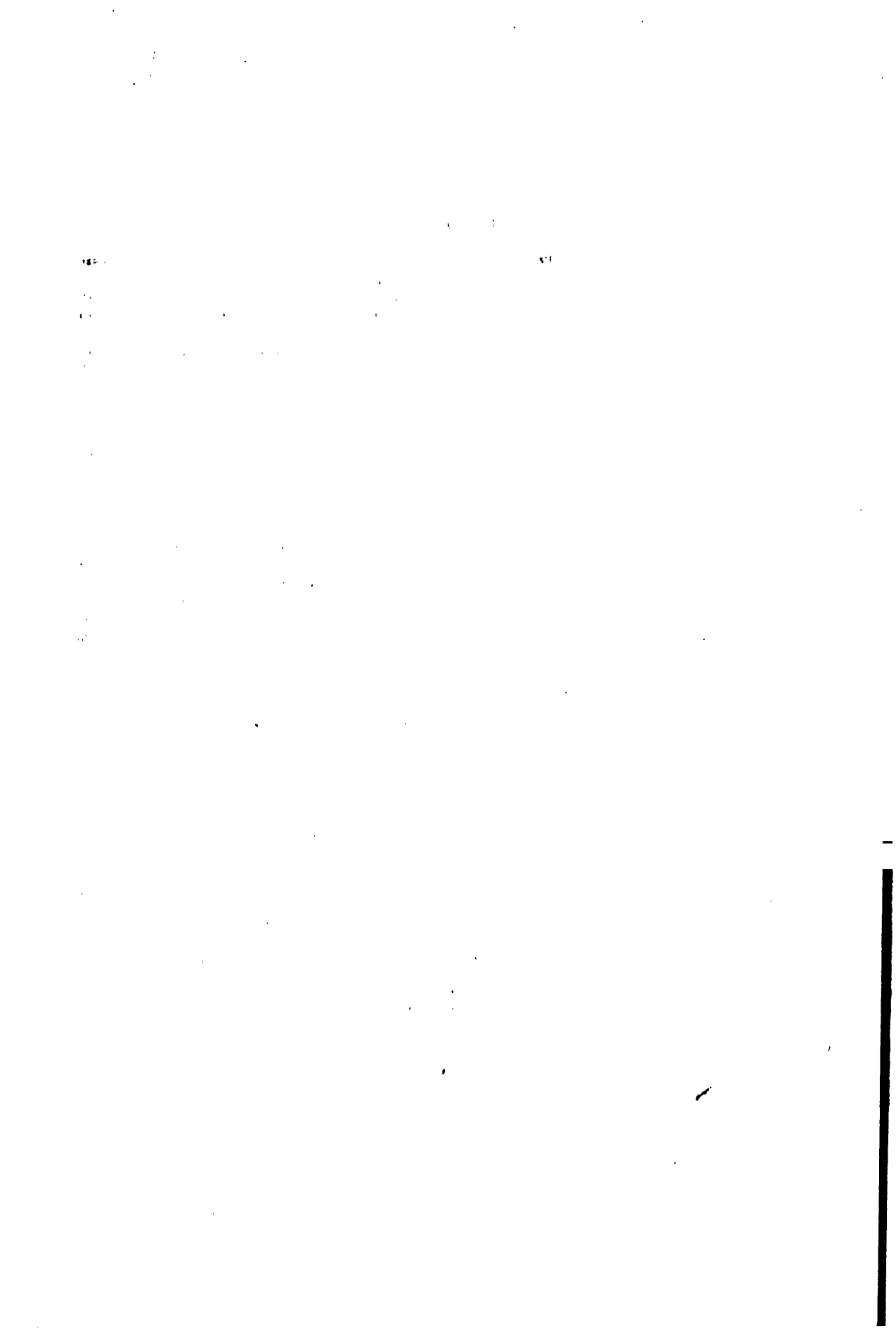
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**OLD-AGE AND SURVIVORS INSURANCE—COVERAGE, ELIGIBILITY REQUIREMENTS, AND
BENEFIT PAYMENTS**

I. COVERAGE

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
Self-employed.....	<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 certified, registered, licensed, or full-time 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>No change except:</p> <p>(1) Covers professional groups formerly excluded, other than physicians, lawyers, dentists, osteopaths, veterinarians, naturopaths, chiropractors, and optometrists.</p> <p>(2) Covers farm operators on same basis as other self-employed persons, except for a special provision that makes it easier for low-income farmers who report on a cash basis to compute their net earnings—such farmers whose annual gross earnings are \$1,800 or less may report either their actual net earnings or 50 percent of their gross earnings; farmers who report on a cash basis and whose annual gross earnings are over \$1,800 may report either their actual net earnings or, if their actual net earnings are less than \$900, may report \$900.</p> <p>In determining net earnings rentals paid in the form of crop shares cannot be included.</p> <p>(3) Coverage on a voluntary self-employed basis regardless of whether an employee or self-employed for ministers (including Christian Science practitioners) and members of religious orders other than those who have taken a vow of poverty; also those serving outside the United States who are American citizens performing ministerial service for American employers.</p> <p>Allows a period of 2 years after coverage became available, or after becoming a minister or a member of a religious order in which to elect coverage. An election of coverage once made is irrevocable.</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>

I. COVERAGE—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
B. 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>Certain borderline agricultural services are covered. The services are—</p> <p>(1) services performed on or off the farm in connection with the processing of maple sap into maple sirup or maple sugar (but not the gathering of maple sap on a farm—such services are covered only if the regular employment and cash wages tests referred to above are met);</p> <p>(2) services performed off the farm in connection with the raising or harvesting of mushrooms, or the hatching of poultry, or irrigation services performed by employees of companies operating for profit (irrigation services performed in connection with an irrigation system operating on a nonprofit basis are covered only if the regular employment and cash wages tests referred to above are met); and</p> <p>(3) postharvesting services performed for farmer cooperatives (any group of 20 or more farmers) or for commercial handlers of fruits and vegetables (but not if the services are performed for a farmer who produced more than 1/2 the commodity processed or for an informal group of farmers which produced all the commodity processed—such services are covered only if the regular employment and cash wages tests referred to above are met).</p> <p>The following are specifically excluded from coverage:</p> <p>(1) Mexican contract workers.</p> <p>(2) Workers in cotton ginning and gum naval stores.</p> <p>(3) Noncash remuneration for agricultural work.</p>	<p>Covers agricultural workers if paid \$100 or more in cash wages by one employer in a calendar year.</p> <p>No change, except that when the services referred to constitute agricultural labor, the new services (described above) will apply.</p> <p>(1) No change.</p> <p>(2) Workers in cotton ginning covered as agricultural workers; workers in gum naval stores continue to be excluded from coverage.</p> <p>(3) No change.</p> <p>(4) Workers lawfully admitted to the United States from the Bahamas, Jamaica, and the British West Indies on a temporary basis to perform agricultural labor are excluded from coverage.</p>

I. COVERAGE—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
Domestic workers in private homes.	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, as is domestic service performed by students in local college clubs and fraternities.	Covers all domestic workers in private homes who are paid \$50 or more in cash wages by an employer during a calendar quarter. No change.
Work not in the course of the employer's trade or business.	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.	Covers such work if the individual is paid \$50 or more in cash wages by an employer during a calendar quarter. No change.
Employees in commerce and industry. 1. Fishermen.	Covers all employees with the following exceptions and qualifications: Fishermen not employed on vessels of more than 10 net tons and not engaged in commercial halibut or salmon fishing are not covered.	Covers all fishermen now excluded.
2. Life-insurance salesmen.	Life-insurance salesmen who have been covered as employees under the usual common-law rules are covered. Generally such relationship exists when the person for whom the services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work but also as to the details and means by which that result is accomplished. In addition, coverage as employees is provided for full-time insurance salesmen if the contract of service contemplates that substantially all of the services are to be performed personally by the salesman, except that he is not covered as an employee if— (a) he has a substantial investment in the facilities used in performing the services (other than in transportation facilities); or (b) the services are in the nature of a single transaction which is not part of a continuing relationship with the person for whom the services are performed.	No change.
3. Wholesale salesmen.	Salesmen who have been covered as employees under the usual common-law rules are covered. Generally such relationship exists when the person for whom the services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work but also as to the details and means by which that result is accomplished.	No change.

L. COVERAGE—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
<p>3. Wholesale salesmen—Con.</p>	<p>In addition, coverage as employees is provided for certain full-time traveling or city salesmen engaged in the solicitation, for their principals, of orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments for merchandise for resale or supplies for use in their business operations. Such salesmen are covered as employees if the contract of service contemplates that substantially all of the services are to be performed personally by the salesman, except that he is not covered as an employee if—</p> <p>(a) he solicits orders for more than 1 principal (except for side-line sales activities); or</p> <p>(b) he has a substantial investment in the facilities used in performing the services (other than in transportation facilities); or</p> <p>(c) the services are of the nature of a single transaction which is not part of a continuing relationship with the person for whom the services are performed.</p>	
<p>4. Agent-drivers and commission-drivers.</p>	<p>Agent-drivers and commission-drivers who have been covered under the usual common-law rules are covered. Generally such relationship exists when the person for whom the services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work but also as to the details and means by which that result is accomplished.</p> <p>In addition, coverage as employees is provided for agent-drivers or commission-drivers engaged in distributing, for their principals, meat, vegetable, fruit, or bakery products, beverages (other than milk), or laundry or dry-cleaning services. Such drivers are covered as employees if the contract of service contemplates that substantially all of the services are to be performed personally by the driver, except that he is not covered as an employee if—</p> <p>(a) he has a substantial investment in the facilities used in performing the services (other than in transportation facilities); or</p> <p>(b) the services are in the nature of a single transaction which is not part of a continuing relationship with the person for whom the services are performed.</p>	<p>No change.</p>

L. COVERAGE--Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
A. Industrial home workers.	<p>Home workers who have been covered under the usual common-law rules are covered. Generally such relationship exists when the person for whom the services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work but also as to the details and means by which that result is accomplished.</p> <p>In addition, coverage as employees is provided for those home workers who--</p> <ul style="list-style-type: none"> (a) are licensed under State law; (b) perform work on materials furnished by the employer in accordance with the employer's specifications and the materials are to be returned to the employer; (c) are paid \$50 or more in a calendar quarter by the employer; and (d) perform work under a contract of service that contemplates substantially all of the services are to be performed personally by the home worker; <p>Except that a home worker is not covered as an employee if--</p> <ul style="list-style-type: none"> (a) he has a substantial investment in the facilities used in performing the services (other than in transportation facilities); or (b) the services are in the nature of a single transaction which is not part of a continuing relationship with the person for whom the services are performed. 	<p>Same as former law except the condition that the services must be subject to the licensing requirements under State law is eliminated-- thus providing coverage to substantially all industrial home workers.</p>
6. Casual labor-----	<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.</p>	<p>Covers such work if the individual is paid \$50 or more in cash wages by an employer during a calendar quarter.</p>
7. Employment in Puerto Rico and the Virgin Islands.	<p>Employment and self-employment in Puerto Rico and the Virgin Islands are covered.</p>	<p>No change.</p>

I. COVERAGE--Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
8. Employment outside the United States.	Services performed outside the 48 States, the District of Columbia, Hawaii, Alaska, Puerto Rico, and the Virgin Islands by citizens of the United States for an American employer are covered as well as employment on or in connection with an American vessel or an American aircraft under a contract of service entered into within the United States, or employment on and in connection with an American vessel or American aircraft that touches at a port in the United States.	Same as former law except: (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 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.
9. Newsboys.....	Services performed by certain newsboys and vendors of newspapers and magazines are excluded from coverage if they are performed by an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution. But news vendors aged 18 or over are covered as self-employed if the services are performed in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back.	No change.
10. Family employment.	Services performed by an individual in the employ of his son, daughter, or spouse or services performed by a child under the age of 21 in the employ of his father or mother are excluded from coverage.	No change.
F. Railroad employees....	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.	Amendments made to the Railroad Retirement Act to preserve the present relationship between the 2 programs; otherwise, no change.

L. COVERAGE—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
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; (2) Employees on work relief projects; and (3) Patients and inmates of institutions who are employed by such institutions. <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>No change 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 by a secret written ballot is held, after not less than 90 days' notice, and if the majority of eligible employees under the retirement system vote in favor of coverage. <ul style="list-style-type: none"> Employees of any institution of higher learning (including a junior college or a teachers' college) under a retirement system can, if the State so desires, be covered as 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 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. (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. (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. (4) Special provision is made to enable the State of Arizona to obtain coverage retroactively to Jan. 1, 1951, for members of the Arizona Teachers Retirement System if a modification of the existing State agreement is entered into prior to Jan. 1, 1956.

L. COVERAGE—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
<p>G. State and local government employees— Continued</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>Coverage on a compulsory basis is provided for employees of certain publicly owned transportation systems as shown below:</p> <p>1. <i>A transportation system that acquired a private system prior to 1951.</i>—All employees of a transportation system owned by a State or local unit of government, any part of which is acquired from a private company after 1936 and before 1951, are covered by old-age and survivors insurance unless the employees are covered as of Dec. 31, 1950, by a general retirement system (applicable on a citywide or Statewide basis) under which the benefits are protected from diminution or impairment by express provision of the State constitution. If the transportation system owned by a State or local unit of government has a retirement system applicable to its employees and acquires a private transportation system after 1950, the employees taken over with such acquisition are covered by old-age and survivors insurance if the employer has provided for integration of the general retirement system with old-age and survivors insurance.</p> <p>2. <i>A transportation system no part of which was acquired from a private company prior to 1951.</i>—As to a transportation system owned by a State or local unit of government, no part of which was acquired from a private company after 1936 and before 1951, but which acquires a private transportation company after 1950, the employees taken over with the acquisition are covered by old-age and survivors insurance unless they are covered by a general retirement system which does not provide for integration with old-age and survivors insurance.</p>	<p>(5) Enables survivors of persons covered under retroactive agreements such as in the State of Virginia who died before Jan. 1, 1954, without having filed applications for recomputations, to obtain recomputations even though survivors do not file for such application after Jan. 1, 1956.</p> <p>Same as present law except that State can 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 a retirement system.</p> <p>No change.</p>

I. COVERAGE—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
State and local government employees— Continued	<p>3. A transportation system beginning operation after December 1950.—If a State or local unit of government does not operate a transportation system on Dec. 31, 1950, but acquires a system after such date, all employees of the transportation system are covered by old-age and survivors insurance unless at the time the first part of the transportation system is acquired from private ownership the State or local unit of government has a general retirement system that covers the employees of the transportation system.</p>	
Nonprofit organization employees.	<p>The employees of nonprofit organizations are covered either on a voluntary or a compulsory basis if the wages paid the employee in a calendar quarter are \$50 or more except that services performed by the following are excluded:</p> <ol style="list-style-type: none"> (1) ministers and members of religious orders; (2) students employed by a school, college, or university if the student is regularly attending class; (3) student nurses employed by a hospital or nurses training school if the student nurse is regularly attending classes in an approved nurses training school; and (4) interns employed by a hospital if the intern has completed a 4-year course in an approved medical school. <p style="text-align: center;"><i>Voluntary coverage</i></p>	<p>No change.</p> <ol style="list-style-type: none"> (1) Ministers covered as self-employed individuals on a voluntary basis. See A-(3). (2) No change. (3) No change. (4) No change.
	<p>Coverage on a voluntary basis is provided for employees of organizations exempt from income tax under sec. 101 (6) of the Internal Revenue Code, i. e., corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation. (Sec. 101 (6) will be superseded by sec. 501 (c) (3) of the Internal Revenue Code of 1954.)</p>	<p>No change.</p>

L COVERAGE—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
<p>H. Nonprofit organization employees—Con.</p>	<p style="text-align: center;"><i>Voluntary coverage—Continued</i></p> <p>Employees of such nonprofit organizations who are paid \$50 or more in a calendar quarter are covered provided—</p> <p>(1) the employer organization certifies that it desires to have the old-age and survivors insurance system extended to its employees; and</p> <p>(2) at least 1/3 of the organization's employees concur in the filing of the certificate.</p> <p>Employees who do not concur in the filing of the certificate will not be covered except that all employees hired after a certificate becomes effective will be covered.</p>	<p>Provides retroactive coverage for an individual employed after 1950 and prior to 1955 in certain tax-exempt organizations which failed to file the required waiver certificate, to the extent that the services performed for the organization would have constituted covered employment if the waiver had been filed; and to the extent that taxes had been paid with respect to such employment (prior to September 1954, not refunded) in good faith on the assumption that a waiver had been filed.</p> <p>Similarly, if such an organization files a waiver certificate, and taxes were paid (not refunded) on behalf of an individual whose signature does not appear on the list of accruing employees, retroactive coverage for such individuals is provided for the period during which the taxes were paid, and prior to September 1954, provided that the individual concerned has filed his request to have his remuneration treated as remuneration for covered employment by Jan. 1, 1957.</p>
<p>I. Federal employees—</p>	<p>Coverage is extended to the following services performed in the employ of the United States or its instrumentalities provided that the services are not covered by another retirement system established by Federal law or are not contained in the exclusions from coverage listed subsequently:</p> <p>(1) services performed by temporary employees of the United States whether they are awaiting permanent or indefinite appointment or are in positions not intended to be permanent or indefinite;</p> <p>(2) services performed in the employ of a corporation wholly owned by the United States (includes services performed by employees of the Tennessee Valley Authority—</p>	<p>No change except covers employees of all instrumentalities who are not covered by another retirement system. In addition, specific provisions would cover employees of Coast Guard exchanges.</p> <p>Service performed after 1954 in the employ of the Federal Government, and which constitutes "covered" employment by reason of the 1954 amendments, shall not be credited to benefits under any federally established retirement system other than the old-age and survivors insurance system and the Government Employees Retirement System.</p>

I. COVERAGE—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
Federal employees— Continued	<p>if not covered by the TVA retirement system);</p> <p>(3) services performed in the employ of a national farm loan association, a Federal Reserve bank, a Federal credit union, a production credit association, or a State, county, or community committee under the Production and Marketing Administration; and</p> <p>(4) services performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service and similar organizations.</p> <p><i>Services specifically excluded from coverage</i></p> <p>In addition to the exclusion of all services covered by another retirement system established by Federal law the following services are specifically excluded from coverage:</p> <p>(1) The President, Vice President, and Members of the Congress.</p> <p>(2) Employees in the legislative branch.</p> <p>(3) Temporary employees in the field service of the Post Office Department.</p> <p>(4) Temporary census-taking employees of the Bureau of the Census.</p> <p>(5) Employees paid on a contract or fee basis.</p> <p>(6) Employees whose compensation is nominal—\$12-a-year men.</p> <p>(7) Patients or inmates employed in Federal hospitals, homes, or other institutions.</p> <p>(8) Consular agents in the Foreign Service.</p> <p>(9) Interns, student nurses, and other students in Federal hospitals.</p> <p>(10) Persons employed for emergency work in disaster situations.</p> <p>(11) Employees under Federal unemployment relief programs.</p> <p>(12) Certain committee and board members.</p> <p>(13) Persons excluded from the Civil Service Retirement Act because they are subject to another retirement system.</p>	<p>The categories of employees listed as being specifically excluded under former law are affected as follows:</p> <p>(1) No change.</p> <p>(2) No change.</p> <p>(3) Covered.</p> <p>(4) Covered.</p> <p>(5) Covered.</p> <p>(6) Covered.</p> <p>(7) Patients employed in Federal hospitals, etc., covered, but inmates of penal institutions remain excluded.</p> <p>(8) This exclusion deleted, but since consular agents are, by and large, aliens employed outside the United States, they would still be excluded.</p> <p>(9) No change.</p> <p>(10) No change.</p> <p>(11) This exclusion deleted; there are no employees under Federal relief programs at present.</p> <p>(12) Covered.</p> <p>(13) No change.</p>

L. COVERAGE—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of
J. Members of Armed Forces.	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.	No change.
K. Employees of foreign governments and international organizations.	<p>Services performed in the employment of any foreign government including services as a consular or other officer or employee or a non-diplomatic representative are excluded from coverage.</p> <p>Nonresident aliens engaged in self-employment are excluded from coverage.</p> <p>Employees of foreign governments or of instrumentalities wholly owned by a foreign government are also excluded from coverage if—</p> <p>(1) the services are of a character similar to those performed in foreign countries by employees of the United States Government or instrumentalities thereof, and</p> <p>(2) the Secretary of State certifies to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof.</p> <p>Also excluded from coverage are services performed in the employ of an international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (59 Stat. 669).</p>	No change.
L. Other employment....	Services performed by an individual as an employee (under the usual common-law rules for determining the employer-employee relationship) are covered unless shown as excluded opposite the various occupational groups above. Also, services performed by an individual as an officer of a corporation are covered.	No change.

II. CREDITABLE EARNINGS

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
	<p>All remuneration for services in covered work is covered except:</p> <ol style="list-style-type: none"> (1) Earnings in excess of \$3,600. (2) Certain types of payments for retirement and payments under a plan or system providing benefits on account of sickness or accident disability, etc. (3) Sick pay under certain circumstances. (4) Payment by the employer of the employee tax under the Federal Insurance Contributions Act or under a State unemployment compensation law. 	<p>Same as former law except:</p> <ol style="list-style-type: none"> (1) Earnings in excess of \$4,200, rather than earnings in excess of \$3,600 are excluded, effective Jan. 1, 1955. (2) No change. (3) No change. (4) No change.

III. INSURED STATUS

Fully insured.....	<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. VIII for preservation of benefit rights of permanently and totally disabled. Otherwise same as former law except:</p> <ol style="list-style-type: none"> (1) As alternative to former 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. (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. <p>No change.</p>
Currently insured.....	<p>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).</p> <p>Currently insured status qualifies for child's, widowed mother's, and lump-sum benefits.</p>	<p>No change.</p>
Quarter of coverage defined.	<ol style="list-style-type: none"> (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. 	<ol style="list-style-type: none"> (1) No change. (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. (3) No change. (4) No change.

IV. BENEFIT PAYMENTS TO RETIRED WORKERS AND THEIR DEPENDENTS

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
A. Old age.....	Payable at age 65 and over to fully insured individual.	<p>No change except:</p> <p>Benefits payable to such a fully insured individual will be terminated upon notification of the Secretary by the Attorney General if the individual has been deported under any of 14 specified paragraphs of sec. 241 of the Immigration and Nationality Act. Dependents or survivors remaining in the United States or citizens of the United States will continue to get benefits.</p>
B. Wife.....	<p>When a worker receives old-age benefits, wife's insurance benefits are payable upon filing application if the wife of the retired worker has been married to him for not less than 3 years, or she is the mother of his son or daughter, and</p> <p>(1) has reached age 65 or, if under 65, has in her care (individually or jointly with her husband) at the time of filing the application, a child entitled to a child's insurance benefit on the basis of the wages and self-employment income of her husband;</p> <p>(2) is not entitled to an old-age benefit based on her own earnings equal to or greater than the amount she would be entitled to as the wife of the worker; and</p> <p>(3) has been living with the husband at the time the application is filed. (Wife is deemed to be living with her husband if they are both members of the same household, or she is receiving regular contributions from him for her support, or he has been ordered by a court to contribute to her support.)</p>	No change.
C. Dependent husband....	<p>When a woman worker receives old-age benefits and in addition is <i>currently insured</i> (defined in B, p. 13) husband's insurance benefits are payable upon filing application if the husband of the retired woman worker is the father of her son or daughter, or has been married to her for not less than 3 years, and</p> <p>(1) has reached age 65;</p> <p>(2) has been receiving at least $\frac{1}{2}$ of his support from his wife at the time she became entitled to old-age benefits and filed proof of such support within 2 years after she became so entitled;</p> <p>(3) is not entitled to an old-age benefit based on his own earnings equal to or greater than the amount he would be entitled to as the dependent husband of the worker; and</p>	No change.

IV. BENEFIT PAYMENTS TO RETIRED WORKERS AND THEIR DEPENDENTS—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
Dependent husband— Continued	(4) has been living with the wife at the time the application is filed. (Husband is deemed to be living with his wife if they are both members of the same household, or he is receiving regular contributions from her for his support, or she has been ordered by a court to contribute to his support.)	
Child.....	<p>When a worker receives old-age benefits, child insurance benefits are payable to the child of the retired worker (including stepchild or adopted child as defined below) upon filing application if—</p> <p>(1) the child is unmarried and under age 18; and</p> <p>(2) the child is dependent (as defined below) on the retired worker.</p> <p><i>Stepchild or adopted child—of retired worker</i></p> <p>The term "child" includes a stepchild or adopted child who has been such for at least 3 years immediately preceding the day on which the application for child benefits is filed (if a stepchild of the worker is later adopted by the worker, the child is considered to be an adopted child during the period the stepchild relationship existed).</p> <p><i>Definition of dependency—on father, adopting father, stepfather, mother, adopting mother, and stepmother</i></p> <p>A child is considered dependent upon the father if the father is living with or contributing to the support of the child. However, even if the father is not living with the child or contributing to his support, the child, if legitimate, is considered dependent upon the father unless the child—</p> <p>(1) has been adopted by some other individual, or</p> <p>(2) is living with and receiving more than $\frac{1}{2}$ of his support from his stepfather.</p> <p>An adopted child is considered dependent upon his adopting father under the same conditions as those which apply to a father and his natural child.</p>	No change.

IV. BENEFIT PAYMENTS TO RETIRED WORKERS AND THEIR DEPENDENTS—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
D. Child—Continued	<p><i>Definition of dependency—on father, adopting father, stepfather, mother, adopting mother, and stepmother—Continued</i></p> <p>A child is considered dependent upon his <i>stepfather</i> at the time of filing application for child benefits if the child was—</p> <ol style="list-style-type: none"> (1) living with his stepfather; or (2) receiving at least $\frac{1}{4}$ his support from his stepfather. <p>A child is considered dependent upon his <i>natural mother</i> or <i>adopting mother</i> at the time of filing application for child benefits if such mother was <i>currently insured</i> (defined in B, p. 13) when she became entitled to old-age benefits regardless of presence of or support furnished the child by the father.</p> <p>Also a child is considered dependent upon his <i>natural, adopting, or stepmother</i> at the time of filing application for child benefits if—</p> <ol style="list-style-type: none"> (1) she was living with the child or contributing to the support of the child and provided the child was— <ol style="list-style-type: none"> (a) neither living with, nor receiving contributions from, his father or adopting father, or (b) receiving at least $\frac{1}{4}$ of his support from her. 	

V. BENEFIT PAYMENTS TO SURVIVORS OF DECEASED WORKERS

A. Surviving widow at age 65.	<p>Widow's insurance benefits are payable, upon filing application, at age 65 if the deceased worker died after 1939 and was fully insured at the time of his death and the widow (as defined below)—</p> <ol style="list-style-type: none"> (1) has not remarried; (2) is not entitled to an old-age benefit based on her own earnings equal to or greater than the amount she would be entitled to as the widow of the deceased worker; and (3) was living with the husband at the time of his death. (Widow is deemed to have been living with her husband at the time of his death if they were both members of the same household on the date of his death, or she was receiving regular contributions from him toward her support on such date, or he had been ordered by a court to contribute to her support.) 	<p>No change except:</p> <p>Benefits will be paid if the worker died after 1939 and prior to Sept. 1, 1950, and had at least 6 quarters of coverage.</p> <p>No application will be required if the widow was entitled (on the basis of the worker's wages and self-employment income) to mother's insurance benefits for the month preceding the month in which she reached age 65.</p>
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V. BENEFIT PAYMENTS TO SURVIVORS OF DECEASED WORKERS—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
A. Surviving widow at age 65—Continued.	<p style="text-align: center;"><i>Widow defined</i></p> <p>The term "widow" means the surviving wife of a deceased worker, but only if she meets one of the following conditions:</p> <ol style="list-style-type: none"> (1) was married to him for not less than 1 year immediately prior to the day on which he died; or (2) is the mother of his son or daughter; or (3) legally adopted his son or daughter while married to him and while such son or daughter was under age 18; or (4) was married to him at the time both of them legally adopted a child under the age of 18. 	
B. Surviving widow with children.	<p><i>Mother's insurance benefits</i> are payable, upon filing application, to the widow (see "Widow," defined above) of a deceased worker who died after 1939 if he was <i>currently or fully insured</i> at time of death and the widow—</p> <ol style="list-style-type: none"> (1) has in her care a child of the deceased worker entitled to child insurance benefits; (2) has not remarried; (3) is not entitled to a widow's insurance benefit (as in A above); (4) is not entitled to an old-age benefit based on her own earnings equal to or greater than the amount she would be entitled to as the widow with children of the deceased worker; and (5) was living with the husband at the time of his death. (Widow is deemed to have been living with her husband at the time of his death if they were both members of the same household on the date of his death, or she was receiving regular contributions from him toward her support on such date, or he had been ordered by a court to contribute to her support.) 	<p>No change except:</p> <p>Benefits will be paid if the worker died after 1939 and prior to Sept. 1, 1950, and had at least 6 quarters of coverage.</p> <p>No application will be required if the widow was entitled to wife's insurance benefits (on the basis of the worker's wages and self-employment income) for the month preceding the month in which the worker died.</p>
C. Surviving former wife divorced.	<p><i>Mother's insurance benefits</i> are payable, upon filing application, to the former wife divorced (as defined below) of a deceased worker who died after 1939 if he was <i>currently or fully insured</i> at time of death and the former wife divorced—</p> <ol style="list-style-type: none"> (1) has in her care a child of the deceased worker who is her son, daughter, or legally adopted child entitled to child insurance benefits payable on the basis of the deceased worker's wages or self-employment income; 	<p>No change.</p>

V. BENEFIT PAYMENTS TO SURVIVORS OF DECEASED WORKERS—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
C. Surviving former wife divorced—Con.	<p>(2) was receiving from the deceased worker (pursuant to agreement or court order) at least $\frac{1}{2}$ of her support at the time of his death;</p> <p>(3) has not remarried;</p> <p>(4) is not entitled to a widow's insurance benefit (as in B above); and</p> <p>(5) is not entitled to an old-age benefit based on her own earnings equal to or greater than the amount she would be entitled to as the former wife divorced of the deceased worker.</p> <p style="text-align: center;"><i>Former wife divorced defined</i></p> <p>The term "former wife divorced" means a woman divorced from a deceased worker, but only if she meets 1 of the following conditions:</p> <p>(1) is the mother of his son or daughter;</p> <p>(2) legally adopted his son or daughter while married to him and while such son or daughter was under age 18; or</p> <p>(3) was married to him at the time both of them legally adopted a child under the age of 18.</p>	
D. Surviving child-----	<p><i>Child insurance benefits</i> are payable, upon filing application, to the child (including stepchild or adopted child as defined below) of a deceased worker who died after 1939 if he or she was <i>currently or fully insured</i> and the child—</p> <p>(1) is unmarried and under age 18; and</p> <p>(2) was dependent (as defined below) upon the worker at the time of his or her death.</p> <p style="text-align: center;"><i>Stepchild or adopted child defined—of the deceased worker</i></p> <p>The term "child" includes a stepchild of a deceased worker who has been such a stepchild for at least 1 year immediately preceding the day on which the worker died; the term "child" also includes an adopted child of a deceased worker without regard to the length of time the child has been adopted.</p>	<p>No change except:</p> <p>Benefits will be paid if the worker died after 1939 and prior to Sept. 1, 1950, and had at least 6 quarters of coverage.</p>

V. BENEFIT PAYMENTS TO SURVIVORS OF DECEASED WORKERS—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
Surviving child—Con.	<p><i>Definition of dependency—on father, adopting father, stepfather, mother, adopting mother, and stepmother</i></p> <p>A child is considered dependent upon the <i>father</i> if the father at the time of his death was living with or contributing to the support of the child. However, even if the father at the time of his death was not living with the child or contributing to his support, the child, if legitimate, is considered dependent upon the father unless the child—</p> <ol style="list-style-type: none"> (1) had been adopted by some other individual; or (2) was living with and receiving more than $\frac{1}{2}$ of his support from his stepfather. <p>An adopted child is considered dependent upon his <i>adopting father</i> under the same conditions as those which apply to a father and his natural child.</p> <p>A child is considered dependent upon his <i>stepfather</i> at the time of the stepfather's death if the child was—</p> <ol style="list-style-type: none"> (1) living with his stepfather; or (2) receiving at least $\frac{1}{2}$ of his support from his stepfather. <p>A child is considered dependent upon his <i>natural mother</i> or <i>adopting mother</i> at the time of her death if such mother was currently insured when she died regardless of presence of or support furnished the child by the father.</p> <p>Also a child is considered dependent upon his <i>natural, adopting, or stepmother</i> at the time of death of such mother if—</p> <ol style="list-style-type: none"> (1) she was living with or contributing to the support of the child and provided the child— <ol style="list-style-type: none"> (a) was neither living with nor receiving contributions from his father or adopting father; or (b) was receiving at least $\frac{1}{2}$ of his support from her. 	

V. BENEFIT PAYMENTS TO SURVIVORS OF DECEASED WORKERS—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
E. Surviving dependent widower.	<p><i>Widower's insurance benefits</i> are payable to the widower of a deceased woman worker who died after August 1950 and was <i>currently and fully insured</i> at the time of death and the widower (as defined below)—</p> <ol style="list-style-type: none"> (1) has reached age 65; (2) has not remarried; (3) is not entitled to an old-age benefit based on his own earnings equal to or greater than the amount he would be entitled to as the dependent widower of the deceased wife; (4) was living with the wife at the time of her death (widower is deemed to have been living with his wife at the time of her death if they were both members of the same household on the date of her death, or he was receiving regular contributions from her toward his support on such date, or she had been ordered by a court to contribute to his support); and (5) either— <ol style="list-style-type: none"> (a) was receiving at least $\frac{1}{2}$ of his support from the wife at the time of her death and filed proof of such support within 2 years of the date of death; or (b) was receiving at least $\frac{1}{4}$ of his support from the wife and she was currently insured at the time she became entitled to old-age benefits and filed proof of such support within 2 years after the month in which she became so entitled. <p style="text-align: center;"><i>Widower defined</i></p> <p>The term "widower" means the surviving husband of a deceased woman worker, but only if he meets one of the following conditions:</p> <ol style="list-style-type: none"> (1) was married to her for not less than 1 year immediately prior to the date on which she died; or (2) is the father of her son or daughter; or (3) legally adopted her son or daughter while married to her and while such son or daughter was under age 18; or (4) was married to her at the time both of them legally adopted a child under the age of 18. 	No change.

V. BENEFIT PAYMENTS TO SURVIVORS OF DECEASED WORKERS—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
Surviving dependent parent.	<p><i>Parent's insurance benefits</i> are payable, upon filing application, to the parent or parents (as defined below) of a deceased worker who died after 1939, and was fully insured at the time of death if the worker did not leave a widow, widower, or child who could ever qualify for monthly insurance benefits on the worker's wages and self-employment income and the parent—</p> <ol style="list-style-type: none"> (1) has reached age 65; (2) has not remarried after the death of the worker; (3) was receiving at least $\frac{1}{2}$ of his or her support from the worker at the time of the worker's death and filed proof of such support within 2 years of the date of death; and (4) is not entitled to an old-age benefit based on his or her own earnings equal to or greater than the amount he or she would be entitled to as the dependent parent of the deceased worker. <p style="text-align: center;"><i>Parent defined</i></p> <p>The term "parent" means—</p> <ol style="list-style-type: none"> (1) the mother or father of a deceased worker; (2) a stepparent of the deceased worker by a marriage contracted before the worker attained the age of 16; or (3) an adopting parent who adopted the deceased worker before he or she reached age 16. 	<p>No change except:</p> <p>Benefits will be paid if the worker died after 1939 and prior to Sept. 1, 1950, and had at least 6 quarters of coverage.</p>
Lump-sum death payments.	<p>Upon the death after August 1950 of a worker who died <i>currently or fully insured</i> a lump-sum death payment is payable to the person whom the Federal Security Administrator determines to be the widow or widower of the deceased and to have been living with the deceased at the time of death. If there is no such person, an amount is payable to any person or persons to the extent and in the proportion that he or they have paid the burial expenses for the deceased insured individual. No payment is made, however, unless application is filed within 2 years after the date of death.</p>	<p>No change.</p>

V. BENEFIT PAYMENTS TO SURVIVORS OF DECEASED WORKERS—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
H. Special provisions for beneficiaries under the Railroad Retirement Act.	There is provision for joint crediting of the earnings of a worker under the Railroad Retirement Act and under the Social Security Act for benefit payments to his survivors. However, if any person would be entitled, upon filing application therefor, to an annuity or to a lump-sum payment on the death of an employee under the provisions of the Railroad Retirement Act, no monthly benefit or lump-sum death payment may be paid under the old-age and survivors insurance system on the basis of the wages and self-employment income of such employee.	Amendments made to the Railroad Retirement Act to preserve the present relationship between the 2 programs; otherwise no change.

VI. 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>	Generally no change, except for the drop-out low years—see C below—and for technical amendments to provide standard annual starting and closing dates for periods on 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. VIII preserving the benefit rights of permanently and totally disabled persons.
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VI. BENEFIT AMOUNTS—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
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><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 1936). The amount obtained is increased by the conversion table in present law.</p>	<p>After August 1954, 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.</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.</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 (1) with benefit amount increased through conversion table in the law.</p> <p><i>Condition:</i> 6 quarters of coverage after 1950.</p> <p>(b) 1939 benefit formula with benefit amount increased through conversion table in the law.</p>
Dropout of low years..	No provision.	<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.</p> <p>The dropout provision is also applicable to benefit recomputations under certain circumstances after the effective date.</p>

VI. BENEFIT AMOUNTS—Continued

TABLE 1.—Illustrative monthly benefits for retired workers

ASSUMING LEVEL EARNINGS

Average monthly wage		Old law		1954 amendments	
On basis of old law	With drop-out as provided in 1954 amendments	Single	Married ¹	Single	Married ¹
\$50	\$50	\$27.50	² \$41.30	³ \$32.50	⁴ \$48.80
100	100	55.00	⁴ 80.00	³ 60.00	⁴ 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	116.30	88.50	132.80
300	300	85.00	127.50	98.50	147.80
350	350	(⁵)	(⁵)	108.50	162.80

ASSUMING SPECIFIED INCREASE IN EARNINGS ARISING FROM DROPOUT PROVIDED IN 1954 AMENDMENTS⁶

\$50	\$70	\$27.50	² \$41.30	\$38.50	⁷ \$57.80
100	120	55.00	⁴ 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	116.30	92.50	138.80
300	310	85.00	127.50	100.50	150.80
350	350	(⁵)	(⁵)	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 amount 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.

VI. 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 old law	With dropout as provided in 1954 amendments	Old law	1954 amendments	Old law	1954 amendments	Old law	1954 amendments	Old law	1954 amendments
\$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	116.30	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)	⁷ 200.00	(¹⁰)	⁹ 200.00

ASSUMING SPECIFIED INCREASE IN EARNINGS ARISING FROM DROPOUT PROVIDED IN 1954 AMENDMENTS 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	108.80	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	116.30	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 old 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.

VI. BENEFIT AMOUNTS—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954																																								
D. On rolls prior to effective date.	(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:	(1) Retired workers on the rolls prior to the effective date of the 1954 amendments, whose primary insurance amount was computed by the benefit formula in former 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:																																								
	<table border="0"> <thead> <tr> <th data-bbox="392 537 642 581">If primary insurance benefit under 1939 law was—</th> <th data-bbox="655 537 839 581">The converted 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 converted 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	<table border="0"> <thead> <tr> <th data-bbox="865 537 1115 581">If present primary insurance amount is—</th> <th data-bbox="1129 537 1273 581">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. 30</td> </tr> <tr> <td>\$66. 60.....</td> <td>73. 90</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. 10</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. 30	\$66. 60.....	73. 90	\$72. 00.....	81. 10	\$77. 10.....	88. 50	\$81. 00.....	93. 10	\$85. 00.....	98. 50
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	(2) Dependents given proportionate increases, subject to family maximum provisions.	(2) Dependents given proportionate increases, subject to family maximum provisions.																																								
E. Minimum primary insurance amount.	\$25	\$30, after August 1954.																																								
F. Maximum family benefits.	(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. (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.	(1) Dollar maximum raised to \$200. The percent maximum cannot reduce total family benefits below the larger of \$50 or 1½ times the primary insurance amount. (2) No change.																																								
G. Dependents' and survivors' benefits.	(Subject to \$168.75 maximum limitations on total family benefits.)	(Subject to \$200 maximum limitations on total family benefits.)																																								
1. Wife or husband of old-age beneficiary.	¼ of primary insurance amount.	No change.																																								
2. Child of living old-age beneficiary.	¼ of primary insurance amount.	No change.																																								
3. Widow, widower, former wife divorced, or parent of deceased insured person.	¼ of primary insurance amount.	No change except minimum benefit is \$30 if individual is sole beneficiary entitled.																																								
4. Child of deceased insured person.	If only 1 child is entitled, ¼ 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.	No change except minimum is \$30 if a child is sole beneficiary entitled.																																								
5. Lump-sum death payment.	3 times the primary insurance amount.	No change except that statutory maximum of \$255 is provided.																																								

VI. BENEFIT AMOUNTS—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
<p>Retroactive application for benefits.</p> <p>Recomputation of benefits after entitlement.</p>	<p>Benefits payable retroactively for 6 months prior to month of application.</p> <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>Retroactive period extended to 12 months for application filed after August 1954 (but period may not extend back before February 1954).</p> <p>Recomputation to take account of earnings in year of death or entitlement.</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.</p> <p>Restriction deleted.</p>

VII. RETIREMENT TEST

1. Applies only to covered work.
2. Separate tests for employed and self-employed persons.
 - (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.

- (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.

1. Applies to covered as well as noncovered work.
2. Same annual test of earnings for both employed and self-employed persons.

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 or noncovered 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.

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.

VII. RETIREMENT TEST—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
	<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, in addition 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 75 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.</p>

VIII. DISABILITY "FREEZE"

A. Effect of provision.....	<p>No provision.</p> <p>(NOTE.—An inoperative provision similar to disability freeze was included in sec. 3 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 during a 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. VI-C) will not apply after a period of disability has been excluded from consideration.</p>
B. Eligibility requirements.	-----	<p>(1) An individual must be precluded from engaging in any substantial gainful activity as a result of a physical or mental impairment. The impairment must be medically determinable and one which can be expected to continue of long-continued and indefinite duration.</p>

VIII. DISABILITY "FREEZE"—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
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.</p> <p>(2) A period of disability cannot be established unless it has lasted at least 6 full calendar months.</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 13 calendar quarters ending with the quarter in which the period of disability begins.</p> <p>(4) He must be alive and still disabled at the time application for a disability freeze is filed.</p>
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.</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.</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).</p> <p>(4) For applications filed after June 30, 1957, retroactivity of the period of disability is limited to 1 year.</p>
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.</p> <p>(2) The Secretary is authorized to make determinations of disability for individuals who are not covered by State agreements.</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.</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.</p>

VIII. DISABILITY "FREEZE"—Continued

Item	Under Social Security Act prior to effective date of 1954 amendments	Under Social Security Act amendments of 1954
E. Administrative expenses.		Appropriations are authorized from the trust fund to reimburse State agencies for necessary costs incurred in making disability determinations.
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.
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 eligible for a period of disability.

IX. FINANCING

A. Maximum taxable amount.	\$3,600 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>2½%</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>4%</td> </tr> </tbody> </table>	Years	Employee	Employer	Self-employed	1951-53	1½%	1½%	2½%	1954-59	2	2	3	1960-64	2½	2½	3½	1965-69	3	3	4½	1970 and thereafter	3½	3½	4%	<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>No change.</td> <td></td> <td></td> </tr> <tr> <td>1954-59</td> <td>No change.</td> <td></td> <td></td> </tr> <tr> <td>1960-64</td> <td>No change.</td> <td></td> <td></td> </tr> <tr> <td>1965-69</td> <td>No change.</td> <td></td> <td></td> </tr> <tr> <td>1970-74</td> <td>3½%</td> <td>3½%</td> <td>5½%</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	No change.			1954-59	No change.			1960-64	No change.			1965-69	No change.			1970-74	3½%	3½%	5½%	1975 and thereafter	4	4	6
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	<p>Wages and self-employment income up to \$3,600 per year are taxable. If an individual works in covered employment for more than 1 employer during the course of a year and taxes are paid on more than \$3,600, the employee is entitled to a refund of his share of the tax paid on the wages he received in excess of \$3,600. The claim for such refund must be made within 2 years after the calendar year in which the wages were received.</p>			<p>Wages up to \$4,200 per year are taxable. If an individual works in covered employment for more than 1 employer during the course of a year and taxes are paid on more than \$4,200, the employee is entitled to a refund of his share of the tax paid on the wages he received in excess of \$4,200. The claim for such refund must be made within 2 years after the calendar year on which the wages were received.</p> <p>With respect to taxes paid for domestic service for service not in the course of a trade or business, for agricultural labor, or for industrial homework the employer may deduct an amount equivalent to the employee tax imposed even though at the time of payment he cannot be certain that the test for liability to the tax has been met.</p>																																																		