

**COMMITTEE ON FINANCE
UNITED STATES SENATE**

Harry Flood Byrd, *Chairman*

**MAJOR DIFFERENCES IN THE PRESENT SOCIAL
SECURITY LAW AND H.R. 6027 AS REPORTED
BY THE COMMITTEE ON FINANCE**

Printed for the use of the Committee on Finance

**UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1961**

51519

COMMITTEE ON FINANCE

HARRY FLOOD BYRD, Virginia, Chairman

ROBERT S. KERR, Oklahoma

RUSSELL B. LONG, Louisiana

GEORGE A. SMATHERS, Florida

CLINTON P. ANDERSON, New Mexico

PAUL H. DOUGLAS, Illinois

ALBERT GORE, Tennessee

HERMAN E. TALMADGE, Georgia

EUGENE J. McCARTHY, Minnesota

VANCE HARTKE, Indiana

J. W. FULBRIGHT, Arkansas

JOHN J. WILLIAMS, Delaware

FRANK CARLSON, Kansas

WALLACE F. BENNETT, Utah

JOHN MARSHALL BUTLER, Maryland

CARL T. CURTIS, Nebraska

THURSTON B. MORTON, Kentucky

ETHELSTEN B. SPAWEN, Chief Clerk

CONTENTS

	Page
I. Old-age and survivors insurance.....	1
A. Benefit amounts.....	1
1. Benefit formula.....	1
2. Minimum primary insurance amount.....	1
3. Maximum family benefits.....	1
4. Dependents' and survivors' benefits.....	1
a. Wife or husband of insured worker.....	1
b. Child of insured worker.....	1
c. Widow, widower, or parent of deceased insured worker (beneficiaries aged 62 or over).....	1
d. Widow or former wife divorced of deceased insured worker (beneficiary, regardless of age, with eligible child).....	1
e. Child of deceased insured worker.....	1
f. Lump-sum death payment.....	1
B. Benefits at age 62.....	2
1. Benefit categories affected.....	2
a. Worker—old age.....	2
b. Wife and dependent husband.....	2
c. Widow, widower, and parent.....	2
2. Reduction where individual is entitled to more than one benefit.....	2
3. Effect of benefit increase on reduced benefits.....	2
4. Recomputation of benefits at age 65 (the "round up").....	3
C. Insured status.....	4
Fully insured.....	4
D. Coverage.....	4
1. Employees of State and local governments.....	4
a. Employees in New Mexico.....	4
b. Employees under divided retirement systems.....	4
2. Ministers.....	4
E. Disability onset date for "freeze" purposes.....	4
F. Effective dates.....	5
G. Financing.....	5
1. Maximum taxable amount.....	5
2. Tax rate for self-employed.....	5
3. Tax rate for employees and employers.....	5
II. Public assistance.....	5
Matching formula.....	5
III. Assistance for U.S. nationals returning from abroad.....	6
A. General.....	6
B. Eligibility.....	6
C. Scope of assistance.....	6
D. Plans and arrangements.....	6



Major Differences in the Present Social Security Law and H.R. 6027 as Reported by the Committee on Finance

I. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

A. BENEFIT AMOUNTS

Item	Present law	H.R. 6027 as reported
1. Benefit formula.....	<p>The law provides a consolidated benefit table which is used in determining benefit amounts for both future beneficiaries and those now on the benefit rolls.</p> <p>Though not specifically stated in the law the formula is, in effect, 58.85 percent of the first \$110 of the average monthly wage, plus 21.40 percent of the next \$290 of such wage (except that in some cases, for average monthly wages under \$85, a slightly higher amount is payable so as to fit in with the minimum benefit).</p>	No change, except due to increase in minimum benefit (see below).
2. Minimum primary insurance amount.	\$33 a month.....	Increased to \$40 a month.
3. Maximum family benefits...	<p>Family maximum monthly benefits are set by the table and range from \$53 to \$254.</p> <p>Though not specifically stated in the law, the table provides that the maximum amount payable on a single wage record is the lesser of \$254 (twice the maximum possible primary insurance amount) or 80 percent of the individual's average monthly wage. The 80-percent limitation, however, cannot reduce family benefits below the larger of the primary amount plus \$20 or 1½ times the primary amount.</p>	Family maximum benefit will range from \$60 to \$254.
4. Dependents' and survivors' benefits.	(Subject to maximum limitations on total family benefits.)	Same, except 80-percent limitation cannot reduce benefits below 1½ times the primary amount.
a. Wife or husband of insured worker.	½ of primary insurance amount.....	No change.
b. Child of insured worker.	½ of primary insurance amount.....	No change.
c. Widow, widower, or parent of deceased insured worker (beneficiaries aged 62 or over).	½ of primary insurance amount, except minimum is \$33 if individual is the sole beneficiary.	82½ percent of primary insurance amount (but only 75 percent each if 2 parents), except minimum is \$40 if individual is the sole beneficiary.
d. Widow or former wife divorced of deceased insured worker (beneficiary, regardless of age, with eligible child).	½ of primary insurance amount, except minimum is \$33 if individual is the sole beneficiary.	No change, except minimum is \$40 if individual is the sole beneficiary; widow can qualify for larger amount under (c) if she is aged 62 or over.
e. Child of deceased insured worker.	Each child is entitled to ½ of primary insurance amount, subject to family maximum. Minimum is \$33 if the child is the sole beneficiary.	No change, but increases minimum to \$40 if the child is the sole beneficiary.
f. Lump-sum death payment.	3 times the primary insurance amount with a statutory maximum of \$255.	Same (minimum lump-sum payment will be \$120 instead of present \$99).

I. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

B. BENEFITS AT AGE 62

Item	Present law	H. R. 5557 as reported
1. Benefit categories affected:		
a. Worker—old-age....	Payable at retirement age (65 for men, 62 for women). If a woman elects to receive benefits prior to attaining age 65, her benefit is permanently reduced by $\frac{1}{2}$ percent for each month she is under age 65 at the time her benefit commences. Under this formula a woman who retires at age 62 receives 80 percent of the full benefit.	Benefits would be payable to men workers at age 62 on the same actuarially reduced basis as is now provided for women workers.
b. Wife and dependent husband.	Payable at retirement age (65 for men, 62 for women). For wife electing early retirement, reduction factor is $\frac{2}{3}$ of 1 percent. A wife who takes her benefit at age 62 receives 75 percent of the full benefit.	Benefits would be payable to dependent husbands at age 62 on the same actuarially reduced basis as is now provided for wives.
c. Widow, widower, and parent.	Full benefits payable to the widow and surviving dependent mother of an insured worker at age 62. Full benefits payable to a dependent widower and surviving dependent father of a worker at age 65.	Full benefits would be paid to dependent widowers and dependent surviving fathers at age 62.
2. Reduction where individual is entitled to more than one benefit.	A woman who is entitled to an old-age insurance benefit prior to 65 and is eligible for a wife's benefit at the same time will be deemed to have filed application for both benefits. In the case where a woman is entitled to a reduced old-age insurance benefit and at the same time or subsequently becomes entitled to a wife's benefit, the wife's benefit would be reduced by the dollar reduction which was applicable to the old-age benefit, plus the regular reduction amount on the excess of the unreduced wife's benefit over the unreduced old-age benefit. In the case where a woman is entitled to a reduced wife's benefit and subsequently becomes entitled to a reduced old-age benefit, the latter is reduced by the dollar reduction which was applicable to such wife's benefit, plus the regular reduction amount on any excess if the unreduced old-age benefit exceeded the unreduced wife's benefit.	Same as existing law, but provision made applicable to men entitled to reduced old-age and dependent husband's benefits.
3. Effect of benefit increase on reduced benefits.	A benefit increase from the recomputation of an individual's benefit or one resulting from new legislation (such as the 7-percent benefit increase under the 1958 amendments or the increase in the minimum benefit provided by this bill) is treated as though it was effective at the earlier time when the reduced benefit was elected and is reduced accordingly.	Provision is eliminated. Thus, for both men and women, in this type of case, the full old-age insurance will be reduced according to the age at which it is claimed, without regard to the previous entitlement to a wife's reduced benefit.
		Provision is amended so that benefit increases will be reduced on the basis of their effective date. If an individual took a reduced benefit at age 62 and he was 64 when the benefit increase became effective, the amount of reduction in the increase would be for 1 year rather than 3 years. Persons who have attained 65 by the effective date of the increase will have the full increase added to their reduced benefit.

I. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

B. BENEFITS AT AGE 62—Continued

Item	Present law	H. R. 6027 as reported
4. Recomputation of benefits at age 65 (the "round up").	If a woman's benefits have been withheld (most common reason would be earnings which caused benefit withholding, under the retirement test) for at least 3 months during the period of reduced benefits, she is entitled to a recomputation at age 65, which will readjust her post-65 benefit to take into account the months in which her reduced benefits were withheld.	Provision also made applicable to reduced benefits for men. Eliminates the requirement for both men and women that at least 3 monthly reduced benefits must be withheld before recomputation is allowed at age 65.

C. INSURED STATUS

Fully insured.....	<p>To be fully insured an individual must have either:</p> <p>(a) 40 quarters of coverage, or</p> <p>(b) 1 quarter of coverage (acquired at any time after 1936) for every 3 calendar quarters elapsing after 1936, or after the calendar year in which he attained the age of 21 (if that was later) and up to the beginning of the calendar year in which he attained retirement age (62 for women, 65 for men) or died, whichever occurred first, but such individual must have at least 6 quarters of coverage.</p> <p>Exclusion of periods of disability: No quarter shall be counted as an elapsed quarter, in determining insured status, during which an individual was disabled, unless it was a quarter of coverage.</p>	<p>(a) No change.</p> <p>(b) 1 quarter of coverage (acquired at any time after 1936) for each calendar year elapsing after 1936 (or after the year in which he attained age 21, if that was later than 1936) and before:</p> <p>(1) In the case of a woman, the year in which she died or attained age 62, whichever is earlier;</p> <p>(2) In the case of a man who has died, the year in which he died or the year in which he attained age 65, whichever is earlier; or</p> <p>(3) In the case of a man who has not died, the year in which he attained, or would attain, age 65.</p> <p>A minimum of 6 quarters of coverage is still required.</p> <p>No year shall be counted as an elapsed year, in determining insured status, if the individual during any part of the year was disabled.</p>
--------------------	--	---

Year of attainment of age 62 (for women) or age 65 (for men)	Required quarters	
	Existing law	Proposed
1936 and earlier.....	6	6
1957.....	8	6
1958.....	9	7
1959.....	10	8
1960.....	12	9
1961.....	13	10
1966.....	20	15
1971.....	26	20
1976.....	33	25
1981.....	40	30
1986.....	40	35
1991 and after.....	40	40

I. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

D. COVERAGE

Item	Present law	H. R. 6027 as reported
<p>1. Employees of State and local governments.</p> <p style="padding-left: 20px;">a. Employees in New Mexico—option to divide retirement system.</p> <p style="padding-left: 20px;">b. Employees under divided retirement systems— additional opportunity to elect coverage.</p>	<p>Authorizes California, Connecticut, Florida, Georgia, Hawaii, Massachusetts, Minnesota, New York, North Dakota, Pennsylvania, Rhode Island, Tennessee, Texas, Vermont, Washington, and Wisconsin, and all interstate instrumentalities, at their option, to extend coverage to the members of a State retirement system by dividing such a system into 2 divisions, 1 to be composed of those persons who desire coverage and the other of those persons who do not wish coverage, provided that new members of the retirement system coverage group are covered compulsorily.</p> <p>Those employees covered by a divided retirement system who did not elect coverage in the original agreement, may, nevertheless elect coverage until 1960, or, if later, until 1 year after the date on which coverage was approved for the group that originally elected coverage.</p>	<p>Adds New Mexico to the list.</p> <p>Extends the time for making the election to 1963, or, if later, until 2 years after the date on which coverage was approved for the group that originally elected coverage. Also provides that the coverage of persons electing under this amendment would begin on the same date as coverage became effective for the group originally covered. (This is presently being done under administrative ruling.)</p>
<p>2. Ministers—election of coverage by survivors.</p>	<p>Present law provides that ordained ministers and Christian Science practitioners may become covered on a voluntary basis. The option must be exercised by filing a certificate of election. In general, for present ministers, such certificates must be filed on or before Apr. 15, 1962.</p>	<p>Where ministers and Christian Science practitioners die after Sept. 12, 1960, and before Apr. 16, 1962, without having elected coverage, the bill would allow their survivors or the fiduciaries of their estates to elect coverage for them by filing a certificate of election. Such certificates must be filed on or before Apr. 15, 1962. Such certificates would be effective for the period prescribed in existing law as if filed by the minister or practitioner on the date of his death.</p> <p>Effective date: Coverage resulting will affect only monthly benefits payable for months after the month of enactment. No lump sums payable in respect to persons dying before date of enactment.</p>

E. DISABILITY ONSET DATE FOR "FREEZE" PURPOSES

	<p>Through June 30, 1961, individuals can have periods of disability established, for insured status and benefit computation purposes, which can go as far back as the onset of disability. After this date the period of disability cannot go back any further than 18 months before the application is filed.</p>	<p>Extends cut-off date through June 30, 1962, for periods of disability to go back as far as onset dates. Effective for applications filed on or after enactment date of the bill.</p>
--	---	---

I. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

F. EFFECTIVE DATES

Item	Present law	(H.R. 6027) as reported
		Unless otherwise indicated, the effective date of the provisions will be the 1st month that begins on or after the 30th day after the bill is enacted. For example, if the bill was signed in June, the provisions would be effective in August (and the 1st increased benefit checks would go out at the beginning of September).

G. FINANCING

1. Maximum taxable amount...	\$4,800 a year.....	No change.
2. Tax rate for self-employed... 3. Tax rate for employees and employers.	Taxable years beginning in—	
	1961.....	4% No change.
	1962.....	4% 4.7
	1963-65.....	5% 5.4
	1966-68.....	6 6.2
	1969 or after.....	6% 6.9
	Calendar years:	
	1961.....	3 No change.
	1962.....	3 3%
	1963-65.....	3% 3%
1966-68.....	4 4%	
1969 and after.....	4% 4%	

II. PUBLIC ASSISTANCE

Matching formulas—old-age assistance; aid to the permanently and totally disabled; aid to the blind.	The Federal Government participates in payments under these programs up to an average of \$65 per recipient, and in the case of old-age assistance, participates additionally in payments for medical care of recipients up to an additional \$15 beyond the \$65 maximum.	Increases the Federal matching maximum by \$2.50. [The Federal share of this amount would vary from 50 percent in States at or above the national per capita income, to 65 percent for States with lowest per capita incomes.] This provision would be effective for 1 year, ending on June 30, 1962. There is also a provision designed to assure that States will not receive additional funds unless they pass on at least the additional Federal funds to the recipients of assistance.
--	--	---

III. ASSISTANCE FOR AMERICAN NATIONALS RETURNED FROM FOREIGN COUNTRIES

Item	Present law	H.R. 6027 as reported
A. General.....	No provision.	Authorizes a new Federal program of temporary assistance to certain U.S. nationals who have returned from foreign countries and are without available resources.
B. Eligibility.....		<p>U.S. nationals and their dependents would be eligible if—</p> <p>(1) Such individuals are identified by the Department of State as having returned, or been brought, from a foreign country to the United States;</p> <p>(2) The cause of such return is any of the following —</p> <p>(a) The destitution of the U.S. national,</p> <p>(b) The illness of the U.S. national,</p> <p>(c) The illness of any of his dependents,</p> <p>or</p> <p>(d) War, threat of war, invasion, or similar crisis; and</p> <p>(3) Such individuals are without available resources.</p>
C. Scope of assistance.....		<p>"Temporary assistance" would include the following:</p> <p>(1) Money payments;</p> <p>(2) Medical care;</p> <p>(3) Temporary billeting;</p> <p>(4) Transportation; and</p> <p>(5) Other goods and services necessary for the health or welfare of individuals (including guidance, counseling, and other welfare services).</p> <p>All assistance must be rendered within the United States, and must be furnished to individuals after their return from foreign countries. The Secretary of Health, Education, and Welfare is authorized to provide such assistance either directly, or through public or private agencies according to agreements entered into by the Secretary and the agencies.</p> <p>Provision must be made for the reimbursement of the United States by recipients of assistance. However, the Secretary is authorized to exempt certain classes of individuals from this requirement.</p>
D. Plans and arrangements.....		<p>The Secretary of Health, Education, and Welfare is authorized to make plans for the carrying out of the program, but he is required to make such plans after consultation with the Secretaries of State and Defense.</p>