

87TH CONGRESS }
1st Session }

SENATE

{REPORT
{No. 425

SOCIAL SECURITY AMENDMENTS OF 1961

REPORT

OF THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

TO ACCOMPANY

H.R. 6027

AN ACT TO IMPROVE BENEFITS UNDER THE OLD-AGE,
SURVIVORS, AND DISABILITY INSURANCE PROGRAM
BY INCREASING THE MINIMUM BENEFITS AND AGED
WIDOW'S BENEFITS AND BY MAKING ADDITIONAL PER-
SONS ELIGIBLE FOR BENEFITS UNDER THE PROGRAM,
AND FOR OTHER PURPOSES



JUNE 20, 1961.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1961

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SOCIAL SECURITY AMENDMENTS OF 1961

JUNE 20, 1961.—Ordered to be printed

Mr. BYRD of Virginia, from the Committee on Finance, submitted the following

REPORT

[To accompany H.R. 6027]

I. SCOPE OF THE BILL

H.R. 6027, as reported by the committee, affects both the old-age survivors, and disability insurance program and the public assistance program.

As to the insurance program the reported bill is generally the same as that passed by the House of Representatives, which adopted the proposals of the President but reduced them somewhat in scope. Certain other minor provisions have also been added relating to extension of coverage. Passage of the bill will mean that within the first 12 months about 4,420,000 people will get new or increased benefits amounting to \$780 million.

As to the public assistance program, the committee increased the Federal matching maximum for old-age assistance, aid to the blind, and aid to the permanently and totally disabled.

The committee also has authorized the expenditure of Federal funds for temporary assistance to certain U.S. nationals who have returned from foreign countries and are without immediately available resources.

II. SUMMARY OF THE PRINCIPAL PROVISIONS OF THE BILL

A. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

The committee accepted the provisions of the House approved bill which increases the minimum benefit, provides benefits for men at age 62, liberalizes the insured status requirement, increases the widow's benefit, and relates to the establishment of periods of disability. These liberalizations would be financed by an appropriate increase in the tax rates so that the program will continue to be self-supporting and on a sound actuarial basis.

1. Increase in the minimum benefit

The bill would increase from \$33 to \$40 the minimum monthly retirement benefit payable under the program to persons retiring at or after age 65 and the minimum monthly disability benefit, with proportionate increases in the minimum benefits payable to dependents and survivors. This provision would mean increased benefits for 2,175,000 people, amounting to \$170 million, during the first 12 months of operation.

2. Benefits at age 62 for men

The bill would make benefits available for men beginning at age 62, with the benefits payable to men claiming them before age 65 reduced to take account of the longer period over which the benefits will be paid. The effect of this change would be that men electing to retire at age 62 will receive the same total amount of benefits over the remainder of their lives as they would have received had they waited to retire at age 65.

In the first year of operation, about 560,000 people would get benefits amounting to \$440 million under this proposed change.

3. Liberalization of the insured status requirements

The bill would liberalize the insured status requirements so that a worker would be fully insured for benefit purposes if he has one quarter of coverage for every year elapsing after 1950 (or after the year in which he attained age 21, if that was later) and up to the year of disability, death, or attainment of age 65 for men (62 for women). Under present law one quarter of coverage is required for every three elapsed calendar quarters.

This change would bring about 160,000 people onto the benefit rolls in the first year for a total of \$65 million in benefits.

4. Increase in widow's, widower's, and parent's benefits

The bill would increase aged widow's, widower's and surviving parent's benefit from 75 to 82½ percent of the workers' retirement benefit—a 10-percent increase in benefits for these people.

This provision would increase benefits for 1,525,000 people by \$105 million in the first 12 months of operation.

5. Establishing a period of disability

The bill extends for 1 year—to June 30, 1962—the period within which a person may file an application for establishing a period of disability for purposes of determining eligibility for, and the amount of, old-age, survivors, and disability insurance benefits, and have the period begin as early as the time when his disability began.

6. Facilitation of coverage for certain State and local employees, and certain ministers

The committee added a provision to the House-approved bill which modifies the so-called divided system coverage of employees under State and local retirement systems so that (1) New Mexico would be added to the list of States who are permitted this method of coverage and (2) those employees who originally had chosen not to come under the program would be given an additional chance to elect to be in the group which has coverage.

Likewise, the provision in present law which permits ordained ministers to elect coverage before April 16, 1962, would be modified

by the committee bill so that, in the case of a minister who died before this date without making such an election, his widow or other survivor beneficiary would be able to make the election within the original time period prescribed.

7. *Effective dates*

The benefit provisions of the bill will be effective generally for the 1st month that begins on or after the 30th day after the bill is enacted.

8. *Increase in tax rates*

To meet the increased cost incurred as a result of the improvements in the old-age, survivors, and disability insurance program which would be made by the bill, provision is made for an increase in the scheduled contribution rates. The bill provides that, beginning in 1962, contribution rates would be raised by one-eighth of 1 percent each for employees and employers and by approximately three-sixteenths of 1 percent for the self-employed. This means that the improvements would be fully financed and the system would remain actuarially sound.

B. PUBLIC ASSISTANCE

The committee bill adds a provision to the House-approved bill that would increase the amount of public assistance payments which would be subject to Federal matching for the old-age assistance, aid to the blind, and aid to the permanently and totally disabled programs. The increase would be applicable for a 1-year period terminating on June 30, 1962, and the States would be required to pass along the increase in Federal funds to the needy recipients. It is estimated that this provision will cost the Federal Government about \$20 million for the year.

C. ASSISTANCE TO U.S. NATIONALS RETURNED FROM FOREIGN COUNTRIES

The committee adds a provision to the House-approved bill which would authorize the expenditure of Federal funds for the temporary assistance of U.S. nationals without available resources who have returned, or been brought back, to this country because of illness or destitution or because of war, threat of war, invasion, or similar crisis.

III. GENERAL DISCUSSION

A. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

1. *Increase in the minimum benefit*

Under the bill the minimum monthly benefit payable to a worker retiring at or after age 65, to a disabled worker, and to a sole survivor of an insured worker would be raised from \$33 to \$40. Proportionate increases would be made in the benefits for dependents and survivors based on the increased minimum benefit of a worker.

Improving the adequacy of the benefits for people at the lower benefit levels will make the protection of this social insurance program much more effective at the present time, yet it will increase costs but little over the long run. People coming on the rolls in the future

will generally receive benefits at higher levels because they will have had more chance to work in covered employment at higher wages and incomes.

An estimated 2,175,000 people would have their benefits increased under this amendment during the first 12 months of operation. The additional benefits that would be paid out during the first 12 months would be \$170 million. The level-premium (long-range) cost would be 0.06 percent of payroll.

The increase in minimum benefits would be effective for the 1st month that begins on or after the 30th day after enactment.

2. Benefits at age 62 for men

The bill provides that old-age and survivors insurance benefits will be made available to men at age 62, with the old-age and husbands benefits payable to men who claim them before age 65 reduced to take account of the longer period over which the benefits will be paid. Under present law, reduced benefits are provided for women workers and wives at age 62. The decision to take reduced benefits, in both cases, is a purely voluntary one.

The provision of benefits at age 62 for men will help to alleviate the hardships faced by that group of men who, because of ill health, automation, or other technological change, are forced into premature retirement before age 65. The situation is particularly difficult for those workers in depressed areas where economic forces beyond their control have had the effect of reducing their actual retirement age below age 65. Although the committee believes that able-bodied men will continue to work up to, and beyond, age 65 as has been the experience of women workers with the early retirement option, this provision will add flexibility to the program by making protection available to individuals who must leave the labor market between the ages of 62 and 65.

(a) *Rate of reduction.*—The reduction rates provided in your committee's bill for men are the same as those now applied to women. The reduction rate is the percentage by which a person's benefit is reduced for each month by which he is under 65 when he begins to get benefits. Under the bill, the benefits for the male worker would be reduced at the same rate as now applies for the female worker (five-ninths of 1 percent). Husband's benefits would be reduced at the same rate as now applies to wife's benefits (twenty-five thirty-sixths of 1 percent). Widower's and surviving father's benefits would be payable in full at age 62 (as widow's and surviving mother's benefits now are).

A worker who begins getting benefits in the month in which he reaches age 62 will get a benefit amounting to 80 percent of the amount he would get if he stopped working then but waited until his 65th birthday to apply; a man getting husband's benefits at 62 will get 75 percent of what he would have gotten at 65.

The reduction rate for the wife's benefit in present law (twenty-five thirty-sixths of 1 percent) is greater than the rate for a woman worker's benefit (five-ninths of 1 percent) because the latter's benefit is payable during all her remaining years after retirement, whereas the wife's reduced benefit is payable only while her husband is alive.

The following table shows monthly benefit amounts for men who apply for benefits between ages 62 and 65:

Average monthly wage	Old-age insurance benefit at—			
	Age 65	Age 64	Age 63	Age 62
\$50.....	\$40	\$37.40	\$34.70	\$32.00
\$85.....	50	48.70	43.40	40.00
\$110.....	65	60.70	56.40	52.00
\$180.....	80	74.70	69.40	64.00
\$275.....	100	93.40	86.70	80.00
\$370.....	120	112.00	104.00	96.00
\$400.....	127	118.60	110.10	101.60

A wife between the ages of 62 and 65 of a man who retires at or after age 62 would, under the provisions of the bill, be able to get a reduced benefit based on her husband's benefit before reduction on account of his age. For example, where a man entitled to a \$100 benefit at age 65 claims a reduced benefit of \$80 at age 62, his wife, if she is 65, when he retires, will get \$50. If, on the other hand, she is age 62 when he retires she would receive \$37.50 (75 percent of \$50).

(b) *Eligibility and benefit amounts.*—Under the committee's bill, the method of determining men worker's eligibility for benefits and benefit amounts would not be changed in the way it was done for women when reduced benefits were provided for them in the 1956 amendments. A man's eligibility and benefit amounts would continue to be figured over the period up to age 65, as under present law. If a provision were included to figure a man's eligibility for benefits and benefit amounts over a shorter period (up to age 62 instead of to age 65), as is now done for women, the long-range cost of the program would be increased by an estimated 0.10 percent of payroll. In view of the significant cost that would be incurred, the committee has concluded that it is not advisable to include such a provision.

(c) *Recomputation of benefits at age 65.*—The actuarial reduction factor for persons electing to receive benefits before reaching age 65 is designed to reflect the longer period over which such persons will, on the average, be receiving benefits. However, due principally to the operation of the retirement test, many beneficiaries will not in fact receive benefits for all of the months between the time of their election and the time they reach age 65. Therefore, the committee's bill provides for a roundup recalculation for both men and women at age 65. In effect, the benefit amounts will be recomputed taking into account only those months prior to attainment of age 65 for which benefits were actually paid. (Under existing law women are entitled to such a roundup calculation only if they have had at least 3 months' benefits withheld. The committee bill would remove this 3-month requirement.)

(d) *Effect of benefit increase on reduced benefits.*—The committee's bill would make still another improvement, applicable to both men and women which would be actuarially equitable. Under present law, if a woman receives an increase in her benefit by working after she first begins to get benefits, or if a general benefit increase is provided by law, the increase in the benefit is reduced, even though the increase may be paid for a much shorter period than the original benefit. At the age of 72, for example, 10 years after she elected to take a reduced benefit under present law, a woman still could not get the full amount of a benefit increase. Still another example of the

operation of present law in this respect is that a woman who took reduced benefits in 1957 and who is now age 67 could not get the full amount of the increase in the minimum benefit that would be payable to a woman age 65 who had just begun to draw benefits. Over a lifetime, this basis could mean a serious diminution in a person's total benefits. Under the bill a benefit increase for a person getting reduced benefits—a man or a woman—would be reduced only for the months remaining before age 65 at the time the increase was effective.

(e) *Individuals affected and costs.*—An estimated 560,000 people can be expected to get benefits under the amendment during the first 12 months of operation. Taking into account the increase in the minimum benefit also provided at this time, the additional benefits that would be paid out during the first 12 months to men claiming benefits before age 65 would be \$440 million. There would be no level-premium (long-range) costs for this proposal since early-year benefit disbursements will be balanced by the reduced benefits payable in the future.

This provision would be effective for the 1st month which begins on or after the 30th day after enactment.

3. *Liberalization of the insured status requirements*

The committee recommends that the requirements for fully insured status be changed so that a person would need one quarter of coverage for every year (generally, one quarter for each four calendar quarters) elapsing after 1950 (or after the year in which he attained the age of 21, if that was later) and before the beginning of the year in which he reached age 65 (or age 62 for women), died, or became disabled, instead of one quarter of coverage for every three calendar quarters elapsing, as required under present law. (The minimum requirement of 6 quarters of coverage and the maximum requirement of 40 quarters of coverage for permanently insured status would be retained.)

This provision would make the insured-status requirements for people who are now old comparable to those that will apply in the long run for people who will attain retirement age in the future. People who were young when the program started and young people who began working after that time will need about 1 year of work for every 4 years elapsing after age 21 (10 years out of a possible 40 or more years in a working lifetime) in order to be permanently insured for old-age insurance benefits. Under present law, people who are now old must meet a proportionally stricter test even though their actual years of coverage may be relatively short. People who were first covered in 1955, for example, and who reached retirement age (65 for men; 62 for women) in 1961 must, under present law, have $3\frac{1}{4}$ years of coverage out of the 6 years in which they could possibly have been covered. Under the proposed change, they would need $2\frac{1}{2}$ years.

The bill also changes the provision for excluding periods of disability from the elapsed period for determining insured status. Under existing law a calendar quarter any part of which is in a period of disability is not counted as an elapsed quarter unless it is also a quarter of coverage. The bill would change this to an annual basis to conform to the change in the general insured-status requirement by providing that any year any part of which is in a period of disability will not count as an elapsed year. This change will enable a few people who become disabled to become fully insured with one or two

quarters of coverage less than are required by excluding only quarters that are not quarters of coverage.

The following table shows the number of quarters of coverage required for fully insured status, under existing law and under the bill, for women who attain age 62 and men who attain age 65 in specified years, and who did not have a period of disability.

Year of attainment of age 62 (for women) or age 65 (for men)	Required quarters	
	Existing law	Proposed
1956 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

Under this amendment, about 160,000 people who are not now eligible would get benefits in the first 12 months of operation. Taking into account the increase in the minimum benefit and the payment of actuarially reduced benefits to men, the total amount that would be payable to these people in the first 12 months would be \$65 million. The level-premium (long-range) cost would be 0.02 percent of payroll.

The effective date for the liberalization in the insured-status requirement is the 1st month which begins on or after the 30th day after enactment.

4. Increase in widow's, widower's, and surviving dependent parent's benefits

Under the bill the aged widow's benefit would be increased from 75 percent of her husband's retirement benefit to 82½ percent—a 10-percent increase in benefits for such persons. A similar increase would be made in the benefit payable to a dependent widower and to a surviving dependent parent. (Where there is more than one dependent parent the parent's benefits would not be increased—each parent would continue to get 75 percent of the primary benefit.)

An increase in the widow's benefit is one of the most needed changes in the social security program. Aged widows are among the neediest groups in our population. The average benefit for an aged widow today is \$57.80 a month, as compared with \$70 for a retired worker without eligible dependents; under the bill (taking into account the increase in the minimum benefit as well) the average widow's benefit will be increased to \$64.

Widows not only receive lower benefits than do retired workers; they also have less in other income. Very few receive private pensions, for example. According to a survey of beneficiaries conducted by the Bureau of Old-Age and Survivors Insurance in 1957, one-half of the women receiving aged widow's benefits had money income of less than \$270 a year in addition to their old-age and survivors insurance benefit, as compared with \$470 for nonmarried retired workers.

The proposed change would provide needed additional funds for these older women. In addition, men who are currently working will know that through their work and contributions to the program they are building more adequate survivor protection for their families in the event of their death.

Taking into account the increase in the minimum benefit, also recommended at this time, it is estimated that 1,525,000 people would have their benefits increased during the first 12 months of operation by the change in the benefit amounts payable to widows, widowers, and parents. The additional benefits that would be paid out during the first 12 months would amount to about \$105 million. The level-premium cost would be 0.17 percent of payroll.

This change would be effective for the 1st month that begins on or after the 30th day after enactment.

The following table compares the amounts that are now payable, and the amounts that will be payable under the bill, to widows whose deceased husbands had average monthly earnings of given amounts:

Average monthly wage	Amount of widow's benefit under present law	Amount of widow's benefit under the bill
\$50.....	¹ \$33.00	^{1 2} \$40.00
\$100.....	44.30	48.70
\$150.....	54.80	60.30
\$200.....	63.00	69.30
\$250.....	71.30	78.40
\$300.....	78.80	80.70
\$350.....	87.00	95.70
\$400.....	95.30	104.80

¹ Where widow is sole survivor.

² Reflects the increase in the minimum benefit provided for in the bill.

5. Extension of the time for filing fully retroactive applications for establishing disability periods

The committee's bill would extend for 1 year—through June 30, 1962—the time within which insured workers with longstanding disabilities may file applications for disability protection on the basis of which the beginning of a period of disability could be established as early as the actual onset of disablement. This provision of the bill would allow more time for persons who have only recently—through the 1960 amendment that provided cash disability benefits for disabled workers under age 50—become eligible for monthly disability benefits to file for these benefits. Many of these new eligibles only now are learning of their rights to disability benefits.

6. Facilitation of coverage for certain State and local employees and certain ministers

(a) *Addition of New Mexico to the States which may provide coverage through division of retirement systems.*—The committee has added a provision to the House-approved bill which would make applicable to the State of New Mexico the provision in present law which permits 16 specified States and all interstate instrumentalities to divide their retirement systems into two parts for the purpose of extending old-age, survivors, and disability insurance coverage, under the States' coverage agreements with the Secretary of Health, Education, and

Welfare, to only those State and local government employees who desire such coverage, provided all future entrants into the retirement system are covered compulsorily. The 16 States which are now permitted to extend coverage under this provision are California, Connecticut, Florida, Georgia, Hawaii, Massachusetts, Minnesota, New York, North Dakota, Pennsylvania, Rhode Island, Tennessee, Texas, Vermont, Washington, and Wisconsin.

(b) *Facilitating coverage under the provision for division of State and local government retirement systems.*—The committee has added a provision to the bill which would provide an additional opportunity for State and local employees to elect coverage under the provision permitting specified States to extend coverage to only those members of retirement systems who desire such coverage. Under a provision added to the act by the 1958 amendments, individuals who do not choose coverage at the first opportunity may, at their request, be covered by the State at any time within a year after the date on which coverage for the group was approved (or before January 1, 1960, if that was later). The committee's amendment provides that the option of bringing additional persons under coverage would be open for 2 years after coverage for the group was approved, or through December 31, 1962, if that date is later.

Many individuals whose time for electing coverage has expired have asked that they be given a further opportunity to obtain coverage. For various reasons, these individuals were not covered within the time limits established by the 1958 amendments. The committee amendment would reopen or hold open the option of obtaining coverage until the end of 1962 in cases where coverage has been extended to a retirement system group before this year. In cases where coverage is extended to a retirement system group this year or in the future, the amendment would allow coverage to be open for 2 years after coverage was initially approved. This extension of time takes account of the fact that many State legislatures meet only once every 2 years, and of other factors which might result in individuals not coming under the program within 1 year after the original coverage extension.

The committee amendment specifically requires that coverage for members of a retirement system who are brought under the old-age, survivors, and disability insurance program after coverage has been initially extended must begin on the same date as for those originally coming under the program, to avoid any possible differences in treatment as between those initially choosing coverage and those covered later.

(c) *Giving survivors of certain ministers opportunity to elect coverage.*—The 1960 amendments provided an extension of the time provided for ministers to elect old-age and survivors, and disability insurance coverage up to April 16, 1962. Under a provision added to the bill by the committee, the survivors of ministers (or Christian Science practitioners) who die on or after the date of enactment of the 1960 amendments (September 13, 1960) and before April 16, 1962, would be eligible to take advantage of this extension. Such a survivor, as in the case of the minister himself had he lived, would have the opportunity through April 15, 1962, to file a certificate electing coverage of services performed by the minister before his death. A certificate filed by a survivor would be effective generally to cover the minister's services retroactively for 1 year just as if the certificate had been filed by the minister himself on the date of his death.

Under present law a waiver certificate may not be filed on behalf of a minister after his death. Thus, if a minister dies without electing coverage there is no way for his family to secure old-age, survivors, and disability insurance protection. The committee believes that a minister's family should not be deprived of social security benefits because the minister died before he had a full opportunity to exercise his right to elect coverage under the 1960 legislation.

7. Increase in tax rates

It is essential that the old-age, survivors, and disability insurance program remain soundly financed. The Congress has established the policy that the tax schedule in the law should make the system fully self-supporting and keep it actuarially sound. Consistent with this policy, the increase in the bill for employees and employers would be one-eighth of 1 percent each. The rate for the self-employed was, under the House-approved bill, $1\frac{1}{2}$ times the rate for employees; or, in other words, the rate is increased by three-sixteenths of 1 percent. The fractions resulting from an increase of three-sixteenths of 1 percent will, in the committee's opinion, make it difficult for self-employed people to compute their taxes. Therefore, in the committee bill the rates for the self-employed are expressed in decimals, rounded to the nearest tenth of 1 percent.

The new tax schedule would be as follows:

Years	Rate for employees and employers	Rate for self-employed
	Percent	Percent
1962.....	3 $\frac{1}{8}$	4.7
1963 to 1965.....	3 $\frac{5}{8}$	5.4
1966 to 1968.....	4 $\frac{1}{8}$	6.2
1969 and later.....	4 $\frac{5}{8}$	6.9

8. Actuarial cost estimates for the old-age, survivors, and disability insurance system

(a) *Financing policy.*—The Congress has always carefully considered the cost aspects of the old-age, survivors, and disability insurance system when amendments to the program have been made. In connection with the 1950 amendments, the Congress expressed the opinion that the program should be completely self-supporting from the contributions of covered individuals and employers and repealed the provision permitting appropriations to the system from general revenues of the Treasury. This policy has been continued in subsequent amendments, with the Congress believing that the tax schedule in the law should make the system self-supporting as nearly as can be foreseen and, therefore, actuarially sound.

The concept of actuarial soundness as it applies to the old-age, survivors, and disability insurance system differs considerably from this concept as it applies to private insurance and private pension plans, although there are points of similarity with the latter. In connection with individual insurance, the insurance company or other administering institution must have sufficient funds on hand so that if operations are terminated, it will be in a position to pay off all the accrued liabilities. This is not a necessary basis for a national compulsory social insurance system and, moreover, is not always the

case for well-administered private pensions, which may not have "funded" all the liability for benefits based on prior service.

It can reasonably be presumed that a social insurance system under Government auspices will continue indefinitely into the future. The test of financial soundness is not then a question of whether there are sufficient funds on hand to pay off all accrued liabilities. Rather, the test is whether the expected future income from taxes and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs. The concept of "unfunded accrued liability" does not have the same significance for a social insurance system as it does for a plan established under private insurance principles, and it is quite proper to count both on receiving contributions from new entrants to the system in the future and on paying benefits to this group. These additional assets and liabilities must be considered in order to determine whether the system is in actuarial balance.

Accordingly, it may be said that the old-age, survivors, and disability insurance program is actuarially sound if it is in actuarial balance. This is the case if the estimated future income from contributions and from interest earnings on the accumulated trust funds will, over the long run, support the estimated disbursements for benefits and administrative expenses. Obviously, future experience may be expected to vary from the actuarial cost estimates. Nonetheless, the intent that the system be self-supporting (or actuarially sound) can be expressed in law by a contribution schedule that, according to the intermediate-cost estimate, results in the system being substantially in balance.

(b) *Actuarial balance of program in past years.*—The actuarial balance under the 1952 act¹ was estimated, at the time of enactment, to be virtually the same as in the estimates made at the time the 1950 act was enacted, as shown in table 1. This was the case because the estimates for the 1952 act took into consideration the rise in earnings levels in the 3 years preceding its enactment, which virtually offset the increased cost due to benefit liberalizations. New cost estimates made 2 years after the enactment of the 1952 act indicated that the level-premium cost (i.e., the average long-range cost, based on discounting at interest, relative to taxable payroll) of the benefit disbursements and administrative expenses was somewhat more than 0.5 percent of payroll higher than the level-premium equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

¹ The term "1952 act" (and similar terms) is used to designate the system as it existed after the enactment of the amendments of that year.

TABLE 1.—Actuarial balance of old-age, survivors, and disability insurance program under various acts for various estimates on an intermediate cost basis

[Percent]

Legislation	Date of estimate	Level-premium equivalent ¹		
		Benefit costs ²	Contributions	Actuarial balance ³
Old-age, survivors, and disability insurance ⁴				
1950 act.....	1950	6.05	5.95	-0.10
1952 act.....	1952	5.85	5.75	-.10
1952 act.....	1954	6.62	6.05	-.57
1954 act.....	1954	7.50	7.12	-.38
1954 act.....	1956	7.45	7.29	-.16
1956 act.....	1956	7.85	7.72	-.13
1958 act.....	1958	8.25	7.83	-.42
1958 act.....	1958	8.76	8.52	-.24
1958 act.....	1960	8.73	8.68	-.05
1960 act.....	1960	8.98	8.68	-.30
1961 bill.....	1961	9.33	9.03	-.30
Old-age and survivors insurance ⁴				
1956 act.....	1956	7.43	7.23	-0.20
1956 act.....	1958	7.90	7.33	-.57
1958 act.....	1958	8.27	8.02	-.25
1958 act.....	1960	8.38	8.18	-.20
1960 act.....	1960	8.42	8.18	-.24
1961 bill.....	1961	8.77	8.53	-.24
Disability insurance ⁴				
1956 act.....	1956	0.42	0.49	+0.07
1956 act.....	1958	.35	.50	+.15
1958 act.....	1958	.49	.50	+.01
1958 act.....	1960	.35	.50	+.15
1960 act.....	1960	.56	.50	-.06
1961 bill.....	1961	.56	.50	-.06

¹ Expressed as a percentage of taxable payroll.

² Including adjustments (a) to reflect the lower contribution rate for the self-employed as compared with the combined employer-employee rate, (b) for the interest earnings on the existing trust fund, and (c) for administrative expense costs.

³ A negative figure indicates the extent of lack of actuarial balance. A positive figure indicates more than sufficient financing, according to the particular estimate.

⁴ The disability insurance program was inaugurated in the 1956 act so that all figures for previous legislation are for the old-age and survivors insurance program only.

Under the 1954 act, the increase in the contribution schedule met all the additional cost of the benefit changes and at the same time reduced substantially the actuarial insufficiency that the then-current estimates had indicated in regard to the financing of the 1952 act.

The estimates for the 1954 act were revised in 1956 to take into account the rise in the earnings level that had occurred since 1951-52, the period that had been used for the earnings assumptions for the estimates made in 1954. Taking this factor into account reduced the lack of actuarial balance under the 1954 act to the point where, for all practical purposes, it was nonexistent. The benefit changes made by the 1956 amendments were fully financed by the increased contribution income provided. Accordingly, the actuarial balance of the system was unaffected.

Following the enactment of the 1956 legislation, new cost estimates were made to take into account the developing experience; also, certain modified assumptions were made as to anticipated future trends. In 1956-57, there were considerable numbers of retirements from

among the groups newly covered by the 1954 and 1956 amendments, so that benefit expenditures ran considerably higher than had previously been estimated. Moreover, the analyzed experience for the recent years of operation indicated that retirement rates had risen or, in other words, that the average retirement age had dropped significantly. This may have been due, in large part, to the liberalizations of the retirement test that had been made in recent years—so that aged persons are better able to effectuate a smoother transition from full employment to full retirement. The cost estimates made in early 1958 indicated that the program was out of actuarial balance by somewhat more than 0.4 percent of payroll.

The 1958 amendments recognized this situation and provided additional financing for the program—both to reduce the lack of actuarial balance and also to finance certain benefit liberalizations. In fact, one of the stated purposes of the legislation was “to improve the actuarial status of the trust funds.” This was accomplished by an immediate increase of 0.5 percent in the combined employer-employee contribution rate and by advancing the subsequently scheduled increases so that they would occur at 3-year intervals (beginning in 1960) instead of at 5-year intervals.

The revised cost estimates made in 1958 for the disability-insurance program contained certain modified assumptions that recognized the emerging experience under the new program. As a result, the moderate actuarial surplus originally estimated was increased somewhat, and most of this was used in the 1958 amendments to finance certain benefit liberalizations, such as inclusion of supplemental benefits for certain dependents and modification of the insured status requirements.

At the beginning of 1960, the cost estimates for the old-age, survivors, and disability insurance system were reexamined and were modified in certain respects. The earnings assumption previously based on the 1956 level was changed to reflect the 1959 level. Also, data had just become available on the detailed operations of the disability provisions for 1956, the first full year of operation that did not involve picking up “backlog” cases. It was found that the number of persons who meet the insured status conditions to be eligible for these benefits had been significantly overestimated. It was also found that the disability experience in respect to eligible women was considerably lower than had been originally estimated, although the experience for men was very close to the intermediate estimate. Accordingly, revised assumptions were made in regard to the disability-insurance portion of the program.

The committee believes that it is a matter for concern if either portion of the old-age, survivors, and disability insurance system shows any significant actuarial insufficiency. Traditionally, the view has been held that for the old-age and survivors insurance portion of the program, if such actuarial insufficiency has been no greater than 0.25 percent of payroll, it is at the point where it is within the limits of permissible variation. The corresponding point for the disability insurance portion of the system is about 0.05 percent of payroll (lower because of the relatively smaller financial magnitude of this program). Furthermore, traditionally when there has been an actuarial insufficiency exceeding the limits indicated, any subsequent liberalizations in benefit provisions were fully financed by appropriate changes in

the tax schedule or through other methods, and at the same time the actuarial status of the program was improved. The changes provided in the committee's bill are in conformity with these principles.

(c) *Basic assumptions for cost estimates.*—Benefit disbursements may be expected to increase continuously for at least the next 50 to 70 years because of such factors as the aging of the population of the country and the slow, but steady growth of the benefit roll. Similar factors are inherent in any retirement program, public or private, that has been in operation for a relatively short period. Estimates of the future cost of the old-age, survivors, and disability insurance program are affected by many elements that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable.

The long-range cost estimates (shown for 1970 and thereafter) are presented on a range basis so as to indicate the plausible variation in future costs depending upon the actual trends developing for the various cost factors. Both the low- and high-cost estimates are based on high economic assumptions, intended to represent close to full employment, with average annual earnings at about the level prevailing in 1959. In addition to the presentation of the cost estimates on a range basis, intermediate estimates developed directly from the low- and high-cost estimates (by averaging them) are shown so as to provide a basis for the financing provisions.

In general, the costs are shown as percentages of covered payroll, the best measure of the financial cost of the program. Dollar figures taken alone are misleading. For example, a higher earnings level will increase not only the outgo of the system but also, and to a greater extent, its income. The result is that the cost relative to payroll will decrease.

The short-range cost estimates (shown for the individual years 1961–65) are not presented on a range basis since—assuming a continuation of present economic conditions—it is believed that the demographic factors involved can be so forecast that only a single estimate is necessary. A gradual rise in the earnings level in the future, paralleling that which has occurred in the past few years, is assumed. As a result of this assumption, contribution income is somewhat higher than if level earnings were assumed, while benefit outgo is only slightly affected.

The cost estimates have been prepared on the basis of the same assumptions and methodology as those contained in the "21st Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund" (H. Doc. No. 60, 87th Cong.).

The cost estimates are extended beyond the year 2000, since the aged population itself cannot mature by then because the number of births in the 1930's was very low compared with subsequent experience. As a result, there will be a dip in the relative proportion of the aged from 1995 to about 2010, which would tend to result in low-benefit costs for the old-age, survivors, and disability insurance system during that period. Accordingly, the year 2000 is by no means a typical ultimate year insofar as costs are concerned. It is assumed that benefit payments remain level after the year 2050.

An important measure of long-range cost is the level-premium-contribution rate required to support the system into perpetuity, based

on discounting at interest. If such a level rate were adopted, relatively large accumulations in the old-age and survivors insurance trust fund would result, and in consequence there would be sizable eventual income from interest. Even though such a method of financing is not followed, this concept may be used as a convenient measure of long-range costs, especially in comparing various possible alternative plans and provisions, since it takes into account the heavy deferred benefit costs.

The long-range estimates are based on level-earnings assumptions. This, however, does not mean that covered payrolls are assumed to be the same each year; rather, they are assumed to rise steadily until the year 2050 as the population at the working ages is estimated to increase. If in the future the earnings level should be considerably above that which now prevails, and if the benefits are adjusted upward so that the annual costs relative to payroll will remain the same as now estimated for the present system, then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars.

The long-range cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has characterized the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits, nevertheless, would not be changed, the cost relative to payroll would, of course, be lower.

It is important to note that the possibility that a rise in earnings levels will produce lower costs of the program in relation to payroll is a very important "safety factor" in the financial operations of the system. The financing of the system is based essentially on the intermediate-cost estimate, along with the assumption of level earnings; if experience follows the high-cost assumption, additional financing will be necessary. However, if covered earnings increase in the future as in the past, the resulting reduction in the cost of the program (expressed as a percentage of taxable payroll) will more than offset the higher cost arising under experience following the high-cost estimate. If the latter condition prevails, the reduction in the relative cost of the program coming from rising earnings levels can be used to maintain the actuarial soundness of the system, and any remaining savings can be used to adjust benefits upward (to a lesser degree than the increase in the earnings level). The possibility of future increases in earnings levels should be considered only as a safety factor and not as a justification for adjusting benefits upward in anticipation.

If benefits are adjusted currently to keep pace with rising earnings trends as they occur, the year-by-year costs as a percentage of payroll would be unaffected. In such case, however, this would not be true as to the level-premium cost—which would be higher, since, under such circumstances, the relative importance of the interest receipts of the trust funds would gradually diminish with the passage of time. If earnings do consistently rise, thorough consideration will need to be given to the financing basis of the system because then the interest receipts of the trust funds will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

An important element affecting old-age, survivors, and disability insurance costs arose through amendments made to the Railroad

Retirement Act in 1951. These provide for a combination of railroad retirement compensation and old-age, survivors, and disability insurance covered earnings in determining benefits for those with less than 10 years of railroad service (and also for all survivor cases).

Financial interchange provisions are established so that the old-age and survivors insurance trust fund and the disability insurance trust fund are to be placed in the same financial position in which they would have been if railroad employment had always been covered under the program. It is estimated that over the long range the net effect of these provisions will be a relatively small loss to the old-age, survivors, and disability insurance system since the reimbursements from the railroad retirement system will be somewhat smaller than the net additional benefits paid on the basis of railroad earnings.

Another important element affecting the financing of the program arose through legislation in 1956 that provided for reimbursement from general revenues for past and future expenditures in respect to the noncontributory credits that had been granted for persons in military service before 1957. The cost estimates reflect the effect of these reimbursements (which are included as contributions), based on the assumption that the required appropriations will be made in 1961 and thereafter.

(d) *Results of intermediate-cost estimates.*—The long-range intermediate-cost estimates are developed from the low- and high-cost estimates by averaging the dollar estimates and then developing the corresponding estimates relative to payroll. The intermediate-cost estimate does not represent the most probable estimate, which it is impossible to develop. Rather, it has been set down as a convenient and readily available single set of figures to use for comparative purposes.

Because Congress believes that the old-age, survivors, and disability insurance program should be on a completely self-supporting basis, a single estimate is necessary in the development of a tax schedule. Any specific schedule will necessarily be somewhat different from what will actually be required to obtain exact balance between contributions and benefits. This procedure, however, does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact self-support cannot be obtained from a specific set of integral or rounded fractional tax rates increasing in orderly intervals, but rather this principle of self-support should be aimed at as closely as possible.

From an actuarial-cost standpoint, the benefit and contribution provisions of the committee's bill are substantially the same as those of the House-approved bill.

The contribution schedule contained in the committee's bill in respect to the combined employer-employee rate is higher than that under present law by 0.25 percent in all future years. The principle that the tax rate for the self-employed should be 75 percent of the combined employer-employee rate is continued, except that under the committee's bill the resulting rate is rounded to the nearest one-tenth of 1 percent rather than being carried out to an exact fraction, as in the House-approved bill. The committee's change will make tax computation easier for the self-employed. The maximum earnings base to which these tax rates are applied is the same under the com-

mittee's bill as under present law—namely, \$4,800 per year. These schedules are as follows:

Calendar year	Employee rate (same for employer)		Self-employed rate		
	Present law	Bill	Present law	House- approved bill	Committee- approved bill
1962.....	3	3½	4½	4½	4.7
1963 to 1965.....	3½	3½	5¼	5½	5.4
1966 to 1968.....	4	4½	6	6¾	6.2
1969 and after.....	4½	4½	6¾	6¾	6.9

The interest rate used for the level-premium costs for the committee's bill is 3.02 percent. This is the same rate that was used in the cost estimates for the 1960 amendments.

Table 1 has shown that under the 1960 amendments the lack of actuarial balance of the old-age and survivors insurance system was 0.24 percent of payroll. The disability insurance system similarly had a lack of actuarial balance of 0.06 percent of payroll. The effect of the 1960 amendments on the combined old-age, survivors, and disability insurance system was an actuarial deficit of 0.30 percent of payroll, which is well within the margin of variation possible in actuarial cost estimates, and which is about the same as had generally prevailed in the past when the system has been considered to be in substantial actuarial balance.

Under the committee's bill the benefit changes proposed would, it is estimated, be exactly financed by the increases in the contribution rates. Accordingly, the previous figures as to lack of actuarial balance continue to apply. The level-premium cost of the benefits and the level-premium equivalent of the contributions are somewhat higher than in respect to the 1960 act, not only because of the provisions of the bill, but also because of the valuation date being 2 years later (beginning of 1962, instead of beginning of 1960); but the relative relationship of benefits and contributions is about the same. If the cost estimates had been based on a higher interest rate than 3.02 percent (which is somewhat above the current level being earned by the trust funds although considerably below the prevailing market rate of interest on long-term Government obligations), the lack of actuarial balance would have been considerably less than 0.30 percent of payroll. In fact, if an interest rate of 3½ percent had been hypothesized, the cost estimates would show no actuarial deficit.

Table 2 traces through the change in the actuarial balance of the system from its situation under the 1960 act, according to the latest estimate, to that under the committee's bill, by type of major changes involved.

TABLE 2.—Changes in actuarial balance, expressed in terms of estimated level-premium cost as percentage of taxable payroll, by type of change, intermediate-cost estimate, 1960 act and committee bill

[Percent]

Item	Committee bill
Old-age and survivors insurance benefits:	
Lack of balance (—) under 1960 act.....	-0.24
Increase in widow's benefit to 32½ percent of primary benefit ¹	-.17
Increase in minimum benefit to \$40.....	-.06
Liberalization of fully insured status ²	-.02
Reduction in retirement age for men (to 62).....	.00
Effect of increased contribution rates.....	+.25
Lack of balance (—).....	-.24
Disability insurance benefits:	
Lack of balance under 1960 act (—).....	-.06
Effect of changes in bill ³00
Lack of balance (—).....	-.06

¹ Similar increase for widower's and parent's benefits.

² Requirement is 1 quarter of coverage for every 4 "elapsed quarters," instead of "1 for 3" (with 40 quarters as maximum requirement in each instance).

³ The increase in the minimum benefit and the liberalization of fully insured status result in small increases in cost, but these are offset by the lower cost resulting from some men claiming reduced old-age benefits and then not being eligible for disability benefits later.

The changes made by the committee's bill would have relatively little cost effect in the disability insurance portion of the program. Few disability beneficiaries qualify for as little as the minimum benefit (less than 1 percent of the awards in 1959 were for under \$40). Also, the liberalization of the fully insured status provision would have little effect in making more persons eligible for these benefits because the vast majority of persons who meet the requirement of 20 quarters of coverage out of the last 40 quarters will thereby have sufficient coverage so as to be fully insured under the definition in present law. On the other hand, the introduction of actuarially reduced benefits for men electing them between ages 62 and 65 will reduce the disability benefit costs slightly; in certain cases a man might take the reduced benefits and thus no longer be eligible for disability benefits, whereas under present law, he might have qualified for the latter at some later date (but before age 65). As a result of these counterbalancing factors, it is estimated that there is no significant change in the cost of the disability insurance portion of the program.

It should be emphasized that in 1950 and in subsequent amendments, the Congress did not recommend that the old-age and survivors insurance system be financed by a high, level tax rate in the future, but rather recommended an increasing schedule, which, of necessity, ultimately rises higher than the level rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will develop, although not as large as would arise under a level tax rate. This fund will be invested in Government securities (just as is also the case for the trust funds of the civil service retirement, railroad retirement, national service life insurance, and U.S. Government life insurance systems). The resulting interest income will help to bear part of the higher benefit costs of the future.

The level-premium cost of the old-age and survivors insurance benefits (without considering administrative expenses and the effect of interest earnings on the existing trust fund) under the 1960 act, according to the latest intermediate-cost estimate, was about 8.5 per-

cent of payroll, and the corresponding figure for the committee's bill is about 8.8 percent. The corresponding figures for the disability benefits are 0.56 percent for both the 1960 act and the committee's bill.

Table 3 presents the benefit costs under the committee's bill, separately for each of the various types of benefits.

TABLE 3.—*Estimated level-premium cost of benefit payments, administrative expenses, and interest earnings on existing trust fund under committee bill as percentage of taxable payroll,¹ by type of benefit, intermediate-cost estimate at 3.02 percent interest,*

[Percent]

Item	Old-age and survivors insurance	Disability insurance
Primary benefits.....	6.11	0.44
Wife's benefits.....	.60	.05
Widow's benefits.....	1.43	(?)
Parent's benefits.....	.02	(?)
Child's benefits.....	.46	.07
Mother's benefits.....	.11	(?)
Lump-sum death payments.....	.12	(?)
Total benefits.....	8.85	.56
Administrative expenses.....	.10	.02
Interest on existing trust fund ²	-.18	-.02
Net total level-premium cost.....	8.77	.56

¹ Including adjustment to reflect the lower contribution rate for the self-employed as compared with the combined employer-employee rate.

² This type of benefit is not payable under this program.

³ This item is taken as an offset to the benefit and administrative expense costs.

The level-premium contribution rates equivalent to the graded schedules in the law may be computed in the same manner as level-premium benefit costs. These are shown in table 1, as are also figures for the net actuarial balances.

Under the committee's bill, old-age and survivors insurance benefit disbursements for the calendar year 1961 will be increased by about \$285 million, since the effective date for the increased benefits is the second month after the month of enactment (here assumed to be June 1961, so that the first increased benefits are for August, and these will be reflected in checks issued at the beginning of September). There will, of course, be no additional income during 1961, since the contribution rate increases are effective on January 1, 1962.

In calendar year 1961, benefit disbursements under the old-age and survivors insurance system as modified by the committee's bill will total about \$11.9 billion. At the same time, contribution income for old-age and survivors insurance in 1961, inclusive of reimbursements from the General Treasury for the additional cost of noncontributory credit for military service, will amount to about \$11.7 billion under the committee's bill, the same as under present law. Thus, the excess of benefit outgo over contribution income will be about \$225 million under the committee's bill, as compared with an almost exact balance under present law. The size of the old-age and survivors insurance trust fund under the committee's bill will, on the basis of this estimate, decrease by about \$300 million in 1961 (interest receipts approximately equal the outgo for administrative expenses and for transfers to the railroad retirement account); under present law, it is

estimated that this trust fund would remain relatively unchanged as between the beginning and the end of 1961.

In 1962, benefit disbursements under the old-age and survivors insurance system as it would be modified by the committee's bill will be about \$13.2 billion, or an increase of about \$800 million over present law. Contribution income for old-age and survivors insurance for 1962 will be \$12.4 billion, an increase of about \$400 million over present law. Accordingly, in 1962, there will be an excess of benefit outgo over contribution income of about \$800 million under the committee's bill, as against a corresponding figure of \$400 million under present law. Under the committee's bill, the situation will reverse in 1963 (as a result of the presently scheduled increase in the tax rate), and there will be an excess of contributions over benefit outgo of about \$800 million in 1963 and about \$1.1 billion in 1964.

Under the committee's bill, according to this estimate, the old-age and survivors insurance trust fund will thus decrease in 1961-62 from its size of \$20.3 billion at the end of 1960, declining to \$20.0 billion at the end of 1961 and \$19.2 billion at the end of 1962. At the end of 1963, however, it is estimated to rise to \$20.0 billion. Under present law, the decrease in the trust fund during 1961-62 is estimated at about \$400 million.

As to the disability insurance system, for the reasons described previously, the cost estimates for the program as it would be modified by the committee's bill are unchanged from those for present law. In calendar year 1961, such benefit disbursements will total about \$850 million, and there will be an excess of contribution income over benefit disbursements of about \$200 million. Similarly, in 1962 and the years immediately following, contribution income will be well in excess of benefit outgo.

Table 4 gives the estimated operation of the old-age and survivors insurance trust fund under the committee's bill for the long-range future, based on the intermediate-cost estimate. It will, of course, be recognized that the figures for the next two or three decades are the most reliable (under the assumption of level-earnings trends in the future) since the populations concerned—both covered workers and beneficiaries—are already born. As the estimates proceed further into the future, there is, of course, much more uncertainty—if for no reason other than the relative difficulty in predicting future birth trends—but it is desirable and necessary nonetheless to consider these long-range possibilities under a social insurance program that is intended to operate in perpetuity.

TABLE 4.—Progress of old-age and survivors insurance trust fund under committee bill, high-employment assumptions, intermediate-cost estimate at 3.02 percent interest ¹

(In millions)

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ²	Interest on fund ¹	Balance in fund ³
Actual data						
1951.....	\$3,367	\$1,885	\$81	-----	\$417	\$15,540
1952.....	3,819	2,194	88	-----	365	17,442
1953.....	3,945	3,006	88	-----	414	18,707
1954.....	5,163	3,670	92	-----	468	20,576
1955.....	5,713	4,908	119	-----	461	21,663
1956.....	6,172	5,715	132	-----	531	22,519
1957.....	6,825	7,347	162	-----	557	22,393
1958.....	7,566	8,327	194	-\$121	549	21,864
1959.....	8,052	9,842	184	-275	525	20,141
1960.....	10,866	10,677	203	-308	506	20,324
Estimated data (short-range estimate)						
1961.....	\$11,713	\$11,943	\$268	-\$310	\$509	\$20,026
1962.....	12,376	13,151	259	-305	511	19,198
1963.....	14,638	13,813	258	-325	526	19,966
1964.....	15,482	14,374	271	-320	573	21,056
1965.....	15,864	14,840	282	-305	632	22,125
Estimated data (long-range estimate)						
1970.....	\$20,583	\$16,808	\$245	-\$160	\$1,189	\$38,120
1975.....	22,298	19,657	260	-91	1,724	59,232
1980.....	24,000	22,633	270	1	2,250	77,300
2000.....	32,386	31,451	356	86	3,972	135,811
2020.....	39,396	43,106	456	86	7,700	260,014

¹ An interest rate of 3.02 percent is used in determining the level-premium costs, but in developing the progress of the trust fund a varying rate in the early years has been used, which is equivalent to such fixed rate.

² A positive figure indicates payment to the trust fund from the railroad retirement account, and a negative figure indicates the reverse. Interest payment adjustments between the 2 systems are included in the "interest" column.

³ Not including amounts in the railroad retirement account to the credit of the old-age and survivors insurance trust fund. In millions of dollars, these amounted to \$377 for 1953, \$284 for 1954, \$163 for 1955, \$60 for 1956, and nothing for 1957 and thereafter.

⁴ These figures are artificially high because of the method of reimbursements between this trust fund and the disability insurance trust fund (and, likewise, the figure for 1959 is too low).

NOTE.—Contributions include reimbursement for additional cost of noncontributory credit for military service.

In every year after 1962 for the next 25 years, contribution income under the committee's bill is estimated to exceed old-age and survivors insurance benefit disbursements. Even after the benefit-outgo curve rises ahead of the contribution-income curve, the trust fund will nonetheless continue to increase because of the effect of interest earnings (which more than meet the administrative expense disbursements and any financial interchanges with the railroad retirement program). As a result, this trust fund is estimated to grow steadily, reaching \$38 billion in 1970, \$77 billion in 1980, and over \$135 billion at the end of this century. In the very far distant future, namely, in about the year 2025, the trust fund is estimated to reach a maximum of about \$275 billion, and then decrease. The old-age and survivors insurance trust fund, according to this estimate, will not become exhausted until about a century hence.

The disability insurance trust fund, under the committee's bill, grows steadily for about the next 10 years and then decreases slowly, according to the intermediate-cost estimate, as shown by table 5. In 1970, it is shown as being \$3.4 billion, while in 1980, the corresponding figure is \$2.4 billion, respectively. There is an excess of contribution income over benefit disbursements for every year up to about 1965, and even thereafter the trust fund continues to grow because of its interest earnings. This trust fund is shown to decline after 1970, which is to be expected since the level-premium cost of the disability benefits according to the intermediate-cost estimate is slightly higher than the level-premium income, 0.50 percent of payroll. As the experience develops, it will be necessary to study it very carefully to determine whether the actuarial cost factors used are appropriate or if the financing basis needs to be modified. The use of slightly less conservative cost factors would result in the cost estimates for the disability insurance system probably showing it to be completely in actuarial balance, with a trust fund that would grow steadily and level off rather than declining.

TABLE 5.—Progress of disability insurance trust fund under committee bill, high-employment assumptions, intermediate-cost estimate at 3.02 percent interest¹

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund ¹	Balance in fund
Actual data					
1957.....	\$702	\$57	\$3	\$7	\$649
1958.....	966	249	12	25	1,379
1959.....	891	457	50	41	1,825
1960.....	1,015	568	36	53	2,280
Estimated data (short range estimate)					
1961.....	\$1,044	\$857	\$43	\$61	\$2,404
1962.....	1,079	986	49	71	2,609
1963.....	1,108	1,071	52	78	2,672
1964.....	1,141	1,137	54	81	2,703
1965.....	1,171	1,186	57	83	2,714
Estimated data (long range estimate)					
1970.....	\$1,177	\$1,229	\$53	\$111	\$3,354
1975.....	1,275	1,401	58	95	3,108
1980.....	1,372	1,550	62	75	2,438
2000.....	1,852	2,048	80	(²)	(²)
2020.....	2,252	2,701	103	(²)	(²)

¹ An interest rate of 3.02 percent is used in determining the level-premium costs, but in developing the progress of the trust fund a varying rate in the early years has been used, which is equivalent to such fixed rate.

² These figures are artificially low because of the method of reimbursements between the trust fund and the old age and survivors insurance trust fund (and, likewise, the figure for 1959 is too high).

³ Fund exhausted in 1993.

NOTE.—Contributions include reimbursement for additional cost of noncontributory credit for military service and transfers to or from the railroad retirement account under the financial interchange provisions of the Railroad Retirement Act.

(e) *Results of cost estimates on range basis.*—Table 6 shows the estimated operation of the old-age and survivors insurance trust fund under the committee's bill for the low- and high-cost estimates, while table 7 gives corresponding figures for the disability insurance trust fund.

Under the low-cost estimate, the old-age and survivors insurance trust fund builds up quite rapidly and in the year 2000 is shown as being about \$255 billion and is then growing at a rate of about \$14 billion a year. Likewise, the disability insurance trust fund grows steadily under the low-cost estimate, reaching about \$10 billion in 1980 and \$26 billion in the year 2000, at which time its annual rate of growth is about \$1 billion. For both trust funds, under these estimates, benefit disbursements do not exceed contribution income in any year after 1962 for the foreseeable future.

TABLE 6.—*Estimated progress of old-age and survivors insurance trust fund under committee bill, high-employment assumptions, low- and high-cost estimates*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund	Balance in fund
Low-cost estimate						
1970.....	\$20,640	\$16,641	\$230	-\$100	\$1,320	\$42,363
1975.....	22,504	19,113	240	-41	1,909	67,897
1980.....	24,509	21,734	250	41	2,713	93,831
2000.....	35,050	28,564	332	126	7,404	255,693
High-cost estimate						
1970.....	\$20,527	\$17,259	\$260	-\$220	\$1,059	\$33,876
1975.....	22,094	20,204	280	-141	1,479	50,557
1980.....	23,492	23,537	290	-39	1,786	60,743
2000.....	29,721	34,340	379	46	537	15,834

¹ A positive figure indicates payment to the trust fund from the railroad retirement account and a negative figure indicates the reverse.

² Fund exhausted in 2004.

NOTE.—Contributions include reimbursement for additional cost of noncontributory credit for military service.

TABLE 7.—*Estimated progress of disability insurance trust fund under committee bill, high-employment assumptions, low- and high-cost estimates*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
Low-cost estimate					
1970.....	\$1,180	\$934	\$51	\$180	\$5,622
1975.....	1,287	1,049	55	223	7,599
1980.....	1,401	1,160	58	285	9,805
2000.....	2,004	1,673	78	743	25,537
High-cost estimate					
1970.....	\$1,174	\$1,525	\$55	\$42	\$1,089
1975.....	1,263	1,752	62	(1)	(1)
1980.....	1,343	1,943	66	(1)	(1)
2000.....	1,699	2,522	82	(1)	(1)

¹ Fund exhausted in 1973.

NOTE.—Contributions include reimbursement for additional cost of noncontributory credit for military service and transfers to or from the railroad retirement account under the financial interchange provisions of the Railroad Retirement Act.

On the other hand, under the high-cost estimate the old-age and survivors insurance trust fund builds up to a maximum of about \$63 billion in about 25 years, but decreases thereafter until it is exhausted shortly after the year 2000. Under this estimate, benefit disbursements from the old-age and survivors insurance trust fund are less than contribution income during all years after 1962 and before 1980.

As to the disability insurance trust fund, under the high-cost estimate, in the early years of operation the contribution income is about the same as the benefit outgo. Accordingly, the disability insurance trust fund, as shown by this estimate, will be about \$2.5 billion during 1961-64 and will then slowly decrease until it is exhausted in 1973.

The foregoing results are consistent and reasonable, since the system on an intermediate-cost-estimate basis is intended to be approximately self-supporting. Accordingly, a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency will eventually arise. In actual practice, under the philosophy in the 1950 and subsequent acts, as set forth in the committee reports, the tax schedule would be adjusted in future years so that none of the developments of the trust funds shown in tables 6 and 7 would ever eventuate. Thus, if experience followed the low-cost estimate, and if the benefit provisions were not changed, the contribution rates would probably be adjusted downward—or perhaps would not be increased in future years according to schedule. On the other hand, if the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. At any rate, the high-cost estimate does indicate that, under the tax schedule adopted, there will be ample funds to meet benefit disbursements for several decades, even under relatively high-cost experience.

Table 8 shows the estimated costs of the old-age and survivors insurance benefits and of the disability insurance benefits under the committee's bill as a percentage of payroll for various future years through the year 2050, and also the level-premium cost of the two programs for the low-, high-, and intermediate-cost estimates (as was previously shown in tables 1 and 3 for the intermediate-cost estimate).

TABLE 8.—Estimated cost of benefits of old-age, survivors, and disability insurance system as percent of payroll,¹ under committee bill

[In percent]

Calendar year	Low-cost estimate	High-cost estimate	Intermediate-cost estimate ²
Old-age and survivors insurance benefits			
1970.....	7.01	7.35	7.18
1980.....	7.76	8.78	8.25
1990.....	7.94	10.00	8.92
2000.....	7.13	10.10	8.49
2025.....	8.02	13.28	10.20
2050.....	10.17	15.16	12.11
Level-premium cost ³	7.69	10.06	8.77
Disability insurance benefits			
1970.....	0.40	0.65	0.52
1980.....	.41	.72	.56
1990.....	.39	.71	.54
2000.....	.39	.74	.55
2025.....	.45	.82	.60
2050.....	.49	.85	.63
Level-premium cost ³42	.73	.56

¹ Taking into account lower contribution rate for the self-employed, as compared with combined employer-employee rate.

² Based on the average of the dollar costs under the low-cost and high-cost estimates.

³ Level-premium contribution rate, at 3.02 percent interest rate, for benefits after 1931, taking into account interest on the Dec. 31, 1961, trust fund, future administrative expenses, and the lower contribution rates payable by the self-employed.

(f) *Summary of actuarial cost estimates.*—The old-age, survivors, and disability insurance system, as modified by the committee's bill, has an estimated benefit cost that is very closely in balance with contribution income. This also was the case for the 1950 and subsequent amendments at the time they were enacted.

The old-age and survivors insurance system as modified by the committee's bill is about as close to actuarial balance, according to the intermediate-cost estimate, as was the 1960 act according to the latest cost estimates. The system as modified by the committee's bill, and the system as it was modified by the previous amendments, has been shown to be not quite self-supporting under the intermediate-cost estimate. Nevertheless, there is close to an exact balance, especially considering that a range of variation is necessarily present in the long-range actuarial cost estimates and that rounded tax rates are used in actual practice. Accordingly, the old-age and survivors insurance program, under the committee's bill, is actuarially sound. The cost of the liberalized benefits under the committee's bill is met by the financing provided.

The separate disability insurance trust fund established under the 1956 act shows a small lack of actuarial balance under the committee's bill, as under the 1960 act, because the contribution rate allocated to this fund is slightly less than the cost of the disability benefits, based on the intermediate-cost estimate. Considering the variability of cost estimates for disability benefits and certain elements of conservatism believed to be present in these estimates, this small actuarial deficit is not significant.

B. PUBLIC ASSISTANCE

1. Additional Federal participation in public assistance payments

The committee has added a provision to the bill intended to encourage States that are already making payments up to the Federal maximums in the programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled to further increase such payments. Under existing law, the Federal Government participates in payments under these programs up to an average of \$65 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. The amendment would increase the amount by \$2.50 above the present maximums. The Federal share of this amount would vary from 50 percent in States at or above the national per capita income to 65 percent in the States with lowest per capita incomes. The amendment would be effective for 1 year ending on June 30, 1962, the same date that several other provisions affecting the public assistance programs are scheduled to expire. The amendment includes a provision designed to assure that the States will not receive additional funds unless they pass on at least the additional Federal funds to the recipients of assistance.

2. Costs

The estimated cost of the amendment for the fiscal year 1962 is \$20 million. The accompanying table shows the amount for which individual States will be eligible on the basis of the present State and local expenditures assuming that States that are eligible to do so would increase their payments and thus avail themselves of the full amount of Federal funds to which they will then be entitled.

Public assistance: Annual additional Federal cost of raising maximum from \$65 to \$67.50¹ (based on data for April 1961)

States and other jurisdictions	Increase in Federal funds (amounts in thousands)			
	Total	Old-age assistance ²	Aid to the blind	Aid to the permanently and totally disabled
Total.....	\$20,045	\$16,643	\$785	\$2,617
Alabama.....				
Alaska.....	23	21	2	(3)
Arizona.....	15		15	(3)
Arkansas.....				
California.....	4,188	4,304	198	184
Colorado.....	838	743	5	90
Connecticut.....	251	212	5	34
Delaware.....	10		4	6
District of Columbia.....	82	47	3	42
Florida.....	13			13
Georgia.....				
Guam.....				
Hawaii.....	16		1	15
Idaho.....	167	141	3	23
Illinois.....	335		44	291
Indiana.....	29		29	(3)
Iowa.....	626	589	25	12
Kansas.....	561	478	10	73
Kentucky.....				
Louisiana.....	2,499	2,445	54	
Maine.....	263	224	1	43
Maryland.....				
Massachusetts.....	1,137	950	32	155
Michigan.....	943	841	26	76
Minnesota.....	861	798	18	
Mississippi.....				
Missouri.....				
Montana.....	26		5	21
Nebraska.....	49		13	36
Nevada.....	42	439	3	(3)
New Hampshire.....	96	84	4	8
New Jersey.....	409	284	14	111
New Mexico.....	258	207		51
New York.....	1,594	991	53	550
North Carolina.....				
North Dakota.....	162	138	2	22
Ohio.....	252		52	200
Oklahoma.....	1,941	1,714	35	192
Oregon.....	343	261	4	78
Pennsylvania.....	395	4300	95	
Puerto Rico.....				
Rhode Island.....	137	89	2	46
South Carolina.....				
South Dakota.....				
Tennessee.....				
Texas.....				
Utah.....	50			50
Vermont.....	15	-9	1	14
Virgin Islands.....				
Virginia.....				
Washington.....	813	711	11	109
West Virginia.....				
Wisconsin.....	620	542	15	63
Wyoming.....	10		1	9

¹ Assumes increase in Federal funds will be passed along to recipients in the form of higher money payments.

² Assumes that 1961 amendment increasing from \$12 to \$15 per month the average vendor medical payment in which there is Federal participation (as provided under the Social Security Amendments of 1960) was already in effect.

³ No program in operation.

⁴ Increase would be larger if vendor medical payments were raised instead of money payments.

C. TEMPORARY ASSISTANCE TO U.S. NATIONALS RETURNED FROM FOREIGN COUNTRIES

The committee bill would add a new section to the Social Security Act which would authorize the appropriation for a program of temporary assistance to U.S. nationals returned from foreign countries. The program, to be administered by the Secretary of Health, Education, and Welfare, is designed to assist two distinct groups of individuals who are to be identified by the State Department as having returned or been brought from foreign lands to this country. The assistance would be provided exclusively in this country, primarily at ports of entry, and would go to (1) destitute or ill nationals and dependents of nationals who are ill, and (2) nationals displaced or returned from foreign lands because of war, threat of war, invasion, or similar crisis. Both such groups of nationals must be without immediately available resources. But the Secretary of Health, Education, and Welfare will provide, by regulation, that those individuals who can do so shall reimburse the Federal Government. All funds in the program will come from the Federal Government and the Secretary of Health, Education, and Welfare can provide assistance directly or through the facilities of public or private agencies. The temporary assistance may include money payments, medical care, temporary billeting, transportation, and other goods and welfare services.

The need for this authority is particularly acute at the present time because of the repatriation of a substantial number of American citizens from Cuba. However, for many years, the welfare needs of sick and destitute nationals arriving in this country have presented a problem to State welfare and private agencies in port areas.

IV. SECTION-BY-SECTION ANALYSIS

The first section of the bill provides that it may be cited as the "Social Security Amendments of 1961."

The remainder of the bill is divided into three titles and eight sections as follows:

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

- Sec. 101. Increase in minimum benefits.
- Sec. 102. Reduced benefits for men at age 62.
- Sec. 103. Fully insured status.
- Sec. 104. Increase in widow's, widower's, and parent's insurance benefits.
- Sec. 105. Retroactive effect of certain applications for disability determinations.
- Sec. 106. Extension of time within which certain State-Federal agreements may be modified.
- Sec. 107. Inclusion of New Mexico among States which may divide their retirement systems into two parts.
- Sec. 108. Effective date.

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF
1954

Sec. 201. Changes in tax schedules.

Sec. 202. Extension of time to elect coverage on behalf of ministers.

TITLE III—MISCELLANEOUS

Sec. 301. Amendment preserving relationship between railroad retirement and old-age, survivors, and disability insurance.

Sec. 302. Assistance for returning U.S. nationals.

Sec. 303. Additional Federal participation in public assistance payments.

Sec. 304. Meaning of term "Secretary."

SEC. 101. INCREASE IN MINIMUM BENEFITS

(a) *Increase in minimum primary insurance amount.*—Section 101(a) of the bill amends section 215(a) of the Social Security Act, which contains the table for determining primary insurance amounts and maximum family benefits. Under this amendment, the minimum primary insurance amount is increased from \$33 to \$40. The primary insurance amount is the amount payable to a retired worker (before any reduction because benefit payments begin before age 65), to a disabled worker receiving disability insurance benefits, and to a person described in section 202(m) of the Social Security Act (generally, a person who is the only survivor receiving minimum benefits on a worker's record). The primary insurance amount of the worker is also used in arriving at the amount of monthly benefits to which other persons are entitled. The wife's, husband's, child's, widow's, widower's, mother's, and parent's insurance benefits are specified percentages or fractions of the worker's primary insurance amount.

Under the amendment, all families now receiving benefits based on primary insurance amounts of less than \$40 will have their benefit amounts increased. Similarly, individuals coming on the rolls with respect to months beginning on or after the effective date of title I of the bill will be entitled to benefits based on primary insurance amounts of at least \$40.

The maximum amount of benefits payable to a family on an earnings record at the new minimum will be \$60. The corresponding maximum under existing law is \$53.

Finally, the amendment will increase the minimum lump-sum death payment under section 202(i) of the Social Security Act from \$99 to \$120.

(b) *Effective date for increase in minimum benefits.*—Section 101(b) of the bill provides the effective date for the increase in minimum benefits made by section 101(a) of the bill. The amendment is to apply (1) in the case of monthly benefits, to such benefits for months beginning on or after the effective date for title I of the bill, and (2) in the case of lump-sum death payments, where the death occurs on or after such effective date. Section 106 of the bill provides that the effective date for title I of the bill is the 1st day of the 1st calendar month which begins on or after the 30th day after the day on which the bill is enacted.

SEC. 102. REDUCED BENEFITS FOR MEN AT AGE 62

(a) *Age requirement for monthly benefits for men reduced from 65 to 62.*—Section 102(a) of the bill amends section 202 of the Social Security Act by striking out “retirement age” and “retirement age (as defined in section 216(a))” each place they appear therein and by inserting in lieu thereof “age 62”. The effect of these amendments is to reduce from 65 to 62 the age at which men may become entitled to old-age, husband’s, widower’s, and parent’s insurance benefits. As explained below, old-age insurance benefits and husband’s insurance benefits which become payable to men before they have attained age 65 will be reduced; widower’s and parent’s insurance benefits which become so payable will not be reduced.

(b)(1) *Adjustment of old-age, wife’s, or husband’s insurance benefit amounts in accordance with age of beneficiary.*—Section 102(b)(1) of the bill amends subsections (q) and (r) of section 202 of the Social Security Act to provide (1) the method for reducing old-age insurance benefits for men, and husband’s insurance benefits, where the beneficiary becomes entitled to such benefits before attaining age 65, and (2) to simplify and improve the method of reduction for both men and women. In general, the reduction provided by the bill is patterned after the reduction provided in existing law in the case of old-age insurance benefits for women, and wife’s insurance benefits, where the beneficiary becomes entitled to such benefits before attaining age 65.

One of the most important of the changes in the method of reduction appears in the amended section 202(q)(3) and relates to certain cases where the benefit of an individual is increased after he begins receiving such benefit. Under existing law, the amount of any benefit increase for a woman receiving reduced benefits is reduced on the basis of the beneficiary’s age when the original benefit began. Under the amended section 202(q)(3), an increase in the reduced benefit of a man or woman (where such increase is attributable to an increase in the primary insurance amount on which such benefit is based) is treated as a separate benefit, and is reduced in accordance with the beneficiary’s age at the time the increase becomes effective.

Another important change (which is discussed below in connection with the amended sec. 202(q)(2)) relates to the case where entitlement to an old-age insurance benefit begins after entitlement to a wife’s or husband’s insurance benefit. In such a case, under the amendment the amount of the old-age insurance benefit is not reduced by the amount of the reduction in the wife’s or husband’s insurance benefit.

Sec. 202(q)(1). General rule for reduction

Paragraph (1) of the amended section 202(q) of the Social Security Act provides for the reduction of an old-age, wife’s, or husband’s insurance benefit where the first month for which the individual is entitled to such benefit is a month before he attains age 65. The rate of reduction for men will be the same as the rate of reduction provided by existing law for women. Thus, the old-age insurance benefit of a man or woman for any month before he or she attains age 65 will be reduced by $\frac{1}{2}$ of 1 percent of the amount of such benefit,

multiplied by the number of months in the "reduction period" for such benefit for such individual (that is, the number of months in the period beginning with the first month for which such individual is entitled to such benefit and ending with the last day of the month before the month in which such individual attains age 65). For example, in the case of an individual who becomes entitled to an old-age insurance benefit for the month in which he attains age 62 which is based on a primary insurance amount of \$40, such monthly benefit will be reduced by \$8 (20 percent). This is arrived at by multiplying $\frac{5}{9}$ of 1 percent of \$40 by 36 (the number of months in the reduction period). The reduction may be expressed mathematically as follows:

$$\frac{5}{9} \times \frac{1}{100} \times \$40 \times 36 = \$8$$

If, in the preceding example, the first month of entitlement had been the month in which the individual attained 63½, the reduction period would consist of 18 months in lieu of 36, and the reduction would be \$4 (10 percent).

At age 65, the reduction period for this benefit is adjusted as provided in paragraph (6) of the amended section 202(q) for months in which the benefit was subject to deductions under specified provisions of title II of the Social Security Act. The effect of the adjustment under paragraph (6) is to reduce the reduction in old-age insurance benefits, effective for the month of attaining age 65 and for months thereafter, where the individual did not receive such benefits for any month or months before attaining age 65 by reason of work deductions.

A reduction, similar to the reduction for old-age insurance benefits, is made under paragraph (1) of the amended section 202(q) for wife's or husband's insurance benefits to which an individual becomes entitled before attaining age 65. Here, however, the reduction fraction is $\frac{25}{36}$ of 1 percent in lieu of the $\frac{5}{9}$ of 1 percent provided for old-age insurance benefits. (This $\frac{25}{36}$ of 1 percent is the reduction fraction provided by existing law in the case of wife's insurance benefits.)

For example, if an individual becomes entitled to an unreduced wife's or husband's insurance benefit of \$40 for the month in which he or she attains age 62, the reduction under such paragraph (1) will be \$10 (25 percent). This may be expressed mathematically as follows:

$$\frac{25}{36} \times \frac{1}{100} \times \$40 \times 36 = \$10$$

If, instead of becoming so entitled at age 62, the individual became so entitled at age 63½, the reduction for the first month of entitlement, and for each month thereafter before the month in which he or she attains age 65, would be \$5 (12½ percent). At age 65, the reduction period would be adjusted to eliminate months in which benefits were not received for any of the reasons stated in paragraph (6) of the amended section 202(q).

The following table gives examples of the amount of the reduction under paragraph (1) of representative old-age, wife's, and husband's insurance benefits first becoming payable at age 62, 63, or 64:

	Unreduced amount	Age first payable	Months in reduction period	Amount of reduction*	Reduced benefit
Old-age benefit (reduction fraction equals $\frac{2}{3}$ of 1 percent).	\$40	62	36	\$8	\$32
	40	63	24	5.30	34.70
	40	64	12	2.60	37.40
	\$80	62	36	\$16	\$64
	80	63	24	10.60	69.40
	80	64	12	5.30	74.70
	\$120	62	36	\$24	\$96
	120	63	24	16	104
	120	64	12	8	112
Wife's or husband's benefit (reduction fraction equals $\frac{1}{3}$ of 1 percent).	\$20	62	36	\$5	\$15
	20	63	24	3.30	16.70
	20	64	12	1.60	18.40
	\$40	62	36	\$10	\$30
	40	63	24	6.60	33.40
	40	64	12	3.30	36.70
	\$60	62	36	\$15	\$45
	60	63	24	10	50
	60	64	12	5	55

*In the examples in this explanation, all reductions in benefits which are not multiples of \$0.10 are rounded to the next lower multiple of \$0.10, as required by paragraph (7) of the amended section 202(q).

Sec. 202(q)(2). Special reduction rule for certain cases where individual is entitled to more than one benefit

Paragraph (2) of the amended section 202(q) provides a special rule for reducing the wife's or husband's insurance benefit. It applies if, for the first month for which the individual is entitled to such benefit at or after attaining age 62, the individual is also entitled to an old-age insurance benefit subject to reduction under section 202(q) or to a disability insurance benefit.

The type of case in which paragraph (2) will have its most frequent application is where an individual becomes entitled to an old-age insurance benefit before attaining age 65, and simultaneously or subsequently such individual becomes entitled to a larger wife's or husband's insurance benefit. Paragraph (2)(B) provides that in this case the wife's or husband's insurance benefit is to be reduced by the dollar amount of reduction applicable to the old-age insurance benefit under paragraph (1) of the amended section 202(q), and then further reducing the wife's or husband's insurance benefit by the reduction which would be appropriate under such paragraph (1) if the amount of such benefit were equal to the excess of the unreduced wife's or husband's insurance benefit over the unreduced old-age insurance benefit.

For example, at age 62 an individual becomes entitled to an unreduced old-age insurance benefit of \$40 and to an unreduced wife's or husband's insurance benefit of \$60. Under paragraph (2)(B) of the amended section 202(q), the wife's or husband's insurance benefit would be reduced by \$13 to \$47. First, the dollar amount of reduction

in the old-age insurance benefit of \$40 is determined under paragraph (1). This is \$8. Then paragraph (1) is applied to the excess of the wife's or husband's insurance benefit over the old-age insurance benefit. This excess (computed on the unreduced amount of each benefit) is \$20. Applying paragraph (1) to a wife's or husband's insurance benefit of \$20 to which an individual first becomes entitled at age 62 yields a reduction of \$5. Thus, the total reduction in the \$60 wife's or husband's insurance benefit would be \$13.

If, in the preceding example, the individual had become entitled to an unreduced old-age insurance benefit of \$40 at age 62, and had become entitled to an unreduced wife's or husband's insurance benefit of \$60 at age 63½, then the total reduction in the wife's or husband's insurance benefit would be \$10.50 (\$8, the reduction in the old-age insurance benefit, plus \$2.50, the appropriate reduction under par. (1) for a wife's or husband's insurance benefit of \$20 to which an individual becomes entitled at age 63½).

Paragraph (2)(C) of the amended section 202(q) provides the method of reduction under paragraph (2) in cases where an individual is entitled to a disability insurance benefit and simultaneously or subsequently becomes entitled to a wife's or husband's insurance benefit. Disability insurance benefits are not reduced by reason of the age of the beneficiary. Therefore, in this case the wife's or husband's insurance benefit is reduced by applying paragraph (1) to the amount by which the wife's or husband's insurance benefit (before reduction) exceeds the amount of the disability insurance benefit. For example, at age 62 an individual becomes entitled to a disability insurance benefit of \$40. At age 64 such individual becomes entitled to an unreduced wife's or husband's insurance benefit of \$50 (and remains entitled to the disability insurance benefit). In this case, the wife's or husband's insurance benefit will be reduced by \$0.80 to \$49.20. Under paragraph (2)(C) the reduction is computed by treating the wife's or husband's insurance benefit as being such a benefit of \$10 (the excess of \$50 over \$40). The formula for this reduction may be expressed as:

$$\frac{25}{36} \times \frac{1}{100} \times \$10 \times 12 = \$0.80$$

Paragraph (2)(D) of the amended section 202(q) deals with the case where an individual first becomes entitled to a wife's or a husband's insurance benefit simultaneously with, or subsequently to, entitlement to an old-age insurance benefit or a disability insurance benefit, and later on the entitlement to the old-age insurance benefit or to the disability insurance benefit ceases. Such a case may arise where a man recovers from his disability before he reaches age 65 and is not fully insured for old-age insurance benefits. Such a case may also arise where a man was entitled before age 65 to an old-age insurance benefit based entirely, or in part, on his earnings from railroad work and then acquires sufficient railroad service to make a total of 120 months, as a result of which his entitlement to old-age insurance benefits terminates.

In any such case, the wife's or husband's insurance benefit is reduced under paragraph (2)(D) by applying paragraph (1) to the full amount of the wife's or husband's insurance benefit. In making such application, the reduction period (i.e., the factor consisting of the number of months in the period beginning with the first month of entitlement and ending with the month before the month in which the individual attains age 65) is the reduction period applicable with respect to the first month for which the wife's or husband's insurance benefit was payable (and not the reduction period determined by reference to the month after the month in which entitlement to the old-age insurance benefit or the disability insurance benefit ceased).

As explained below, the amended section 202(r) of the Social Security Act deems that a person who is eligible for an old-age insurance benefit when he or she applies for a reduced wife's or husband's insurance benefit is also applying for such old-age insurance benefit. This provision, together with the amended section 202(q)(2), assures that in the usual case (the case where the wife's or husband's insurance benefit begins at the same time as, or after, a reduced old-age insurance benefit) the wife's or husband's insurance benefit will be reduced to take account of the old-age insurance benefit.

Under existing law (see sec. 202(q)(4) of existing law), where entitlement to an old-age insurance benefit begins after entitlement to a wife's insurance benefit, the old-age insurance benefit is reduced by the dollar reduction applicable to such wife's insurance benefit plus an amount equal to the excess (if any) of the unreduced old-age insurance benefit over the unreduced wife's insurance benefit times five-ninths of 1 percent for each month of entitlement to the old-age insurance benefit before age 65. No provision for reducing an old-age insurance benefit by the dollar amount of the reduction in any previous benefit is contained in the amended section 202(q), and for both men and women in this type of case the old-age insurance benefit (if entitlement begins before attaining age 65) will be reduced under paragraph (1) without regard to the prior reduction in the wife's or husband's insurance benefit. In the case of women now on the rolls whose old-age insurance benefit has been reduced by reason of a prior entitlement to a wife's insurance benefit, this change in law will affect benefits for the month beginning on the effective date of title I of the bill and for months thereafter.

Sec. 202(q)(3). Separate reduction computation for certain increases in benefits

Under existing law, if an old-age insurance or wife's insurance benefit which has been reduced under section 202(q) is later increased for any reason, the reduction period applicable to the original benefit is applied to the increase as though the increase had been payable in the first month for which the individual became entitled to the original benefit. This rule is changed in the amended section 202(q)(3) for any increase in a benefit resulting from an increase in the primary insurance amount (such an increase may arise from a recomputation of the worker's primary insurance amount to take account of additional earnings, or by legislation, such as sec. 101 of the bill, increasing primary insurance amounts).

In the case of any increase described in the amended section 202(q)(3), the increase will be reduced as though it were a separate

benefit beginning in the first month for which it is effective—that is, in accordance with the age the beneficiary attains in the first month for which the increase is effective. Furthermore, the increase will be reduced under paragraph (1) or (2) of the amended section 202(q), whichever of such paragraphs applies in determining the amount by which the original benefit is reduced.

The effect of the amendment to existing law contained in the new paragraph (3) may be illustrated by the following example. Assume that a woman became entitled in the past to an old-age insurance benefit at age 62 on the basis of her primary insurance amount of \$33. This was reduced by \$6.60 (20 percent); so she is at present entitled to a monthly benefit of \$26.40. Section 101 of the bill provides that the minimum primary insurance amount, and therefore the minimum unreduced old-age insurance benefit, is to be \$40. Under existing law, this increase of \$7 would be reduced by \$1.40 (20 percent of \$7) to \$5.60, since the original benefit was reduced by 20 percent.

Under the amended section 202(q)(3), the amount of the reduction in this \$7 increase will depend on the age which this woman attains in the month which begins on the effective date for title I of the bill. If she is then 64½, the \$7 increase will be reduced by \$0.20, and she will be entitled to a reduced old-age insurance benefit of \$33.20 (\$26.40 plus \$6.80). Without this amendment, she would be entitled to \$32 (\$26.40 plus \$5.60).

If, at the time this bill takes effect, she has attained age 65, there will be no reduction in the \$7 increase. Under existing section 202(q), there would be a 20 percent reduction in the increase regardless of her attained age.

It is to be noted that the amended section 202(q)(3) will in some cases apply even though, immediately before an increase in the primary insurance amount, the individual was not entitled to the benefit in question. For example, assume that a woman becomes entitled to an unreduced wife's insurance benefit of \$20, based on a primary insurance amount of \$40. Subsequently, she becomes entitled to an unreduced old-age insurance benefit of \$40. At this point, she ceases to be entitled to the wife's insurance benefit, since she is now entitled to an old-age insurance benefit based on a primary insurance amount greater than one-half of the primary insurance amount on which the wife's insurance benefit is based (see the conditions of entitlement to a wife's insurance benefit contained in sec. 202(b) of the Social Security Act). Still later, the primary insurance amount of her husband is recomputed by reason of additional earnings and is increased to \$100. Upon filing application therefor, she will become entitled to an unreduced wife's insurance benefit of \$50. The amended section 202(q)(3) will apply to the difference between the unreduced original wife's insurance benefit of \$20 and the new unreduced amount of such benefit (\$50), and this \$30 increase will be reduced under the amended section 202(q)(1) on the basis of the age she attains in the first month for which she becomes entitled to such \$50 wife's insurance benefit.

Sec. 202(q)(4). Special reduction rules for wife's insurance benefits

Paragraph (4) of the amended section 202(q) provides that there is to be no reduction in a wife's insurance benefit for any month in

which she has in her care a child of the person on whose primary insurance amount such wife's insurance benefit is based, if for such month such child is entitled to a child's insurance benefit. This rule is similar to a rule contained in existing law, but is modified by removing the requirement that the entitlement of the child to his benefit be based on the same earnings record as is the wife's insurance benefit. Still retained, however, is the requirement that the child be a child of the person on whose earnings record the wife's insurance benefit is based.

This modification of existing law may have an effect, for instance, where a woman with a child remarries. After a year, this child is treated for purposes of title II of the Social Security Act as being the child of both the first husband and the second husband. If the primary insurance amount of the first husband is greater than that of the second husband, the child's insurance benefit will be computed by reference to the primary insurance amount of the first husband. And, since the wife's insurance benefit in this case must be based on the primary insurance amount of the second husband, under existing law, unless the child actually applies for benefits on the second husband's earnings record, this woman is not treated as having a child in her care for the purpose of avoiding the reduction in her wife's insurance benefit. The child might not apply for benefits on the second husband's earnings record because, for example, his benefit might be reduced even though the second husband's primary insurance amount was larger than the first husband's. This could happen because the child's benefit would be only 50 percent of the primary insurance amount of the retired worker while it would be 75 percent of the primary insurance amount of the deceased worker. The amended paragraph (4) treats her as having a child in her care if the child is a child of the second husband. This modification conforms the treatment of such a child for purposes of preventing reductions in the wife's insurance benefit to the treatment provided by existing law in adjusting the reduction in the wife's insurance benefit at age 65. Under existing law, and under the bill, in this type of situation the reduction period will be reduced when she reaches age 65 for any month in which she has such a child in her care.

Under the amended section 202(q)(4) (as under existing law) there will be no reduction in a wife's insurance benefit for any month in which she does not have a described child in her care, unless she has filed a certificate electing reduced benefits. If no certificate is filed electing reduced benefits, she will be entitled to a full wife's insurance benefit for a month in which she does not have a described child in her care, but section 203(c)(2) of the Social Security Act has the effect of applying a deduction to that benefit equal to the full amount thereof.

Subparagraph (C) of the amended paragraph (4) provides that if a woman does not have in her care a described child in the first month for which she is entitled to a wife's insurance benefit, and if such first month is a month before the month in which she attains age 65, then she is treated as having filed in such first month a certificate electing reduced benefits. This provision is in accordance with existing administrative practice.

Sec. 202(q)(5). Definition of reduction period

Paragraph (5) of the amended section 202(q) contains a definition of the term "reduction period." In order to determine the appropriate reduction under section 202(q) in the old-age, wife's, or husband's insurance benefit of any individual for months before he or she attains age 65 it is necessary to find the reduction period for that benefit. Where an individual is entitled to both an old-age insurance benefit and to a wife's or husband's insurance benefit, a separate reduction period must be ascertained for each such benefit.

Each reduction period consists of the months included in a period which ends with the month before the month in which the individual attains age 65, and begins generally with the first month for which the individual is entitled to the benefit in question. However, in the case of the wife's insurance benefit, the reduction period begins with the first month for which a certificate electing reduced wife's insurance benefits is effective.

Sec. 202(q)(6). Definition of adjusted reduction period

Paragraph (6) of the amended section 202(q) defines the term "adjusted reduction period." This is applicable in the case of old-age, wife's, or husband's insurance benefits subject to reduction under section 202(q) which are payable for the month in which the individual attains age 65 or for any month thereafter. To determine the adjusted reduction period for any of the enumerated benefits of an individual, it is necessary to find the reduction period for that benefit under paragraph (5). Such reduction period is then adjusted by eliminating certain months contained in such reduction period.

In the case of an old-age, wife's, or husband's insurance benefit, there is eliminated each month in the reduction period for which that benefit was withheld under the retirement test provisions. In the case of a wife's insurance benefit, there is also eliminated each month in the reduction period for which unreduced benefits were payable because the woman had in her care a child (of the person on whose earnings record her wife's insurance benefits are based) entitled to child's benefits. And in the case of a wife's or husband's insurance benefit based on the spouse's entitlement to a disability insurance benefit, there is also eliminated each month in the reduction period for which the wife's or husband's benefit (1) was withheld on account of the spouse's refusal to accept rehabilitation services, or (2) was not payable because the spouse recovered from his disability.

The effect of this provision is to apply to old-age insurance benefits for men and to husband's insurance benefits the provisions now applicable to old-age insurance benefits for women and to wife's insurance benefits which relate to the recalculation, at age 65, of the reduction in benefits so as to give credit for months before age 65 for which reduced benefits were not payable. However, the requirement of existing law that there must have been at least 3 months for which reduced benefits were withheld before there can be a recalculation of the reduced amount is eliminated. This change in law applies to individuals attaining age 65 on or after the effective date of title I of the bill. For these individuals there will be a recalculation even if a reduced benefit was withheld for only 1 month.

The operation of the amended paragraph (6) may be illustrated by the following example. At age 62 an individual becomes entitled to an old-age insurance benefit based on a primary insurance amount of \$90. The amount of such benefit for each month before the month in which he attains age 65 is reduced by \$18 to \$72 ($\frac{1}{36}$ of 1 percent of \$90, multiplied by 36). Assume that during the reduction period of 36 months beginning with the first month of entitlement and ending with the month before the month in which the individual attains age 65, this benefit is subject to a full deduction under section 203(b) of the Social Security Act in each of 16 months because such months are charged with excess earnings equal to the amount of the reduced benefit for such months. In addition, for each of an additional 3 months there is a partial deduction under section 203(b) because such months are charged with excess earnings which are less than the amount of the reduced benefit for such months. Accordingly, there were 17 months before the month in which he attains age 65 in which his reduced benefit was not withheld.

For the month in which this individual attains age 65, and for months thereafter, the old-age insurance benefit reduction is recalculated in the light of paragraph (6). The reduction is now \$8.50 ($\frac{1}{17}$ of 1 percent of \$90, multiplied by 17), and the reduced benefit is now \$81.50. For each month beginning with the month in which this individual attains age 65, he will be entitled to receive \$81.50. This is the same monthly benefit amount he would have been entitled to receive had his first month of entitlement been the month in which he attained age 63 and 7 months (assuming, in this latter case that there was no month before he attained age 65 for which the reduced benefit was withheld).

Sec. 202(q)(7). Rounding of benefits, etc.

Paragraph (7) provides that the amended section 202(q) is to be applied after section 203(a) of the Social Security Act, which places a limit on the amount of the benefits which may be paid to a family for any month. It is also to be applied after the application of section 215(g) of such act, which provides for rounding of any benefit which is not a multiple of \$0.10 to the next higher multiple of \$0.10. If, after applying these other provisions, the amended section 202(q) would result in a reduction which is not a multiple of \$0.10, then the reduction is rounded by eliminating that portion of it which is not such a multiple. This paragraph (7) provides the same rules for computing reduced benefits for both men and women as are provided under existing section 202(q)(9) for computing reduced old-age and wife's insurance benefits for women.

Sec. 202(r). Presumed filing of application by person eligible for an old-age insurance benefit and for a wife's or husband's insurance benefit

Section 102(b)(1) of the bill also amends section 202(r) of the Social Security Act to apply to a man the provision now applicable to a woman under which a person is deemed to have filed an application for both an old-age insurance benefit and a wife's (or, under the amended provision, husband's) insurance benefit where he is eligible for both in the same month before age 65 and where he applies for only one. (The exception in existing law applicable to a wife with a child beneficiary in her care for the first month of entitlement is continued.) The amended section 202(r) also contains a new provision

needed to correct the anomaly in existing law where a woman entitled to disability insurance benefits is deemed to have filed an application for reduced old-age insurance benefits, thereby terminating her unreduced disability insurance benefit, when she becomes entitled to a reduced wife's insurance benefit. Under the amended section 202(r), where a person is entitled to a disability insurance benefit for the same month for which an application for a reduced wife's or husband's insurance benefit is effective, the person will be deemed to have filed an application for an old-age insurance benefit only as of the first subsequent month for which he or she is not entitled to a disability insurance benefit.

Sec. 102(b)(2) of the bill—Relationship of benefits reduced on account of age to disability insurance benefits.—Section 102(b)(2)(A) of the bill repeals section 202(s) of the act, dealing with the relationship between reduced benefits and disability insurance benefits. The provisions of the repealed section, modified so as to apply to men as well as to women, are incorporated in the sections they affect. As noted in the analysis of the new paragraph (2) of section 202(q), above, the provision of section 202(s) relating to the simultaneous entitlement to a wife's insurance benefit and to a disability insurance benefit is now incorporated in that paragraph.

Section 102(b)(2)(B) of the bill amends section 223(a) of the act, relating to disability insurance benefits, by adding to it the provision now contained in paragraph (1) of section 202(s), modified so as to apply to men as well as women, under which entitlement before age 65 to a widow's or parent's (or, under the amended provision, widower's) insurance benefit, or to a reduced old-age or wife's (or, under the amended provision, husband's) insurance benefit, bars later entitlement to a disability insurance benefit. In order to give full effect to this provision as it applies to men, the new paragraph also provides that a period of disability (for the purpose of excluding the period from the "elapsed period" in determining a person's insured status and benefit amount) may not begin after entitlement to a widow's, widower's, or parent's insurance benefit or to a reduced old-age, wife's, or husband's insurance benefit. This additional restriction is needed for men, but not for women, because the primary insurance amount for a man is computed on the basis of an elapsed period up to the year in which he attains age 65. Since the primary insurance amount for a woman is computed on the basis of an elapsed period up to the year in which she attains age 62, any period of disability established for her beginning after age 62 would have no effect.

Section 102(b)(2)(C) of the bill amends section 223(a) of the act by incorporating therein the provision now contained in paragraph (3) of section 202(s), modified to apply to men as well as women, under which a disability insurance benefit is terminated with the month before the month in which a person becomes entitled to an old-age insurance benefit.

Section 102(b)(2)(D) of the bill amends section 216(i)(2) of the act, relating to the definition of a period of disability, to provide a cross-reference to section 223(a)(3) (described above) under which a person may not begin a period of disability after the month in which he became entitled to any of the benefits listed in such section 223(a)(3).

Sec. 102(b)(3)—Waiver of retroactive benefits.—Section 102(b)(3) of the bill amends section 202(j)(3) of the act to make it clear that a man or a woman has the right to waive entitlement to old-age or survivors insurance benefits for one or more consecutive months before the month in which he or she becomes entitled to such benefits, beginning with the earliest month for which he or she would otherwise be entitled in the retroactive period. Existing law has been interpreted as having this effect. Paragraph (3) of section 202(j) of the act, which now specifically gives women the right to waive entitlement to benefits for retroactive months between the ages of 62 and 65 (months that would cause a reduction in her benefits), is made generally applicable to all benefits by the amendment.

Sec. 102(c)—Conforming amendments.—Section 102(c) of the bill makes a number of changes in the Social Security Act to conform various provisions to the changes made by the bill in providing monthly insurance benefits for men at age 62.

Paragraph (1) of section 102(c) repeals section 216(a) of the act, which defines "retirement age" as age 65 in the case of men and age 62 in the case of women. The paragraphs which follow paragraph (1) substitute references to specific ages in the provisions of the law where reference is now made to "retirement age."

Paragraph (2) of section 102(c) provides for substituting "age 62," where appropriate, in the provisions listed in such paragraph (2).

Paragraph (3) of section 102(c) of the bill amends a number of provisions of the Social Security Act primarily for the purpose of reflecting the retention of the beginning of the year of attainment of age 65 as the ending point of the elapsed period for a man, both for determining his benefit amount and for determining his insured status.

Sec. 102(d)—Other conforming amendments.—Section 102(d)(1) amends section 215(a)(4) of the act. Such section 215(a)(4) provides, in part, that in the case of an individual who was entitled to disability insurance benefits for the month before the month in which he became entitled to old-age insurance benefits, his old-age insurance benefit will be equal to his disability insurance benefit if that is the largest amount which may be determined for him. As amended, this provision will apply to a man only if he first became entitled to old-age insurance benefits at age 65. A man entitled to disability insurance benefits who became entitled to old-age insurance benefits before attainment of age 65 (usually because he has recovered from his disability) will have his old-age insurance benefit based on a primary insurance amount computed under other applicable provisions of the law. This primary insurance amount may be smaller than the primary insurance amount on which his disability insurance benefit was based because years after the year in which he recovered and before he reached age 65 are included as elapsed years.

Section 102(d)(2) of the bill amends section 215(b)(3) of the act (relating to the number of elapsed years to be used in the computation of an individual's average monthly wage, on which his benefit amount is based) so that even though a man can begin to receive old-age insurance benefits before attaining age 65, the period for determining the number of elapsed years to be used in the computation of his primary insurance amount will go up to the first year after 1960 in which he both was fully insured and had attained (or would attain) age 65. This is the period used for men in existing law.

Section 102(d)(3) adds a new paragraph (7) to section 215(f) (relating to the recomputation of benefit amounts).

Subparagraph (A) of the new paragraph (7) provides for a recomputation, after attainment of age 65, of the benefit amount of a man who started to receive old-age insurance benefits before the month in which he attains age 65. The recomputation will be made as though the man became entitled to old-age insurance benefits in the year in which he attains age 65. Earnings in years after the man first became entitled to benefits and through the year in which he attains age 65 will be used in the recomputation, if use of them increases the primary insurance amount. The recomputation will be made without application by the beneficiary. Any increase resulting from the recomputation will be payable for months starting with the month of attaining age 65, and (under sec. 202(q)(3), as amended by the bill) will not be subject to reduction.

Subparagraph (B) of paragraph (7) provides for a recomputation of the primary insurance amount for a man who received reduced old-age insurance benefits and who died before attaining age 65. The recomputation will be made, without the need for an application, if any individual is entitled to monthly survivors benefits or a lump-sum death payment on the basis of the earnings of the deceased worker. The number of elapsed years will be measured over a period going up to (but not including) the year of death, rather than up to the year in which age 65 would have been attained; and earnings in years up through the year of death will be considered in the average monthly wage computation. The primary insurance amount as modified by the recomputation will be the basis for fixing the amount of monthly survivors benefits and the lump-sum death payment.

Sec. 102(e)—Adjustment of other provisions to take account of the provision of reduced benefits for men before age 65.—Section 102(e) of the bill amends subsections (b) and (c) of section 202 of the act, relating to the eligibility requirements for wife's and husband's insurance benefits, to make technical changes required to take account of the provisions for paying reduced benefits to men. Paragraphs (1) through (5) make changes that are needed because under the bill the old-age insurance benefit for a man will no longer always be the same as his primary insurance amount; it can be a lower amount. (The disability insurance benefit will continue to be the same as the primary insurance amount.) Paragraph (6) makes an exception to the provision that a husband's insurance benefit is one-half of the wife's primary insurance amount in order to reflect the possibility of a reduction in the husband's insurance benefit on account of the husband's age.

Sec. 102(f)—Effective dates for section 102.—Section 102(f)(1) of the bill provides that the changes made by section 102(a) of the bill resulting in making old-age and survivors insurance benefits available to men, as well as women, at age 62 are to apply for monthly benefits only for months beginning on or after the effective date of title I of the bill, and only on the basis of applications filed in or after March 1961. (Sec. 106 of the bill defines the effective date of title I of the bill as the first day of the first calendar month which begins on or after the 30th day after the date of the enactment of the bill.)

Subparagraph (A) of section 102(f)(2) provides that, in general, the changes made by section 102(b)(1) of the bill which relate to

reductions in old-age, wife's, and husband's insurance benefits beginning before age 65 are to apply for monthly benefits only for months beginning on or after the effective date of title I of the bill. Under this provision, a woman on the rolls whose old-age insurance benefit was reduced and who had been entitled to a wife's insurance benefit before she became entitled to an old-age insurance benefit will have her benefits recomputed to give her the advantage (for the months described in the preceding sentence) of the change under which, in such cases, an old-age insurance benefit is not reduced on account of a reduced wife's insurance benefit (but may be reduced on its own account).

Section 102(f)(2)(B) provides that the new provision for computing the reduction amount for an increase in a reduced benefit in accordance with the age of the beneficiary at the time the increase is effective (rather than his age at the time the original benefit began) is to apply to benefits only for months beginning on or after the effective date of title I of the bill, but only in cases where the increase is not effective for any month beginning before the effective date of title I of the bill, or where the increase is based on an application for a recomputation filed on or after such effective date.

Section 102(f)(2)(C) provides that the requirement under present law that the reduced benefits of a woman must have been withheld for at least 3 months in order for her to be eligible for a recalculation of the reduction amount at age 65 is to continue to apply to anyone who attains age 65 before the effective date of title I of the bill. The effect is to restrict the amendment eliminating the 3-month requirement to people who attain age 65 on or after the effective date.

Section 102(f)(2)(D) provides that where a person is entitled to a monthly benefit for the last month beginning before the effective date of title I of the bill, the amount of the benefit will not be decreased because of the changes made in section 202(q) of the act. The primary purpose of this provision is to prevent a decrease in benefits that might result from a recomputation to give women on the rolls the benefit of the change under which an old-age insurance benefit is not reduced solely because of prior entitlement to a reduced wife's benefit. Although the change described in the preceding sentence is a liberalization for virtually all cases, in a very rare case (arising from the adjustment in the reduction period at age 65) it could be a deliberalization.

Section 102(f)(3) provides an effective date for the changes made by section 102(b)(1), relating to the deemed-simultaneous filing of an application for both old-age insurance benefits and wife's or husband's insurance benefits where a person is eligible for both in the same month before age 65 but applies for only one such benefit. The changes apply to benefits only for months beginning on or after the effective date of title I of the bill. The new provision under which a person who was entitled to a disability insurance benefit in the first month before age 65 for which he was entitled to a husband's or wife's insurance benefit is deemed to have applied for an old-age insurance benefit for the first subsequent month for which he is not entitled to a disability insurance benefit applies only if that first subsequent month is a month beginning on or after the effective date of title I of the bill.

Section 102(f)(4) provides that the changes made by section 102(b)(2), dealing with the relationship between reduced benefits and disability insurance benefits, are to take effect on the effective date of title I of the bill.

Section 102(f)(5) provides that the changes made by section 102(b)(3), relating to the right to waive retroactive benefits, are to apply only where the application is filed on or after the effective date of title I of the bill.

Section 102(f)(6) provides an effective date for the changes made by section 102(c) and sections 102(d)(1) and 102(d)(2) of the bill to conform to the provisions making benefits available to men at age 62. The changes will apply with respect to (1) monthly benefits for months beginning on or after the effective date of title I of the bill based on applications filed in or after March 1961; and (2) lump-sum death payments based on deaths on or after the effective date of title I of the bill.

Section 102(f)(7) provides an effective date for the change made by section 102(d)(3) of the bill, relating to special recomputations for men who began to draw old-age insurance benefits before age 65. This change will take effect on the effective date of title I of the bill.

Section 102(f)(8) provides that the technical changes made by section 102(e) of the bill, which are required to take account of the provisions for paying reduced benefits to men before age 65, are to apply to benefits only for months beginning on or after the effective date of title I of the bill.

Section 102(f)(9) states that for purposes of section 102(f), dealing with effective dates for section 102 of the bill, the term "monthly benefits" means monthly old-age, survivors, and disability insurance benefits payable under title II of the Social Security Act.

SEC. 103. FULLY INSURED STATUS

(a) *Fully insured status.*—Section 103(a) of the bill amends section 214(a) of the Social Security Act to change the work requirements for fully insured status, at the same time putting the provision defining fully insured status on an annual basis. The amended section 214(a) provides that a person will be fully insured if he has one quarter of coverage (acquired at any time after 1936) for *each calendar year* elapsing after 1950 (or after the year in which he attained age 21, if that was later than 1950) and before:

(1) In the case of a woman, the year in which she died or attained age 62, whichever is earlier;

(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

(3) In the case of a man who has not died, the year in which he attained, or would attain, age 65.

The existing minimum requirement of 6 quarters of coverage and maximum requirement of 40 quarters of coverage are retained.

The amended section 214(a) of the act conforms the provision for excluding periods of disability from the elapsed period to the annual basis for determining insured status by providing that any year any part of which is in a period of disability will not count as an elapsed

year. Under existing law, any *calendar quarter* any part of which is in a period of disability is not counted as an elapsed quarter unless it is also a quarter of coverage (only the first and the last quarter of a period of disability may be quarters of coverage). The change to an annual basis will enable some few people who become disabled to become fully insured with one or (in a very rare case) two quarters of coverage less than would be required if the quarterly basis were kept. On a quarterly basis, a person whose period of disability began after the first quarter of a year would have one or more elapsed quarters counted in that year, and a person who recovered from a disability before the fourth quarter of a year would have one or more elapsed quarters counted in that year. On an annual basis, the entire year in which a disability began and the entire year in which the disability ended will be excluded from the elapsed period.

(b) *Effective date for section 103.*—Section 103(b) provides that the amendments made by section 103(a) are to be effective for (1) monthly benefits for months beginning on or after the effective date of title I of the bill on the basis of applications filed in or after March 1961; (2) lump-sum death payments with respect to deaths occurring on or after the effective date of title I of the bill; and (3) disability determinations (for the purpose of excluding a period of disability from the elapsed period in determining insured status and the benefit amount) based on applications filed in or after March 1961. Section 106 of the bill defines the effective date of title I of the bill as the first day of the first calendar month which begins on or after the 30th day after the enactment of the bill.

(c) *Special rule for filing proof of support.*—Section 103(c) of the bill provides a 2-year period (beginning with the effective date of title I of the bill) before the end of which proof of support may be filed in any case where a dependent widower or parent becomes eligible for benefits solely as a result of the changes made in the insured status requirements by section 103(a) of the bill. In the absence of such a provision, these dependents, who may have been denied the opportunity to file proof of support because the worker was not insured, would be barred from filing simply because the present statutory period for filing such proof (within 2 years after the worker's death, with a further 2-year extension if there was good cause for the failure to file) had expired.

(d) *Technical amendment to computation provision.*—Section 103(d) of the bill amends section 303(g)(1) of the Social Security Amendments of 1960 to prevent people who become fully insured solely as a result of the change in insured status made by the bill from taking advantage of an alternative method of benefit computation that is intended only for people who were already eligible for old-age insurance benefits (that is, fully insured and past retirement age) before the date of the enactment of the 1960 amendments. Such people can have their benefits figured over a period of years ending with the year in which they were first eligible for benefits, if that would yield the largest benefit amount for them. The amendment provides that "fully insured status" and "retirement age," as used in section 303(g)(1) of the 1960 amendments, are to have the same meaning as they had in the law before those amendments (fully insured status defined as one quarter of coverage for every two quarters lapsing after 1950, rather than for every three quarters as in the 1960 amendments or for every

year as in the bill; and "retirement age" set at 62 for women and 65 for men).

SEC. 104. INCREASE IN WIDOW'S, WIDOWER'S, AND PARENT'S INSURANCE BENEFITS

(a) *Increase in widow's insurance benefit.*—Section 104(a) of the bill amends section 202(e)(2) of the Social Security Act so as to increase the widow's insurance benefit from 75 percent of the primary insurance amount of her deceased husband to 82½ percent of his primary insurance amount.

(b) *Increase in widower's insurance benefit.*—Section 104(b) of the bill amends section 202(f)(3) of the Social Security Act so as to increase the widower's insurance benefit from 75 percent of the primary insurance amount of his deceased wife to 82½ percent of her primary insurance amount.

(c) *Increase in parent's insurance benefit.*—Section 104(c) of the bill amends section 202(h)(2) of the Social Security Act by replacing it with three new subparagraphs.

Subparagraph (A) of the amended section 202(h)(2) provides that, in general, a parent's insurance benefit will be 82½ percent of the primary insurance amount of the deceased worker on whose wages and self-employment income the parent's benefit is based. Exceptions to this general rule are set forth in subparagraphs (B) and (C).

Subparagraph (B) provides that for any month for which more than one parent is entitled to parent's insurance benefits based on a deceased worker's earnings, the benefit for each parent will be 75 percent (as in existing law) of the deceased worker's primary insurance amount.

Subparagraph (C) provides that if one parent is entitled to parent's insurance benefits based on the earnings of a deceased worker for a month, and later, because of an application that is retroactively effective for the same month, another parent of the worker becomes entitled to parent's insurance benefits for that month based on such worker's earnings, the total of the parent's insurance benefits for any month in the period for which that application has retroactive effect shall be limited to 150 percent of the primary insurance amount. Since the parent who first became entitled to benefits will have been entitled to a benefit equal to 82½ percent of the primary insurance amount for the month, the parent who later becomes entitled to benefits will get a benefit for that month equal to 67½ percent of the primary insurance amount. For months beginning with the month in which the second parent filed his application for benefits, each parent's insurance benefit will be 75 percent of the primary insurance amount, as provided in subparagraph (B).

(d) *Conforming amendments.*—Section 104(d)(1) of the bill amends section 202(e)(1) of the Social Security Act (relating to eligibility for widow's insurance benefits) and section 202(f)(1) of the Social Security Act (relating to eligibility for widower's insurance benefits) to take into account the higher widow's and widower's insurance benefits payable by reason of the amendments made by subsections (a) and (b), respectively, of section 104 of the bill. Under the new provision, a widow could be eligible to receive a widow's insurance benefit if her old-age insurance benefit were less than 82½ percent (instead of 75 percent) of the deceased worker's primary insurance amount, and

the widow's insurance benefit would be terminated if the widow became entitled to an old-age insurance benefit equal to or exceeding 82½ percent (instead of 75 percent) of the primary insurance amount of the deceased worker. Similarly, a widower could be eligible to receive a widower's insurance benefit if his old-age insurance benefit was less than 82½ percent of the deceased worker's primary insurance amount, and the widower's insurance benefit would be terminated if the widower became entitled to an old-age insurance benefit equal to or exceeding 82½ percent of the primary insurance amount of the deceased worker.

Section 104(d)(2) amends section 202(h)(1) of the Social Security Act (relating to eligibility for parent's benefits) to take into account the higher parent's insurance benefits which can be payable under section 104(c) of the bill. Under the new provision, a parent could be eligible to receive a parent's insurance benefit if his old-age insurance benefit was less than 82½ percent (instead of 75 percent) of the primary insurance amount of the deceased worker, provided that only one parent was entitled to parent's insurance benefits based on the earnings of the worker (the only situation in which the parent's insurance benefit is increased by the bill). If more than one parent is entitled to parent's insurance benefits based on the earnings of a worker, there will be no increase in the parent's insurance benefit under the bill—therefore, the effect of the present law is retained; each parent could become entitled to parent's insurance benefits only if his old-age insurance benefit is less than 75 percent of the primary insurance amount of the deceased worker. Similarly, a parent's insurance benefit will be terminated if the parent becomes entitled to an old-age insurance benefit equal to or in excess of 82½ percent (instead of 75 percent) of the primary insurance amount of the deceased worker, provided that only one parent is entitled to parent's insurance benefits based on the earnings of the deceased worker. If more than one parent is entitled to parent's insurance benefits based on the earnings of the deceased worker, a parent's insurance benefit would be terminated if he became entitled to an old-age insurance benefit that was equal to or in excess of 75 percent (as in present law) of the primary insurance amount of the deceased worker.

(e) *Effective date for section 104.*—Section 104(e) of the bill provides that the amendments made by section 104 of the bill are to apply with respect to monthly benefits for months beginning on or after the effective date of title I of the bill. (Sec. 106 of the bill defines the effective date of title I of the bill as the first day of the first calendar month which begins on or after the 30th day after the date of enactment of the bill.)

(f) *Saving clause.*—Section 104(f) of the bill is a saving clause which provides that the increased benefits paid to a widow, widower, or parent as a result of the changes made by the bill are not to cause a reduction in the benefit paid to any other person entitled to benefits based on the earnings of the same individual for the month before the first month for which the increases in widow's, widower's, and parent's insurance benefits are effective. If there were no saving clause, because of the limitation on the total of the benefits that may be paid to a family on the basis of the earnings of one individual, the benefits payable to a person on the rolls when the bill is enacted might be reduced because of the increase in payments to widows,

widowers, and parents resulting from enactment of the bill. In an individual case the saving clause will be effective only until such time as a new person becomes entitled to benefits on the same earnings record, when benefits would be reduced under existing law. A further provision is added to restrict the applicability of the saving clause to those cases where it applies in the first month for which the increases in benefits are effective. Otherwise, because of future changes in the law, it could apply for the first time many years after the bill is enacted. To avoid this result, the saving clause applies at all only if it is applicable in the particular case for the first month for which the increase in widow's, widower's, and parent's insurance benefits will be effective—i.e., in cases where the benefits payable for such month would be reduced but for the saving clause.

SEC. 105. RETROACTIVE EFFECT OF APPLICATIONS FOR DISABILITY DETERMINATIONS

Section 105 of the bill amends section 216(i)(4) of the Social Security Act to extend for 1 year (through June 30, 1962) the time within which disabled workers may file applications for disability determinations on the basis of which the beginning of a period of disability would be established as early as the actual onset of disablement (provided the other requirements of the law are met). This provision is effective with respect to applications for such determinations filed on or after the date of enactment of the bill.

SEC. 106. EXTENSION OF TIME WITHIN WHICH CERTAIN STATE-FEDERAL AGREEMENTS MAY BE MODIFIED

Subsection (a) of section 106 of the bill would amend section 218(d)(6)(F) of the act which was enacted in 1958 to grant an additional opportunity to obtain coverage to State and local employees who did not desire coverage under an original divided retirement system agreement. The present law allows members of a retirement system to elect coverage, if a modification providing for such coverage is mailed, or otherwise delivered, to the Secretary before 1960, or, if later, 1 year after the date on which coverage was approved for the group that originally elected coverage. Under the committee's bill the time in which such persons could elect to be covered would be extended until 1963 or, if later, the expiration of 2 years after the date on which coverage was approved for the group that originally elected coverage.

Subsection (b) of section 106 of the bill would add an additional sentence at the end of section 218(d)(6)(F) of the act providing that the coverage of persons to whom the amendment in subsection (a) of section 106 of the bill would apply must begin on the same date that coverage became effective for the group that originally elected coverage. This objective is currently being carried out by administrative ruling in applying the present law.

SEC. 107. INCLUSION OF NEW MEXICO AMONG STATES WHICH MAY DIVIDE THEIR RETIREMENT SYSTEMS INTO TWO PARTS

Section 107 of the bill would amend section 218(d)(6)(C) of the act by adding New Mexico to the list of States which are permitted to divide their retirement systems into two divisions for coverage pur-

poses, one division consisting of those members desiring coverage under the act and the other consisting of those who do not, with all new members being covered on a compulsory basis.

SEC. 108. EFFECTIVE DATE FOR TITLE I

Section 108 of the bill provides that, except as otherwise provided, the effective date of title I of the bill (which makes changes in title II of the Social Security Act) will be the first day of the first calendar month which begins on or after the 30th day after the date of enactment of the bill.

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE

SEC. 201. CHANGES IN TAX SCHEDULES

Section 201 of the bill increases the rates of taxes under the Self-Employment Contribution Act of 1954 (ch. 2 of the Internal Revenue Code of 1954) and the Federal Insurance Contributions Act (ch. 21 of such code). Each rate provided by existing law for the employer tax and the employee tax under the Federal Insurance Contributions Act is increased by one-eighth percent, effective with respect to remuneration paid after 1961. Each rate provided by existing law for the self-employment tax is increased by three-sixteenths percent and rounded to the nearest tenth of 1 percent, effective for taxable years beginning after December 31, 1961.

The following tables illustrate the proposed changes in rates:

Self-employment tax rates

	Existing law (percent)	Proposed (percent)
1962.....	4½	4.7
1963 to 1965, inclusive.....	5¼	5.4
1966 to 1968, inclusive.....	6	6.2
1969 and after.....	6¾	6.9

Employer tax and employee tax rates (each)

	Existing law (percent)	Proposed (percent)
1962.....	3	3½
1963 to 1965, inclusive.....	3½	3¾
1966 to 1968, inclusive.....	4	4¼
1969 and after.....	4½	4¾

SEC. 202. EXTENSION OF TIME TO ELECT COVERAGE ON BEHALF OF MINISTERS

Section 202(a) of the bill amends section 1402(e) of the Internal Revenue Code of 1954 by adding at the end thereof a new paragraph numbered (6). Under the new paragraph in any case where a minister or Christian Science practitioner dies after September 12, 1960, and before April 16, 1962, his survivor or the fiduciary of his estate may

file a certificate, on or before April 15, 1962, electing to have the services of the minister or Christian Science practitioner covered under title II of the Social Security Act. Such a certificate would be effective for the period prescribed in existing law as if filed by the minister or Christian Science practitioner on the date of his death.

Section 202(b) of the bill provides the effective date for the amendment contained in section 202(a) of the bill. The amendment is to apply on the date of enactment of the bill but no monthly benefits shall be payable or increased by reason of such amendment for the month in which the bill is enacted or any prior month and no lump-sum death payment shall be payable or increased by reason of such amendment in the case of any individual who died prior to the date of enactment of the bill.

TITLE III—MISCELLANEOUS

SEC. 301. AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

Section 1(q) of the Railroad Retirement Act of 1937 provides that for purposes of that act the terms "Social Security Act" and "Social Security Act, as amended" are to mean the Social Security Act as amended in 1960. Section 301 of the bill amends this provision by striking out "1960" and inserting in lieu thereof "1961".

SEC. 302. ASSISTANCE FOR RETURNING U.S. NATIONALS

Section 302 of the bill adds a new section 1113 to title XI of the Social Security Act. This new section would authorize a new program of assistance for U.S. nationals returned from foreign countries.

Paragraph (1) of subsection (a) of the new section authorizes the Secretary of Health, Education, and Welfare to provide temporary assistance to U.S. nationals and to dependents of U.S. nationals if—

(1) Such individuals are identified by the Department of State as having returned, or been brought, from a foreign country to the United States;

(2) The cause of such return is any of the following:

(a) The destitution of the U.S. national;

(b) The illness of the U.S. national;

(c) The illness of any of his dependents; or

(d) War, threat of war, invasion, or similar crisis; and,

(3) Such individuals are without available resources.

Paragraph (2) of subsection (a) provides that provision shall be made for reimbursement of the United States by recipients of temporary assistance. However, the Secretary may provide by regulations that certain classes of persons shall be exempt from this requirement.

Paragraph (3) of subsection (a) authorizes the Secretary of Health, Education, and Welfare to provide assistance either directly, or through the facilities of public or private agencies according to agreements entered into by such agencies and the Secretary providing for payment, in advance or by way of reimbursement, of the cost of such assistance, as determined by the Secretary according to statistical, sampling, or other method provided in the agreement.

Subsection (b) authorizes the Secretary of Health, Education, and Welfare to make plans and arrangements for the carrying out of the program, but requires that such plans shall be made after consultation with the Secretary of State and the Secretary of Defense. To the extent feasible, assistance is to be carried out in accordance with the plans developed by the Secretary of Health, Education, and Welfare.

Subsection (c) defines the term "temporary assistance" to include—

- (1) Money payments,
- (2) Medical care,
- (3) Temporary billeting,
- (4) Transportation, and
- (5) Other goods and services necessary for the health or welfare of individuals.

Item No. (5) includes guidance, counseling, and other welfare services. All assistance must be rendered within the United States, and must be furnished to individuals after their return to the United States from a foreign country. Assistance may be furnished for such period thereafter as the Secretary of Health, Education, and Welfare may by regulation prescribe.

SEC. 303. ADDITIONAL FEDERAL PARTICIPATION IN PUBLIC ASSISTANCE PAYMENTS

Subsection (a)(1) of section 303 of the bill provides additional Federal participation in old-age assistance payments to States that raise their average payment per recipient under the program. This increase would be effective for the period beginning July 1, 1961, and ending June 30, 1962. The increase in Federal funds may not exceed the Federal percentage of \$2.50 per recipient or, if less, the Federal percentage of expenditures not subject to Federal participation under existing law. Moreover, it may not exceed the amount of the increase in expenditures over a base period (the quarter beginning Jan. 1, 1961) computed on an average per recipient times the number of recipients basis. If any decrease in State and local funds has occurred since the base period, this decrease is to be subtracted from the amount of increase in expenditures (computed as provided above) to determine the amount subject to Federal participation. These provisions are designed to assure that the additional Federal funds represent additional assistance to recipients.

Subsection (a)(2) makes approximately proportionate changes in the special provisions applying to Guam, Puerto Rico, and the Virgin Islands.

Subsections (b)(1) and (b)(2) make similar changes in title X, aid to the blind.

Subsections (c)(1) and (c)(2) make similar changes in title XIV, aid to the totally and permanently disabled.

SEC. 304. MEANING OF TERM "SECRETARY"

Section 304 of the bill provides that the term "Secretary" as used in titles I and III of the bill, and the provisions of the Social Security Act amended thereby, means the Secretary of Health, Education, and Welfare unless the context requires otherwise.

V. CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

SOCIAL SECURITY ACT

TITLE I—GRANTS TO STATES FOR OLD-AGE ASSISTANCE
AND MEDICAL ASSISTANCE FOR THE AGED

* * * * *

Payment to States

Sec. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing October 1, 1960—

(1) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)—

(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$30 multiplied by the total number of recipients of old-age assistance for such month (which total number, for purposes of this subsection, means (i) the number of individuals who received old-age assistance in the form of money payments for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as old-age assistance in the form of medical or any other type of remedial care); plus

(B) the Federal percentage (as defined in section 1101 (a) (8)) of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$65 multiplied by the total number of such recipients of old-age assistance for such month; plus

(C) the larger of the following: (i) the Federal medical percentage (as defined in section 6(c)) of the amount by which such expenditures exceed the maximum which may be counted under clause (B), not counting so much of any expenditure with respect to any month as exceeds (I) the product of \$80 multiplied by the total number of such recipients of old-age assistance for such month, or (II) if smaller, the total expended as old-age assistance in the form of medical or any other type of remedial care with respect to such month plus the product of \$65 multiplied by such total number of such recipients, or (ii) 15 per centum of the total

of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care, not counting so much of any expenditure with respect to any month as exceeds the product of \$15 multiplied by the total number of such recipients of old-age assistance for such month; [and] plus

(D) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smallest of the following:

(i) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clauses (B) and (C); or

(ii) the Federal percentage of the product of \$2.50 multiplied by the sum of the total number, for each month of such quarter, of recipients of old-age assistance; or

(iii) 100 per centum of the product obtained by multiplying the sum of the total number, for each month of such quarter, of recipients of old-age assistance by the excess of the monthly average of old-age assistance per recipient for such quarter over the monthly average of old-age assistance per recipient for the base period, such excess being first reduced by the extent, if any, to which the monthly average of such assistance per recipient for such quarter from State or local funds is less than the monthly average of such assistance per recipient for the base period (which, for purposes of this subsection, means the quarter beginning January 1, 1961) from State or local funds: and

(2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to—

(A) one-half of the total of the sums expended during such quarter as old-age assistance under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds \$35 multiplied by the total number of recipients of old-age assistance for such month; plus

(B) the larger of the following amounts: (i) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds (I) the product of \$42.50 multiplied by the total number of such recipients of old-age assistance for such month, or (II) if smaller, the total expended as old-age assistance in the form of medical or any other type of remedial care with respect to such month plus the product of \$35 multiplied by the total number of such recipients, or (ii) 15 per centum of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care, not counting so much of any expenditure with respect to any month as exceeds

the product of \$7.50 multiplied by the total number of such recipients of old-age assistance for such month; **[and]** *plus (C) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smaller of the following:*

(i) one-half of the amount by which such expenditures exceed the maximum which may be counted under clauses (A) and (B); or

(ii) one-half of the product of \$1.25 multiplied by the sum of the total number, for each month of such quarter, of recipients of old-age assistance; and

(3) in the case of any State, an amount equal to the Federal medical percentage (as defined in section 6(c) of the total amounts expended during such quarter as medical assistance for the aged under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof); and

(4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of old-age assistance to help them attain self-care.

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TITLE II—FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

* * * * *

OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS

Old-Age Insurance Benefits

SEC. 202. (a) Every individual who—

(1) is a fully insured individual (as defined in section 214(a)),

(2) has attained **[retirement age (as defined in section 216(a))]** *age 62*, and

(3) has filed application for old-age insurance benefits or was entitled to disability insurance benefits for the month preceding the month in which he attained the age of 65,

shall be entitled to an old-age insurance benefit for each month, beginning with the first month after August 1950 in which such individual becomes so entitled to such insurance benefits and ending with the month preceding the month in which he dies. Except as provided in subsection (q), such individual's old-age insurance benefit for any month shall be equal to his primary insurance amount (as defined in section 215(a)) for such month.

Wife's Insurance Benefits

(b)(1) The wife (as defined in section 216(b)) of an individual entitled to old-age or disability insurance benefits, if such wife—

(A) has filed application for wife's insurance benefits,

(B) has attained [retirement age] *age 62* or has in her care (individually or jointly with her husband) at the time of filing such application a child entitled to a child's insurance benefit on the basis of the wages and self-employment income of her husband, and

(C) is not entitled to old-age or disability insurance benefits, or is entitled to old-age or disability insurance benefits based on a primary insurance amount which is less than one-half of [an old-age or disability insurance benefit] *the primary insurance amount* of her husband,

shall be entitled to a wife's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she dies, her husband dies, they are divorced a vinculo matrimonii, no child of her husband is entitled to a child's insurance benefit and she has not attained [retirement age] *age 62*, she becomes entitled to an old-age or disability insurance benefit based on a primary insurance amount which is equal to or exceeds one-half of [an old-age or disability insurance benefit] *the primary insurance amount* of her husband, or her husband is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits.

(2) Except as provided in subsection (q), such wife's insurance benefit for each month shall be equal to one-half of the [old-age or disability insurance benefit] *primary insurance amount* of her husband for such month.

Husband's Insurance Benefits

(c) (1) The husband (as defined in section 216(f)) of a currently insured individual (as defined in section 214(b)) entitled to old-age or disability insurance benefits, if such husband—

(A) has filed application for husband's insurance benefits,

(B) has attained [retirement age] *age 62*,

(C) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual—

(i) if she had a period of disability which did not end prior to the month in which she became entitled to old-age or disability insurance benefits, at the beginning of such period or at the time she became entitled to such benefits, or

(ii) if she did not have such a period of disability, at the time she became entitled to such benefits,

and filed proof of such support within two years after the month in which she filed application with respect to such period of disability or after the month in which she became entitled to such benefits, as the case may be, or, if she did not have such a period, two years after the month in which she became entitled to such benefits, and

(D) is not entitled to old-age or disability insurance benefits, or is entitled to old-age or disability insurance benefits [each of] based on a primary insurance amount which is less than one-half of the primary insurance amount of his wife, shall be entitled to a husband's insurance benefit for each month, beginning with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the month in which any of the following occurs: he dies, his wife dies, they are divorced a vinculo matrimonii, or he becomes entitled to an old-age or disability insurance benefit [equal to or exceeding] based on a primary insurance amount which is equal to or exceeds one-half of the primary insurance amount of his wife, or his wife is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits.

(2) The requirement in paragraph (1) that the individual entitled to old-age or disability insurance benefits be a currently insured individual, and the provisions of subparagraph (C) of such paragraph, shall not be applicable in the case of any husband who—

(A) in the month prior to the month of his marriage to such individual was entitled to, or on application therefor and attainment of [retirement age] age 62 in such prior month would have been entitled to, benefits under subsection (f) or (h); or

(B) in the month prior to the month of his marriage to such individual had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d).

(3) [Such] Except as provided in subsection (q), such husband's insurance benefit for each month shall be equal to one-half of the primary insurance amount of his wife for such month.

Child's Insurance Benefits

(d) (1) Every child (as defined in section 216(e)) of an individual entitled to old-age or disability insurance benefits, or of an individual who dies a fully or currently insured individual if such child—

(A) has filed application for child's insurance benefits,

(B) at the time such application was filed was unmarried and either (i) had not attained the age of eighteen or (ii) was under a disability (as defined in section 223(c)) which began before he attained the age of eighteen, and

(C) was dependent upon such individual—

(i) if such individual is living, at the time such application was filed,

(ii) if such individual has died, at the time of such death

or

(iii) if such individual had a period of disability which continued until he became entitled to old-age or disability insurance benefits, or (if he has died) until the month of his death, at the beginning of such period of disability or at the time he became entitled to such benefits,

shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the

month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a step-parent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual), or attains the age of eighteen and is not under a disability (as defined in section 223(c)) which began before he attained such age. Entitlement of any child to benefits under this subsection shall also end with the month preceding the third month following the month in which he ceases to be under a disability (as so defined) after the month in which he attains age eighteen. Entitlement of any child to benefits under this subsection on the basis of the wages and self-employment income of an individual entitled to disability insurance benefits shall also end with the month before the first month for which such individual is not entitled to such benefits unless such individual is, for such later month, entitled to old-age insurance benefits or unless he dies in such month. In the case of an individual entitled to disability insurance benefits, the provisions of clause (i) of subparagraph (C) of this paragraph shall not apply to a child of such individual unless he (A) is the natural child or stepchild of such individual (including such a child who was legally adopted by such individual) or (B) was legally adopted by such individual before the end of the twenty-four month period beginning with the month after the month in which such individual most recently became entitled to disability insurance benefits, but only if (i) proceedings for such adoption of the child had been instituted by such individual in or before the month in which began the period of disability of such individual which still exists at the time of such adoption or (ii) such adopted child was living with such individual in such month.

(2) Such child's insurance benefit for each month shall, if the individual on the basis of whose wages and self-employment income the child is entitled to such benefit has not died prior to the end of such month, be equal to one-half of the primary insurance amount of such individual for such month. Such child's insurance benefit for each month shall, if such individual has died in or prior to such month, be equal to three-fourths of the primary insurance amount of such individual.

(3) A child shall be deemed dependent upon his father or adopting father at the time specified in paragraph (1)(C) unless, at such time, such individual was not living with or contributing to the support of such child and—

(A) such child is neither the legitimate nor adopted child of such individual, or

(B) such child had been adopted by some other individual.

For purposes of this paragraph, a child deemed to be a child of a fully or currently insured individual pursuant to section 216(h)(2)(B) shall, if such individual is the child's father, be deemed to be the legitimate child of such individual.

(4) A child shall be deemed dependent upon his stepfather at the time specified in paragraph (1)(C) if, at such time, the child was living with or was receiving at least one-half of his support from such stepfather.

(5) A child shall be deemed dependent upon his natural or adopting mother at the time specified in paragraph (1)(C) if such mother or adopting mother was a currently insured individual. A child

shall also be deemed dependent upon his natural or adopting mother, or upon his stepmother, at the time specified in paragraph (1)(C) if, at such time, (A) she was living with or contributing to the support of such child, and (B) either (i) such child was neither living with nor receiving contributions from his father or adopting father, or (ii) such child was receiving at least one-half of his support from her.

(6) In the case of a child who has attained the age of eighteen and who marries—

(A) an individual entitled to benefits under subsection (a), (e), (f), (g), or (h) of this section or under section 223(a), or

(B) another individual who has attained the age of eighteen and is entitled to benefits under this subsection, such child's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to a male individual entitled to benefits under section 223(a) or this subsection, the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under section 223(a) or this subsection unless (i) he ceases to be so entitled by reason of his death, or (ii) in the case of an individual who was entitled to benefits under section 223(a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section.

Widow's Insurance Benefits

(e)(1) The widow (as defined in section 216(c)) of an individual who died a fully insured individual, if such widow—

(A) has not remarried,

(B) has attained [retirement age] age 62,

(C)(i) has filed application for widow's insurance benefit, or was entitled, after attainment of [retirement age] age 62, to wife's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died, or

(ii) was entitled, on the basis of such wages and self-employment income, to mother's insurance benefits for the month preceding the month in which she attained [retirement age] age 62, and

(D) is not entitled to old-age insurance benefits or is entitled to old-age insurance benefits each of which is less than [three-fourths] 82½ percent of the primary insurance amount of her deceased husband,

shall be entitled to a widow's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding [three-fourths] 82½ percent of the primary insurance amount of her deceased husband.

(2) Such widow's insurance benefit for each month shall be equal to [three-fourths] 82½ percent of the primary insurance amount of her deceased husband.

(3) In the case of any widow of an individual--

(A) who marries another individual, and

(B) whose marriage to the individual referred to in subparagraph (A) is terminated by his death which occurs within one year after such marriage and he did not die a fully insured individual,

the marriage to the individual referred to in clause (A) shall, for the purposes of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month prior to whichever of the following is the latest: (i) the month in which the death referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such widow files application for purposes of this paragraph, or (iii) November 1956.

(4) In the case of a widow who marries--

(A) an individual entitled to benefits under subsection (f) or (h) of this section, or

(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d),

such widow's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to an individual entitled to benefits under subsection (d), the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under subsection (d) unless he ceases to be so entitled by reason of his death.

Widower's Insurance Benefits

(f) (1) The widower (as defined in section 216(g)) of an individual who died a fully and currently insured individual, if such widower--

(A) has not remarried,

(B) has attained [retirement age] age 62,

(C) has filed application for widower's insurance benefits or was entitled to husband's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which she died,

(D) (i) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual at the time of her death or, if such individual had a period of disability which did not end prior to the month in which she died, at the time such period began or at the time of her death, and filed proof of such support within two years after the date of such death, or, if she had such a period of disability, within two years after the month in which she filed application with respect to such period of disability or two years after the date of such death, as the case may be, or (ii) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual, and she was a currently insured individual, at the time she became entitled to old-age or disability insurance benefits or, if such individual had a period of disability which did not end prior to the month in which she became so entitled, at the time

such period began or at the time she became entitled to such benefits, and filed proof of such support within two years after the month in which she became entitled to such benefits, or, if she had such a period of disability, within two years after the month in which she filed application with respect to such period of disability or two years after the month in which she became entitled to such benefits, as the case may be, and

(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than [three-fourths] 82½ percent of the primary insurance amount of his deceased wife,

shall be entitled to a widower's insurance benefit for each month, beginning with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: he remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding [three-fourths] 82½ percent of the primary insurance amount of his deceased wife.

(2) The requirement in paragraph (1) that the deceased fully insured individual also be a currently insured individual, and the provisions of subparagraph (D) of such paragraph, shall not be applicable in the case of any individual who—

(A) in the month prior to the month of his marriage to such individual was entitled to, or on application therefor and attainment of [retirement age] age 62 in such prior month would have been entitled to, benefits under this subsection or subsection (h); or

(B) in the month prior to the month of his marriage to such individual had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d).

(3) Such widower's insurance benefit for each month shall be equal to [three-fourths] 82½ percent of the primary insurance amount of his deceased wife.

(4) In the case of a widower who marries—

(A) an individual entitled to benefits under subsection (e), (g), or (h), or

(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d),

such widower's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage.

Mother's Insurance Benefits

(g)(1) The widow and every former wife divorced (as defined in section 216(d)) of an individual who died a fully or currently insured individual if such widow or former wife divorced—

(A) has not remarried,

(B) is not entitled to a widow's insurance benefit,

(C) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such individual,

(D) has filed application for mother's insurance benefits, or was entitled to wife's insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died,

(E) at the time of filing such application has in her care a child of such individual entitled to a child's insurance benefit, and

(F) in the case of a former wife divorced, was receiving from such individual (pursuant to agreement or court order) at least one-half of her support at the time of his death or, if such individual had a period of disability which did not end prior to the month in which he died, at the time such period began or at the time of such death, and the child referred to in subparagraph (E) is her son, daughter, or legally adopted child and the benefits referred to in such subparagraph are payable on the basis of such individual's wages and self-employment income shall be entitled to a mother's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: no child of such deceased individual is entitled to a child's insurance benefit, such widow or former wife divorced becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of such deceased individual, she becomes entitled to a widow's insurance benefit, she remarries, or she dies. Entitlement to such benefits shall also end, in the case of a former wife divorced, with the month immediately preceding the first month in which no son, daughter, or legally adopted child of such former wife divorced is entitled to a child's insurance benefit on the basis of the wages and self-employment income of such deceased individual.

(2) Such mother's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.

(3) In the case of any widow or former wife divorced of an individual—

(A) who marries another individual, and

(B) whose marriage to the individual referred to in subparagraph (A) is terminated by his death but she is not, and upon filing application therefor in the month in which he died would not be, entitled to benefits for such month on the basis of his wages and self-employment income,

the marriage to the individual referred to in clause (A) shall, for the purpose of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month prior to whichever of the following is the latest: (i) the month in which the death referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such widow or former wife divorced files application for purposes of this paragraph, or (iii) the month following the month in which this paragraph is enacted.

(4) In the case of a widow or former wife divorced who marries—

(A) an individual entitled to benefits under subsection (a), (f), or (h), or under section 223(a), or

(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d), the entitlement of such widow or former wife divorced to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to an individual entitled to benefits under section 223(a) or subsection (d) of this section, the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under section 223(a) or subsection (d) of this section unless (i) he ceases to be so entitled by reason of his death, or (ii) in the case of an individual who was entitled to benefits under section 223(a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section.

Parent's Insurance Benefits

(h)(1) Every parent (as defined in this subsection) of an individual who died a fully insured individual if such parent—

(A) has attained [retirement age] age 62,

(B) (i) was receiving at least one-half of his support from such individual at the time of such individual's death or, if such individual had a period of disability which did not end prior to the month in which he died, at the time such period began or at the time of such death, and (ii) filed proof of such support within two years after the date of such death, or, if such individual had such a period of disability, within two years after the month in which such individual filed application with respect to such period of disability or two years after the date of such death, as the case may be,

(C) has not married since such individual's death,

(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than [three-fourths] 82½ percent of the primary insurance amount of such deceased individual if the amount of the parent's insurance benefit for such month is determinable under paragraph (2)(A) (or 75 percent of such primary insurance amount in any other case), and

(E) has filed application for parent's insurance benefits, shall be entitled to a parent's insurance benefit for each month beginning with the first month after August 1950 in which such parent becomes so entitled to such parent's insurance benefits and ending with the month preceding the first month in which any of the following occurs: such parent dies, marries, or becomes entitled to an old-age insurance benefit equal to or exceeding [three-fourths] 82½ percent of the primary insurance amount of such deceased individual if the amount of the parent's insurance benefit for such month is determinable under paragraph (2)(A) (or 75 percent of such primary insurance amount in any other case).

[(2) Such parent's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.]

(2) (A) Except as provided in subparagraphs (B) and (C), such parent's insurance benefit for each month shall be equal to 82½ percent of the primary insurance amount of such deceased individual.

(B) For any month for which more than one parent is entitled to parent's insurance benefits on the basis of such deceased individual's wages and self-employment income, such benefit for each such parent for such month shall (except as provided in subparagraph (C)) be equal to 75 percent of the primary insurance amount of such deceased individual.

(C) In any case in which—

(i) any parent is entitled to a parent's insurance benefit for a month on the basis of a deceased individual's wages and self-employment income, and

(ii) another parent of such deceased individual is entitled to a parent's insurance benefit for such month on the basis of such wages and self-employment income, and on the basis of an application filed after such month and after the month in which the application for the parent's benefits referred to in clause (i) was filed,

the amount of the parent's insurance benefit of the parent referred to in clause (i) for the month referred to in such clause shall be determined under subparagraph (A) instead of subparagraph (B) and the amount of the parent's insurance benefit of a parent referred to in clause (ii) for such month shall be equal to 150 percent of the primary insurance amount of the deceased individual minus the amount (before the application of section 203(a)) of the benefit for such month of the parent referred to in clause (i).

(3) As used in this subsection, the term "parent" means the mother or father of an individual, a stepparent of an individual by a marriage contracted before such individual attained the age of sixteen, or an adopting parent by whom an individual was adopted before he attained the age of sixteen.

(4) In the case of a parent who marries—

(A) an individual entitled to benefits under this subsection or subsection (e), (f), or (g), or

(B) an individual who has attained the age of eighteen and is entitled to benefits under subsection (d), such parent's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1), not be terminated by reason of such marriage; except that, in the case of such a marriage to a male individual entitled to benefits under subsection (d), the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under subsection (d) unless he ceases to be so entitled by reason of his death.

Lump-Sum Death Payments

(i) Upon the death, after August 1950, of an individual who died a fully or currently insured individual, an amount equal to three times such individual's primary insurance amount, or an amount equal to \$255, whichever is the smaller, shall be paid in a lump sum to the person, if any, determined by the Secretary to be the widow or widower of the deceased and to have been living in the same household with the deceased at the time of death. If there is no such person, or if such person dies before receiving payment, then such amount shall be paid—

(1) if all or part of the burial expenses of such insured individual which are incurred by or through a funeral home or funeral

homes remains unpaid, to such funeral home or funeral homes to the extent of such unpaid expenses, but only if (A) any person who assumed the responsibility for the payment of all or any part of such burial expenses files an application, prior to the expiration of two years after the date of death of such insured individual, requesting that such payment be made to such funeral home or funeral homes, or (B) at least 90 days have elapsed after the date of death of such insured individual and prior to the expiration of such 90 days no person has assumed responsibility for the payment of any of such burial expenses;

(2) if all of the burial expenses of such insured individual which were incurred by or through a funeral home or funeral homes have been paid (including payments made under clause (1)), to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid such burial expenses; or

(3) if any part of the amount payable under this subsection remains after payments have been made pursuant to clauses (1) and (2), to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid other expenses in connection with the burial of such insured individual, in the following order of priority: (A) expenses of opening and closing the grave of such insured individual, (B) expenses of providing the burial plot of such insured individual, and (C) any remaining expenses in connection with the burial of such insured individual.

No payment (except a payment authorized pursuant to clause (1)(A) of the preceding sentence) shall be made to any person under this subsection unless application therefor shall have been filed, by or on behalf of such person (whether or not legally competent), prior to the expiration of two years after the date of death of such insured individual, or unless such person was entitled to wife's or husband's insurance benefits, on the basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died. In the case of any individual who died outside the forty-eight States and the District of Columbia after December 1953 and before January 1, 1957, whose death occurred while he was in the active military or naval service of the United States, and who is returned to any of such States, the District of Columbia, Alaska, Hawaii, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa for interment or reinterment, the provisions of the preceding sentence shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment. In the case of any individual who died outside the fifty States and the District of Columbia after December 1956 while he was performing service, as a member of a uniformed service, to which the provisions of section 210(l) (1) are applicable, and who is returned to any State or to any Territory or possession of the United States, for interment or reinterment, the provisions of the third sentence of this subsection shall not prevent payment to any person under the second sentence of this subsection if

application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment.

Application for Monthly Insurance Benefits

(j) (1) An individual who would have been entitled to a benefit under subsection (a), (b), (c), (d), (e), (f), (g), or (h) for any month after August 1950 had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he files application therefor prior to the end of the twelfth month immediately succeeding such month. Any benefit for a month prior to the month in which application is filed shall be reduced, to any extent that may be necessary, so that it will not render erroneous any benefit which, before the filing of such application, the Secretary has certified for payment for such prior month.

(2) No application for any benefit under this section for any month after August 1950 which is filed prior to three months before the first month for which the applicant becomes entitled to such benefit shall be accepted as an application for the purposes of this section; and any application filed within such three months' period shall be deemed to have been filed in such first month.

[(3) Notwithstanding the provisions of paragraph (1), a woman may, at her option, waive entitlement to old-age insurance benefits or wife's insurance benefits for any one or more consecutive months which occur—

[(A) after the month before the month in which she attains the age of sixty-two,

[(B) prior to the month in which she attains the age of sixty-five, and

[(C) prior to the month in which she files application for such benefits;

and, in such case, she shall not be considered as entitled to such benefits for any such month or months before she filed such application. A woman shall be deemed to have waived such entitlement for any such month for which such benefit would, under the second sentence of paragraph (1), be reduced to zero.]

(3) *Notwithstanding the provisions of paragraph (1), an individual may, at his option, waive entitlement to any benefit referred to in paragraph (1) for any one or more consecutive months (beginning with the earliest month for which such individual would otherwise be entitled to such benefit) which occur before the month in which such individual files application for such benefit; and, in such case, such individual shall not be considered as entitled to such benefits for any such month or months before such individual filed such application. An individual shall be deemed to have waived such entitlement for any such month for which such benefit would, under the second sentence of paragraph (1), be reduced to zero.*

Simultaneous Entitlement to Benefits

(k) (1) A child, entitled to child's insurance benefits on the basis of the wages and self-employment income of an insured individual, who would be entitled, on filing application, to child's insurance bene-

fits on the basis of the wages and self-employment income of some other insured individual, shall be deemed entitled, subject to the provisions of paragraph (2) hereof, to child's insurance benefits on the basis of the wages and self-employment income of such other individual if an application for child's insurance benefits on the basis of the wages and self-employment income of such other individual has been filed by any other child who would, on filing application, be entitled to child's insurance benefits on the basis of the wages and self-employment income of both such insured individuals.

(2) (A) Any child who under the preceding provisions of this section is entitled for any month to more than one child's insurance benefit shall, notwithstanding such provisions, be entitled to only one of such child's insurance benefits for such month, such benefit to be the one based on the wages and self-employment income of the insured individual who has the greatest primary insurance amount.

(B) Any individual who, under the preceding provisions of this section and under the provisions of section 223, is entitled for any month to more than one monthly insurance benefit (other than old-age or disability insurance benefit) under this title shall be entitled to only one such monthly benefit for such month, such benefit to be the largest of the monthly benefits to which he (but for this subparagraph (B)) would otherwise be entitled for such month.

(3) If an individual is entitled to an old-age or disability insurance benefit for any month and to any other monthly insurance benefit for such month, such other insurance benefit for such month, after any reduction under subsection (q) and any reduction under section 203(a), shall be reduced, but not below zero, by an amount equal to such old-age or disability insurance benefit (after reduction under such subsection (q)).

Entitlement to Survivor Benefits Under Railroad Retirement Act

(l) If any person would be entitled, upon filing application therefor to an annuity under section 5 of the Railroad Retirement Act of 1937, or to a lump-sum payment under subsection (f)(1) of such section, with respect to the death of an employee (as defined in such Act) no lump-sum death payment, and no monthly benefit for the month in which such employee died or for any month thereafter, shall be paid under this section to any person on the basis of the wages and self-employment income of such employee.

Minimum Survivor's or Dependent's Benefit

(m) In any case in which the benefit of any individual for any month under this section (other than subsection (a)) is, prior to reduction under subsection (k)(3) and subsection (q), less than the first figure in column IV of the table in section 215(a) and no other individual is (without the application of section 202(j)(1)) entitled to a benefit under this section for such month on the basis of the same wages and self-employment income, such benefit for such month shall, prior to reduction under such subsection (k)(3) and subsection (q), be increased to the first figure in column IV of the table in section 215(a).

Termination of Benefits Upon Deportation of Primary Beneficiary

(n)(1) If any individual is (after the date of enactment of this subsection) deported under paragraph (1), (2), (4), (5), (6), (7), (10), (11), (12), (14), (15), (16), (17), or (18) of section 241(a) of the Immigration and Nationality Act, then, notwithstanding any other provisions of this title—

(A) no monthly benefit under this section or section 223 shall be paid to such individual, on the basis of his wages and self-employment income, for any month occurring (i) after the month in which the Secretary is notified by the Attorney General that such individual has been so deported, and (ii) before the month in which such individual is thereafter lawfully admitted to the United States for permanent residence.

(B) if no benefit could be paid to such individual (or if no benefit could be paid to him if he were alive) for any month by reason of subparagraph (A), no monthly benefit under this section shall be paid, on the basis of his wages and self-employment income, for such month to any other person who is not a citizen of the United States and is outside the United States for any part of such month, and

(C) no lump-sum death payment shall be made on the basis of such individual's wages and self-employment income if he dies (i) in or after the month in which such notice is received, and (ii) before the month in which he is thereafter lawfully admitted to the United States for permanent residence.

Section 203 (b), (c), and (d) of this Act shall not apply with respect to any such individual for any month for which no monthly benefit may be paid to him by reason of this paragraph.

(2) As soon as practicable after the deportation of any individual under any of the paragraphs of section 241(a) of the Immigration and Nationality Act enumerated in paragraph (1) in this subsection, the Attorney General shall notify the Secretary of such deportation.

Application for Benefits by Survivors of Members and Former Members of the Uniformed Services

(o) In the case of any individual who would be entitled to benefits under subsection (d), (e), (g), or (h) upon filing proper application therefor, the filing with the Administrator of Veterans' Affairs by or on behalf of such individual of an application for such benefits, on the form described in section 3005 of Title 38, United States Code, shall satisfy the requirement of such subsection (d), (e), (g), or (h) that an application for such benefits be filed.

Extension of Period for Filing Proof of Support and Applications for Lump-Sum Death Payment

(p) In any case in which there is a failure—

(1) to file proof of support under subparagraph (C) of subsection (c)(1), clause (i) or (ii) of subparagraph (D) of subsection (f)(1), or subparagraph (B) of subsection (h)(1), or under clause (B) of subsection (f)(1) of this section as in effect prior to the Social Security Act Amendments of 1950 within the period prescribed by such subparagraph or clause, or

(2) to file, in the case of a death after 1946, application for a lump-sum death payment under subsection (i), or under subsection (g) of this section as in effect prior to the Social Security Act Amendments of 1950, within the period prescribed by such subsection.

and it is shown to the satisfaction of the Secretary that there was good cause for failure to file such proof or application, as the case may be, within such period, such proof or application shall be deemed to have been filed within such period if it is filed within two years following such period or within two years following August 1956, whichever is later. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary.

[Adjustment of Old-Age and Wife's Insurance Benefit Amounts in Accordance With Age of Female Beneficiary

[(q)(1) The old-age insurance benefit of any woman for any month prior to the month in which she attains the age of sixty-five shall be reduced by—

[(A) $\frac{1}{2}$ of 1 per centum, multiplied by

[(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to an old-age insurance benefit and ending with the last day of the month before the month in which she would attain the age of sixty-five.

[(2) The wife's insurance benefit of any wife for any month after the month preceding the month in which she attains the age of sixty-two and prior to the month in which she attains the age of sixty-five shall be reduced by—

[(A) $\frac{2}{3}$ of 1 per centum, multiplied by

[(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to such wife's insurance benefit and ending with the last day of the month before the month in which she would attain the age of sixty-five, except that in no event shall such period start earlier than the first day of the month in which she attains the age of sixty-two.

The preceding provisions of this paragraph shall not apply to the benefit for any month in which such wife has in her care (individually or jointly with the individual on whose wages and self-employment income such wife's insurance benefit is based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income. With respect to any month in the period specified in clause (B) of the first sentence, if such wife does not have in such month such a child in her care (individually or jointly with such individual), she shall be deemed to have such a child in her care in such month for the purposes of the preceding sentence unless there is in effect for such month a certificate filed by her with the Secretary, in accordance with regulations prescribed by him, in which she elects to receive wife's insurance benefits reduced as provided in this subsection. Any certificate filed pursuant to the preceding sentence shall be effective for purposes of such sentence—

[(i) for the month in which it is filed, and for any month thereafter, if in such month she does not have such a child in her care (individually or jointly with such individual), and

[(ii) for the period of one or more consecutive months (not exceeding twelve) immediately preceding the month in which such certificate is filed which is designated by her (not including as part of such period any month in which she had such a child in her care (individually or jointly with such individual)).

If such a certificate is filed, the period referred to in clause (B) of the first sentence of this paragraph shall commence with the first day of the first month (i) for which she is entitled to a wife's insurance benefit, (ii) which occurs after the month preceding the month in which she attained the age of sixty-two, and (iii) for which such certificate is effective.

[(3) In the case of any woman who is entitled to an old-age insurance benefit to which paragraph (1) is applicable and who, for the first month for which she is so entitled (but not for any prior month) or for any later month occurring before the month in which she attains the age of sixty-five, is entitled to a wife's insurance benefit to which paragraph (2) is applicable, the amount of such wife's insurance benefit for any month prior to the month in which she attains the age of sixty-five shall, in lieu of the reduction provided in paragraph (2), be reduced by the sum of—

[(A) an amount equal to the amount by which such old-age insurance benefit for such month is reduced under paragraph (1), plus

[(B) an amount equal to—

[(i) the number equal to the number of months specified in clause (B) of paragraph (2), multiplied by

[(ii) $\frac{2}{5}\%$ of 1 per centum, and further multiplied by

[(iii) the excess of such wife's insurance benefit prior to reduction under this subsection over the old-age insurance benefit prior to reduction under this subsection.

[(4) In the case of any woman who is or was entitled to a wife's insurance benefit to which paragraph (2) is applicable and who, for any month after the first month for which she is or was so entitled (but not for such first month or any earlier month) occurring before the month in which she attains the age of sixty-five, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month prior to the month in which she attains the age of sixty-five shall, in lieu of the reduction provided in paragraph (1), be reduced by the sum of—

[(A) an amount equal to the amount by which such wife's insurance benefit is reduced under paragraph (2) for such month (or, if she is not entitled to a wife's insurance benefit for such month, by an amount equal to the amount by which such benefit was reduced for the last month for which she was entitled thereto), plus

[(B) if the old-age insurance benefit for such month prior to reduction under this subsection exceeds such wife's insurance benefit prior to reduction under this subsection, an amount equal to—

[(i) the number equal to the number of months specified in clause (B) of paragraph (1), multiplied by

- [(ii) $\frac{1}{2}$ of 1 per centum, and further multiplied by
- [(iii) the excess of such old-age insurance benefit over such wife's insurance benefit.

[(5) In the case of any woman who is entitled to an old-age insurance benefit for the month in which she attains the age of sixty-five or any month thereafter, such benefit for such month shall, if she was also entitled to such benefit for any one or more months prior to the month in which she attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (1) or (4), be reduced as provided in such paragraph, except that there shall be subtracted, from the number specified in clause (B) of such paragraph—

[(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which such benefit was subject to deductions under section 203(b) or paragraph (1) of section 203(c), and except that, in the case of any such benefit reduced under paragraph (4), there also shall be subtracted from the number specified in clause (B) of paragraph (2), for the purpose of computing the amount referred to in clause (A) of paragraph (4)—

[(B) the number equal to the number of months for which the wife's insurance benefit was reduced under such paragraph (2), but for which such benefit was subject to deductions under section 203(b), under section 203(c)(1), under section 203(d)(1), or under section 222(b),

[(C) the number equal to the number of months occurring after the first month for which such wife's insurance benefit was reduced under such paragraph (2) in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits, and

[(D) the number equal to the number of months for which such wife's insurance benefit was reduced under such paragraph (2), but in or after which her entitlement to wife's insurance benefits was terminated because her husband ceased to be under a disability, not including in such number of months any month after such termination in which she was entitled to wife's insurance benefits.

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), (C), and (D) of the preceding sentence is not less than three. For purposes of clauses (B) and (C) of this paragraph, a wife's insurance benefit shall not be considered terminated for any reason prior to the month in which she attains the age of sixty-five.

[(6) In the case of any woman who is entitled to a wife's insurance benefit for the month in which she attains the age of sixty-five or any month thereafter, such benefit for such month shall, if she was also entitled to such benefit for any one or more months prior to the month in which she attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (2) or (3), be reduced as provided in such paragraph, except that there shall be subtracted from the number specified in clause (B) of such paragraph—

[(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which

such benefit was subject to deductions under section 203(b), under section 203(c)(1), under section 203(d)(1) or under section 222(b),

[(B) the number equal to the number of months, occurring after the first month for which such benefit was reduced under such paragraph, in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits, and

[(C) the number equal to the number of months for which such benefit was reduced under such paragraph, but in or after which her entitlement to wife's insurance benefits was terminated because her husband ceased to be under a disability, not including in such number of months any month after such termination in which she was entitled to wife's insurance benefits.

and except that, in the case of any such benefit reduced under paragraph (3), there also shall be subtracted from the number specified in clause (B) of paragraph (1), for the purpose of computing the amount referred to in clause (A) of paragraph (3) and—

[(D) the number equal to the number of months for which the old-age insurance benefit was reduced under such paragraph (1) but for which such benefit was subject to deductions under section 203(b), or paragraph (1) of section 203(c)

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), (C), and (D) of the preceding sentence is not less than three.

[(7) In the case of a woman who is entitled to an old-age insurance benefit to which paragraph (5) is applicable and who, for the month in which she attains the age of sixty-five (but not for any prior month) or for any later month, is entitled to a wife's insurance benefit, the amount of such wife's insurance benefit for any month shall be reduced by an amount equal to the amount by which the old-age insurance benefit is reduced under paragraph (5) for such month.

[(8) In the case of a woman who is or was entitled to a wife's insurance benefit to which paragraph (2) was applicable and who, for the month in which she attains the age of sixty-five (but not for any prior month) or for any later month, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month shall be reduced by an amount equal to the amount by which the wife's insurance benefit is reduced under paragraph (6) for such month (or, if she is not entitled to a wife's insurance benefit for such month, by (i) an amount equal to the amount by which such benefit for the last month for which she was entitled thereto was reduced, or (ii) if smaller, an amount equal to the amount by which such benefit would have been reduced under paragraph (6) for the month in which she attained the age of sixty-five if entitlement to such benefit had not terminated before such month).

[(9) The preceding paragraphs shall be applied to old-age insurance benefits and wife's insurance benefits after reduction under section 203(a) and application of section 215(g). If the amount of any reduction computed under paragraph (1), under paragraph (2), under clause (A) or clause (B) of paragraph (3), or under clause (A) or clause (B) of paragraph (4) is not a multiple of \$0.10, it shall be reduced to the next lower multiple of \$0.10.]

*Adjustment of Old-Age, Wife's, or Husband's Insurance Benefit Amounts
in Accordance With Age of Beneficiary*

(q)(1) *If the first month for which an individual is entitled to an old-age, wife's, or husband's insurance benefit is a month before the month in which such individual attains age 65, the amount of such benefit for each month shall, subject to the succeeding paragraphs of this subsection, be reduced by—*

(A) *$\frac{1}{2}$ of 1 percent of such amount if such benefit is an old-age insurance benefit, or $\frac{2}{3}$ of 1 percent of such amount if such benefit is a wife's or husband's insurance benefit; multiplied by*

(B) (i) *the number of months in the reduction period for such benefit (determined under paragraph (5)), if such benefit is for a month before the month in which such individual attains age 65, or*

(ii) *the number of months in the adjusted reduction period for such benefit (determined under paragraph (6)), if such benefit is for the month in which such individual attains age 65 or for any month thereafter.*

(2)(A) *If the first month for which an individual both is entitled to a wife's or husband's insurance benefit and has attained age 62 is a month for which such individual is also entitled to—*

(i) *an old-age insurance benefit (to which such individual was first entitled for a month before he attains age 65), or*

(ii) *a disability insurance benefit,*

then in lieu of any reduction under paragraph (1) (but subject to the succeeding paragraphs of this subsection) such wife's or husband's insurance benefit for each month shall be reduced as provided in subparagraph (B), (C), or (D).

(B) *For any month for which such individual is entitled to an old-age insurance benefit, such individual's wife's or husband's insurance benefit shall be reduced by the sum of—*

(i) *the amount by which such old-age insurance benefit is reduced under paragraph (1), and*

(ii) *the amount by which such wife's or husband's insurance benefit would be reduced under paragraph (1) if it were equal to the excess of such wife's or husband's insurance benefit (before reduction under this subsection) over such old-age insurance benefit (before reduction under this subsection).*

(C) *For any month for which such individual is entitled to a disability insurance benefit, such individual's wife's or husband's insurance benefit shall be reduced by the amount by which such benefit would be reduced under paragraph (1) if it were equal to the excess of such benefit (before reduction under this subsection) over such disability insurance benefit.*

(D) *For any month for which such individual is entitled neither to an old-age insurance benefit nor to a disability insurance benefit, such individual's wife's or husband's insurance benefit shall be reduced by the amount by which it would be reduced under paragraph (1).*

(3) *If—*

(A) *an individual is or was entitled to a benefit subject to reduction under this subsection, and*

(B) *such benefit is increased by reason of an increase in the primary insurance amount of the individual on whose wages and self-employment income such benefit is based,*

then the amount of the reduction of such benefit for each month shall be computed separately (under paragraph (1) or (2), whichever applies)

for the portion of such benefit which constitutes such benefit before any increase described in subparagraph (B), and separately (under paragraph (1) or (2), whichever applies to the benefit being increased) for each such increase. For purposes of determining the amount of the reduction under paragraph (1) or (2) in any such increase, the reduction period and the adjusted reduction period shall be determined as if such increase were a separate benefit to which such individual was entitled for and after the first month for which such increase is effective.

(4)(A) No wife's insurance benefit shall be reduced under this subsection—

(i) for any month before the first month for which there is in effect a certificate filed by her with the Secretary, in accordance with regulations prescribed by him, in which she elects to receive wife's insurance benefits reduced as provided in this subsection, or

(ii) for any month in which she has in her care (individually or jointly with the person on whose wages and self-employment income her wife's insurance benefit is based) a child of such person entitled to child's insurance benefits.

(B) Any certificate described in subparagraph (A)(i) shall be effective for purposes of this subsection (and for purposes of preventing deductions under section 203(c)(2))—

(i) for the month in which it is filed and for any month thereafter, and

(ii) for months, in the period designated by the woman filing such certificate, of one or more consecutive months (not exceeding 12) immediately preceding the month in which such certificate is filed;

except that such certificate shall not be effective for any month before the month in which she attains age 62, nor shall it be effective for any month to which subparagraph (A)(ii) applies.

(C) If a woman does not have in her care a child described in subparagraph (A)(ii) in the first month for which she is entitled to a wife's insurance benefit, and if such first month is a month before the month in which she attains age 65, she shall be deemed to have filed in such first month the certificate described in subparagraph (A)(i).

(5) For purposes of this subsection, the "reduction period" for an individual's old-age, wife's, or husband's insurance benefit is the period—

(A) beginning—

(i) in the case of an old-age or husband's insurance benefit, with the first day of the first month for which such individual is entitled to such benefit, or

(ii) in the case of a wife's insurance benefit, with the first day of the first month for which a certificate described in paragraph (4)(A)(i) is effective, and

(B) ending with the last day of the month before the month in which such individual attains age 65.

(6) For purposes of this subsection, the "adjusted reduction period" for an individual's old-age, wife's, or husband's insurance benefit is the reduction period prescribed by paragraph (5) for such benefit, excluding from such period—

(A) any month in which such benefit was subject to deductions under section 203(b), 203(c)(1), 203(d)(1), or 222(b),

(B) in the case of wife's insurance benefits, any month in which she had in her care (individually or jointly with the person on whose

wages and self-employment income such benefit is based) a child of such person entitled to child's insurance benefits, and

(C) in the case of wife's or husband's insurance benefits, any month for which such individual was not entitled to such benefits because the spouse on whose wages and self-employment income such benefits were based ceased to be under a disability.

(7) This subsection shall be applied after reduction under section 203(a) and after application of section 215(g). If the amount of any reduction computed under paragraph (1) or (2) is not a multiple of \$0.10, it shall be reduced to the next lower multiple of \$0.10.

【Presumed Filing of Application by Woman Eligible for Old-Age and Wife's Insurance Benefits

【(r) Any woman who becomes entitled to an old-age insurance benefit for any month prior to the month in which she attains the age of sixty-five and who is eligible for a wife's insurance benefit for the same month shall be deemed to have filed an application in such month for wife's insurance benefits. Any woman who becomes entitled to a wife's insurance benefit for any month prior to the month in which she attains the age of sixty-five and who is eligible for an old-age insurance benefit for the same month shall be deemed, unless she has in such month a child in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefits are based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income, to have filed an application in such month for old-age insurance benefits. For purposes of this subsection an individual shall be deemed eligible for a benefit for a month if, upon filing application therefor in such month, she would have been entitled to such benefit for such month.】

Presumed Filing of Application by Individuals Eligible for Old-Age Insurance Benefits and for Wife's or Husband's Insurance Benefits

(r) (1) If the first month for which an individual is entitled to an old-age insurance benefit is a month before the month in which such individual attains age 65, and if such individual is eligible for a wife's or husband's insurance benefit for such first month, such individual shall be deemed to have filed an application in such month for wife's or husband's insurance benefits.

(2) If the first month for which an individual is entitled to a wife's or husband's insurance benefit reduced under subsection (g) is a month before the month in which such individual attains age 65, and if such individual is eligible for an old-age insurance benefit for such first month, such individual shall be deemed to have filed an application for old-age insurance benefits—

(A) in such month, or

(B) if such individual is also entitled to a disability insurance benefit for such month, in the first subsequent month for which such individual is not entitled to a disability insurance benefit.

(3) For purposes of this subsection, an individual shall be deemed eligible for a benefit for a month if, upon filing application therefor in such month, he would be entitled to such benefit for such month.

[Female Disability Insurance Beneficiary

[(s) (1) If any woman becomes entitled to a widow's insurance benefit or parent's insurance benefit for a month before the month in which she attains the age of sixty-five, or becomes entitled to an old-age insurance benefit or wife's insurance benefit for a month before the month in which she attains the age of sixty-five which is reduced under the provisions of subsection (q), such individual may not thereafter become entitled to disability insurance benefits under this title.

[(2) If a woman would, but for the provisions of subsection (k)(2) (B), be entitled for any month to a disability insurance benefit and to a wife's insurance benefit, subsection (q) shall be applicable to such wife's insurance benefit for such month only to the extent it exceeds such disability insurance benefit for such month.

[(3) The entitlement of any woman to disability insurance benefits shall terminate with the month before the month in which she becomes entitled to old-age insurance benefits.]

Suspension of Benefits of Aliens Who Are Outside the United States

(t) (1) Notwithstanding any other provision of this title, no monthly benefits shall be paid under this section or under section 223 to any individual who is not a citizen or national of the United States for any month which is—

(A) after the sixth consecutive calendar month during all of which the Secretary finds, on the basis of information furnished to him by the Attorney General or information which otherwise comes to his attention, that such individual is outside the United States, and

(B) prior to the first month thereafter for all of which such individual has been in the United States.

(2) Paragraph (1) shall not apply to any individual who is a citizen of a foreign country which the Secretary finds has in effect a social insurance or pension system which is of general application in such country and under which—

(A) periodic benefits, or the actuarial equivalent thereof, are paid on account of old age, retirement, or death, and

(B) individuals who are citizens of the United States but not citizens of such foreign country and who qualify for such benefits are permitted to receive such benefits or the actuarial equivalent thereof while outside such foreign country without regard to the duration of the absence.

(3) Paragraph (1) shall not apply in any case where its application would be contrary to any treaty obligation of the United States in effect on the date of the enactment of this subsection.

(4) Paragraph (1) shall not apply to any benefit for any month if—

(A) not less than forty of the quarters elapsing before such month are quarters of coverage for the individual on whose wages and self-employment income such benefit is based, or

(B) the individual on whose wages and self-employment income such benefit is based has, before such month, resided in the United States for a period or periods aggregating ten years or more, or

(C) the individual entitled to such benefit is outside the United States while in the active military or naval service of the United States, or

(D) the individual on whose wages and self-employment income such benefit is based died, before such month, either (i) while on active duty or inactive duty training (as those terms are defined in section 210 (l) (2) and (3)) as a member of a uniformed service (as defined in section 210(m)), or (ii) as the result of a disease or injury which the Administrator of Veterans' Affairs determines was incurred or aggravated in line of duty while on active duty (as defined in section 210(l)(2)), or an injury which he determines was incurred or aggravated in line of duty while on inactive duty training (as defined in section 210(l)(3)), as a member of a uniformed service (as defined in section 210(m)), if the Administrator determines that such individual was discharged or released from the period of such active duty or inactive duty training under conditions other than dishonorable, and if the Administrator certifies to the Secretary his determinations with respect to such individual under this clause, or

(E) the individual on whose employment such benefit is based had been in service covered by the Railroad Retirement Act which was treated as employment covered by this Act pursuant to the provisions of section 5(k)(1) of the Railroad Retirement Act.

(5) No person who is, or upon application would be, entitled to a monthly benefit under this section for December 1956 shall be deprived, by reason of paragraph (1), of such benefit or any other benefit based on the wages and self-employment income of the individual on whose wages and self-employment income such monthly benefit for December 1956 is based.

(6) If an individual is outside the United States when he dies and no benefit may, by reason of paragraph (1), be paid to him for the month preceding the month in which he dies, no lump-sum death payment may be made on the basis of such individual's wages and self-employment income.

(7) Subsections (b), (c), and (d) of section 203 shall not apply with respect to any individual for any month for which no monthly benefit may be paid to him by reason of paragraph (1) of this subsection.

(8) The Attorney General shall certify to the Secretary such information regarding aliens who depart from the United States to any foreign country (other than a foreign country which is territorially contiguous to the continental United States) as may be necessary to enable the Secretary to carry out the purposes of this subsection and shall otherwise aid, assist, and cooperate with the Secretary in obtaining such other information as may be necessary to enable the Secretary to carry out the purposes of this subsection.

Conviction of Subversive Activities, Etc.

(u)(1) If any individual is convicted of any offense (committed after the date of the enactment of this subsection) under—

(A) chapter 37 (relating to espionage and censorship), chapter 105 (relating to sabotage), or chapter 115 (relating to treason, sedition, and subversive activities) of title 18 of the United States Code, or

(B) section 4, 112, or 113 of the Internal Security Act of 1950, as amended,

then the court may, in addition to all other penalties provided by law, impose a penalty that in determining whether any monthly insurance benefit under this section or section 223 is payable to such individual for the month in which he is convicted or for any month thereafter, and in determining the amount of any such benefit payable to such individual for any such month, there shall not be taken into account—

(C) any wages paid to such individual or to any other individual in the calendar quarter in which such conviction occurs or in any prior calendar quarter, and

(D) any net earnings from self-employment derived by such individual or by any other individual during a taxable year in which such conviction occurs or during any prior taxable year.

(2) As soon as practicable after an additional penalty has, pursuant to paragraph (1), been imposed with respect to any individual, the Attorney General shall notify the Secretary of such imposition.

(3) If any individual with respect to whom an additional penalty has been imposed pursuant to paragraph (1) is granted a pardon of the offense by the President of the United States, such additional penalty shall not apply for any month beginning after the date on which such pardon is granted.

* * * * *

DEFINITION OF WAGES

SEC. 209. For the purposes of this title, the term "wages" means remuneration paid prior to 1951 which was wages for the purposes of this title under the law applicable to the payment of such remuneration, and remuneration paid after 1950 for employment, including the cash value of all remuneration paid in any medium other than cash; except that, in the case of remuneration paid after 1950, such term shall not include—

* * * * *

(i) Any payment (other than vacation or sick pay) made to an employee after the month in which he attains [retirement age (as defined in section 216(a))] *age 62 (if a woman) or age 65 (if a man)*, if he did not work for the employer in the period for which such payment is made. As used in this subsection, the term "sick pay" includes remuneration for service in the employ of a State, a political subdivision (as defined in section 218(b)(2)) of a State, or an instrumentality of two or more States, paid to an employee thereof for a period during which he was absent from work because of sickness, or

* * * * *

QUARTER AND QUARTER OF COVERAGE

Definitions

Sec. 213. (a) For the purpose of this title—

(1) The term “quarter”, and the term “calendar quarter”, means a period of three calendar months ending on March 31, June 30, September 30, or December 31.

(2) The term “quarter of coverage” means a quarter in which the individual has been paid \$50 or more in wages (except wages for agricultural labor paid after 1954) or for which he has been credited (as determined under section 212) with \$100 or more of self-employment income, except that—

(i) no quarter after the quarter in which such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;

(ii) if the wages paid to any individual in any calendar year equal \$3,000 in the case of a calendar year before 1951, or \$3,600 in the case of a calendar year after 1950 and before 1955, or \$4,200 in the case of a calendar year after 1954 and before 1959, or \$4,800 in the case of a calendar year after 1958, each quarter of such year shall (subject to clause (i)) be a quarter of coverage;

(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals \$3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or \$4,200 in the case of a taxable year ending after 1954 and before 1959, or \$4,800 in the case of a taxable year ending after 1958, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;

(iv) if an individual is paid wages for agricultural labor in a calendar year after 1954, then, subject to clause (i), (a) the last quarter of such year which can be but is not otherwise a quarter of coverage shall be a quarter of coverage if such wages equal or exceed \$100 but are less than \$200; (b) the last two quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed \$200 but are less than \$300; (c) the last three quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed \$300 but are less than \$400; and (d) each quarter of such year which is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are \$400 or more; and

(v) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.

If, in the case of any individual who has attained [retirement age] age 62 or died or is under a disability and who has been paid wages for agricultural labor in a calendar year after 1954, the requirements for insured status in subsection (a) or (b) of section 214, the requirements for entitlement to a computation or recom-

putation of his primary insurance amount, or the requirements of paragraph (3) of section 216(i) are not met after assignment of quarters of coverage to quarters in such year as provided in clause (iv) of the preceding sentence, but would be met if such quarters of coverage were assigned to different quarters in such year, then such quarters of coverage shall instead be assigned, for purposes only of determining compliance with such requirements, to such different quarters. If, in the case of an individual who did not die prior to January 1, 1955, and who attained [retirement age] age 62 (if a woman) or age 65 (if a man) or died before July 1, 1957, the requirements for insured status in section 214(a)(3) are not met because of his having too few quarters of coverage but would be met if his quarters of coverage in the first calendar year in which he had any covered employment had been determined on the basis of the period during which wages were earned rather than on the basis of the period during which wages were paid (any such wages paid that are reallocated on an earned basis shall not be used in determining quarters of coverage for subsequent calendar years), then upon application filed by the individual or his survivors and satisfactory proof of his record of wages earned being furnished by such individual or his survivors, the quarters of coverage in such calendar year may be determined on the basis of the periods during which wages were earned.

* * * * *

INSURED STATUS FOR PURPOSES OF OLD-AGE AND SURVIVORS INSURANCE BENEFITS

SEC. 214. For the purposes of this title—

Fully Insured Individual

(a) The term “fully insured individual” means any individual who had not less than—

[(1) one quarter of coverage (whenever acquired) for each three of the quarters elapsing—

[(A) after (i) December 31, 1950, or (ii) if later, December 31 of the year in which he attained the age of twenty-one, and

[(B) prior to (i) the year in which he died, or (ii) i earlier, the year in which he attained retirement age,]

(1) one quarter of coverage (whenever acquired) for each calendar year elapsing after 1950 (or, if later, the year in which he attained age 21) and before—

(A) in the case of a woman, the year in which she died or (if earlier) the year in which she attained age 62,

(B) in the case of a man who has died, the year in which he died or (if earlier) the year in which he attained age 65, or

(C) in the case of a man who has not died, the year in which he attained (or would attain) age 65,

except that in no case shall an individual be a fully insured individual unless he has at least [six] 6 quarters of coverage; or

(2) [forty] 40 quarters of coverage; or

(3) in the case of an individual who died [prior to] before 1951, [six] 6 quarters of coverage; not counting as an elapsed [quarter] year for purposes of paragraph (1) any [quarter] year any part of which was included in a period of disability (as defined in section 216(i)) [unless such quarter was a quarter of coverage. When the number of elapsed quarters referred to in paragraph (1) is not a multiple of three, such number shall, for purposes of such paragraph, be reduced to the next lower multiple of three].

Currently Insured Individual

(b) The term "currently insured individual" means any individual who has not less than six quarters of coverage during the thirteen-quarter period ending with (1) the quarter in which he died, (2) the quarter in which he became entitled to old-age insurance benefits, (3) the quarter in which he became entitled to primary insurance benefits under this title as in effect prior to the enactment of this section, or (4) in the case of any individual entitled to disability insurance benefits, the quarter in which he most recently became entitled to disability insurance benefits, not counting as part of such thirteen-quarter period any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage.

COMPUTATION OF PRIMARY INSURANCE AMOUNT

SEC. 215. For the purposes of this title—

(a) Subject to the conditions specified in subsections (b), (c), and (d) of this section, the primary insurance amount of an insured individual shall be whichever of the following is the largest:

(1) The amount in column IV on the line on which in column III of the following table appears his average monthly wage (as determined under subsection (b));

(2) The amount in column IV on the line on which in column II of the following table appears his primary insurance amount (as determined under subsection (c));

(3) The amount in column IV on the line on which in column I of the following table appears his primary insurance benefit (as determined under subsection (d)); or

[(4) In the case of an individual who was entitled to a disability insurance benefit for the month before the month in which he became entitled to old-age insurance benefits or died, the amount in column IV which is equal to his disability insurance benefit.]

(4) *In the case of—*

(A) *a woman who was entitled to a disability insurance benefit for the month before the month in which she died or became entitled to old-age insurance benefits, or*

(B) *a man who was entitled to a disability insurance benefit for the month before the month in which he died or attained age 65,*

the amount in column IV which is equal to such disability insurance benefit.

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I (Primary insurance benefit under 1930 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
	\$10.00		\$30.00		\$54	\$33	\$53.00
\$10.01	10.48	\$30.10	31.00	55	56	34	54.00
10.49	11.00	31.10	32.00	57	58	35	55.00
11.01	11.48	32.10	33.00	59	60	36	56.00
11.49	12.00	33.10	34.00	61	61	37	57.00
12.01	12.48	34.10	35.00	62	62	38	58.00
12.49	13.00	35.10	36.00	64	65	39	59.00
13.01	13.48	36.10	37.00	66	67	40	60.00
13.49	14.00	37.10	38.00	68	68	41	61.00
	15.48		39.00		69	42	62.00
15.49	16.00	39.10	40.00	69	70	43	63.00
16.01	16.48	40.10	41.00	70	71	44	64.00
16.49	17.00	41.10	42.00	71	72	45	65.00
17.01	17.48	42.10	43.00	72	73	46	66.00
17.49	18.00	43.10	44.00	73	74	47	67.00
18.01	18.48	44.10	45.00	74	75	48	68.00
18.49	19.00	45.10	46.00	75	76	49	69.00
19.01	19.48	46.10	47.00	76	77	50	70.00
19.49	20.00	47.10	48.00	77	78	51	71.00
20.01	20.48	48.10	49.00	78	79	52	72.00
20.49	21.00	49.10	50.00	79	80	53	73.00
21.01	21.48	50.10	51.00	80	81	54	74.00
21.49	22.00	51.10	52.00	81	82	55	75.00
22.01	22.48	52.10	53.00	82	83	56	76.00
22.49	23.00	53.10	54.00	83	84	57	77.00
23.01	23.48	54.10	55.00	84	85	58	78.00
23.49	24.00	55.10	56.00	85	86	59	79.00
24.01	24.48	56.10	57.00	86	87	60	80.00
24.49	25.00	57.10	58.00	87	88	61	81.00
25.01	25.48	58.10	59.00	88	89	62	82.00
25.49	26.00	59.10	60.00	89	90	63	83.00
26.01	26.48	60.10	61.00	90	91	64	84.00
26.49	27.00	61.10	62.00	91	92	65	85.00
27.01	27.48	62.10	63.00	92	93	66	86.00
27.49	28.00	63.10	64.00	93	94	67	87.00
28.01	28.48	64.10	65.00	94	95	68	88.00
28.49	29.00	65.10	66.00	95	96	69	89.00
29.01	29.48	66.10	67.00	96	97	70	90.00
29.49	30.00	67.10	68.00	97	98	71	91.00
30.01	30.48	68.10	69.00	98	99	72	92.00
30.49	31.00	69.10	70.00	99	100	73	93.00
31.01	31.48	70.10	71.00	100	101	74	94.00
31.49	32.00	71.10	72.00	101	102	75	95.00
32.01	32.48	72.10	73.00	102	103	76	96.00
32.49	33.00	73.10	74.00	103	104	77	97.00
33.01	33.48	74.10	75.00	104	105	78	98.00
33.49	34.00	75.10	76.00	105	106	79	99.00
34.01	34.48	76.10	77.00	106	107	80	100.00
34.49	35.00	77.10	78.00	107	108	81	101.00
35.01	35.48	78.10	79.00	108	109	82	102.00
35.49	36.00	79.10	80.00	109	110	83	103.00
36.01	36.48	80.10	81.00	110	111	84	104.00
36.49	37.00	81.10	82.00	111	112	85	105.00
37.01	37.48	82.10	83.00	112	113	86	106.00
37.49	38.00	83.10	84.00	113	114	87	107.00
38.01	38.48	84.10	85.00	114	115	88	108.00
38.49	39.00	85.10	86.00	115	116	89	109.00
39.01	39.48	86.10	87.00	116	117	90	110.00
39.49	40.00	87.10	88.00	117	118	91	111.00
40.01	40.48	88.10	89.00	118	119	92	112.00
40.49	41.00	89.10	90.00	119	120	93	113.00
41.01	41.48	90.10	91.00	120	121	94	114.00
41.49	42.00	91.10	92.00	121	122	95	115.00
42.01	42.48	92.10	93.00	122	123	96	116.00
42.49	43.00	93.10	94.00	123	124	97	117.00
43.01	43.48	94.10	95.00	124	125	98	118.00
43.49	44.00	95.10	96.00	125	126	99	119.00
44.01	44.48	96.10	97.00	126	127	100	120.00
44.49	45.00	97.10	98.00	127	128	101	121.00
		98.10	99.00	128	129	102	122.00
		99.10	100.00	129	130	103	123.00
		100.10	101.00	130	131	104	124.00
		101.10	102.00	131	132	105	125.00
		102.10	103.00	132	133	106	126.00
		103.10	104.00	133	134	107	127.00
		104.10	105.00	134	135	108	128.00
		105.10	106.00	135	136	109	129.00
		106.10	107.00	136	137	110	130.00
		107.10	108.00	137	138	111	131.00
		108.10	109.00	138	139	112	132.00
		109.10	110.00	139	140	113	133.00
		110.10	111.00	140	141	114	134.00
		111.10	112.00	141	142	115	135.00
		112.10	113.00	142	143	116	136.00
		113.10	114.00	143	144	117	137.00
		114.10	115.00	144	145	118	138.00
		115.10	116.00	145	146	119	139.00
		116.10	117.00	146	147	120	140.00
		117.10	118.00	147	148	121	141.00
		118.10	119.00	148	149	122	142.00
		119.10	120.00	149	150	123	143.00
		120.10	121.00	150	151	124	144.00
		121.10	122.00	151	152	125	145.00
		122.10	123.00	152	153	126	146.00
		123.10	124.00	153	154	127	147.00
		124.10	125.00	154	155	128	148.00
		125.10	126.00	155	156	129	149.00
		126.10	127.00	156	157	130	150.00
		127.10	128.00	157	158	131	151.00
		128.10	129.00	158	159	132	152.00
		129.10	130.00	159	160	133	153.00
		130.10	131.00	160	161	134	154.00
		131.10	132.00	161	162	135	155.00
		132.10	133.00	162	163	136	156.00
		133.10	134.00	163	164	137	157.00
		134.10	135.00	164	165	138	158.00
		135.10	136.00	165	166	139	159.00
		136.10	137.00	166	167	140	160.00
		137.10	138.00	167	168	141	161.00
		138.10	139.00	168	169	142	162.00
		139.10	140.00	169	170	143	163.00
		140.10	141.00	170	171	144	164.00
		141.10	142.00	171	172	145	165.00
		142.10	143.00	172	173	146	166.00
		143.10	144.00	173	174	147	167.00
		144.10	145.00	174	175	148	168.00
		145.10	146.00	175	176	149	169.00
		146.10	147.00	176	177	150	170.00
		147.10	148.00	177	178	151	171.00
		148.10	149.00	178	179	152	172.00
		149.10	150.00	179	180	153	173.00
		150.10	151.00	180	181	154	174.00
		151.10	152.00	181	182	155	175.00
		152.10	153.00	182	183	156	176.00
		153.10	154.00	183	184	157	177.00
		154.10	155.00	184	185	158	178.00
		155.10	156.00	185	186	159	179.00
		156.10	157.00	186	187	160	180.00
		157.10	158.00	187	188	161	181.00
		158.10	159.00	188	189	162	182.00
		159.10	160.00	189	190	163	183.00
		160.10	161.00	190	191	164	184.00
		161.10	162.00	191	192	165	185.00
		162.10	163.00	192	193	166	186.00
		163.10	164.00	193	194	167	187.00
		164.10	165.00	194	195	168	188.00
		165.10	166.00	195	196	169	189.00
		166.10	167.00	196	197	170	190.00
		167.10	168.00	197	198	171	191.00
		168.10	169.00	198	199	172	192.00
		169.10	170.00	199	200	173	193.00
		170.10	171.00	200	201	174	194.00
		171.10	172.00	201	202		

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1954 Act)		III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self employment income shall be—
At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		
\$44.89	\$45.60	\$88.40	\$89.20	\$260	\$253	\$95	\$202.40
		89.30	90.10	254	258	96	206.40
		90.20	91.10	256	263	97	210.40
		91.20	92.00	264	267	98	213.60
		92.10	92.90	268	272	99	217.60
		93.00	93.90	273	277	100	221.60
		94.00	94.80	278	281	101	224.80
		94.90	95.80	282	286	102	228.80
		95.90	96.70	287	291	103	232.80
		96.80	97.60	292	295	104	236.00
		97.70	98.60	296	300	105	240.00
		98.70	99.50	301	305	106	244.00
		99.60	100.40	306	309	107	247.20
		100.60	101.40	310	314	108	251.20
		101.50	102.30	315	319	109	254.00
		102.40	103.20	320	323	110	254.00
		103.30	104.20	324	328	111	254.00
		104.30	105.10	329	333	112	254.00
		105.20	106.00	334	337	113	254.00
		106.10	107.00	338	342	114	254.00
		107.10	107.90	343	347	115	254.00
		108.00	108.60	348	351	116	254.00
				352	356	117	254.00
				357	361	118	254.00
				362	365	119	254.00
				366	370	120	254.00
				371	375	121	254.00
				376	379	122	254.00
				380	384	123	254.00
				385	389	124	254.00
				390	393	125	254.00
				394	398	126	254.00
				399	400	127	264.00

Average Monthly Wage

(b) (1) For the purposes of column III of the table appearing in subsection (a) of this section, an individual's "average monthly wage" shall be the quotient obtained by dividing—

(A) the total of his wages paid in and self-employment income credited to his "benefit computation years" (determined under paragraph (2)), by

(B) the number of months in such years.

(2) (A) The number of an individual's "benefit computation years" shall be equal to the number of elapsed years (determined under paragraph (3) of this subsection), reduced by five; except that the number of an individual's benefit computation years shall in no case be less than two.

(B) An individual's "benefit computation years" shall be those computation base years, equal in number to the number determined under subparagraph (A), for which the total of his wages and self-employment income is the largest.

(C) For the purposes of subparagraph (B), "computation base years" include only calendar years occurring—

- (i) After December 31, 1950, and
- (ii) prior to the year in which the individual became entitled to old-age insurance benefits or died, whichever first occurred; except that the year in which the individual became entitled to old-age insurance benefits or died, as the case may be, shall be included as a computation base year if the Secretary determines, on the basis of evidence available to him at the time of the computation of the primary insurance amount for such individual, that the inclusion of such year would result in a higher primary insurance amount. Any calendar year all of which is included in a period of disability shall not be included as a computation base year.

[(3) For the purposes of paragraph (2), an individual's "elapsed years" shall be the number of calendar years—

[(A) after (i) December 31, 1950, or (ii) if later, December 31 of the years in which he attained the age of twenty-one, and

[(B) prior to (i) the year in which he died, or (ii) if earlier, the first year after December 31, 1960, in which he both was fully insured and had attained retirement age.]

(3) For purposes of paragraph (2), the number of an individual's elapsed years is the number of calendar years after 1950 (or, if later, the year in which he attained age 21) and before—

(A) in the case of a woman, the year in which she died or (if earlier) the first year after 1960 in which she both was fully insured and had attained age 62,

(B) in the case of a man who has died, the year in which he died or (if earlier) the first year after 1960 in which he both was fully insured and had attained age 65, or

(C) in the case of a man who has not died, the first year after 1960 in which he attained (or would attain) age 65 or (if later) the first year in which he was fully insured.

For [the] purposes of the preceding sentence, any calendar year any part of which was included in a period of disability shall not be included in such number of calendar years.

(4) The provisions of this subsection shall be applicable only in the case of an individual with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and—

(A) who becomes entitled to benefits after December 1960 under section 202(a) or section 223; or

(B) who dies after December 1960 without being entitled to benefits under section 202(a) or section 223; or

(C) who files an application for a recomputation under subsection (f)(2)(A) after December 1960 and is (or would, but for the provisions of subsection (f)(6), be) entitled to have his primary insurance amount recomputed under subsection (f)(2)(A); or

(D) who dies after December 1960 and whose survivors are (or would, but for the provisions of subsection (f)(6), be) entitled to a recomputation of his primary insurance amount under subsection (f)(4).

(5) In the case of any individual—

(A) to whom the provisions of this subsection are not made applicable by paragraph (4), but

(B) (i) prior to 1961, met the requirements of this paragraph (including subparagraph (E) thereof) as in effect prior to the enactment of the Social Security Amendments of 1960, or (ii) after 1960, meets the conditions of subparagraph (E) of this paragraph as in effect prior to such enactment; then the provisions of this subsection as in effect prior to such enactment shall apply to such individual for the purposes of column III of the table appearing in subsection (a) of this section.

* * * * *

Recomputation of Benefits

(f) (1) After an individual's primary insurance amount has been determined under this section, there shall be no recomputation of such individual's primary insurance amount except as provided in this subsection or, in the case of a World War II veteran who died prior to July 27, 1954, as provided in section 217(b).

* * * * *

(7)(A) *In the case of a man who attains age 65 and who became entitled to old-age insurance benefits before the month in which he attains such age, his primary insurance amount shall be recomputed as provided in subsection (a) as though he became entitled to old-age insurance benefits in the month in which he attained age 65, except that his computation base years referred to in subsection (b)(2) shall include the year in which he attained age 65. Such recomputation shall be effective for and after the month in which he attained age 65.*

(B) *In the case of a man who became entitled to old-age insurance benefits and died before the month in which he attained age 65, the Secretary shall, if any person is entitled to monthly insurance benefits or a lump-sum death payment on the basis of the wages and self-employment income of the decedent, recompute his primary insurance amount as provided in subsection (a) as though he became entitled to old-age insurance benefits in the month in which he died; except that (i) his computation base years referred to in subsection (b)(2) shall include the year in which he died, and (ii) his elapsed years referred to in subsection (b)(3) shall not include the year in which he died or any year thereafter. In the case of monthly insurance benefits, such recomputation of a man's primary insurance amount shall be effective for and after the month in which he died.*

Rounding of Benefits

(g) The amount of any primary insurance amount and the amount of any monthly benefit computed under section 202 or 223 which (after reduction under section 203(a)) and deductions under section 203(b) is not a multiple of \$0.10 shall be raised to the next higher multiple of \$0.10.

* * * * *

OTHER DEFINITIONS

SEC. 216. For the purposes of this title—

[Retirement Age

[(a) The term "retirement age" means—

[(1) in the case of a man, age sixty-five, or

[(2) in the case of a woman, age sixty-two.]

Wife

(b) The term "wife" means the wife of an individual, but only if she (1) is the mother of his son or daughter, (2) was married to him for a period of not less than one year immediately preceding the day on which her application is filed, or (3) in the month prior to the month of her marriage to him (A) was entitled to, or on application therefor and attainment of **[retirement age] age 62** in such prior month would have been entitled to, benefits under subsection (e) or (h) of section 202, or (B) had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d) of such section.

Widow

(c) The term "widow" (except when used in section 202(i)) means the surviving wife of an individual, but only if (1) she is the mother of his son or daughter, (2) she legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (3) he legally adopted her son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (4) she was married to him at the time both of them legally adopted a child under the age of eighteen, (5) she was married to him for a period of not less than one year immediately prior to the day on which he died, or (6) in the month prior to the month of her marriage to him (A) she was entitled to, or on application therefor and attainment of **[retirement age] age 62** in such prior month would have been entitled to, benefits under subsection (e) or (h) of section 202, or (B) she had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d) of such section.

Former Wife Divorced

(d) The term "former wife divorced" means a woman divorced from an individual, but only if (1) she is the mother of his son or daughter, (2) she legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (3) he legally adopted her son or daughter while she was married to him and while such son or daughter was under the age of eighteen, or (4) she was married to him at the time both of them legally adopted a child under the age of eighteen.

Child

(e) The term "child" means (1) the child or legally adopted child of an individual, and (2) a stepchild who has been such stepchild for not less than one year immediately preceding the day on which application for child's insurance benefits is filed or (if the insured indi-

vidual is deceased) the day on which such individual died. For purposes of clause (1), a person shall be deemed, as of the date of death of an individual, to be the legally adopted child of such individual if such person was at the time of such individual's death living in such individual's household and was legally adopted by such individual's surviving spouse after such individual's death but before the end of two years after the day on which such individual died or the date of enactment of this Act; except that this sentence shall not apply if at the time of such individual's death such person was receiving regular contributions toward his support from someone other than such individual or his spouse, or from any public or private welfare organization which furnishes services or assistance for children. For purposes of clause (2), a person who is not the stepchild of an individual shall be deemed the stepchild of such individual if such individual was not the mother or adopting mother or the father or adopting father of such person and such individual and the mother or adopting mother, or the father or adopting father, as the case may be, of such person went through a marriage ceremony resulting in a purported marriage between them which, but for a legal impediment described in the last sentence of subsection (h)(1)(B), would have been a valid marriage.

Husband

(f) The term "husband" means the husband of an individual, but only if (1) he is the father of her son or daughter, (2) he was married to her for a period of not less than one year immediately preceding the day on which his application is filed, or (3) in the month prior to the month of his marriage to her (A) he was entitled to, or on application therefor and attainment of [retirement age] age 62 in such prior month would have been entitled to, benefits under subsection (f) or (h) of section 202, or (B) he had attained age eighteen and was entitled to, or on application therefor would have been entitled to, benefits under subsection (d) of such section.

Widower

(g) The term "widower" (except when used in section 202(i)) means the surviving husband of an individual, but only if (1) he is the father of her son or daughter, (2) he legally adopted her son or daughter while he was married to her and while such son or daughter was under the age of eighteen, (3) she legally adopted his son or daughter while he was married to her and while such son or daughter was under the age of eighteen, (4) he was married to her at the time both of them legally adopted a child under the age of eighteen, (5) he was married to her for a period of not less than one year immediately prior to the day on which she died, or (6) in the month before the month of his marriage to her (A) he was entitled to, or on application therefor and attainment of [retirement age] age 62 in such prior month would have been entitled to, benefits under subsection (f) or (h) of section 202, or (B) he had attained age eighteen and was entitled to or on application therefor would have been entitled to, benefits under subsection (d) of such section.

Determination of Family Status

(h)(1)(A) An applicant is the wife, husband, widow, or widower of a fully or currently insured individual for purposes of this title if the courts of the State in which such insured individual is domiciled at the time such applicant files an application, or, if such insured individual is dead, the courts of the State in which he was domiciled at the time of death, or, if such insured individual is or was not so domiciled in any State, the courts of the District of Columbia, would find that such applicant and such insured individual were validly married at the time such applicant files such application or, if such insured individual is dead, at the time he died. If such courts would not find that such applicant and such insured individual were validly married at such time, such applicant shall, nevertheless be deemed to be the wife, husband, widow, or widower, as the case may be, of such insured individual if such applicant would, under the laws applied by such courts in determining the devolution of intestate personal property, have the same status with respect to the taking of such property as a wife, husband; widow, or widower of such insured individual.

(B) In any case where under subparagraph (A) an applicant is not (and is not deemed to be) the wife, widow, husband, or widower of a fully or currently insured individual, or where under subsection (b), (c), (f), or (g) such applicant is not the wife, widow, husband, or widower of such individual, but it is established to the satisfaction of the Secretary that such applicant in good faith went through a marriage ceremony with such individual resulting in a purported marriage between them which, but for a legal impediment not known to the applicant at the time of such ceremony, would have been a valid marriage, and such applicant and the insured individual were living in the same household at the time of the death of such insured individual or (if such insured individual is living) at the time such applicant files the application, then, for purposes of subparagraph (A) and subsections (b), (c), (f), and (g), such purported marriage shall be deemed to be a valid marriage. The provisions of the preceding sentence shall not apply (i) if another person is or has been entitled to a benefit under subsection (b), (c), (e), (f), or (g) of section 202 on the basis of the wages and self-employment income of such insured individual and such other person is (or is deemed to be) a wife, widow, husband, or widower of such insured individual under subparagraph (A) at the time such applicant files the application, or (ii) if the Secretary determines, on the basis of information brought to his attention, that such applicant entered into such purported marriage with such insured individual with knowledge that it would not be a valid marriage. The entitlement to a monthly benefit under subsection (b), (c), (e), (f), or (g) of section 202, based on the wages and self-employment income of such insured individual, of a person who would not be deemed to be a wife, widow, husband, or widower of such insured individual but for this subparagraph, shall end with the month before the month (i) in which the Secretary certifies, pursuant to section 205 (i), that another person is entitled to a benefit under subsection (b), (c), (e), (f), or (g) of section 202 on the basis of the wages and self-employment income of such insured individual, if such other person is (or is deemed to be) the wife, widow, husband, or widower of such

insured individual under subparagraph (A), or (ii) if the applicant is entitled to a monthly benefit under subsection (b) or (c) of section 202, in which such applicant entered into a marriage, valid without regard to this subparagraph, with a person other than such insured individual. For purposes of this subparagraph, a legal impediment to the validity of a purported marriage includes only an impediment (i) resulting from the lack of dissolution of a previous marriage or otherwise arising out of such previous marriage or its dissolution, or (ii) resulting from a defect in the procedure followed in connection with such purported marriage.

(2) (A) In determining whether an applicant is the child or parent of a fully or currently insured individual for purposes of this title, the Secretary shall apply such law as would be applied in determining the devolution of intestate personal property by the courts of the State in which such insured individual is domiciled at the time such applicant files application, or, if such insured individual is dead, by the courts of the State in which he was domiciled at the time of his death, or, if such insured individual is or was not so domiciled in any State, by the courts of the District of Columbia. Applicants who according to such law would have the same status relative to taking intestate personal property as a child or parent shall be deemed such.

(B) If an applicant is a son or daughter of a fully or currently insured individual but is not (and is not deemed to be) the child of such insured individual under subparagraph (A), such applicant shall nevertheless be deemed to be the child of such insured individual if such insured individual and the mother or father, as the case may be, of such applicant went through a marriage ceremony resulting in a purported marriage between them which, but for a legal impediment described in the last sentence of paragraph (1)(B), would have been a valid marriage.

Disability; Period of Disability

(i) (1) Except for purposes of sections 202(d), 223, and 225, the term "disability" means (A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, or (B) blindness; and the term "blindness" means central visual acuity of 5/200 or less in the better eye with the use of a correcting lens. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purpose of this paragraph as having a central visual acuity of 5/200 or less. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

(2) The term "period of disability" means a continuous period (beginning and ending as hereinafter provided in this subsection) during which an individual was under a disability (as defined in paragraph (1)), but only if such period is of not less than six full calendar

months' duration or such individual was entitled to benefits under section 223 for one or more months in such period. No such period shall begin as to any individual unless such individual, while under such disability, files an application for a disability determination with respect to such period; and no such period shall begin as to any individual after such individual attains the age of sixty-five. Except as provided in paragraph (4), a period of disability shall (subject to section 223(a)(3)) begin—

(A) if the individual satisfies the requirements of paragraph (3) on such day,

(i) on the day the disability began, or

(ii) on the first day of the eighteen-month period which ends with the day before the day on which the individual files such application,

whichever occurs later;

(B) if such individual does not satisfy the requirements of paragraph (3) on the day referred to in subparagraph (A), then on the first day of the first quarter thereafter in which he satisfies such requirements.

A period of disability shall end with the close of the last day of the month preceding whichever of the following months is the earlier: the month in which the individual attains age sixty-five or the third month following the month in which the disability ceases. No application for a disability determination which is filed more than three months before the first day on which a period of disability can begin (as determined under this paragraph); or, in any case in which clause (ii) of section 223(a)(1) is applicable, more than six months before the first month for which such applicant becomes entitled to benefits under section 223, shall be accepted as an application for purposes of this paragraph, and no such application which is filed prior to January 1, 1955, shall be accepted. Any application for a disability determination which is filed within such three months' period or six months' period shall be deemed to have been filed on such first day or in such first month, as the case may be.

(3) The requirements referred to in clauses (A) and (B) of paragraphs (2) and (4) are satisfied by an individual with respect to any quarter only if—

(A) he would have been a fully insured individual (as defined in section 214) had he attained [retirement age] age 62 (if a woman) or age 65 (if a man) and filed application for benefits under section 202(a) on the first day of such quarter; and

(B) he had not less than twenty quarters of coverage during the forty-quarter period which ends with such quarter, not counting as part of such forty-quarter period any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage;

except that the provisions of subparagraph (A) of this paragraph shall not apply in the case of any individual with respect to whom a period of disability would, but for such subparagraph, begin prior to 1951.

(4) If an individual files an application for a disability determination after December 1954, and before July [1961] 1962, with respect to a disability which began before [July 1960] January 1961, and continued without interruption until such application was filed, then the beginning day for the period of disability shall be—

- (A) the day such disability began, but only if he satisfies the requirements of paragraph (3) on such day;
- (B) if he does not satisfy such requirements on such day, the first day of the first quarter thereafter in which he satisfies such requirements.

Periods of Limitation Ending on Nonwork Days

(j) Where this title, any provision of another law of the United States (other than the Internal Revenue Code of 1954) relating to or changing the effect of this title, or any regulation issued by the Secretary pursuant thereto provides for a period within which an act is required to be done which affects eligibility for or the amount of any benefit or payment under this title or is necessary to establish or protect any rights under this title, and such period ends on a Saturday, Sunday, or legal holiday, or on any other day all or part of which is declared to be a nonwork day for Federal employees by statute or Executive order, then such act shall be considered as done within such period if it is done on the first day thereafter which is not a Saturday, Sunday, or legal holiday or any other day all or part of which is declared to be a nonwork day for Federal employees by statute or Executive order. For purposes of this subsection, the day on which a period ends shall include the day on which an extension of such period, as authorized by law or by the Secretary pursuant to law, ends. The provisions of this subsection shall not extend the period during which benefits under this title may (pursuant to section 202(j)(1) or 223(b)) be paid for months prior to the day application for such benefits is filed, or during which an application for benefits under this title may (pursuant to section 202(j)(2) or 223(b)) be accepted as such.

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Voluntary Agreements for Coverage of State and Local Employees

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Sec. 218.

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Positions Covered by Retirement Systems

(d)(1) No agreement with any State may be made applicable (either in the original agreement or by any modification thereof) to any service performed by employees as members of any coverage group in positions covered by a retirement system either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of enactment of the succeeding paragraph of this subsection (except in the case of positions which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A), and except in the case of positions excluded by paragraph (5)(A)). The preceding sentence shall not be applicable to any service performed by an employee as a member of any coverage group in a position (other than a position excluded by paragraph

(5)(A) covered by a retirement system on the date an agreement is made applicable to such coverage group if, on such date (or, if later, the date on which such individual first occupies such position), such individual is ineligible to be a member of such system.

(2) It is hereby declared to be the policy of the Congress in enacting the succeeding paragraphs of this subsection that the protection afforded employees in positions covered by a retirement system on the date an agreement under this section is made applicable to service performed in such positions, or receiving periodic benefits under such retirement system at such time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof.

(3) Notwithstanding paragraph (1), an agreement with a State may be made applicable (either in the original agreement or by any modification thereof) to service performed by employees in positions covered by a retirement system (including positions specified in paragraph (4) but not including positions excluded by or pursuant to paragraph (5)), if the Governor of the State, or an official of the State designated by him for the purpose, certifies to the Secretary of Health, Education, and Welfare that the following conditions have been met:

(A) A referendum by secret written ballot was held on the question of whether service in positions covered by such retirement system should be excluded from or included under an agreement under this section;

(B) An opportunity to vote in such referendum was given (and was limited) to eligible employees;

(C) Not less than ninety days' notice of such referendum was given to all such employees;

(D) Such referendum was conducted under the supervision of the governor or an agency or individual designated by him; and

(E) A majority of the eligible employees voted in favor of including service in such positions under an agreement under this section.

An employee shall be deemed an "eligible employee" for purposes of any referendum with respect to any retirement system if, at the time such referendum was held, he was in a position covered by such retirement system and was a member of such system, and if he was in such a position at the time notice of such referendum was given as required by clause (C) of the preceding sentence; except that he shall not be deemed an "eligible employee" if, at the time the referendum was held, he was in a position to which the State agreement already applied, or if he was in a position excluded by or pursuant to paragraph (5). No referendum with respect to a retirement system shall be valid for purposes of this paragraph unless held within the two-year period which ends on the date of execution of the agreement or modification which extends the insurance system established by this title to such retirement system, nor shall any referendum with respect to a retirement system be valid for purposes of this paragraph if held less than one year after the last previous referendum held with respect to such retirement system.

(4) For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group—

(A) all employees in positions which were covered by the same retirement system on the date the agreement was made applicable to such system (other than employees to whose services the agreement already applied on such date);

(B) all employees in positions which became covered by such system at any time after such date; and

(C) all employees in positions which were covered by such system at any time before such date and to whose services the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system (including employees to whose services the agreement was not applicable on such date because such services were excluded pursuant to subsection (c)(3)(C)).

(5) (A) Nothing in paragraph (3) of this subsection shall authorize the extension of the insurance system established by this title to service in any policeman's or fireman's position.

(B) At the request of the State, any class or classes of positions covered by a retirement system which may be excluded from the agreement pursuant to paragraph (3) or (5) of subsection (c), and to which the agreement does not already apply, may be excluded from the agreement at the time it is made applicable to such retirement system; except that, notwithstanding the provisions of paragraph (3) (C) of such subsection, such exclusion may not include any services to which such paragraph (3) (C) is applicable. In the case of any such exclusion, each such class so excluded shall, for purposes of this subsection, constitute a separate retirement system in case of any modification of the agreement thereafter agreed to.

(6)(A) If a retirement system covers positions of employees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to any one or more of the political subdivisions concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State or with respect to the State and any one or more of the political subdivisions concerned. Where a retirement system covering positions of employees of a State and positions of employees of one or more political subdivisions of a State or covering positions of employees of two or more political subdivisions of the State, is not divided into separate retirement systems pursuant to the preceding sentence or pursuant to subparagraph (C), then the State may, for purposes of subsection (f) only, deem the system to be a separate retirement system with respect to any one or more of the political subdivisions concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State or with respect to the State and any one or more of the political subdivisions concerned.

(B) If a retirement system covers positions of employees of one or more institutions of higher learning, then, for purposes of such preceding paragraphs, there shall, if the State so desires, be deemed to be a separate retirement system for the employees of each such institution of higher learning. For the purposes of this subparagraph, the term "institutions of higher learning" includes junior colleges and teachers colleges. If a retirement system covers positions of employees of a hospital which is an integral part of a political subdivision, then, for purposes of the preceding paragraphs there shall, if the State so desires, be deemed to be a separate retirement system for the employees of such hospital.

(C) For the purposes of this subsection, any retirement system established by the State of California, Connecticut, Florida, Georgia, Massachusetts, Minnesota, *New Mexico*, New York, North Dakota, Pennsylvania, Rhode Island, Tennessee, Texas, Vermont, Washington, Wisconsin, or Hawaii, or any political subdivision of any such State, which, on, before, or after the date of enactment of this subparagraph, is divided into two divisions or parts, one of which is composed of positions of members of such system who desire coverage under an agreement under this section and the other of which is composed of positions of members of such system who do not desire such coverage, shall, if the State so desires and if it is provided that there shall be included in such division or part composed of members desiring such coverage the positions of individuals who become members of such system after such coverage is extended, be deemed to be a separate retirement system with respect to each such division or part. If, in the case of a separate retirement system which is deemed to exist by reason of subparagraph (A) and which has been divided into two divisions or parts pursuant to the first sentence of this subparagraph, individuals become members of such system by reason of action taken by a political subdivision after coverage under an agreement under this section has been extended to the division or part thereof composed of positions of individuals who desire such coverage, the positions of such individuals who become members of such retirement system by reason of the action so taken shall be included in the division or part of such system composed of positions of members who do not desire such coverage if (i) such individuals, on the day before becoming such members, were in the division or part of another separate retirement system (deemed to exist by reason of subparagraph (A)) composed of positions of members of such system who do not desire coverage under an agreement under this section, and (ii) all of the positions in the separate retirement system of which such individuals so become members and all of the positions in the separate retirement system referred to in clause (i) would have been covered by a single retirement system if the State had not taken action to provide for separate retirement systems under this paragraph.

(D) The position of any individual which is covered by any retirement system to which subparagraph (C) is applicable shall, if such individual is ineligible to become a member of such system on August 1, 1956, or, if later, the day he first occupies such position, be deemed to be covered by the separate retirement system consisting of the positions of members of the division or part who do not desire coverage under the insurance system established under this title.

(E) An individual who is in a position covered by a retirement system to which subparagraph (C) is applicable and who is not a member of such system but is eligible to become a member thereof shall, for purposes of this subsection (other than paragraph (8)), be regarded as a member of such system; except that, in the case of any retirement system a division or part of which is covered under the agreement (either in the original agreement or by a modification thereof), which coverage is agreed to prior to 1960, the preceding provisions of this subparagraph shall apply only if the State so requests and any such individual referred to in such preceding provisions shall, if the State so requests, be treated, after division of the retirement system pursuant to such subparagraph (C), the same as individuals in positions referred to in subparagraph (F).

(F) In the case of any retirement system divided pursuant to subparagraph (C), the position of any member of the division or part composed of positions of members who do not desire coverage may be transferred to the separate retirement system composed of positions of members who desire such coverage if it is so provided in a modification of such agreement which is mailed, or delivered by other means, to the Secretary [prior to 1960 or, if later, the expiration of one year after the date] *prior to 1963 or, if later, the expiration of two years after the date* on which such agreement, or the modification thereof making the agreement applicable to such separate retirement system, as the case may be, is agreed to, but only if, prior to such modification or such later modification, as the case may be, the individual occupying such position files with the State a written request for such transfer. *Notwithstanding subsection (f)(1), any such modification or later modification, providing for the transfer of additional positions within a retirement system previously divided pursuant to subparagraph (C) to the separate retirement system composed of positions of members who desire coverage, shall be effective with respect to services performed after the same effective date as that which was specified in the case of such previous division.*

* * * * *

DISABILITY INSURANCE BENEFIT PAYMENTS

Disability Insurance Benefits

SEC. 223. (a)(1) Every individual who—

(A) is insured for disability insurance benefits (as determined under subsection (c)(1)),

(B) has not attained the age of sixty-five,

(C) has filed application for disability insurance benefits, and

(D) is under a disability (as defined in subsection (c)(2)) at the time such application is filed,

shall be entitled to a disability insurance benefit (i) for each month beginning with the first month after his waiting period (as defined in subsection (c)(3)) in which he becomes so entitled to such insurance benefits, or (ii) for each month beginning with the first month during all of which he is under a disability and in which he becomes so entitled to such insurance benefits, but only if he was entitled to

disability insurance benefits which terminated, or had a period of disability (as defined in section 216(i)) which ceased, within the sixty-month period preceding the first month in which he is under such disability, and ending with the month preceding whichever of the following months is the earliest; the month in which he dies, the month in which he attains **[the age of sixty-five]** *age 65, the first month for which he is entitled to old-age insurance benefits*, or the third month following the month in which his disability ceases.

(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he had attained **[retirement age]** *age 62 (if a woman) or age 65 (if a man)* in—

(A) the first month of his waiting period, or

(B) in any case in which clause (ii) of paragraph (1) of this subsection is applicable, the first month for which he becomes entitled to such disability insurance benefits,

and as though he had become entitled to old-age insurance benefits in the month in which he filed his application for disability insurance benefits. For the purposes of the preceding sentence in the case of a woman who both was fully insured and had attained retirement age in or before the first month referred to in subparagraph (A) or (B) of such sentence, as the case may be the elapsed years referred to in section 215(b)(3) shall not include the first year in which she both was fully insured and had attained **[retirement age]** *age 62*, or any year thereafter.

(3) *If, for any month before the month in which an individual attains age 65, such individual is entitled to—*

(A) *a widow's, widower's or parent's insurance benefit, or*

(B) *an old-age wife's, or husband's insurance benefit which is reduced under subsection (g) of section 202,*

such individual may not, for any month after the first month for which such individual is so entitled, become entitled to disability insurance benefits; and a period of disability may not begin with respect to such individual in any month after such first month.

Filing of Application

(b) No application for disability insurance benefits shall be accepted as a valid application for purposes of this section (1) if it is filed more than nine months before the first month for which the applicant becomes entitled to such benefits, or (2) in any case in which clause (ii) of paragraph (1) of subsection (a) is applicable, if it is filed more than six months before the first month for which the applicant becomes entitled to such benefits; and any application filed within such nine months' period or six months' period, as the case may be, shall be deemed to have been filed in such first month. An individual who would have been entitled to a disability insurance benefit for any month after June 1957 had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he is continuously under a disability after such month and until he files application therefor, and he files such application prior to the end of the twelfth month immediately succeeding such month.

Definitions

(c) For purposes of this section—

(1) An individual shall be insured for disability insurance benefits in any month if—

(A) he would have been a fully insured individual (as defined in section 214) had he attained [retirement age] age 62 (if a woman) or age 65 (if a man) and filed application for benefits under section 202(a) on the first day of such month, and

(B) he had not less than twenty quarters of coverage during the forty-quarter period ending with the quarter in which such first day occurred, not counting as part of such forty-quarter period any quarter any part of which was included in a period of disability (as defined in section 216(i)) unless such quarter was a quarter of coverage.

(2) The term “disability” means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

(3) The term “waiting period” means, in the case of any application for disability insurance benefits, the earliest period of six consecutive calendar months—

(A) throughout which the individual who files such application has been under a disability which continues until such application is filed, and

(B) (i) which begins not earlier than with the first day of the eighteenth month before the month in which such application is filed if such individual is insured for disability insurance benefits in such eighteenth month, or (ii) if he is not so insured in such month, which begins not earlier than with the first day of the first month after such eighteenth month in which he is so insured.

Notwithstanding the preceding provisions of this paragraph, no waiting period may begin for any individual before January 1, 1957.

TITLE X—GRANTS TO STATES FOR AID TO THE BLIND

* * * * *

Sec. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1958, (1) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)—

(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the prod-

uct of \$30 multiplied by the total number of recipients of aid to the blind for such month (which total number, for purposes of this subsection, means (i) the number of individuals who received aid to the blind in the form of money payments for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as aid to the blind in the form of medical or any other type of remedial care); plus

(B) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$65 multiplied by the total number of such recipients of aid to the blind for such month; plus

(C) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smaller of the following:

(i) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (B), not counting so much of any expenditure with respect to any month as exceeds the product of \$67.50 multiplied by the total number of such recipients of aid to the blind for such month; or

(ii) 100 per centum of the product obtained by multiplying the sum of the total number, for each month of such quarter, of recipients of aid to the blind by the excess of the monthly average of aid to the blind per recipient for such quarter over the monthly average of aid to the blind per recipient for the quarter beginning January 1, 1961;

and (2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to (A) one-half of the total of the sums expended during such quarter as aid to the blind under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds \$35 multiplied by the total number of recipients of aid to the blind for such month; plus (B) with respect to such expenditures during any quarter beginning after June 30, 1961, one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$36.25 multiplied by the total number of recipients of aid to the blind for such month; and (3) in the case of any State, an amount equal to one-half of the total sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the blind to help them attain self-support or self-care.

TITLE XI—GENERAL PROVISIONS

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ASSISTANCE FOR UNITED STATES NATIONALS RETURNED FROM FOREIGN COUNTRIES

SEC. 1113. (a)(1) The Secretary is authorized to provide temporary assistance to the United States nationals and to dependents of United States nationals, if they (A) are identified by the Department of State as having returned, or been brought, from a foreign country to the United States because of the destitution of the United States national or the illness of such national or any of his dependents or because of war, threat of war, invasion, or similar crisis, and (B) are without available resources.

(2) Except in such cases or classes of cases as are set forth in regulations of the Secretary, provision shall be made for reimbursement to the United States by the recipients of the temporary assistance to cover the cost thereof.

(3) The Secretary may provide assistance under paragraph (1) directly or through utilization of the services and facilities of appropriate public or private agencies and organizations, in accordance with agreements providing for payment, in advance or by way of reimbursement, as may be determined by the Secretary, of the cost thereof. Such cost shall be determined by such statistical, sampling, or other method as may be provided in the agreement.

(b) The Secretary is authorized to develop plans and make arrangements for provision of temporary assistance within the United States to individuals specified in subsection (a)(1). Such plans shall be developed and such arrangements shall be made after consultation with the Secretary of State and the Secretary of Defense. To the extent feasible, assistance provided under subsection (a) shall be provided in accordance with the plans developed pursuant to this subsection, as modified from time to time by the Secretary.

(c) For purposes of this section, the term "temporary assistance" means money payments, medical care, temporary billeting, transportation, and other goods and services necessary for the health or welfare of individuals (including guidance, counseling, and other welfare services) furnished to them within the United States upon their return to the United States from a foreign country and for such period after their return as may be provided in regulations of the Secretary.

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TITLE XIV—GRANTS TO STATES FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

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Payments to States

Sec. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1958, (1) in the case of any State other than Puerto Rico, the Virgin Islands, and

Guam, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)—

(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$30 multiplied by the total number of recipients of aid to the permanently and totally disabled for such month (which total number, for purposes of this subsection, means (i) the number of individuals who received aid to the permanently and totally disabled in the form of money payments for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as aid to the permanently and totally disabled in the form of medical or any other type of remedial care); plus

(B) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$65 multiplied by the total number of such recipients of aid to the permanently and totally disabled for such month; plus

(C) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the smaller of the following:

(i) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (B), not counting so much of any expenditure with respect to any month as exceeds the product of \$67.50 multiplied by the total number of such recipients of aid to the permanently and totally disabled for such month; or

(ii) 100 per centum of the product obtained by multiplying the sum of the total number, for each month of such quarter, of recipients of aid to the permanently and totally disabled by the excess of the monthly average of aid to the permanently and totally disabled per recipient for such quarter over the monthly average of aid to the permanently and totally disabled per recipient for the quarter beginning January 1, 1961;

and (2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to (A) one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds \$35 multiplied by the total number of recipients of aid to the permanently and totally disabled for such month; plus (B) with respect to such expenditures during any quarter beginning after June 30, 1961, and ending prior to July 1, 1962, the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of \$36.25 multiplied by the total

number of recipients of aid to the permanently and totally disabled for such month;

and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the permanently and totally disabled to help them attain self-support or self-care.

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SECTION 303(g) OF THE SOCIAL SECURITY AMENDMENTS OF 1960

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COMPUTATIONS AND RECOMPUTATIONS OF PRIMARY INSURANCE AMOUNTS

SEC. 303. (g) (1) In the case of any individual who both was fully insured and had attained retirement age prior to 1961 and (A) who becomes entitled to old-age insurance benefits after 1960, or (B) who dies after 1960 without being entitled to such benefits, then, notwithstanding the amendments made by the preceding subsections of this section, the Secretary shall also compute such individual's primary insurance amount on the basis of such individual's average monthly wage determined under the provisions of section 215 of the Social Security Act in effect prior to the enactment of this Act with a closing date determined under section 215(b)(3)(B) of such Act as then in effect, but only if such closing date would have been applicable to such computation had this section not been enacted. If the primary insurance amount resulting from the use of such an average monthly wage is higher than the primary insurance amount resulting from the use of an average monthly wage determined pursuant to the provisions of section 215 of the Social Security Act, as amended by the Social Security Amendments of 1960, such higher primary insurance amount shall be the individual's primary insurance amount for purposes of such section 215. The terms used in this subsection shall have the meaning assigned to them by title II of the Social Security Act; *except that the terms "fully insured" and "retirement age" shall have the meaning assigned to them by such title II as in effect on September 12 1960.*

(2) Notwithstanding the amendments made by the preceding subsections of this section, in the case of any individual who was entitled (without regard to the provisions of section 223(b) of the Social Security Act) to a disability insurance benefit under such section 223 for the month before the month in which he became entitled to an old-age insurance benefit under section 202(a) of such Act, or in which he die, and such disability insurance benefit was based upon a primary insurance amount determined under the provisions of section 215 of the Social Security Act in effect prior to the enactment of this Act, the Secretary shall, in applying the provisions of such section 215(a) (except paragraph (4) thereof), for purposes of determining benefits payable under section 202 of such Act on the basis of such in-

dividual's wages and self-employment income, determine such individual's average monthly wage under the provisions of section 215 of the Social Security Act in effect prior to the enactment of this Act. The provisions of this paragraph shall not apply with respect to any such individual, entitled to such old-age insurance benefits, (i) who applies, after 1960, for a recomputation (to which he is entitled) of his primary insurance amount under section 215(f)(2) of such Act, or (ii) who dies after 1960 and meets the conditions for a recomputation of his primary insurance amount under section 215(f)(4) of such Act.

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INTERNAL REVENUE CODE OF 1954

CHAPTER 2—TAX ON SELF-EMPLOYMENT INCOME

Sec. 1401. Rate of tax.
 Sec. 1402. Definitions.
 Sec. 1403. Miscellaneous provisions.

SEC. 1401. RATE OF TAX.

In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

[(1) in the case of any taxable year beginning after December 31, 1958, and before January 1, 1960, the tax shall be equal to 3 $\frac{3}{4}$ percent of the amount of the self-employment income for such taxable year;]

[(2)] (1) in the case of any taxable year beginning after December 31, [1959,] 1961, and before January 1, 1963, the tax shall be equal to [4 $\frac{1}{2}$] 4.7 percent of the amount of the self-employed income for such taxable year.

[(3)] (2) in the case of any taxable year beginning after December 31, 1962, and before January 1, 1966, the tax shall be equal to [5 $\frac{1}{2}$] 5.4 percent of the amount of the self-employment income for such taxable year;

[(4)] (3) in the case of any taxable year beginning after December 31, 1965, and before January 1, 1969, the tax shall be equal to [6] 6.2 percent of the amount of the self-employment income for such taxable year; and

[(5)] (4) in the case of any taxable year beginning after December 31, 1968, the tax shall be equal to [6 $\frac{1}{2}$] 6.9 percent of the amount of the self-employment income for such taxable year.

NOTE.—The amendments to section 1401 of the Internal Revenue Code of 1954 apply with respect to taxable years beginning after December 31, 1961.

SEC. 1402. DEFINITIONS.

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(e) **MINISTERS, MEMBERS OF RELIGIOUS ORDERS, AND CHRISTIAN SCIENCE PRACTITIONERS.**—

(1) **WAIVER CERTIFICATE.**—Any individual who is (A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order (other than a member of a religious order who has taken a vow of poverty as a member of such order)

or (B) a Christian Science practitioner may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that he elects to have the insurance system established by title II of the Social Security Act extended to service described in subsection (c)(4), or service described in subsection (c)(5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, as the case may be, performed by him.

(2) **TIME FOR FILING CERTIFICATE.**—Any individual who desires to file a certificate pursuant to paragraph (1) must file such certificate on or before whichever of the following dates is later: (A) the due date of the return (including any extension thereof) for his second taxable year ending after 1954 for which he has net earnings from self-employment (computed, in the case of an individual referred to in paragraph (1)(A), without regard to subsection (c)(4); and, in the case of an individual referred to in paragraph (1)(B), without regard to subsection (c)(5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner) of \$400 or more, any part of which was derived from the performance of service described in subsection (c)(4), or from the performance of service described in subsection (c)(5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, as the case may be; or (B) the due date of the return (including any extension thereof) for his second taxable year ending after 1959.

(3) (A) **EFFECTIVE DATE OF CERTIFICATE.**—A certificate filed pursuant to this subsection shall be effective for the taxable year immediately preceding the earliest taxable year for which, at the time the certificate is filed, the period for filing a return (including any extension thereof) has not expired, and for all succeeding taxable years. An election made pursuant to this subsection shall be irrevocable.

(B) Notwithstanding the first sentence of subparagraph (A), if an individual filed a certificate on or before the date of enactment of this subparagraph which (but for this subparagraph) is effective only for the first taxable year ending after 1956 and all succeeding taxable years, such certificate shall be effective for his first taxable year ending after 1955 and all succeeding taxable years if—

(i) such individual files a supplemental certificate after the date of enactment of this subparagraph and on or before April 15, 1962,

(ii) the tax under section 1401 in respect of all such individual's self-employment income (except for underpayments of tax attributable to errors made in good faith) for his first taxable year ending after 1955 is paid on or before April 15, 1962, and

(iii) in any case where refund has been made of any such tax which (but for this subparagraph) is an overpayment, the amount refunded (including any interest paid under section 6611) is repaid on or before April 15, 1962.

The provisions of section 6401 shall not apply to any payment or repayment described in this subparagraph.

(4) TREATMENT OF CERTAIN REMUNERATION PAID IN 1955 AND 1956 AS WAGES.—If—

(A) in 1955 or 1956 an individual was paid remuneration for service described in section 3121(b)(8)(A) which was erroneously treated by the organization employing him (under a certificate filed by such organization pursuant to section 3121(k) or the corresponding section of prior law) as employment (within the meaning of chapter 21), and

(B) on or before the date of the enactment of this paragraph the taxes imposed by sections 3101 and 3111 were paid (in good faith and upon the assumption that the insurance system established by title II of the Social Security Act had been extended to such service) with respect to any part of the remuneration paid to such individual for such service,

then the remuneration with respect to which such taxes were paid, and with respect to which no credit or refund of such taxes (other than a credit or refund which would be allowable if such service had constituted employment) has been obtained on or before the date of the enactment of this paragraph, shall be deemed (for purposes of this chapter and chapter 21) to constitute remuneration paid for employment and not net earnings from self-employment.

(5) OPTIONAL PROVISION FOR CERTAIN CERTIFICATES FILED ON OR BEFORE APRIL 15, 1962.—In any case where an individual has derived earnings, in any taxable year ending after 1954 and before 1960, from the performance of service described in subsection (c)(4), or in subsection (c)(5) (as in effect prior to the enactment of this paragraph) insofar as it related to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, and has reported such earnings as self-employment income on a return filed on or before the date of the enactment of this paragraph and on or before the due date prescribed for filing such return (including any extension thereof)—

(A) a certificate filed by such individual (or a fiduciary acting for such individual or his estate, or his survivor within the meaning of section 205 (c) (1) (C) of the Social Security Act) after the date of the enactment of this paragraph and on or before April 15, 1962, may be effective, at the election of the person filing such certificate, for the first taxable year ending after 1954 and before 1960 for which such a return was filed, and for all succeeding taxable years, rather than for the period prescribed in paragraph (3), and

(B) a certificate filed by such individual on or before the date of the enactment of this paragraph which (but for this subparagraph) is ineffective for the first taxable year ending after 1954 and before 1959 for which such a return was filed shall be effective for such first taxable year, and for all succeeding taxable years, provided a supplemental certificate is filed by such individual (or a fiduciary acting for such individual or his estate, or his survivor within the meaning of section 205 (c) (1) (C) of

Social Security Act) after the date of the enactment of this paragraph and on or before April 15, 1962,
but only if—

(i) the tax under section 1401 in respect of all such individual's self-employment income (except for underpayments of tax attributable to errors made in good faith), for each such year ending before 1960 in the case of a certificate described in subparagraph (A) or for each such year ending before 1959 in the case of a certificate described in subparagraph (B), is paid on or before April 15, 1962, and

(ii) in any case where refund has been made of any such tax which (but for this paragraph) is an overpayment, the amount refunded (including any interest paid under section 6611) is repaid on or before April 15, 1962.

The provisions of section 6401 shall not apply to any payment or repayment described in this paragraph.

(6) *CERTIFICATE FILED BY FIDUCIARIES OR SURVIVORS ON OR BEFORE APRIL 15, 1962.*—*In any case where an individual, whose death has occurred after September 12, 1960, and before April 16, 1962, derived earnings from the performance of services described in subsection (c)(4), or in subsection (c)(5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, a certificate may be filed after the date of enactment of this paragraph, and on or before April 15, 1962, by a fiduciary acting for such individual's estate or by such individual's survivor within the meaning of section 205(c)(1)(C) of the Social Security Act. Such certificate shall be effective for the period prescribed in paragraph (3)(A) as if filed by the individual on the day of his death.*

Note.—The amendment to section 1402(e) of the Internal Revenue Code of 1954 shall take effect on the date of enactment of this amendment; except that no monthly benefits under title II of the Social Security Act for the month in which this amendment is enacted or any prior month shall be payable or increased by reason of such amendment, and no lump-sum death payment under such title shall be payable or increased by reason of such amendment in the case of any individual who died prior to the date of enactment of this amendment.

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SUBTITLE C—EMPLOYMENT TAXES

- CHAPTER 21. Federal insurance contributions act.
- CHAPTER 22. Railroad retirement tax act.
- CHAPTER 23. Federal unemployment tax act.
- CHAPTER 24. Collection of income tax at source on wages.
- CHAPTER 25. General provisions relating to employment taxes.

CHAPTER 21—FEDERAL INSURANCE CONTRIBUTIONS ACT

- SUBCHAPTER A. Tax on employees.
- SUBCHAPTER B. Tax on employers.
- SUBCHAPTER C. General provisions.

SUBCHAPTER A—TAX ON EMPLOYEES

- Sec. 3101. Rate of tax.
- Sec. 3102. Deduction of tax from wages.

SEC. 3101. RATE OF TAX.

In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121(a)) received by him with respect to employment (as defined in section 3121(b))—

[(1) with respect to wages received during the calendar year 1959, the rate shall be 2½ percent;]

[(2)] (1) with respect to wages received during the calendar [years 1960 to 1962, both inclusive,] *year 1962*, the rate shall be [3] 3½ percent;

[(3)] (2) with respect to wages received during the calendar years 1963 to 1965, both inclusive, the rate shall be [3½] 3½ percent;

[(4)] (3) with respect to wages received during the calendar years 1966 to 1968, both inclusive, the rate shall be [4] 4½ percent; and

[(5)] (4) with respect to wages received after December 31, 1968, the rate shall be [4½] 4½ percent.

NOTE.—The amendments to section 3101 of the Internal Revenue Code of 1954 apply with respect to remuneration paid after December 31, 1961.

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SUBCHAPTER B—TAX ON EMPLOYERS

Sec. 3111. Rate of tax.

Sec. 3112. Instrumentalities of the United States.

Sec. 3113. District of Columbia credit unions.

SEC. 3111. RATE OF TAX.

In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in section 3121(b))—

[(1) with respect to wages paid during the calendar year 1959, the rate shall be 2½ percent;]

[(2)] (1) with respect to wages paid during the calendar [years 1960 to 1962, both inclusive,] *year 1962*, the rate shall be [3] 3½ percent;

[(3)] (2) with respect to wages paid during the calendar years 1963 to 1965, both inclusive, the rate shall be [3½] 3½ percent;

[(4)] (3) with respect to wages paid during the calendar years 1966 to 1968, both inclusive, the rate shall be [4] 4½ percent; and

[(5)] (4) with respect to wages paid after December 31, 1968, the rate shall be [4½] 4½ percent.

NOTE.—The amendments to section 3111 of the Internal Revenue Code of 1954 apply with respect to remuneration paid after December 31, 1961.

SECTION 1 OF THE RAILROAD RETIREMENT ACT OF 1937

DEFINITIONS

SECTION 1. For the purposes of this Act—

* * * * *

(q) The terms "Social Security Act" and "Social Security Act, as amended," shall mean the Social Security Act as amended in [1960] 1961.

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