

**COMMITTEE ON FINANCE,
UNITED STATES SENATE**

Harry Flood Byrd, Chairman

**BRIEF SUMMARY OF MAJOR PROVISIONS OF AND
DETAILED COMPARISON SHOWING CHANGES
MADE IN TITLE II OF THE SOCIAL SECURITY
ACT BY H.R. 11865 AND H.R. 9393 AS PASSED
BY THE HOUSE OF REPRESENTATIVES**

**(Compiled by Education and Public Welfare Division, Legislative Reference Service,
Library of Congress, at the Direction of the Chairman and Printed
for the Use of the Committee on Finance)**

**U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1964**

51525

COMMITTEE ON FINANCE

HARRY FLOOD BYRD, Virginia, Chairman

RUSSELL B. LONG, Louisiana

GEORGE A. SMATHERS, Florida

CLINTON P. ANDERSON, New Mexico

PAUL H. DOUGLAS, Illinois

ALBERT GORE, Tennessee

HERMAN E. TALMADGE, Georgia

EUGENE J. MCCARTHY, Minnesota

VANCE HARTKE, Indiana

J. W. FULBRIGHT, Arkansas

ABRAHAM A. RIBICOFF, Connecticut

JOHN J. WILLIAMS, Delaware

FRANK CARLSON, Kansas

WALLACE F. BENNETT, Utah

CARL T. CURTIS, Nebraska

THURSTON B. MORTON, Kentucky

EVERETT MCKINLEY DIRKSEN, Illinois

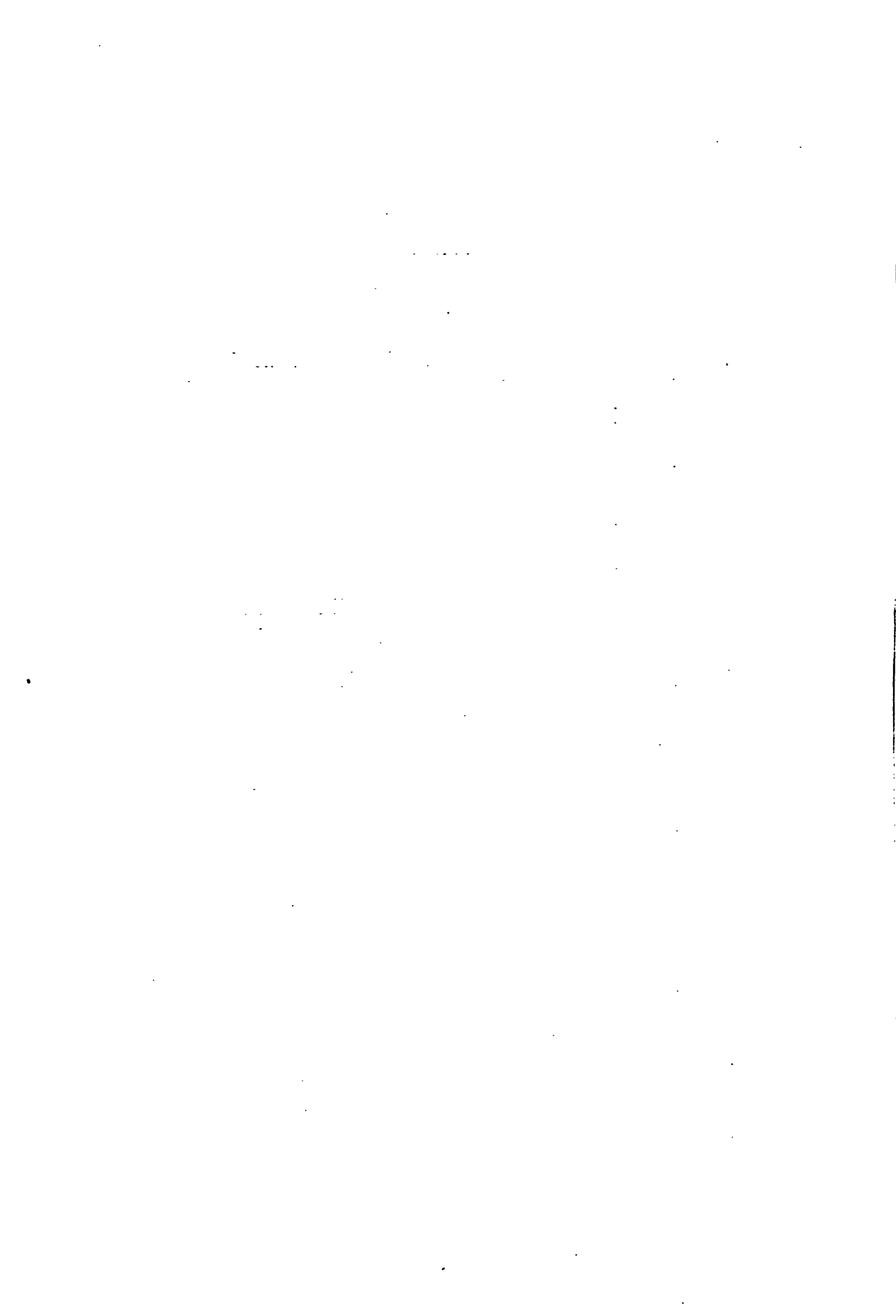
ELIZABETH B. SPRINGER, Chief Clerk

CONTENTS

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

(Title II of Social Security Act)

	Page
Summary of major provisions.....	1
I. Coverage.....	6
A. Self-employed.....	6
1. Professional groups.....	6
2. Ministers.....	6
3. Farm operators.....	6
4. Public officials.....	6
5. Newspaper vendors.....	7
B. Employees.....	7
1. Agricultural workers.....	7
2. Domestic workers.....	7
3. Casual labor.....	7
4. Cash tips.....	8
5. State and local government employees.....	9
6. Employees of nonprofit organizations.....	11
7. Federal employees.....	12
8. Students, interns, and nurses in schools and hospitals.....	13
9. Newsboys.....	13
10. Members of the Armed Forces.....	13
11. Railroad employees.....	13
12. Family employment.....	14
13. Employees of Communist organizations.....	14
II. Provisions relating to disability.....	14
A. Nature of the provisions.....	14
1. Benefits.....	14
2. Disability "freeze".....	14
B. Eligibility requirements.....	14
1. Definition.....	14
2. Waiting period.....	14
3. Insured status (work requirements).....	15
4. Applications.....	15
III. Benefit categories.....	15
A. Worker—old age.....	15
B. Wife or dependent husband.....	15
C. Widow, widower, or parent.....	16
D. Children.....	16
E. "Transitional insured" benefit for certain aged workers, wives, and widows. (Fully insured status, see p. 20.).....	17
IV. Benefit amounts.....	17
A. Creditable earnings.....	17
B. Average monthly wage.....	17
C. Recomputations.....	18
D. Benefit formula.....	19
E. Maximum primary insurance amount.....	19
F. Minimum primary insurance amount.....	19
G. Maximum family benefits.....	19
H. Lump-sum death payment.....	19
I. Illustrative monthly benefits payable under present law and H.R. 11865.....	20
V. Fully insured status.....	20
VI. Retirement test.....	22
A. Scope.....	22
B. Test of earnings.....	22
C. Age exemption.....	22
VII. Financing.....	22
A. Allocation between the trust funds.....	22
B. Maximum taxable amount.....	23
C. Tax rate for self-employed.....	23
D. Tax rate for employees and employers.....	23
E. Railroad retirement tax.....	23



SUMMARY OF MAJOR PROVISIONS OF THE BILL

(All provisions are in H.R. 11865 unless otherwise indicated)

I. Five percent across-the-board increase in insurance benefit payments

The bill would increase the insurance benefit payments under present law by 5 percent for all persons now on the benefit rolls and for all future beneficiaries.

Number of beneficiaries and effective date.—The increase would be effective for the 20 million beneficiaries on the rolls in their benefit payments which are due for the second calendar month following the date of enactment.

For the first full year, 1965, it is estimated that \$925 million in additional benefit amounts would be paid as a result of this increase.

Workers, dependents, and survivors benefits.—Monthly payments for workers who have retired at age 65 would range from \$42 to \$133.40 for primary beneficiaries as compared with \$40 to \$127 under present law. Maximum primary benefits would range up to \$143.40 for people who retire in the future as the increase in the earnings base, also contained in the bill, makes possible the counting of up to \$5,400 (now \$4,800) of annual earnings toward benefits along with the 5-percent increase in payments. Survivors and dependents benefits would also be proportionately increased.

Family maximum.—Under present law, the ceiling on the total amount of family benefits payable on a worker's earnings record ranges from \$60 to \$254 a month, depending on the worker's average monthly earnings. The bill raises the minimum amount of monthly benefits for a family to \$63 and the maximum would be \$281.20 at the \$400 average monthly earnings level, which is the highest possible under the present \$4,800 earnings base. In the future, maximum family benefit amounts up to \$300 would be payable as the \$5,400 earnings base which the bill provides becomes effective and average monthly earnings rise above \$400.

(See p. 19.)

II. Payment of benefits to certain aged persons

The bill would provide limited benefits for certain aged individuals (now in their seventies or older) who have some social security coverage but not enough to meet the minimum required by existing law.

A special provision would liberalize the eligibility requirements so that some aged people who do not meet the minimum work requirements in present law of six quarters could qualify for benefits on the basis of as few as three quarters of coverage. Upon attaining age 72 or older, a worker or widow who qualifies under these provisions would get a monthly benefit of \$35; a wife who qualifies would get a benefit of \$17.50.

Persons affected, benefits, and effective date.—These provisions would become effective for the second month after the month of enactment. It is estimated that 600,000 individuals will be added to the social security benefit rolls by this provision, with such benefits totaling about \$250 million in 1965.

Men and women workers.—A new concept of "transitional insured" status under the bill would provide that the oldest workers will receive benefits with as little as three quarters of coverage. For those workers who are not quite so old, the quarters of coverage requirement would increase until the requirement merges with the present minimum requirement of six quarters.

The following table illustrates the operation of the "transitional insured" status provision for workers:

Transitional insured status requirements for worker's benefits

Men		Women	
Age (in 1965)	Quarters of coverage required	Age (in 1965)	Quarters of coverage required
76 or over.....	3.....	73 or over.....	3.
75.....	4.....	72.....	4.
74.....	5.....	71.....	5.
73 or younger.....	6 or more.....	70 or younger.....	6 or more.

To be eligible for benefits an individual must both (1) meet the above age and coverage requirements, and (2) have attained age 72.

A wife's benefit would be payable at age 72 to the wife of a worker who qualified for benefits under the transitional provisions if she attains age 72 before 1968.

Widows.—Any widow who is age 72 or over in 1965, if her husband died or reached age 65 in 1954 or earlier, can get a widow's benefit if her husband had three quarters of coverage. Present law requires six quarters. If the husband died or reached 65 in 1955, the requirement is four quarters. If he died or reached 65 in 1956, the requirement would be five quarters. If he died or reached 65 in 1957 or later, the minimum requirement would be six quarters, the same as present law.

For widows reaching age 72 in 1966 and 1967, there is a grading-in of coverage requirement of four or five quarters of coverage, respectively. Widows reaching age 72 in 1968 or after would be subject to the requirements of existing law of six or more quarters of coverage.

The table below sets forth the requirements as to widows:

Transitional insured status requirements for widow's benefits

Year of husband's death (or attainment of age 65, if earlier)	Present quarters required	Proposed quarters required for widow attaining age 72 in—		
		1955 or before	1966	1967
1954 or before.....	6.....	3.....	4.....	5.
1955.....	6.....	4.....	4.....	5.
1956.....	6.....	5.....	5.....	5.
1957 or after.....	6 or more.....	6 or more.....	6 or more.....	6 or more.

(See pp. 20-21.)

III. Payment of child's insurance benefits to children attending school or college after attainment of age 18 and up to age 22

The bill would provide for the payment of child's insurance benefits until the child reaches age 22, provided the child is attending public or accredited schools, including a vocational school, or a college, as a full-time student after he reaches age 18. Children of deceased, retired, or disabled workers would be included. No mother's or wife's benefits would be payable on the basis of a child who has attained age 18 but is in school.

This provision will be effective for the month following the month of enactment. It is estimated that 275,000 children would benefit in the total amount of \$175 million under this provision in 1965.

(See pp. 16-17.)

IV. *Benefits for widows at age 60*

The bill would provide the option to widows of receiving benefits beginning at age 60 with the benefits payable to those who claim them before age 62 actuarially reduced to take account of the longer period over which they will be paid. Under present law full widow's benefits and actuarially reduced workers' and wives' benefits are payable at age 62.

This provision would be effective for months after the month of enactment. In the first full year, 1965, it is estimated that 180,000 widows will take advantage of this provision and receive \$150 million in benefits.

(See p. 16.)

V. *Fully retroactive applications for disability*

The bill provides that, for purposes of disability cash benefits and the disability "freeze," a period of disability shall commence at the time of actual disability regardless of when the worker files his application. Under existing law, in case of applications filed after June 30, 1962, the period of disability may begin no more than 18 months before filing. It is estimated that some 50,000 people will receive benefits or greater benefits because of this provision. No new benefits or increased benefits will be paid under this provision for any month 12 months before enactment date or a date of application. (H.R. 9393.)

(See p. 15.)

VI. *Coverage extensions and improvements*

Physicians and interns.—The bill would provide for the coverage of physicians who are self-employed and for interns.

Self-employed physicians would be covered for taxable years ending after December 31, 1964. Interns would be covered beginning on January 1, 1965.

About 170,000 doctors and interns would be covered by this provision.

Ministers.—The bill would extend, generally through April 15, 1965, the time within which present ministers (including Christian Science practitioners) can elect coverage. The cutoff date under existing law was generally April 15, 1962. (H.R. 9393.)

Cash tips.—The bill would include in the definition of "wages" for social security purposes cash tips received by an employee in the course of his employment, whether received directly from customers of his employer or through his employer. The employee would be required to report to his employer in writing the amount of tips received and the employer would report the employee's tips along with the employee's regular wages. Tips received by an employee which do not amount to a total of \$20 a month in connection with his work for any one employer would not be covered and would not be reported.

The employer would be responsible for collecting the employee's share of the social security taxes on tips, paying his (the employer's) share of the tax. He would include tips with his report of wages only if the employee reported tips to him in writing within 10 days after the end of the month in which the tips were received, and then only to the extent that he had available unpaid cash wages of the employee, or funds the employee turned over to him for that purpose, that were sufficient to cover the employee's share of the tax.

The employer would have no liability with respect to tips which were not reported to him within the time specified (or with respect to which he could not collect the employee tax by withholding from unpaid wages or funds turned over by the employee). The employee would be liable for the employee tax which should have been paid and, unless he could show reasonable cause for failure to report to the employer, an additional amount equal to such tax.

The coverage would be effective with respect to tips received after 1964.

Employees of States and localities.—

(1) *Policemen and firemen:* The general exclusion in existing law relating to the coverage of policemen and firemen in retirement systems would be removed. Coverage could thus be made available in all States in the same way that it is made available in 19 States which are specifically listed in present law. However, a new provision would be added to the law so that policemen and firemen could not be brought under coverage as a part of a group which included persons in positions other than policemen and firemen positions.

(2) *Division of retirement systems:* Alaska and Kentucky would be added to the list of 17 States which may cover State and local government employees under the divided retirement system provision. This provision allows existing members to elect coverage, but future members are covered compulsorily.

(3) *Extension of time for election of coverage:* Another opportunity would be provided, through 1935, for the election of coverage by people who originally did not choose coverage under the divided retirement system provision.

(4) *Certain hospital employees:* Coverage would be extended to certain hospital employees in California whose positions were removed from a State or local government retirement system.

(5) *Oklahoma engineering aids:* The bill validates certain earnings of local conservation district employees erroneously reported as State employees under the coverage agreement between Oklahoma and the Secretary of HEW (H.R. 9393).

Computation of self-employment income, from agriculture.—The maximum amount of gross farm income which farmers have the option of using in computing covered farm self-employment income would be increased.

Under the provision, persons with agricultural self-employment would have the following option in reporting their earnings: (a) if annual gross income from agricultural self-employment is not over \$2,400, either actual net earnings or 66% percent of gross income may be reported; (b) if gross income from agricultural self-employment is over \$2,400 and actual net earnings are less than \$1,600, either actual net earnings or \$1,600 may be reported; and (c) if gross earnings are more than \$2,400 and net earnings are more than \$1,600, the actual net earnings must be reported. Under existing law the \$2,400 and \$1,600 figures are \$1,800 and \$1,200, respectively.

This amendment would be effective with respect to taxable years ending after December 31, 1964.

(See pp. 6-13.)

VII. Automatic recomputation of benefits

The retirement benefits of people on the rolls would be recomputed automatically each year to take account of any covered earnings that the worker might have had in the previous year that would increase his benefit amount. Under existing law there are various application requirements, including filing of an application and earnings of over \$1,200 a year after entitlement.

(See p. 18.)

VIII. Financing provisions

Increase in the earnings base.—The earnings base which establishes the amount of annual earnings for benefit and tax purposes would be increased so that earnings up to \$5,400 would be taxed and credited beginning with 1965. The annual base is \$4,800 under present law.

Revision of the tax schedules.—Under the bill, the schedule of social security contribution rates would be modified as follows:

(In percent)

Year	Contribution rates			
	Employer and employee, each		Self-employed	
	Present law	H.R. 11865	Present law	H.R. 11865
1965.....	3.625	3.8	5.4	5.7
1966-67.....	4.125	4.0	6.2	6.0
1968-70.....	4.625	4.5	6.9	6.8
1971.....	4.625	4.8	6.9	7.2

Reallocation of contribution income between the trust funds.—Under the bill, an additional 0.15 percent of taxable wages and 0.1125 percent of taxable self-employment income would be allocated to the disability insurance trust fund bringing the total allocation to 0.65 and 0.4875 percent, respectively, beginning in 1965. A corresponding amount would be deducted from the allocation to the old-age and survivors insurance trust fund.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

I. COVERAGE

Item	Present law	As amended by House (H.R. 11865 unless noted as H.R. 9393)
A. Self-employed.....	<i>Covers</i> all self-employed if they have net earnings from self-employment of \$400 a year except that certain types of income, including dividends, interest, sale of capital assets, and rentals from real estate (including certain rentals paid in crop shares—see item 3, "Farm operators") are not covered unless received by dealers in real estate and securities in the course of business dealings.	No change.
1. Professional groups.....	<i>Covers</i> all professional groups except physicians.....	<i>Covers</i> physicians. Effective for taxable years ending after Dec. 31, 1964.
2. Ministers.....	<i>Covers</i> duly ordained, commissioned or licensed ministers, Christian Science practitioners, and members of religious orders (other than those who have taken a vow of poverty) serving in the United States, and those serving outside the country who are citizens and either working for U.S. employers or serving a congregation predominantly made up of U.S. citizens. Coverage is available under the self-employment coverage provisions on an individual voluntary basis regardless of whether they are employees or self-employed. Allows election of coverage for ministers, ordained before 1960, by filing of certificate generally until Apr. 15, 1962.	No change except: Extends time generally until Apr. 15, 1965. Under present law certificates filed prior to April 15 of a year are effective for the 2 taxable years preceding that year. Under the bill certificates filed after Apr. 15, 1964, and before Apr. 16, 1965, will be effective for the first taxable year ending after 1961—a year earlier than under the general rule. Effective as to certificates filed after enactment but resulting benefits, if any, shall not be payable or increased for any month earlier than the month after the month of enactment. (H.R. 9393.)
3. Farm operators.....	<i>Covers</i> farm operators on the same basis as other self-employed persons except that farm operators whose annual gross earnings are \$1,800 or less can report either their actual net earnings or 66% percent of their gross earnings. Farmers whose annual gross earnings are over \$1,800 report their actual net earnings if over \$1,200, but if actual net earnings are less than \$1,200, they may report \$1,200. Rentals from real estate are not creditable as self-employment earnings, but if landlord under arrangements with tenant or share farmer participates materially in the production of, or in the management of, the crops or livestock on his land, the income is covered.	Modifies exception so that farm operators whose annual gross earnings are \$2,400 or less can report either their actual net earnings or 66% percent of their gross earnings. Farmers whose gross earnings are over \$2,400 report actual net earnings if over \$1,600, but if actual net is less than \$1,600, they may report either actual net earnings or \$1,600. Effective as to taxable years beginning after Dec. 31, 1964.
4. Public officials.....	<i>Excludes</i> individuals performing functions of public officials.	No change.

5. Newspaper vendors.....	<i>Covers</i> individuals over 18 who buy newspapers and magazines at one price and sell them at another regardless of whether they are guaranteed minimum compensation or may return unsold papers and magazines.	No change.
B. Employees.....	<i>Covers</i> employees including certain agent or commission drivers, life insurance salesmen, homeworkers, traveling salesmen, and officers of corporations regardless of the common-law definition of employee.	No change.
1. Agricultural workers.....	<i>Covers</i> agricultural workers who either (1) are paid \$150 or more in cash wages in a calendar year by an employer or (2) perform agricultural labor for an employer on 20 days or more during the calendar year for cash wages computed on a time basis. Farmworkers who are recruited and paid by a crew leader shall be deemed to be employees of the crew leader if such crew leader is not, by written agreement, designated to be an employee of the owner or tenant and if such crew leader is customarily engaged in recruiting and supplying individuals to perform agricultural labor; under such circumstances the crew leader shall be deemed to be self-employed. <i>And excludes:</i> a. Mexican contract workers. b. Workers lawfully admitted to the United States from the Bahamas, Jamaica, and other islands in the British West Indies or from any other foreign country or its possessions, on a temporary basis to perform agricultural labor.	
2. Domestic workers.....	<i>Covers</i> persons performing domestic service in private nonfarm homes if they receive \$50 or more during a calendar quarter from 1 employer. Noncash remuneration is excluded. <i>Excludes</i> students performing domestic service in clubs or fraternities if enrolled and regularly attending classes at a school, college or university.	No change.
3. Casual labor.....	<i>Covers</i> cash remuneration for service not in the course of the employer's trade or business if the remuneration is \$50 or more from 1 employer during a calendar quarter.	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Present law	As amended by House (H.R. 11865 unless noted as H.R. 9393)
<p>B. Employees—Continued 4. Cash tips-----</p>	<p>Tips received by employees are generally not counted as wages. While employees' tips are not mentioned in the law, regulations exclude from wages tips paid directly to an employee, and not accounted for by the employee to the employer.</p>	<p><i>Tips covered.</i> Tips which an employee receives on his own behalf in the course of his employment for an employer, whether the tips are received directly from a customer or through the employer, are specifically covered as wages. However, cash tips of less than \$20 received by an employee in a calendar month in the course of his employment for 1 employer and all non-cash tips are excluded.</p> <p><i>Employee obligation.</i> An employee who, in a month, gets tips that are wages is required to furnish to his employer one or more written reports of the tips. Tips are considered "reported" only if they are included in a written statement furnished to the employer on or before the 10th day following the month in which the tips are received, and only to the extent that the employee's social security tax on the tips can be collected by the employer by the close of the 10th day following the calendar month in which the tips were received. Covered tips are deemed paid to employee by employer when reported or on the close of the 10th day of the following month, if not reported. If an employee fails to "report" to the employer any of his covered tips, he is required to pay both the employee tax on the unreported tips and an additional amount equal to the employee tax. The additional tax is waived if the failure to report is due to reasonable cause and not due to willful neglect.</p> <p><i>Employer obligation.</i> The employer is responsible for the employee's social security tax, paying the employer's share of the tax, and including the tips in his quarterly social security report of wages and on his tax withholding statement to the employee only with respect to tips which an employee includes in a written statement furnished to the employer on or before the 10th day following the month the tips are received, and only to the extent that he can collect the employee tax, before the close of the 10th day following the month in which the tips are received, from unpaid wages (not including tips) or from funds turned over to the employer for that purpose.</p> <p>Reports can be obtained from the employee at other times before the 10th day following the month in which the tips are received, in accordance with regulations prescribed by the Secretary of the Treasury. An employer who is furnished a written statement of tips received in a month before the 10th day following the month in which the tips were received is authorized to deduct the employee's tax on the tips included in</p>

5. State and local government employees.

Covers employees of State and local governments provided the individual State enters into an agreement with the Federal Government to provide such coverage, with the following special provisions:

a. States have the option of covering or excluding employees in any class of elective position, part-time position, fee-basis position, or performing emergency services.

b. Excludes the services of the following persons, specifying that they cannot be included in a State agreement and cannot, therefore, be covered:

(1) employees on work relief projects;
(2) patients and inmates of institutions who are employed by such institutions;

(3) services of the types which would be excluded by the general coverage provisions of the law if they were performed for a private employer, except that agricultural and student services in this category may be covered at the option of the State.

c. Employees who are in positions covered under an existing State or local retirement system may be covered under State agreements only if a referendum is held by a secret written ballot, after not less than 90 days' notice, and if the majority of eligible employees under the retirement system vote in favor of coverage. However, employees in policemen and firemen positions under a State and local retirement system cannot be covered in the agreement. The Governor of a State or his delegate must certify that certain Social Security Act requirements under the referendum procedure have been properly carried out. In most States, all members of a retirement system (with minor exceptions) must be covered if any members are covered.

Employees of any institution of higher learning (including a junior college or a teachers' college and employees of a municipal or county hospital) under a retirement system can, if the State so desires, be covered as a separate coverage group, and 1 or more political subdivisions may be considered as a separate coverage group even though its employees are under a statewide retirement system.

In addition, employees whose positions are covered by a retirement system but who are not themselves eligible for membership in the system could be covered without a referendum. Employees who are members or who have an option to join more than 1 State or local retirement system cannot be covered unless all such retirement systems are covered.

the statement from the employee's wages (not including tips) even though at the time the statement is furnished the total amount of the tips reported as received in the month in the course of his employment by the employer is less than \$20.

Effective date: Applicable to tips received by employees after 1964.

No change.

No change.

Removes coverage bar as to service performed in any policemen's or firemen's position under a retirement system. Requires that when a retirement system covers the positions of policemen or firemen, or both, along with other nonpolicemen and nonfiremen positions, the policemen and firemen must be in separate coverage group with a separate referendum. Effective as to agreements or modification after Nov. 30, 1964.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Present law	As amended by House (H.R. 11865 unless noted as H.R. 9393)
<p>B. Employees—Continued 5. State and local government employees—Continued</p>	<p>Individuals in positions under retirement systems on Sept. 1, 1954, are precluded from obtaining coverage under the nonretirement system coverage provisions.</p> <p>The 1960 amendments permit California to cover, before 1962, persons employed by a hospital in 1957, 1958, or 1959 in positions removed, after Sept. 1, 1954 and before 1960, from retirement system coverage for whom social security taxes were erroneously paid. Hospital employment before 1960 on which taxes were paid and all subsequent hospital employment of such persons could be covered.</p> <p><i>Exceptions to general law concerning coverage in named States:</i></p> <p>(1) <i>Split-system provisions.</i>—Authorizes California, Connecticut, Florida, Georgia, Hawaii, Massachusetts, Minnesota, Nevada, New Mexico, New York, North Dakota, Pennsylvania, Rhode Island, Tennessee, Texas, Vermont, Washington, and Wisconsin, and all interstate instrumentalities, at their option, to extend coverage to the members of a State retirement system by dividing such a system into 2 divisions, 1 to be composed of those persons who desire coverage and the other of those persons who do not wish coverage, provided that new members of the retirement system coverage group are covered compulsorily. Also authorize similar treatment of political subdivision retirement systems of these States.</p> <p>Those employees covered by a divided retirement system who did not elect coverage in the original agreement, may, nevertheless elect coverage until 1963, or, if later, until 2 years after the date on which coverage was approved for the group that originally elected coverage. Also provides that the coverage of persons electing under this amendment would begin on the same date as coverage became effective for the group originally covered.</p> <p>Also provides that where an individual who has chosen not to be covered under the divided retirement system provision becomes a member of a different retirement system group which has elected coverage because of the annexation of the employing political subdivision by another political subdivision, or through some other action taken by a political sub-</p>	<p>Would modify provision so that service of persons in such positions after 1960 would also be covered. Upon modification of agreement by the end of 6 months following date of enactment, service performed on or after Jan. 1, 1962, would be covered. Services performed before Jan. 1, 1962, would be covered, if contribution in the proper amount was paid prior to date of enactment.</p> <p>Validates coverage of certain engineering aids of local soil and water conservation districts in Oklahoma who were erroneously reported as State rather than local employees for the period Jan. 1, 1951, through June 30, 1962. (H.R. 9393.)</p> <p>Adds Kentucky and Alaska to the list. Effective upon enactment.</p> <p>Extends the time in which such employees can elect to be covered until the end of 1965 (or, if later, the expiration of 2 years after the date on which coverage was approved for the group that originally elected coverage). Effective upon enactment.</p>

division, such individual will continue to be excluded from coverage.

(2) *Policemen and firemen.*—Allows the States of Alabama, California, Florida, Georgia, Hawaii, Kansas, Maine, Maryland, New York, North Carolina, North Dakota, Oregon, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, and Washington and all interstate instrumentalities to make coverage available to policemen and firemen in those States, subject to the same conditions that apply to coverage of other employees who are under State and local retirement systems, except that where the policemen and firemen are in a retirement system with other classes of employees the policemen and firemen may, at the option of the State, hold a separate referendum and be covered as a separate group.

(3) *Employees of unemployment compensation systems.*—Authorizes Florida, Georgia, Minnesota, North Dakota, Pennsylvania, Washington, and Hawaii, at their option, to cover their employees who are paid wholly or partly from Federal funds under the unemployment compensation provisions of the Social Security Act—either by themselves or with the other employees of the department of the State in which they are employed—after complying with the referendum provisions.

d. Coverage on a compulsory basis is provided for employees of certain publicly owned transportation systems.

e. *Effective date of coverage agreement.*—Allows agreements or modifications made after 1959 to begin as early as 5 years before the year in which an agreement is made, but no earlier than Jan. 1, 1956. Where a retirement system is covered as a single retirement system coverage group, permits the State to provide different beginning dates for coverage of the employees of different political subdivisions.

6. Employees of nonprofit organizations.

Covers employees of religious, charitable, educational, and other nonprofit organizations (which are exempt from income tax and are described in sec. 501(c)(3) of the Internal Revenue Code) on a voluntary basis if the employer organization certifies that it desires to extend coverage to its employees.

Employees may concur by signing a list or supplemental list which is filed within 24 months after the quarter in which the certificate is filed. Employees who do not concur in the filing of the certificate are not covered except that all employees hired after a certificate becomes effective are covered.

Waiver certificate may be made effective at the option of the organization on the 1st day of the quarter in which the certificate is filed, the 1st day of the succeeding quarter, on the 1st day of any of the 4 quarters preceding the quarter in which the certificate is filed.

Repeals provision since general exclusion is eliminated. (See c. on p. 9.)

No change.

No change.

No change.

No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Present law	As amended by House (H.R. 11865 unless noted as H.R. 9393)
<p>B. Employees—Continued 6. Employees of nonprofit organizations—Continued</p>	<p>Employees of nonprofit organizations who are in positions covered by State and local retirement systems and are members or eligible to become members of such systems must be treated apart from those not in such positions. Certificates must be filed separately for each group. All new employees who belong to a group for which a certificate has been filed are automatically covered, and new employees who belong to a group for which a certificate has not been filed are not covered.</p>	
<p>7. Federal employees-----</p>	<p><i>Excludes</i> employees of the United States or its instrumentalities if—</p> <ul style="list-style-type: none"> a. they are covered by a retirement system established by Federal law; or b. they perform services— <ul style="list-style-type: none"> (1) as the President, Vice President, or a Member of Congress; (2) in the legislative branch; (3) in a penal institution as an inmate; (4) as certain interns, student nurses, and other student employees of Federal hospitals; (5) as employees on a temporary basis in disaster situations; (6) as employees not covered by the Civil Service Retirement Act because they are subject to another retirement system (other than the retirement system of the Tennessee Valley Authority); or c. the instrumentality has been specifically exempted by statute from the employer tax; or d. the instrumentality was exempt from the employer tax on Dec. 31, 1950, and its employees are covered by its retirement system. <p><i>Covers</i> the following Federal employees excepted from the exclusion in 6-d unless they are excluded on the basis of one of the other provisions:</p> <ul style="list-style-type: none"> a. employees of a corporation which is wholly owned by the United States; b. employees of a national farm loan association, a production credit association, a Federal Reserve Bank, or a Federal credit union; c. employees (not compensated by funds appropriated by Congress) of the post exchanges of the various armed services (including the Coast Guard) and other similar organizations at military installations; d. employees of a State, county, or community committee under the Production and Marketing Administration. 	<p>No change, except—</p> <p>b. (4) <i>Excepts</i> from exclusion and thereby provides coverage to medical or dental interns or residents in training. Effective as to services performed after 1964.</p>

8. Students, interns, and nurses in schools and hospitals.	<p><i>Excludes:</i></p> <p>a. Students in the employ of a school, a college, or university if enrolled and regularly attending classes;</p> <p>b. student nurses employed by a hospital or nurses training school if enrolled and regularly attending classes;</p> <p>c. interns in the employ of a hospital if they have completed a 4-year course in an approved medical school.</p>	No change, except
9. Newboys.....	Covers individuals 18 and over who deliver and distribute newspapers or shopping news, but covers individuals under 18 only if they deliver or distribute such publications to points for subsequent delivery or distribution.	No change.
10. Members of the Armed Forces.	<p>Covers members of the uniformed services, after December 1956, while on active duty, (including active duty for training), with contributions and benefits computed on basic military pay.</p> <p>Noncontributory wage credits of \$160 per month, are granted, in general, for each month of active service in the Armed Forces of the United States during the World War II period (Sept. 16, 1940-July 24, 1947) and during the postwar emergency period (July 25, 1947-Dec. 31, 1956).</p> <p>Extends the noncontributory wage credits to certain American citizens who, prior to Dec. 9, 1941, entered the active military or naval service of countries that, on Sept. 16, 1940, were at war with a country with which the United States was at war during World War II. Wage credits of \$160 would be provided for each month of such service performed after Sept. 15, 1940, and before July 25, 1947. To qualify for such wage credits, an individual must either have been a U.S. citizen throughout the period of his active service or have lost his U.S. citizenship solely because of his entrance into such active service. He must have resided in the United States for at least 4 years during the 5-year period ending on the day of his entrance into such active service and must have been domiciled in the United States on such day.</p>	No change.
11. Railroad employees.....	Under coordination provisions contained in the Railroad Retirement Act: (1) employment under both the railroad system and the old-age and survivors insurance system is counted for purposes of survivor benefits under either system; (2) railroad employment of workers with less than 10 years of railroad service is credited under the Social Security Act and the benefits based on such employment are payable under this act; and (3) provision is made for mutual reimbursement between the 2 systems in order to place the old-age and survivors insurance trust fund in the same position in which it would have been if railroad service after 1936 had been counted as social-security employment.	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Present law	As amended by House (H.R. 11865 unless noted as H.R. 9393)
B. Employees—Continued 12. Family employment.....	<i>Excludes</i> services rendered by— (1) One spouse for another. (2) Child under 21 for his parents. (3) Parents for their children, if such services are domestic services rendered in the home of the child, or such services are not rendered in the course of the child's trade or business.	No change.
13. Employees of Communist organizations.	<i>Excludes</i> from coverage employees of any organization which is registered, or against which there is a final order of the Subversive Activities Control Board to register, under the Internal Security Act as a Communist-action, a Communist-front, or Communist-infiltrated organization.	No change.

II. PROVISIONS RELATING TO DISABILITY

A. Nature of the provisions: 1. Benefits.....	Provides monthly benefits for disabled workers meeting eligibility requirements. Benefits are computed in the same way as retirement benefits and are payable from the Federal disability insurance trust fund.	No change.
2. Disability "freeze".....	Provides that when an individual for whom a period of disability has been established dies, or retires, on account of age or disability, his period of disability will be disregarded in determining his eligibility for benefits and his average monthly wage for benefit computation purposes.	No change.
B. Eligibility requirements: 1. Definition.....	For benefits or for the freeze, an individual must be precluded from engaging in any substantial gainful activity by reason of a physical or mental impairment. (For purposes of the freeze only a specified degree of blindness is presumed disabling.) The impairment must be medically determinable and one which can be expected to be of long-continued and indefinite duration or to result in death.	No change.
2. Waiting period.....	An initial 6 months' "waiting period" is required before disability insurance benefits will be paid. Benefits are payable for 7th month. However, benefits may be paid for the 1st full month of disability to worker who becomes disabled within 60 months (5 years) after termination of disability insurance benefits or a period of disability.	No change.

3. Insured status (work requirement).	<p>To be eligible an individual must—</p> <p>(1) have at least 20 quarters of coverage in the 40 quarters ending with the quarter in which the period of disability begins; (2) be fully insured.</p> <p>Also provides alternative insured status for individuals who have—</p> <p>(1) 20 quarters of coverage (at least 6 earned after 1950), and</p> <p>(2) quarters of coverage in all calendar quarters elapsing after 1950 and before quarter of disability.</p>	No change.
4. Applications.....	<p>Allows persons until July 1961 to file an application for benefit and "freeze" purposes which will establish a period of disability as early as the onset date of the disability. Applications filed July 1, 1962 and thereafter, will allow periods of disability to be established no earlier than 18 months before date of filing.</p>	<p>Eliminates provision which restricts period of disability to not earlier than 18 months prior to application. Benefits allowed or increased as a result of this change would not be payable for more than 12 months prior to effective date of bill or the date of application, whichever is later. (H.R. 9393.)</p>

III. BENEFIT CATEGORIES

A. Worker—old age.....	<p>Full benefit payable at age 65 to fully insured retired worker. Payable at age 62 to fully insured retired worker, but on an actuarially reduced basis. Benefit is reduced by $\frac{1}{4}$ of 1 percent for each month worker is entitled to receive a benefit before age 65—the total reduction is 20 percent if worker begins drawing benefits at age 62. The reduced amount is permanent, continuing after worker reaches age 65.</p>	No change.
<p><i>Reduction where individual is entitled to a wife's benefit and an old-age benefit.</i></p>	<p>In the case where a woman is entitled to a reduced old-age insurance benefit and at the same time or subsequently becomes entitled to a wife's benefit, the wife's benefit would be reduced by the dollar reduction which was applicable to the old-age benefit, plus the regular reduction amount on the excess of the unreduced wife's benefit over the unreduced old-age benefit.</p>	No change.
B. Wife or dependent husband.....	<p>A similar provision is applicable to men entitled reduced old-age and dependent husband's benefit.</p> <p>A full benefit for a wife or dependent husband is 50 percent of spouse's primary benefit.</p> <p>Full benefit paid at age 65. Payable at age 62 to a wife or dependent husband, but on an actuarially reduced basis. Benefit is reduced by $\frac{3}{4}$ of 1 percent for each month prior to age 65. An individual who takes benefit at 62 receives 75 percent of full benefit.</p>	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Present law	As amended by House (H.R. 11865 unless noted as H.R. 9393)
C. Widow, widower, or parent.....	<p>Full benefit payable at age 62 to widow, dependent widower, or surviving dependent mother or father of the insured worker.</p> <p>Full benefit is 82.5 percent of deceased worker's primary benefit. (75 percent each in case of two parents.)</p>	<p>Widows would be allowed to elect an actuarially reduced benefit upon attaining age 60. Benefits would be reduced by $\frac{1}{4}$ of 1 percent for each month she is entitled to receive a benefit prior to age 62. Thus the reduction for a widow who elects a benefit when she attains age 60 would be $13\frac{1}{4}$ percent for the 24-month period—reducing her benefit from $82\frac{1}{4}$ percent of her husband's benefit to $71\frac{1}{4}$ percent of his benefit.</p> <p>In the case of a widow who is entitled to an old-age benefit in her own right, the old-age benefit will be reduced to take into account widow's benefits paid to her before age 62.</p> <p>Effective for benefits beginning with month after month of enactment on the basis of applications filed in or after month of enactment.</p>
D. Children.....	<p>A child's benefit is paid to child of the insured worker who has died, reached retirement age, or become disabled if the child is unmarried and either—</p> <p>(a) is under age 18, or</p> <p>(b) is under a disability which began before age 18.</p> <p>The benefit paid to a child of a retired or disabled worker is $\frac{3}{4}$ of the worker's primary benefit. The benefit to the child of a deceased worker is $\frac{1}{2}$ of the worker's primary benefit, except a sole surviving child is entitled to the minimum benefit of \$40 a month.</p>	<p>No change as to widowers and parents.</p> <p>Adds a 3rd qualifying alternative:</p> <p>(c) is age 18 or over and under age 22 if he is a full-time student.</p> <p>Permits a child whose benefits have terminated because he has attained age 18 to become reentitled upon filing a new application if he is a full-time student and has not attained 22.</p> <p>Provision would prevent a wife, widow, or former wife divorced from getting benefits if the only child in her care has attained 18 and she is getting benefits solely because he is a student.</p> <p><i>Student and institution defined:</i> A full-time student is defined as an individual who is in full-time attendance as a student at an educational institution; whether or not the student was in full-time attendance would be determined by the Secretary in the light of the standards and practices of the school involved. Specifically excluded is a person who is paid by his employer while attending school at the request of his employer. Provides for benefits for any period of 4 calendar months or less in which a person does not attend school if the person shows to the satisfaction of the Secretary that he intends to continue in full-time school attendance immediately after the end of the period.</p> <p>An educational institution is defined so as to permit the payment of benefits to students taking vocational or academic courses and includes all public schools, colleges, and universities and all accredited private schools, colleges, or universities. An accredited school would be one approved by a State recognized or</p>

E. "Transitional insured" benefit for certain aged workers, wives and widows. (See fully insured status, pp. 20-21.)

nationally recognized accrediting association. The Secretary also would be authorized to prescribe regulations defining the standards for schools for which no accrediting body exists or which are newly established and which have not been in existence for a long enough period to qualify for approval or accreditation by an accrediting agency.

Effective for months after month in which bill enacted on basis of applications filed in or after month of enactment. For children currently on rolls, effective for months following month of enactment.

IV. BENEFIT AMOUNTS

A. Creditable earnings.....

Maximum amount of earnings which may be credited for benefit purposes is \$4,800 a year.

Raises maximum amount to \$5,400 a year, effective for employee wages after 1964 and for self-employment income for taxable years ending after 1964.

B. Average monthly wage.....

In general, an individual's "average monthly wage" which determines his old-age insurance benefit amount (before reduction for retirement before age 65) is computed by dividing the total of his creditable earnings after the applicable starting date and up to the applicable closing date, by the number of months involved. Excluded from this computation are all months and all earnings in any year any part of which was included in a period of disability under the disability "freeze" (except that the months and earnings in the year in which the period of disability begins may be included if the resulting benefit would be higher).

No change except:

The average monthly wage in retirement cases is computed on the basis of a constant number of years, regardless of when, before age 22, the person started to work or when, after retirement age (62 for women, 65 for men) he files application for benefits. The number of years for a person who had at least 6 quarters of coverage after 1950 would be equal to 5 less than the number of years (excluding years in periods of disability) elapsing after 1950 or after the year in which the individual attained age 21, whichever is later, and up to the year in which the person was first eligible for old-age insurance benefits (generally the year in which he attained retirement age). In death and disability cases the number of years would be determined by the date of death or disability.

Worker may have average monthly wage computed entirely on years after 1950 regardless of whether he has 6 quarters of coverage after 1950, and may use closing date of the year of attainment of age 65 (62 for women) regardless of whether he is eligible (insured) in that year.

In those cases where a larger benefit would result (because the individual's best earnings were in years before 1951) the number of years would be those elapsing after 1936, rather than 1950.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

IV. BENEFIT AMOUNTS—Continued

Item	Present law	As amended by House (H.R. 11865 unless noted as H.R. 9393)
B. Average monthly wage—Continued	<p>The earnings used in the computation would be earnings in the highest years. Earnings in years prior to attainment of age 22 or after attainment of retirement age could be used if they were higher than earnings in intervening years. The span of years could never be less than 2. Generally, the span of years to be used for the benefit computation in retirement cases could not be less than 5—the number of years that would have to be used under the prior law by people who attained retirement age in 1960.</p>	
C. Recomputations.....	<p>After a person has become entitled to benefits, he may, under certain circumstances, have his "average monthly wage" recomputed if it will increase his monthly benefit:</p> <p>(1) Recalculation to correct errors in original computation.</p> <p>(2) 1954 work recomputation: Where an individual who has 6 quarters of coverage after 1950 returns to work after becoming entitled to benefits and earns more than \$1,200 in a year he may have his average monthly wage recomputed including such earnings. Survivors are also entitled to any increase in benefits which would result from such recomputation.</p> <p>(3) Dropout recomputation: Beneficiary who became entitled to benefits prior to the amendment which allowed a dropout of 5 years of lowest earnings may have a recomputation using the dropout if he has 6 quarters of coverage after June 1953. Survivors are entitled to any increases which would result from such a recomputation.</p> <p>(4) Current year recomputation: An individual becoming entitled to benefits after August 1954 may have a recomputation which will include earnings in the year he retires if such earnings were not included in the original calculation. Survivors are entitled to any increases which would result from such a recomputation.</p> <p>(5) Recomputation of benefits at age 65 (the "round up"): If a reduced benefit has been withheld (most common reason would be earnings which caused benefit withholding under the retirement test) for at least 3 months (during the period of reduced benefit) a person is entitled to a recomputation at age 65 which will readjust post-65 benefits to take into account the months in which the reduced benefit was withheld.</p> <p>(6) Other recomputations: Provides several recomputations of limited application.</p>	<p>Provides for automatic annual recomputation; beginning with 1964, earnings in and after the year of 1st entitlement will be taken into account regardless of whether the worker has 6 quarters of coverage after 1950, or earns over \$1,200, or files an application to have his benefits recomputed. Individuals eligible for a recomputation under present law would be deemed to have applied for such recomputation on Jan. 1, 1965 (so that it would be made automatically).</p> <p>Provision also made applicable at age 62 to reduced benefits for widows age who were aged 60–61 at time of claim.</p>

D. Benefit formula.....	<p>The law provides a consolidated benefit table which is used in determining benefit amounts for both future beneficiaries and those now on the benefit rolls.</p> <p>Though not specifically stated in the law the formula for the primary insurance amount is in effect, 58.85 percent of the 1st \$110 of the average monthly wage, plus 21.40 percent of the next \$290 of such wage (except that in some cases, for average monthly wages under \$85, a slightly higher amount is payable so as to fit in with the minimum benefit).</p>	<p>The existing benefit table is amended so as to increase all primary insurance amounts by 5 percent.</p> <p>The existing benefit table is extended to reflect the new annual earnings base of \$5,400 a year. For the resulting new average monthly wages (which run from \$400 to \$450 a month) primary insurance amounts are derived by applying the benefit formula underlying the old table and adding \$6.40, which \$6.40 is the same amount of increase for persons with average monthly wage of \$400, the maximum under the existing table.</p>
E. Maximum primary insurance amount....	\$127 a month (\$400 average monthly wage).....	<p>The formula underlying the new table is approximately 61.79 percent of the first \$110 of the average monthly wage, plus 22.47 percent of the next \$290, plus 21.4 percent of the next \$50.</p>
F. Minimum primary insurance amount....	\$40 a month.....	<p>Increases to \$133.40 (\$400 average monthly wage) and eventually to \$143.40 (\$450 average monthly wage). Increases minimum benefit to \$42 per month.</p>
G. Maximum family benefits.....	<p>Family maximum monthly benefits are set by the table and range from \$53 to \$254. Though not specifically stated in the law, the maximum family benefit shown in the benefit table is 1¼ times the primary insurance amount or approximately 80 percent of the average monthly wage, whichever is larger, up to an absolute maximum of \$254—twice the maximum primary insurance amount of \$127.</p>	<p>Family maximum will range from \$63 to \$300. Although not specifically stated in the bill, the formula used to determine the maximum family benefit shown in column V of the new benefit table is the larger of (a) 1¼ times the primary insurance amount or (b) approximately 80 percent of the average monthly wage up to \$300, plus 40 percent of the remainder of the average monthly wage. The \$300 point at which the 40-percent part of the formula begins to operate is ¾ of the maximum average monthly wage of \$450. At the maximum average monthly wage of \$450, the maximum family benefit would be ¾ of the average monthly wage. (Because this new formula for determining the maximum family benefits would result in lower family benefits at a few earnings levels than under present law—namely, for average wages between \$301 and \$333—the present maximum benefits are retained at these earnings levels.) Effective for monthly benefits after the 1st month following month of enactment, for lump-sum death payments where death occurs after the 1st month.</p>
H. Lump-sum death payment.....	3 times the primary insurance amount with a statutory maximum of \$255.	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

IV. BENEFIT AMOUNTS—Continued

I. Illustrative monthly benefits payable under present law and H.R. 11865:

Average monthly wage	Old-age benefits ¹				Survivors benefits				
	Worker		Man and wife ²		Widow aged 62, widower, or parent		Widow aged 60 ³	Widow and 2 children	
	Present law	Bill	Present law	Bill	Present law	Bill	Bill	Present law	Bill ⁴
\$67 or less.....	\$40.00	\$42.00	\$60.00	\$63.00	\$40.00	\$42.00	\$36.40	\$60.00	\$63.00
\$100.....	59.00	62.00	88.50	93.00	48.70	51.20	44.40	88.50	93.00
\$150.....	73.00	76.70	109.50	115.10	60.30	63.30	54.90	120.00	120.00
\$200.....	84.00	88.20	126.00	132.30	69.30	72.80	63.10	161.70	161.70
\$250.....	95.00	99.80	142.50	149.70	78.40	82.40	71.50	202.50	202.50
\$300.....	105.00	110.30	157.50	165.50	86.70	91.00	78.90	236.40	240.00
\$350.....	116.00	121.80	174.00	182.70	95.70	100.50	87.10	254.10	260.40
\$400.....	127.00	133.40	190.50	200.10	104.80	110.10	95.50	254.10	281.40
\$450.....	(5)	143.40	(5)	215.10	(5)	118.40	102.70	(5)	300.00

¹ Worker aged 65 or over at time of retirement, and wife aged 65 or over at the time when she comes on the rolls.

² Survivor benefit amounts for a widow and 1 child or for 2 parents would be the same as for a man and wife.

³ Not applicable under present law.

⁴ For families on the benefit roll in the month after the month of enactment who are affected by the maximum-benefit provisions, the amounts payable under the bill would, in some cases, be somewhat higher than those shown here (namely, for the cases where the average monthly wages are \$150 through \$350).

⁵ Not applicable since maximum average monthly wage possible is \$400.

V. FULLY INSURED STATUS

Item	Present law	As amended by House (H.R. 11865 unless noted as H.R. 9393)
	<p>To be fully insured an individual must have either:</p> <p>(1) 40 quarters of coverage; or</p> <p>(2) 1 quarter of coverage (acquired at any time after 1936) 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), but with a minimum of 6 quarters of coverage; or</p>	<p>No change in regular provision but adds a new concept of—</p> <p><i>Transitional insured status worker:</i> Adds a provision for a special insured status for individuals who have attained 72 so that the 6-quarter minimum is reduced to 3 quarters. The following chart shows the "transitional" requirement for workers as compared with the regular requirement of existing law:</p>

(3) 6 quarters of coverage if individual died before 1951.

Year of attainment of retirement age 62 (for women) or age 65 (for men)	Required quarters	
	Existing law	Proposed
1954 and earlier.....	6	3
1955.....	6	4
1956.....	6	5
1957.....	6	6

A worker who meets the above requirements (including attainment of 72) will be paid a benefit of \$35 a month, and his wife a benefit of \$17.50 at age 72 if she has attained age 72 before 1968.

Widows: Similarly the 6-quarter minimum would be reduced to insure certain workers who died (or attained age 65) before 1957 and whose widows have attained 72 or over by 1967. The quarters of coverage required will not be less than 3 and will vary with the year of the husband's death and the age of the widow. Widows who attain age 72 in 1965 or before would be eligible for benefits if their husband had 1 quarter of coverage for each year elapsing after 1950 and before the year of his death (or attainment of age 65, if earlier), with a minimum requirement of 3 quarters of coverage. Widows who attain age 72 in 1966 would be eligible for such benefits on the same basis except that the husband must have a minimum of 4 quarters of coverage, and similarly for widow attainments of age 72 in 1967, the minimum quarter-of-coverage requirement would be 5.

The following chart shows the "transitional" requirement for widows as compared with the regular requirements of existing law.

Year of husband's death (or attainment of age 65, if earlier)	Present requirements	Proposed special requirement for widow attaining age 72--			
		1965 or before	1966	1967	1968 or after
1954 or before.....	6	3	4	5	6
1955.....	6	4	4	5	6
1956.....	6	5	5	6	6
1957.....	6	6	6	6	6

Upon attaining age 72, an eligible widow will be paid a monthly benefit of \$35.

Effective for monthly benefits for and after the second month following the month of enactment.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VI. RETIREMENT TEST

Item	Present law	As amended by House (H.R. 11865 unless noted as H.R. 9393)
A. Scope.....	Applies to covered as well as noncovered work.....	No change.
B. Test of earnings.....	Provides that benefits will be withheld from a beneficiary under age 72 (and from any dependent drawing on his record) at the rate of \$1 in benefits for each \$2 of annual earnings between \$1,200 and \$1,700 and \$1 in benefits for each \$1 of annual earnings above \$1,700. Benefits not withheld for any month during which the individual neither rendered services for wages in excess of \$100 nor rendered substantial services in a trade or business.	
C. Age exemption.....	Benefits are not suspended because of work or earnings if beneficiary is age 72 or over.	

VII. FINANCING

A. Allocation between trust funds.....	The Federal old-age and survivors insurance trust fund receives all tax contributions other than those allocated for the disability benefit program, from which benefits and administrative expenses are paid for the old-age and survivors insurance program. The Federal disability insurance trust fund receives an amount equal to 1/2 of 1 percent of taxable wages plus 1/2 of 1 percent of self-employment income, from which benefit and administrative expenses are paid for the disability insurance program. These funds are administered by a Board of Trustees consisting of the Secretary of the Treasury, as managing trustee, the Secretary of Labor and the Secretary of Health, Education, and Welfare, all ex officio (with the Commissioner of Social Security as Secretary).	Provides that 0.15 percent of taxable wages and 0.1125 percent of taxable self-employment income that is allocated to the old-age and survivors insurance trust fund would be allocated to the disability insurance trust fund. Brings the total allocation to the disability insurance trust fund, for years beginning after 1964, to 0.65 percent of taxable wages and 0.4875 percent of taxable self-employment income.
B. Maximum taxable amount.....	\$4,800 a year.....	Increases amount to \$5,400 a year. Effective as to wages paid after December 1964 and self-employment income for taxable years ending after 1964.
C. Tax rate for self-employed.....	Taxable years beginning in—	Provides changes in tax rates for employees, employers, and the self-employed which will add additional revenue to the system equivalent to 0.30 percent of payroll. In 1966-1970, however, tax rates are decreased over schedule in existing law. The ultimate rate schedule will be moved back from 1968 to 1971 and is higher than under existing law.

	1965.....	5.4	Taxable years beginning in—	1965.....	5.7
	1966-67.....	6.2		1966-67.....	6.0
	1968-70.....	6.9		1968-70.....	6.8
	1971 and thereafter.....	6.9		1971 and thereafter.....	7.2
D. Tax rate for employees and employers.	Calendar years:		Calendar years:		
	1965.....	3.625	1965.....	3.8	
	1966-67.....	4.125	1966-67.....	4.0	
	1968-70.....	4.625	1968-70.....	4.5	
	1971 and thereafter.....	4.625	1971 and thereafter.....	4.8	
E. Railroad retirement tax.....	The Railroad Retirement Tax Act provides that the railroad tax will automatically adjust in the same amount, and at the same time, to any change in the OASDI tax rate after 1954.		Amends Railroad Retirement Tax Act so that only the changes scheduled in the OASDI tax in existing law will affect rates in railroad retirement tax.		

○