

A Brief Explanation of Social Security Act

Excerpts from a Pamphlet Published by the Social Security Board, July, 1940.

The Social Security Act is a national law enacted to prevent and to relieve the misfortunes that come when earnings are cut off by lack of work, old age, blindness, or death; when children are left with no one to support them or when they lack necessary care; and when the health of the community is not properly protected.

The Social Security Act is made up of ten distinct but related programs. These may be grouped under three heads:

Social Insurance:

- (a) Employment Security, including public employment service and unemployment insurance.
- (b) Old-Age and Survivors Insurance.

Public Assistance to the Needy:

- (c) Old-Age Assistance.
- (d) Aid to the Needy Blind.
- (e) Aid to Dependent Children.

Health and Welfare Services:

- (f) Child-Welfare Services.
- (g) Services for Crippled Children.
- (h) Maternal and Child-Health Services.
- (i) Retraining for Disabled Workers.
- (j) Public Health Service.

Only one of these programs—old-age and survivors insurance—is administered entirely by the federal government. The other nine are operated by the states with federal cooperation and financial assistance.

B. *Old-Age and Survivors Insurance*

Old-Age and Survivors Insurance provides monthly insurance benefits for workers and their families when the wage earner is old and stops work or if he dies. Wage earners and their employers share the cost by paying special taxes into a fund in the United States Treasury, out of which benefits are paid.

These taxes, similar to premiums paid on an insurance policy, represent a percentage of the worker's wage. Employers deduct each worker's tax from his pay and turn it in to the Bureau of Internal Revenue. At the same time they make a report showing the wages paid each employee.

The amount of the insurance benefits paid under this plan is based on the worker's own wages in jobs covered by the law—and is, therefore, related to the tax he has paid. Benefits are weighted, however, in favor of three groups: workers who are already too near retirement age to have many years in which to build up insurance credits; low-paid workers; and workers with dependents.

The worker's wages, as reported by his employer, are credited to the individual "social security account" kept

(Continued on page 30)

CAPITAL CITY TRANSFER

Loren Loose

Local and Long Distance Hauling, Furniture Storage, Crating and Packing, Best Grade Oil and Briquets

(Agents - BEKINS VAN LINES)

Day Phone 7773
Night Phone 2-1140

226 State Street
Salem, Oregon