

Social Security and the Public Employee

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(Editor's Note: The question of Old Age and Survivors Insurance coverage for public employees is one in which every member of OSEA should be interested. We will endeavor to present both sides of the question and as much information as is possible for your enlightenment. Publication does not necessarily reflect the position of the directors or the executive secretary. The source of information will be given in each instance. It must be remembered that there is just as much propaganda on one side of the fence as there is on the other.)

The tables showing benefits which would be payable under H. R. 6000 have not been worked out in the same detail as tables under the present law. The enclosed Tables 1 and 2 however, are good examples. They reflect the principle, essential in a social insurance system, that, while benefits should be related to wages and contributions, persons whose earnings are low should receive a somewhat greater return for their contributions. The man whose average monthly wage was \$200 will receive more in benefits than the man who averaged \$100 a month, but not twice as much.

To avoid building up an excessively large trust fund before the program has matured, (whatever that means!—Ed. Note.) the maximum contribution rate for individuals and employers will not be applicable until 1970. This means lower costs for those who come into the system at this time. The enclosed Table 3 shows the annual contribution for selected wage levels. Most of the workers coming under the program at this time would have another cost advantage. The system is designed to provide adequate benefits for those who, because they were older when the system began, can be under the system for only a relatively short time before retiring. Since the contribution rate does not vary with the age of the individual, workers who retire in the earlier years of the program receive greater benefits in proportion to their contributions. However, even for those who will pay the maximum rate for their full working life-time, the actuarial value of the benefits will be more than the contributions. Because of basic dissimilarities, it would be very difficult to make any comparisons between the cost of old-age, survivors and disability insurance benefits and the cost of the benefits purchased from private insurance firms.

The Social Security Administration has recommended that employees under retirement systems be covered in the same way as those not under such systems. We believe that the existing retirement systems could be adjusted so as to provide greater total protection for the employees than could be provided by either system alone.

TABLE 1. Illustrative monthly benefits for retired workers under H. R. 6000.

Average Monthly Wage	Retirement Benefits	
	Single*	Married‡
	Insured Worker Covered for 5 Years	
\$150.00	\$56	\$85
\$200.00	62	92
\$250.00	67	100
\$300.00	72	108
	Insured Worker Covered for 10 Years	
\$150.00	\$58	\$87
\$200.00	63	94
\$250.00	68	102
\$300.00	74	110
	Insured Worker Covered for 20 Years	
\$150.00	\$60	\$91