

# Amended Social Security Act

**Editor's Note: This is the final article in the series on old age and survivors insurance coverage. Paragraph two is of particular interest.**

Federal Social Security Act Amendments of 1950 in Brief. Title I, Amendments to Title II of the Social Security Act, extends compulsory coverage under old-age and survivors insurance to persons whose annual net income from self-employment is at least \$400, except farmers and certain professional groups. Other groups protected include regularly employed agricultural workers and certain borderline agricultural labor (such as processing workers), and regularly employed domestic workers. "Employee" is redefined to include certain groups earlier excluded. Coverage is extended to the Virgin Islands and Puerto Rico.

## Coverage of State Workers

Coverage through voluntary agreements between the States and the Federal Government is available for employees of State and local governments who are not protected by existing retirement plans, and coverage is compulsory for certain transportation workers employed by State and local governments. Employees of nonprofit organizations may be covered if the employer desires and at least two-thirds of all employees concur; all employees concurring and all new employees will then be covered.

Coverage changes are effective January 1, 1951 (in Puerto Rico, after action by the Legislature).

## Benefit Changes

Persons currently receiving benefits will have their benefits increased on the average by about 77½ percent. For future beneficiaries a new benefit

formula is set up: 50 percent of the first \$100 of the average monthly wage, plus 15 percent of the next \$200, but with no increment — as in the past — for each year of coverage. Under the new formula, average benefit amounts in the next 10 years will be about 110 percent higher than under the old law.

The minimum primary benefit is \$25 (but as low as \$20 for those with wages averaging less than \$35 a month). The maximum family benefit is \$150 (but not more than 80 percent of the average monthly wage). The average monthly wage is computed as before, except that if the worker has 6 quarters of coverage after 1950 and a larger benefit would result, the average is computed over the period following 1950 rather than from 1936 on. The benefit increases for persons now on the rolls will be effective for September 1950; benefits based on the new formula will first be paid for April 1952. Persons coming on the rolls before April 1952 will have their benefits computed under the old formula, with the increases provided for present beneficiaries.

## Fully Insured Status

A worker may attain fully insured status if he has quarters of coverage for only half the number of quarters since 1950. Quarters earned before 1951 may be counted toward the requirement. Thus, a person aged 65 or over on January 1, 1950, will be fully insured if he has at least 6 quarters of coverage acquired at any time. A beneficiary may earn as much as \$50 a month in covered employment without loss of benefits; after age 75, he will receive benefits regardless of his earnings. Benefits are payable to the