

benefits and administration. The Social Security Act restricts permissible investments of the trust funds to interest-bearing obligations of the U.S. Government or to obligations guaranteed as to both principal and interest by the United States. Obligations of these types may be acquired on original issue at the issue price or by purchase of outstanding obligations at their market price. In addition, the Social Security Act authorizes the issuance of public-debt obligations for purchase by the trust funds. The law requires that such public-debt obligations shall have maturities fixed with due regard for the needs of the trust funds and shall bear interest at a rate equal to the average market yield (computed by the managing trustee on the basis of market quotations as of the end of the calendar month next preceding the date of such issue) on all marketable interest-bearing obligations of the United States forming a part of the public debt which are not due or callable until after the expiration of 4 years from the end of such calendar month; where such average market yield is not a multiple of one-eighth of 1 percent, the rate of interest on such special obligations is required to be the multiple of one-eighth of 1 percent nearest such market yield.

Interest on public issues held by the trust funds is received by the funds at the time the interest is paid on the particular issues held. Interest on public-debt obligations issued specifically for purchase by the trust funds is payable semiannually or at redemption.

Public issues acquired by the funds may be sold at any time by the managing trustee at their market price. Public-debt obligations issued for purchase by the trust funds may be redeemed at par plus accrued interest. Interest receipts and proceeds from the sale or redemption of obligation held in the trust funds are available for investment in the same manner as other receipts of the funds. Interest earned by the invested assets of the trust funds will provide income to meet a portion of future benefit disbursements. The role of interest in meeting future benefit payments is indicated in tables B and C.

In addition, the assets of the trust funds assure the continued payment of benefits without sharp changes in contribution rates during periods of short-run fluctuations in total income and expenditures.

SUMMARY OF THE OPERATIONS OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, FISCAL YEAR 1961

A statement of the income and disbursements of the Federal old-age and survivors insurance trust fund in the fiscal year which began on July 1, 1960, and ended on June 30, 1961, and of the assets of the fund at the beginning and end of the fiscal year, is presented in table 2.

The total assets of the old-age and survivors insurance trust fund amounted to \$20,829 million on June 30, 1960. These assets increased to \$20,900 million by the end of the fiscal year 1961, an increase of about \$72 million.

Net receipts of the trust fund during the fiscal year 1961 amounted to \$11,814 million. Of this total, \$10,623 million represented tax collections appropriated to the fund and \$755 million represented amounts received by the Secretary of the Treasury in accordance with State agreements for coverage of State and local government employees and deposited in the trust fund. However, \$86 million was transferred

from the trust fund into the Treasury as repayment for the estimated amount of contributions subject to refund to employees who worked for more than one employer during the course of a year and paid contributions on wages in excess of the statutory maximum. Net contributions amounted to \$11,293 million and represented an increase of 15 percent over the amount for the preceding fiscal year. This increase resulted chiefly from the rise in the combined employer-employee contribution rate for old-age and survivors benefits from 4½ percent to 5½ percent that went into effect on January 1, 1960. Although this change became effective in 1960, fiscal year 1961 was the first full year during which it was operative. The remaining \$522 million of receipts consisted of net interest and profit on the investments of the fund.

TABLE 2.—*Statement of operations of the old-age and survivors insurance trust fund during the fiscal year 1961*

Total assets of the trust fund, June 30, 1960.....		\$20,828,725,082.72
Receipts, fiscal year 1961:		
Tax contributions:		
Appropriations.....	\$10,623,470,761.84	
Deposits arising from State agree- ments.....	755,444,850.61	
Gross tax contributions.....	11,378,915,612.45	
Less payment into the Treasury for taxes subject to refund.....	86,240,000.00	
Net tax contributions.....		\$11,292,675,612.45
Interest and profit:		
On investments.....	\$530,226,255.71	
On administrative expenses reim- bursed by disability insurance trust fund.....	876,593.00	
Gross interest and profit.....	531,102,848.71	
Less interest on amounts trans- ferred to railroad retirement account.....	9,534,000.00	
Net interest and profit.....		521,568,848.71
Total receipts.....		11,814,244,461.16
Disbursements, fiscal year 1961:		
Benefit payments.....		11,184,531,124.80
Transfers to railroad retirement account.....		322,200,000.00
Administrative expenses:		
Department of Health, Education, and Welfare.....	\$226,048,587.74	
Treasury Department.....	41,359,039.02	
Preparation and construction of building for Bureau of Old-Age and Survivors Insurance.....	1,779,643.08	
Gross administrative expenses.....	269,187,269.84	
Less receipts from sale of surplus materials, supplies, etc.....	122,383.00	
Less reimbursement for adminis- trative expenses by disability insurance trust fund.....	30,533,424.00	
Less reimbursement for construc- tion by disability insurance trust fund.....	2,642,898.00	
Net administrative expenses.....		235,888,564.84
Total disbursements.....		11,742,619,689.64
Net addition to the trust fund.....		71,624,771.52
Total assets of the trust fund, June 30, 1961.....		20,900,349,854.25

Disbursements from the trust fund during the fiscal year 1961 totaled \$11,743 million. Of this total, \$11,185 million was for benefit payments, an increase of 9 percent over the corresponding amount paid in the fiscal year 1960. This increase resulted chiefly from the expected growth in the number of beneficiaries as the program gradually matures and, to a small extent, from the liberalized eligibility conditions and higher benefit amounts resulting from the provisions of the 1960 amendments.

Public Law 234, approved October 30, 1951, amended the Railroad Retirement Act to provide a new basis of coordinating the railroad retirement program with old-age and survivors insurance. A description of the legislative provisions governing the financial interchanges arising from the allocation of costs between the two systems is contained in appendix II. In accordance with these provisions, the Railroad Retirement Board and the Secretary of Health, Education, and Welfare determined that a transfer of the principal sum of \$322,200,000 to the railroad retirement account from the old-age and survivors insurance trust fund would place the old-age and survivors insurance trust fund in the same position as of June 30, 1960, as it would have been if railroad employment had always been covered under the Social Security Act. This sum together with interest thereon for fiscal year 1961 amounting to \$9,534,000 was transferred to the railroad retirement account in June 1961.

Net administrative expenses charged to the fund totaled \$236 million and represented 2.1 percent of contribution income and 2.1 percent of benefit payments during fiscal year 1961. Corresponding figures for each of the last 10 fiscal years are shown in table 3.

TABLE 3.—*Relationship of net administrative expenses¹ to contribution income and benefit payments, old-age and survivors insurance trust fund, fiscal years 1952-61*

Fiscal year	Administrative expenses as a percentage of—		Fiscal year	Administrative expenses as a percentage of—	
	Contribution income	Benefit payments		Contribution income	Benefit payments
1952.....	2.4	4.3	1957.....	2.3	2.3
1953.....	2.2	3.4	1958.....	2.3	2.1
1954.....	1.9	2.7	1959.....	2.7	2.3
1955.....	2.0	2.4	1960.....	2.1	2.0
1956.....	1.9	2.3	1961.....	2.1	2.1

¹ Include administrative expenses, less receipts from sale of surplus materials, services, etc. For fiscal years 1954-61, include cost of construction of an office building for the Bureau of Old-Age and Survivors Insurance. Beginning fiscal year 1957, expenses incurred by the Department of Health, Education, and Welfare under the disability insurance program are initially charged to the old-age and survivors insurance trust fund; reimbursements are then made from the disability insurance trust fund in the following fiscal year.

12 THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND

TABLE 4.—Estimated distribution of benefit payments from the old-age and survivors insurance trust fund, by type of benefit, fiscal years 1960 and 1961

[Amounts in millions]

Type of benefit	1960		1961	
	Amount	Percent of total	Amount	Percent of total
Total ¹	\$10,269.7	100	\$11,184.5	100
Monthly benefits ¹	10,103.9	98	11,017.5	99
Old-age (retired workers).....	6,803.5	66	7,371.2	66
Wife's or husband's (aged wives or dependent husbands of old-age beneficiaries or their young wives if caring for child beneficiary).....	1,020.0	10	1,087.7	10
Widow's or dependent widower's (aged widows or aged dependent widowers of workers).....	990.7	10	1,120.3	10
Parent's (aged dependent parents of deceased workers).....	27.1	(²)	29.1	(²)
Child's (children, under age 18 or disabled, of old-age beneficiaries).....	85.3	1	97.9	1
Child's (children, under age 18 or disabled, of deceased workers).....	903.1	9	1,009.8	9
Mother's (widows or dependent divorced wives of deceased workers caring for child beneficiaries).....	274.2	3	301.5	3
Lump-sum death payments.....	165.8	2	167.0	1

¹ Totals do not necessarily equal the sum of rounded components.

² Less than 0.5 percent.

The distribution of benefit payments in fiscal years 1960 and 1961, by type of benefit, is shown in table 4. Approximately 86 percent of the total benefit payments from the old-age and survivors insurance trust fund in the fiscal year 1961 was accounted for by monthly benefits to persons aged 62 or over—retired workers and their wives (including a relatively small number of wives under age 62) or dependent husbands, and aged widows, dependent widowers, and dependent parents of deceased workers. Approximately 13 percent of the benefit payments represented monthly benefits on behalf of children of deceased or retired workers and to mothers—practically all of them under age 65—who had children of deceased workers in their care. The balance of the benefits paid consisted of lump-sum death payments.

On June 30, 1961, about 15.6 million persons in some 11.5 million families were receiving monthly benefits under the old-age, survivors, and disability insurance program (table 5). Generally, average monthly family benefits on that date showed moderate increases over the corresponding averages a year earlier. The higher averages reflected (1) the greater proportion of benefits computed on the basis of earnings after 1950, (2) the growth in the proportion of beneficiaries whose benefits were computed under the provision that permits up to 5 years of lowest earnings to be excluded in calculating the average monthly wage, and (3) the 1960 legislation increasing the benefit for each child of a deceased worker to three-fourths of the primary insurance amount (subject to the family maximum).

TABLE 5.—Estimated number of families and beneficiaries receiving benefits under the old-age, survivors, and disability insurance program, and average family amount, by family group, end of fiscal years 1960 and 1961

[Numbers in thousands]

Family classification of beneficiaries receiving benefits	June 30, 1960			June 30, 1961		
	Number of families	Number of beneficiaries	Average monthly amount per family	Number of families	Number of beneficiaries	Average monthly amount per family
Total ¹	10, 535. 9	14, 261. 8	-----	11, 516. 0	15, 624. 2	-----
Retired-worker families ¹	7, 813. 0	10, 296. 6	-----	8, 414. 0	11, 028. 4	-----
Worker only.....	5, 541. 8	5, 541. 8	\$69. 50	6, 029. 7	6, 029. 7	\$70. 40
Male.....	2, 845. 7	2, 845. 7	79. 10	3, 043. 0	3, 043. 0	80. 70
Female.....	2, 696. 1	2, 696. 1	59. 30	2, 986. 7	2, 986. 7	60. 00
Worker and aged wife.....	2, 082. 4	4, 164. 8	123. 10	2, 172. 5	4, 345. 0	124. 90
Worker and young wife ².....	. 9	1. 8	113. 50	1. 1	2. 2	115. 00
Worker and aged dependent husband.....	14. 4	28. 8	104. 80	14. 0	28. 0	105. 80
Worker and 1 or more children.....	47. 7	108. 3	119. 30	54. 4	122. 2	119. 50
Worker, wife aged 65 or over, and 1 or more children.....	17. 9	54. 9	157. 50	24. 3	74. 4	157. 80
Worker, young wife, and 1 or more children.....	107. 7	395. 6	152. 10	117. 8	426. 3	152. 70
Worker, aged dependent husband, and 1 or more children.....	. 2	. 6	118. 00	. 2	. 6	114. 50
Survivor families ¹	2, 352. 1	3, 443. 7	-----	2, 543. 9	3, 698. 1	-----
Aged widow only.....	1, 456. 0	1, 456. 0	57. 20	1, 603. 7	1, 603. 7	58. 20
Aged widow and 1 or more children.....	13. 2	27. 2	111. 50	15. 8	32. 4	113. 30
Aged widow and 1 or 2 aged dependent parents.....	. 2	. 4	130. 80	. 3	. 6	131. 20
Aged dependent widower only.....	2. 0	2. 0	53. 70	2. 1	2. 1	54. 00
Aged dependent widower and 1 or more children.....	(³)	. 1	89. 30	. 1	. 1	84. 20
Widowed mother ²	1. 1	1. 1	59. 60	1. 4	1. 4	64. 00
Widowed mother ² and 1 or 2 aged dependent parents.....	0	0	0	(³)	(³)	173. 70
Widowed mother and 1 child.....	164. 8	329. 6	131. 30	181. 0	362. 0	131. 80
Widowed mother and 2 children.....	108. 9	326. 7	173. 20	118. 6	355. 8	190. 70
Widowed mother and 3 or more children.....	112. 3	540. 6	181. 40	118. 1	568. 3	182. 80
Widowed mother, 1 or more children, and 1 or 2 aged dependent parents.....	. 4	1. 6	217. 50	. 5	1. 9	215. 80
Divorced wife and 1 or more children.....	. 3	. 9	164. 00	. 3	. 9	163. 00
1 child only.....	291. 1	291. 1	57. 30	300. 8	300. 8	58. 70
2 children only.....	108. 8	217. 6	102. 86	105. 0	210. 0	124. 20
3 children only.....	37. 5	112. 5	131. 30	39. 2	117. 6	157. 00
4 or more children only.....	22. 2	100. 5	150. 50	22. 9	104. 1	159. 40
1 or more children and 1 or 2 aged dependent parents.....	. 7	1. 6	137. 00	. 6	1. 4	138. 00
1 aged dependent parent only.....	31. 0	31. 0	60. 30	32. 0	32. 0	61. 40
2 aged dependent parents only.....	1. 6	3. 2	106. 50	1. 5	3. 0	108. 90
Disabled-worker families ¹	370. 8	521. 6	-----	558. 1	897. 7	-----
Worker only.....	300. 3	300. 3	87. 90	423. 2	423. 2	87. 90
Male.....	222. 8	222. 8	91. 90	308. 1	308. 1	91. 90
Female.....	77. 5	77. 5	76. 40	115. 1	115. 1	77. 20
Worker and aged wife.....	19. 7	39. 5	136. 00	24. 3	48. 6	135. 30
Worker and young wife ².....	. 2	. 4	136. 00	. 2	. 4	140. 00
Worker and aged dependent husband.....	. 2	. 4	120. 50	. 2	. 5	120. 80
Worker and 1 or more children.....	14. 2	35. 5	154. 60	32. 3	84. 6	154. 20
Worker, wife aged 65 or over, and 1 or more children.....	. 1	. 2	200. 00	. 1	. 4	185. 00
Worker, young wife, and 1 or more children.....	36. 1	145. 3	186. 50	77. 8	340. 0	191. 40

¹ Totals do not necessarily equal the sum of rounded components.

² Benefits of children were being withheld.

³ Less than 50.

14 THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND

The assets of the old-age and survivors insurance trust fund at the end of fiscal year 1961 totaled \$20,900 million, consisting of \$19,524 million in the form of obligations of the U.S. Government, and \$1,377 million in undisbursed balances. Table 6 shows a comparison of the total assets of the fund and their distribution at the end of the fiscal years 1960 and 1961.

TABLE 6.—Assets of the old-age and survivors insurance trust fund, by type, at end of fiscal years 1960 and 1961

	June 30, 1960		June 30, 1961	
	Par value	Book value ¹	Par value	Book value ¹
Investments:				
Public issues:				
Treasury bills, Jan. 15, 1961----	\$23,550,000	\$22,935,960.98	-----	-----
Treasury notes:				
2 $\frac{1}{8}$ -percent, series A, 1963----	30,000,000	30,000,000.00	-----	-----
3 $\frac{1}{8}$ -percent, series A, 1962----	176,000,000	175,974,813.47	-----	-----
3 $\frac{1}{4}$ -percent, series C, 1962----	20,000,000	20,000,000.00	-----	-----
4-percent, series A, 1961----	119,100,000	119,100,749.49	-----	-----
4-percent, series B, 1963----	25,000,000	25,000,000.00	-----	-----
4 $\frac{1}{8}$ -percent, series A, 1965----	47,500,000	47,500,000.00	\$47,500,000	\$47,500,000.00
4 $\frac{1}{8}$ -percent, series C, 1963----	15,000,000	15,000,000.00	15,000,000	15,000,000.00
5-percent, series B, 1964----	25,000,000	25,000,000.00	25,000,000	25,000,000.00
Treasury bonds:				
2 $\frac{1}{4}$ -percent, 1959-62-----	4,205,000	4,205,000.00	-----	-----
2 $\frac{1}{2}$ -percent, 1962-67-----	58,650,000	58,685,223.33	-----	-----
2 $\frac{1}{2}$ -percent, 1963-----	4,500,000	4,239,961.72	-----	-----
2 $\frac{1}{2}$ -percent, 1963-68-----	116,480,000	116,545,229.71	-----	-----
2 $\frac{1}{2}$ -percent, 1964-69-----	104,004,000	103,067,631.60	46,500,000	42,307,632.59
2 $\frac{1}{2}$ -percent, 1965-70-----	456,747,500	456,837,862.40	463,297,500	462,749,460.44
2 $\frac{1}{2}$ -percent, 1966-71-----	308,077,500	307,965,666.50	315,077,500	314,213,517.27
2 $\frac{1}{2}$ -percent, 1967-72-----	183,378,250	179,126,859.40	239,578,250	229,227,928.70
2 $\frac{3}{8}$ -percent, 1965-----	225,400,000	224,386,771.21	225,400,000	224,607,839.29
2 $\frac{3}{4}$ -percent, 1961-----	2,000,000	1,950,024.02	2,000,000	1,992,860.54
2 $\frac{3}{4}$ -percent, investment series B, 1975-80-----	1,064,902,000	1,065,764,380.44	1,064,902,000	1,065,645,431.40
3-percent, 1966-----	25,000,000	25,000,000.00	25,000,000	25,000,000.00
3-percent, 1995-----	85,170,000	85,127,019.21	85,170,000	85,128,262.05
3 $\frac{1}{4}$ -percent, 1978-83-----	45,100,000	44,920,665.58	60,200,000	58,902,857.12
3 $\frac{1}{4}$ -percent, 1985-----	-----	-----	25,700,000	23,627,999.15
3 $\frac{1}{8}$ -percent, 1966-----	-----	-----	4,600,000	4,327,542.16
3 $\frac{1}{8}$ -percent, 1980-----	-----	-----	67,450,000	67,111,298.17
3 $\frac{1}{8}$ -percent, 1990-----	63,850,000	63,408,543.25	283,130,000	277,399,870.03
3 $\frac{1}{8}$ -percent, 1998-----	-----	-----	174,454,000	169,955,315.25
3 $\frac{1}{8}$ -percent, 1967-----	-----	-----	34,205,000	34,214,310.96
3 $\frac{1}{4}$ -percent, 1966-----	-----	-----	27,729,000	27,757,022.55
3 $\frac{1}{8}$ -percent, 1968-----	10,450,000	10,170,196.39	15,450,000	15,380,049.06
3 $\frac{1}{8}$ -percent, 1974-----	25,000,000	25,000,000.00	25,000,000	25,000,000.00
4-percent, 1969-----	36,500,000	36,500,000.00	37,500,000	37,514,850.00
4-percent, 1980-----	18,000,000	17,841,168.38	18,000,000	17,849,278.94
4 $\frac{1}{4}$ -percent, 1975-85-----	25,000,000	25,000,000.00	25,000,000	25,000,000.00
Total public issues-----	3,343,564,250	3,336,253,727.08	3,352,743,250	3,322,413,325.67
Accrued interest purchased-----				932,355.11
Total investments in public issues-----	3,343,564,250	3,336,253,727.08	3,352,743,250	3,323,345,680.78
Public-debt obligations (special issues): ²				
Certificates of indebtedness:				
2 $\frac{3}{8}$ -percent, 1961-----	270,000,000	270,000,000.00	-----	-----
3 $\frac{1}{4}$ -percent, 1962-----	-----	-----	440,698,000	440,698,000.00
Notes:				
2 $\frac{1}{2}$ -percent, 1961-----	325,660,000	325,660,000.00	-----	-----
2 $\frac{1}{2}$ -percent, 1962-----	965,000,000	965,000,000.00	471,319,000	471,319,000.00
2 $\frac{1}{2}$ -percent, 1963-----	465,000,000	465,000,000.00	412,011,000	412,011,000.00
2 $\frac{3}{8}$ -percent, 1961-----	168,000,000	168,000,000.00	-----	-----
2 $\frac{3}{8}$ -percent, 1962-----	168,000,000	168,000,000.00	168,000,000	168,000,000.00
2 $\frac{3}{8}$ -percent, 1963-----	168,000,000	168,000,000.00	168,000,000	168,000,000.00
2 $\frac{3}{8}$ -percent, 1964-----	168,000,000	168,000,000.00	168,000,000	168,000,000.00
Bonds:				
2 $\frac{1}{2}$ -percent, 1963-----	500,000,000	500,000,000.00	500,000,000	500,000,000.00
2 $\frac{1}{2}$ -percent, 1964-----	965,000,000	965,000,000.00	912,011,000	912,011,000.00
2 $\frac{1}{2}$ -percent, 1965-----	965,000,000	965,000,000.00	912,011,000	912,011,000.00
2 $\frac{1}{2}$ -percent, 1966-----	965,000,000	965,000,000.00	912,011,000	912,011,000.00
2 $\frac{1}{2}$ -percent, 1967-----	965,000,000	965,000,000.00	912,011,000	912,011,000.00

See footnotes at end of table, p. 15.

THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND 15

TABLE 6.—Assets of the old-age and survivors insurance trust fund, by type, at end of fiscal years 1960 and 1961—Continued

	June 30, 1960		June 30, 1961	
	Par value	Book value ¹	Par value	Book value ¹
Investments—Continued				
Public-debt obligations—Con.				
Bonds—Continued				
2½-percent, 1968.....	\$465,000,000	\$465,000,000.00	\$412,011,000	\$412,011,000.00
2½-percent, 1965.....	168,000,000	168,000,000.00	168,000,000	168,000,000.00
2½-percent, 1966.....	168,000,000	168,000,000.00	168,000,000	168,000,000.00
2½-percent, 1967.....	168,000,000	168,000,000.00	168,000,000	168,000,000.00
2½-percent, 1968.....	668,000,000	668,000,000.00	668,000,000	668,000,000.00
2½-percent, 1969.....	1,133,000,000	1,133,000,000.00	1,080,011,000	1,080,011,000.00
2½-percent, 1970.....	1,133,000,000	1,133,000,000.00	1,080,011,000	1,080,011,000.00
2½-percent, 1971.....	1,133,000,000	1,133,000,000.00	1,080,011,000	1,080,011,000.00
2½-percent, 1972.....	1,133,000,000	1,133,000,000.00	1,080,011,000	1,080,011,000.00
2½-percent, 1973.....	1,133,000,000	1,133,000,000.00	1,080,011,000	1,080,011,000.00
2½-percent, 1974.....	1,133,000,000	1,133,000,000.00	1,080,011,000	1,080,011,000.00
2½-percent, 1975.....	919,934,000	919,934,000.00	919,934,000	919,934,000.00
3¼-percent, 1975.....			160,077,000	160,077,000.00
3¼-percent, 1976.....			1,080,011,000	1,080,011,000.00
Total public-debt obligations.....	16,412,594,000	16,412,594,000.00	16,200,171,000	16,200,171,000.00
Total investments.....	19,756,158,250	19,748,847,727.08	19,552,914,250	19,523,516,680.78
Undisbursed balances.....		1,079,877,355.65		1,376,833,173.47
Total assets.....		20,828,725,082.73		20,900,349,854.25

¹ Par value plus unamortized premium less discount outstanding.

² All special issues—certificates, notes, and bonds—mature June 30 of the year shown.

The net decrease in the par value of the investments owned by the fund during the fiscal year 1961 amounted to \$203 million. New securities at a total par value of \$13,177 million were acquired during the fiscal year through the investment of receipts, the reinvestment of funds made available from the maturity of securities, and the exchange of securities. The par value of securities redeemed or exchanged during the fiscal year was \$13,006 million, including \$317 million of public issues. In addition, \$374 million of public issues were sold in the open market providing additional income to the fund in the form of a profit amounting to about \$2,243,000. A summary of transactions for the fiscal year, by type of security, is presented in table 7.

16 THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND

TABLE 7.—Statement of transactions in public-debt securities for the old-age and survivors insurance trust fund during the fiscal year 1961

[All amounts represent par values]

	Acquisitions	Dispositions
Public issues:		
Treasury bills:		
Jan. 15, 1962.....	0	\$23,550,000
July 15, 1961.....	\$10,000,000	10,000,000
Treasury notes:		
2½-percent, series A, 1963.....	0	30,000,000
3½-percent, series A, 1962.....	0	176,000,000
3¾-percent, series C, 1962.....	0	20,000,000
4-percent, series A, 1961.....	0	119,100,000
4-percent, series B, 1963.....	0	25,000,000
Treasury bonds:		
2¼-percent, 1959-62.....	0	4,205,000
2½-percent, 1962-67.....	0	58,650,000
2½-percent, 1963.....	0	4,500,000
2½-percent, 1963-68.....	0	116,480,000
2½-percent, 1964-69.....	0	104,004,000
2½-percent, 1965-70.....	46,500,000	0
2½-percent, 1965-70.....	6,550,000	0
2½-percent, 1966-71.....	7,000,000	0
2½-percent, 1967-72.....	56,200,000	0
3¼-percent, 1973-83.....	15,100,000	0
3¼-percent, 1985.....	25,700,000	0
3½-percent, 1966.....	4,500,000	0
3½-percent, 1980.....	67,450,000	0
3½-percent, 1990.....	219,280,000	0
3½-percent, 1998.....	174,454,000	0
3¾-percent, 1967.....	34,205,000	0
3¾-percent, 1966.....	27,729,000	0
3¾-percent, 1968.....	5,000,000	0
4-percent, 1969.....	1,000,000	0
Total public issues.....	700,688,000	691,489,000
Public-debt obligations (special issues):¹		
Certificate of indebtedness:		
2½-percent, 1961.....	2,665,457,000	2,985,457,000
3½-percent, 1961.....	4,247,596,000	4,247,596,000
3¾-percent, 1961.....	3,097,499,000	3,097,499,000
3¾-percent, 1962.....	440,698,000	0
4-percent, 1961.....	784,843,000	784,843,000
Notes:		
2½-percent, 1961.....	0	325,660,000
2½-percent, 1962.....	0	493,681,000
2½-percent, 1963.....	0	52,989,000
2½-percent, 1961.....	0	168,000,000
Bonds:		
2½-percent, 1964.....	0	52,989,000
2½-percent, 1965.....	0	52,989,000
2½-percent, 1966.....	0	52,989,000
2½-percent, 1967.....	0	52,989,000
2½-percent, 1968.....	0	52,989,000
2½-percent, 1969.....	0	52,989,000
2½-percent, 1970.....	0	52,989,000
2½-percent, 1971.....	0	52,989,000
2½-percent, 1972.....	0	52,989,000
2½-percent, 1973.....	0	52,989,000
2½-percent, 1974.....	0	52,989,000
3¾-percent, 1975.....	160,077,000	0
3¾-percent, 1976.....	1,080,011,000	0
Total public-debt obligations.....	12,476,181,000	12,688,604,000
Total transactions.....	13,176,849,000	13,380,093,000

¹ All special issues—certificates, notes, and bonds—mature June 30 of the year shown.

The 1956 amendments provided that the public-debt obligations issued for purchase by the old-age and survivors insurance trust fund and the disability insurance trust fund shall have maturities fixed with due regard for the needs of the funds. Under this provision, the special issues held by the old-age and survivors insurance trust fund on June 30, 1961, were distributed in virtually equal amounts of \$1,080 million among maturities ranging from 1 to 15 years (table 6).

SUMMARY OF THE OPERATIONS OF THE FEDERAL DISABILITY INSURANCE TRUST FUND, FISCAL YEAR 1961

A statement of the income and disbursements of the Federal disability insurance trust fund for fiscal year 1961 and of the assets of the fund at the beginning and end of the fiscal year is presented in table 8.

The total assets of the disability insurance trust fund amounted to \$2,167 million on June 30, 1960. These assets increased by \$337 million, to \$2,504 million by the end of the fiscal year 1961.

Net receipts of the fund amounted to \$1,082 million. Of this total, \$963 million represented tax collections appropriated to the fund, and \$69 million represented amounts received by the Secretary of the Treasury in accordance with State coverage agreements and deposited in the fund. However, \$10 million was transferred from the trust fund into the Treasury as repayment for the estimated amount of contributions subject to refund to employees who worked for more than one employer during the course of a year and paid contributions on wages in excess of the statutory maximum. An additional \$60 million of receipts consisted of net interest and profit on the investments of the fund.

TABLE 8.—Statement of operations of the disability insurance trust fund during the fiscal year 1961

Total assets of the trust fund, June 30, 1960		\$2,167,214,474.84
Receipts, fiscal year 1961:		
Tax contributions:		
Appropriations	\$962,812,407.76	
Deposits arising from State agreements	68,689,641.10	
Gross tax contributions	1,031,502,048.86	
Less payment into the Treasury for taxes subject to refund	9,500,000.00	
Net tax contributions		\$1,022,002,048.86
Interest and profit:		
On investments	\$61,486,814.11	
Less interest on amounts transferred to old-age and survivors insurance trust fund for reimbursed administrative expenses	876,593.00	
Less interest on amounts transferred to railroad retirement account	148,000.00	
Net interest and profit		60,462,221.11
Total receipts		<u>1,082,464,269.97</u>
Disbursements, fiscal year 1961:		
Benefit payments		703,995,671.89
Transfers to railroad retirement account		5,000,000.00
Administrative expenses:		
Reimbursement to the old-age and survivors insurance trust fund:		
For administrative expenses of the Department of Health, Education, and Welfare	\$30,533,424.00	
For construction of building for the Bureau of Old-Age and Survivors Insurance	2,642,898.00	
Treasury Department	3,122,289.56	
Total administrative expenses		36,298,611.56
Total disbursements		<u>745,294,283.45</u>
Net addition to the trust fund		337,169,986.52
Total assets of the trust fund, June 30, 1961		<u>2,504,384,461.36</u>

Disbursements from the fund during the fiscal year 1961 totaled \$745 million. Of this total, \$704 million was for benefit payments, an increase of 33 percent over the corresponding amount paid in the fiscal year 1960. This increase was due chiefly to (1) the expected increase in the number of disability insurance beneficiaries as the program matures and (2) the substantial changes made in the disability insurance program by the 1960 amendments, under which benefits were made payable to workers under age 50 and to their dependents.

Public Law 880, approved August 1, 1956, provided for financial interchanges between the railroad retirement account and the disability insurance trust fund similar to those described in the preceding section relating to the old-age and survivors insurance trust fund. The determination made as of June 30, 1960, required that a transfer of the principal sum of \$5 million be made from the disability insurance trust fund to the railroad retirement account. This sum, together with interest thereon for fiscal year 1961 amounting to \$148,000, was transferred to the railroad retirement account in June 1961. The remaining \$36 million of disbursements was for administrative expenses.

At the end of fiscal year 1961, some 898,000 persons in 558,000 families were receiving monthly benefits payable from the disability insurance trust fund (table 5). The distribution of benefit payments in fiscal years 1960 and 1961, by type of benefit, is shown in table 9.

TABLE 9.—*Estimated distribution of benefit payments from the disability insurance trust fund, by type of benefit, fiscal years 1960 and 1961*

[Amounts in millions]

Type of benefit	1960		1961	
	Amount	Percent of total	Amount	Percent of total
Total.....	\$528.3	100	\$704.0	100
Disability (disabled worker).....	450.1	85	589.5	84
Wife's or husband's (aged wives or dependent husbands of disability beneficiaries or their young wives if caring for child beneficiary).....	32.8	6	41.2	6
Child's (children, under age 18 or disabled, of disability beneficiaries).....	45.4	9	73.3	10

NOTE.—Benefits were first payable: (1) To disabled workers aged 50 through 64, for July 1957, (2) to disabled workers under age 50, for November 1960, and (3) to dependents of disabled-worker beneficiaries, for September 1958.

The assets of this fund at the end of fiscal year 1961 totaled \$2,504 million, consisting of \$2,386 million in the form of obligations of the U.S. Government, and \$119 million in undisbursed balances. Table 10 shows a comparison of the total assets of the fund and their distribution at the end of the fiscal years 1960 and 1961.

TABLE 10.—Assets of the disability insurance trust fund, by type, at end of fiscal years 1960 and 1961

	June 30, 1960		June 30, 1961	
	Par value	Book value ¹	Par value	Book value ¹
Investments:				
Public issues:				
Treasury notes:				
2½-percent, series A, 1963	\$10,000,000	\$10,000,000.00	-----	-----
3¼-percent, series C, 1962	7,000,000	7,000,000.00	-----	-----
4-percent, series B, 1963	5,000,000	5,000,000.00	-----	-----
4½-percent, series C, 1963	5,000,000	5,000,000.00	\$5,000,000	\$5,000,000.00
5-percent, series B, 1964	5,000,000	5,000,000.00	5,000,000	5,000,000.00
Treasury bonds:				
2½-percent, 1967-72	-----	-----	1,500,000	1,319,472.22
2½-percent, 1965	18,250,000	18,080,048.99	18,250,000	18,117,129.23
3-percent, 1966	10,000,000	10,000,000.00	10,000,000	10,000,000.00
3½-percent, 1990	1,500,000	1,378,180.30	7,500,000	7,061,358.78
3½-percent, 1998	-----	-----	3,500,000	3,280,489.98
3½-percent, 1967	-----	-----	10,000,000	10,000,000.00
3½-percent, 1968	-----	-----	3,750,000	3,750,000.00
3½-percent, 1974	5,000,000	5,000,000.00	5,000,000	5,000,000.00
4-percent, 1969	10,000,000	10,000,000.00	11,000,000	11,009,900.00
4-percent, 1980	2,000,000	1,994,128.01	2,000,000	1,994,427.89
4¼-percent, 1975-80	5,000,000	5,000,000.00	5,000,000	5,000,000.00
Total public issues	83,750,000	83,452,357.30	87,500,000	86,532,778.10
Accrued interest purchased	-----	-----	-----	90,422.15
Total investments in public issues	83,750,000	83,452,357.30	87,500,000	86,623,200.25
Public-debt obligations (special issues): ²				
Certificates of indebtedness:				
2½-percent, 1961	56,394,000	56,394,000.00	-----	-----
3¼-percent, 1962	-----	-----	34,096,000	34,096,000.00
Notes:				
2½-percent, 1961	37,500,000	37,500,000.00	-----	-----
2½-percent, 1962	37,500,000	37,500,000.00	37,500,000	37,500,000.00
2½-percent, 1963	30,000,000	30,000,000.00	30,000,000	30,000,000.00
2½-percent, 1961	63,000,000	63,000,000.00	-----	-----
2½-percent, 1962	95,394,000	95,394,000.00	95,394,000	95,394,000.00
2½-percent, 1963	95,394,000	95,394,000.00	95,394,000	95,394,000.00
2½-percent, 1964	95,394,000	95,394,000.00	95,394,000	95,394,000.00
2½-percent, 1965	32,394,000	32,394,000.00	32,394,000	32,394,000.00
3¼-percent, 1963	-----	-----	19,389,000	19,389,000.00
3¼-percent, 1964	-----	-----	19,389,000	19,389,000.00
3¼-percent, 1965	-----	-----	19,389,000	19,389,000.00
3¼-percent, 1966	-----	-----	19,389,000	19,389,000.00
Bonds:				
2½-percent, 1963	7,500,000	7,500,000.00	7,500,000	7,500,000.00
2½-percent, 1964	37,500,000	37,500,000.00	37,500,000	37,500,000.00
2½-percent, 1965	37,500,000	37,500,000.00	37,500,000	37,500,000.00
2½-percent, 1966	37,500,000	37,500,000.00	37,500,000	37,500,000.00
2½-percent, 1967	37,500,000	37,500,000.00	37,500,000	37,500,000.00
2½-percent, 1968	30,000,000	30,000,000.00	30,000,000	30,000,000.00
2½-percent, 1965	63,000,000	63,000,000.00	63,000,000	63,000,000.00
2½-percent, 1966	95,394,000	95,394,000.00	95,394,000	95,394,000.00
2½-percent, 1967	95,394,000	95,394,000.00	95,394,000	95,394,000.00
2½-percent, 1968	102,894,000	102,894,000.00	102,894,000	102,894,000.00
2½-percent, 1969	132,894,000	132,894,000.00	132,894,000	132,894,000.00
2½-percent, 1970	132,894,000	132,894,000.00	132,894,000	132,894,000.00
2½-percent, 1971	132,894,000	132,894,000.00	132,894,000	132,894,000.00
2½-percent, 1972	132,894,000	132,894,000.00	132,894,000	132,894,000.00
2½-percent, 1973	132,894,000	132,894,000.00	132,894,000	132,894,000.00
2½-percent, 1974	132,894,000	132,894,000.00	132,894,000	132,894,000.00
2½-percent, 1975	132,894,000	132,894,000.00	132,894,000	132,894,000.00
3¼-percent, 1967	-----	-----	19,389,000	19,389,000.00
3¼-percent, 1968	-----	-----	19,389,000	19,389,000.00
3¼-percent, 1969	-----	-----	19,389,000	19,389,000.00
3¼-percent, 1970	-----	-----	19,389,000	19,389,000.00
3¼-percent, 1971	-----	-----	19,389,000	19,389,000.00
3¼-percent, 1972	-----	-----	19,389,000	19,389,000.00

See footnotes at end of table, p. 20.

TABLE 10.—*Assets of the disability insurance trust fund, by type, at end of fiscal years 1960 and 1961—Continued*

	June 30, 1960		June 30, 1961	
	Par value	Book value ¹	Par value	Book value ¹
Investments—Continued				
Public-debt obligations—Con.				
Bonds—Continued				
3½ percent, 1973.....			\$19,389,000	\$19,389,000.00
3½ percent, 1974.....			19,389,000	19,389,000.00
3½ percent, 1975.....			19,389,000	19,389,000.00
3½ percent, 1976.....			152,283,000	152,283,000.00
Total public-debt obligations.....	\$2,017,410,000	\$2,017,410,000.00	2,298,952,000	2,298,952,000.00
Total investments.....	2,101,160,000	2,100,862,357.30	2,386,452,000	2,385,575,200.25
Undisbursed balances.....		66,352,117.54		118,809,261.11
Total assets.....		2,167,214,474.84		2,504,384,461.36

¹ Par value plus unamortized premium less discount outstanding.

² All special issues—certificates, notes, and bonds—mature June 30 of the year shown.

The net increase in the par value of the investments owned by the fund during the fiscal year amounted to \$285 million. New securities at a total par value of \$1,523 million were acquired during the fiscal year through the investment of receipts of the fund, the reinvestment of funds made available from the maturity of securities, and the exchange of securities. The par value of securities redeemed or exchanged during the year was \$1,226 million, including \$10 million of public issues. In addition, \$12 million of public issues were sold in the open market, providing additional income to the fund in the form of a profit amounting to about \$111,000. A summary of transactions for the fiscal year, by type of security, is presented in table 11.

As indicated in the preceding section of this report, the special issues held by the trust funds have maturities fixed with due regard for the needs of the funds. On June 30, 1961, these holdings of the disability insurance trust fund were distributed in equal amounts of \$152 million among maturities ranging from 2 to 15 years and in the amount of \$167 million maturing at the end of the first year.

THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND 21

TABLE 11.—Statement of transactions in public-debt securities for the disability insurance trust fund during the fiscal year 1961

[All amounts represent par values]

	Acquisitions	Dispositions
Public Issues:		
Treasury notes:		
2½-percent, series A, 1963.....	0	\$10,000,000
3½-percent, series C, 1962.....	0	7,000,000
4-percent, series B, 1963.....	0	5,000,000
Treasury bonds:		
2½-percent, 1967-72.....	\$1,500,000	0
3½-percent, 1990.....	6,000,000	0
3½-percent, 1998.....	3,500,000	0
3½-percent, 1967.....	10,000,000	0
3½-percent, 1968.....	3,750,000	0
4-percent, 1969.....	1,000,000	0
Total public issues.....	25,750,000	22,000,000
Public-debt obligations (special issues):¹		
Certificates of indebtedness:		
2½-percent, 1961.....	245,829,000	302,223,000
3½-percent, 1961.....	381,424,000	381,424,000
3½-percent, 1961.....	343,947,000	343,947,000
3½-percent, 1962.....	34,096,000	0
4-percent, 1961.....	87,885,000	87,885,000
Notes:		
2½-percent, 1961.....	0	37,500,000
2½-percent, 1961.....	0	63,000,000
3½-percent, 1963.....	19,389,000	0
3½-percent, 1964.....	19,389,000	0
3½-percent, 1965.....	19,389,000	0
3½-percent, 1966.....	19,389,000	0
Bonds:		
3½-percent, 1967.....	19,389,000	0
3½-percent, 1968.....	19,389,000	0
3½-percent, 1969.....	19,389,000	0
3½-percent, 1970.....	19,389,000	0
3½-percent, 1971.....	19,389,000	0
3½-percent, 1972.....	19,389,000	0
3½-percent, 1973.....	19,389,000	0
3½-percent, 1974.....	19,389,000	0
3½-percent, 1975.....	19,389,000	0
3½-percent, 1976.....	152,283,000	0
Total public-debt obligations.....	1,497,521,000	1,215,979,000
Total transactions.....	1,523,271,000	1,237,979,000

¹ All special issues—certificates, notes, and bonds—mature June 30 of the year shown.

EXPECTED OPERATIONS AND STATUS OF THE TRUST FUNDS DURING THE PERIOD JULY 1, 1961, TO DECEMBER 31, 1966

In the following statement of the expected operations and status of the trust funds during the period July 1, 1961, to December 31, 1966, it is assumed that present statutory provisions affecting the old-age, survivors, and disability insurance program remain unchanged throughout the period. The income and disbursements of the program, however, are affected by general economic conditions as well as by legislative provisions. Because it is difficult to foresee economic developments, the assumptions and the resulting estimates here presented are subject to some uncertainty. This statement of the expected operations of the trust funds should therefore be read with full recognition of the difficulties of estimating future trust fund income and disbursements under changing economic conditions.

Estimates are presented in table 12 to show the expected operations of the old-age and survivors insurance trust fund in fiscal years 1962-66. They are based on the assumption that economic activity will expand throughout the period, with employment and earnings increasing steadily through 1966. Figures on actual experience in