APPENDIX I. ASSUMPTIONS, METHODOLOGY, AND DETAILS OF LONG-RANGE COST ESTIMATES

The basic assumptions used in the long-range estimates for the old-age, survivors, and disability insurance system are described in this appendix.[1] Also given are more detailed data in connection with the results of these estimates.

Population

Projections were made of the United States population (including overseas areas covered by the old-age, survivors, and disability insurance program) for future quinquennial years, by 5-year age groups and by sex. The starting point was the population on July 1, 1955, as estimated by the Bureau of the Census from the 1950 census and from births, deaths, and migration in 1950-55. This population estimate was increased to allow for probable underenumeration in the 1950 census. The projections used were developed before the results of the 1960 census became available; the long-range cost estimates were not revised because the effect is negligible.[2]

1/ For more details as to the procedures followed in making the long-range cost estimates, see Actuarial Study No. 49, Social Security Administration, May 1959, ~~which deals with the 1956~~ Act but also indicates the modified procedures that were used in connection with estimates for the 1958 and 1960 Acts. A detailed discussion of the cost estimates for the 1961 Act can be found in Actuarial Study No. 58.

2/ The 1960 census revealed a greater number of persons aged 65 and over than earlier estimates had indicated, with most of this excess at ages 65-74. However, since people in these age groups are subject to high mortality and will thus not survive for many years, this discrepancy will have little effect on the long-range population projections. The 1960 census reported 16,560,000 persons aged 65 and over, as compared with the 1960 estimates of 16,413,000 in the high-cost projection and 16,319,000 in the low-cost projection. (For comparability, the projection figures should be reduced by about 200,000 because they are as of July 1 instead of April 1, and they include Puerto Rico and several other geographic areas).

In the projections for both cost estimates it is assumed that mortality rates will decline until the year 2000. In the high-cost estimates, mortality rates for the year 2000 are about 50 to 55 percent of the 1953 level up to age 70, with the rates at the older ages showing somewhat smaller improvements. The low-cost estimate assumes roughly half of the improvement in mortality used in the high-cost estimate.

In the low-cost estimate, fertility rates are assumed to remain at about the level of recent years until 1975 and then decrease slowly until in 2045-50 they reach about the level required to maintain a stationary population. The high-cost fertility rates begin decreasing at once and in 2005-10 reach about the level required to maintain a stationary population. Both estimates assume a small amount of net immigration.

The low-cost estimate is based on high fertility and high mortality, while the high-cost estimate assumes low fertility and low mortality. This makes the high-cost population relatively much older than the low-cost population, which is reasonable in view of the fact that benefits to aged persons account for nearly 85 percent of the cost of the system. Complete details about the population projections are given in Actuarial Study No. 46, Social Security Administration.

Employment

Assumptions as to the percentage of the population who have covered employment during a year were made for each age group by sex for each quinquennial year. The estimated percentages for 1960 were projected to decrease in the younger ages for males to allow for a greater utilization of schools. For males aged 25 and over, the proportions were assumed to increase slightly, except for the older ages where they were assumed to decrease for both the low-cost and high-cost assumptions (thus recognizing the possibility of higher retirement rates). An increase was assumed for females, except for the very young and very old ages; these increases are higher in the middle ages and are a continuation of trends in the past. Assumptions were also made about the percentage of covered workers in each age group who have 4 quarters of coverage during the year.

All the foregoing assumptions may be characterized as representing moderately full employment. A depression could substantially increase the cost, as shown in appendix IV. But it is believed that any periods of low employment would be of short duration and would not have a significant long-range effect.

Earnings

Level average earnings at about the 1963 level were assumed for each sex. This assumption implies that within each sex group the earnings level would not rise on account of changes in the distribution of covered workers by occupation or industry.

In the past, average earnings have increased greatly, partly because of inflation, partly because of increased productivity, and partly because of the changed occupational composition of the labor force and related factors. If this trend continues and if the benefit formula is not changed the cost relative to payroll would be less than the estimates show because the formula provides a benefit that is a decreasing percentage of average wage as the average wage increases.

It is likely, however, that if average earnings increase, the benefit formula and the earnings base used for contributions will be modified.

If benefit payments are increased in exactly the same ratio as the increase in average earnings, the year-by-year cost estimates of benefit payments expressed as a percentage of payroll would be unchanged. There would, however, be some increase in the level-premium cost because of the diminished relative value of interest earnings on the trust funds.

Insured Population

The term "insured" is used as meaning either fully or currently insured. Separate estimates of fully insured, currently insured, and both fully and currently insured have not been made, because almost all aged insured persons and almost all younger male insured persons are fully insured, and also because either fully or currently insured status generally gives eligibility to all young survivor benefits.

The percentages of insured persons by age and sex in various future years are estimated from the percentages of persons covered. It is evident that eventually almost all males in the country will be insured for old-age and survivor benefits; the ultimate percentage for aged males is estimated at 95 percent in the low-cost estimate and 98 percent in the high-cost estimate. For females there is much greater uncertainty; it is estimated that the corresponding proportions for aged females will eventually be 67 percent in the low-cost estimate and 73 percent in the high-cost estimate (the differential reflecting the range possible because of women moving in and out of the labor market and whether thereby they do or do not obtain insured status).

The estimated numbers of persons insured for disability benefits are lower than those insured for old-age and survivor benefits because of the more restrictive insured status provisions for disability benefits.

Aged Beneficiaries

Old-age beneficiaries are estimated from the aged insured population. The proportions, by age and sex, of the insured population that were receiving benefits at the beginning of 1963 were projected to increase slightly, following the trends in the past--thus, reflecting the assumed gradual increase in retirement rates.

Wives aged 62 and over of male old-age beneficiaries were estimated by using census data and mortality projections. These potential wife beneficiaries, after adjustment for eligibility to benefits on their own account, were assumed to claim benefits as soon as they are eligible, even if this occurred at ages 62-64, when they would have to take reduced benefits. The experience to date indicates that in the vast majority of the cases such immediate claiming of wife's benefits does occur.

To estimate widow beneficiaries the proportions of widows in the female aged population were projected according to mortality assumptions and adjusted for both eligibility to benefits on their own account and for the insured status of their deceased husbands. These uninsured eligible widows were assumed to claim benefits as soon as available.

It can be observed that the assumed wife and widow beneficiaries consist of the uninsured potential beneficiaries. In actual practice, some of the insured potential beneficiaries also receive a residual benefit consisting of the excess of the potential wife's or widow's benefit over their own old-age benefit. These residual benefits, although not giving rise to additional aged beneficiaries, were considered in the cost of the particular type of dependent or survivor benefit concerned.

The minor category of parent beneficiaries is estimated as a constant proportion of aged persons not eligible for any other benefit. The insignificant effect of the retirement test as it applies to wife's, widow's, and parent's benefits was ignored. No estimates were made for benefits to dependent husbands and widowers since their cost is relatively negligible.

Appendix table 1 shows the estimated numbers of aged beneficiaries. By the year 2050, the numbers of beneficiaries in the low-cost estimate slightly exceed those under the high-cost estimate. This is because the low-cost population is much larger--not only at the working ages but also, although to a smaller degree, at the older ages.

Beneficiaries Under Retirement Age

Young wives and children of retired workers were estimated by reference to their ratios to male old-age beneficiaries, as derived from recent actual data and projected according to the population fertility assumptions.

Child survivor beneficiaries were obtained from estimates of total paternal orphans in the country in future years. The projected child population by age groups was multiplied by the probability of being a paternal orphan. These probabilities were derived by using distributions of age of fathers at birth of child and death rates consistent with the population projections. The numbers of paternal orphans were then adjusted to eliminate orphans of uninsured men, to add the small numbers of orphans of insured women and to include the eligible disabled orphans aged 18 and over. Mother survivor beneficiaries are estimated by assuming a constant ratio of mothers to children. The numbers of lump-sum death payments were estimated by multiplying the insured population by death rates consistent with the survival rates used in the population projections.

Disabled Beneficiaries and Their Dependents

Future numbers of persons receiving monthly disability benefits based on their own earnings records are estimated by applying disability prevalence rates (by age and sex) to the population insured for disability benefits. Prevalence rates may be defined as the proportion of the relevant

Appendix Table 1.--Estimated monthly retirement beneficiaries in current-payment status 1/, 1970-2050

(In thousands)

Calendar year	Old-age beneficiaries: Male	Old-age beneficiaries: Female	Wives of old-age beneficiaries 2/	Aged widows 3/	Dependent parents	Total
			Actual data			
1955	3,252	1,222	1,144	701	25	6,344
1956	3,572	1,540	1,376	913	27	7,428
1957	4,198	1,999	1,779	1,095	29	9,101
1958	4,617	2,303	1,979	1,233	30	10,162
1959	4,937	2,589	2,123	1,394	35	11,077
1960	5,217	2,845	2,236	1,544	36	11,877
1961	5,765	3,160	2,368	1,697	37	13,027
1962	6,244	3,494	2,510	1,859	37	14,145
			Low-cost estimate			
1970	7,331	5,043	2,705	2,627	34	17,740
1980	8,985	7,294	2,980	3,205	34	22,498
1990	10,457	9,410	3,102	3,560	32	26,561
2000	10,915	10,514	2,845	3,576	28	27,878
2025	16,983	17,402	3,519	4,649	33	42,586
2050	24,415	25,157	4,877	6,812	45	61,306
			High-cost estimate			
1970	8,044	5,880	2,852	2,439	35	19,250
1980	10,564	9,191	3,175	2,769	34	25,733
1990	13,265	12,207	3,576	3,040	32	32,120
2000	14,779	13,790	3,489	3,080	28	35,166
2025	22,470	21,182	3,919	3,956	29	51,556
2050	25,789	24,475	4,461	4,405	30	59,160

1/ Persons qualifying both for old-age benefits and for wife's, widow's, husband's, widower's, and parent's benefits are shown only as old-age beneficiaries. Minimum retirement age was 65 until November 1956, when it was lowered to 62 for women, and until August 1961, when it was also reduced to 62 for men. Actual data as of the end of the year (except for 1958--November); estimated data as of the middle of the year. Excluding effect of railroad financial interchange provisions.

2/ Including dependent husbands and including wives of any age with child beneficiaries in their care (both relatively small categories).

3/ Including dependent widowers.

population (population insured for disability in this case) that has a specific chararacteristic (receiving disability benefits in this case).

The prevalence rates were developed from assumed disability incidence and termination rates. The incidence rates were based on the so called 165 percent modification of class 3 rates (which includes increasingly higher percentages for ages above 45). This 165 percent modification corresponds roughly to life insurance company experience during the early 1930's. These rates were reduced by 10 percent to account for the fact that unlike the general definition in insurance company policies, disability is not presumed to be total and of expected long-continued duration after 6 months' duration. Rather, the likelihood of the disability being of a long-continued and indefinite-nature condition must be proved at the time.

The original estimates of the cost of the disability insurance system (prepared at the time of the 1956 amendments) assumed, for high cost, incidence rates based on the 165 percent modification of class 3 rates. For low cost, the rates were assumed to be 25% of those used in the high cost estimate. These incidence rates are basically those in current use except for a narrowing of the range between low and high to reflect the operating experience analyzed up to now. This experience has shown the actual incidence rates to fall roughly mid-range between the high incidence and low incidence originally assumed.

Benefit termination rates because of death and recovery in current use are those used in the original disability insurance cost estimate--i.e., class 3 rates for high cost and 1924-27 German social insurance experience for low cost estimate.

The prevalence rates resulting from the above incidence and termination rates were adjusted to reflect current operating experience and then used to calculate the numbers of beneficiaries in the future. These future prevalence rates are thus based on the incidence and termination rates originally assumed, but they are adjusted to reflect the latest available experience. The modified methodology that has been followed allows for a prompt reflection, in the estimated cost, of any changes in the experience of the program.

In accordance with current experience the prevalence rates for females were assumed to be about 75 percent of those for male workers.

Appendix table 2 shows the estimates of number of beneficiaries under the minimum retirement age (including disability insurance beneficiaries and their dependents).

Average Benefits and Total Benefit Payments

Average benefits in the various benefit categories were interpolated between the sizes of current benefit awards, estimated from recent claims data, and the sizes of the ultimate benefits computed. The latter were determined as though the 1963 earnings level were in effect throughout the entire working life of all workers with respect to whom benefits are being paid. Total benefit payments are shown, in dollar amounts, in tables 19 and 20, and as a percentage of payroll, in table 18.

The combined cost of old-age, survivors, and disability benefits (expressed as a percentage of taxable payroll) in 1962, as shown in tables 14 and 17 is projected to increase by about 60 percent in the low-cost estimate and by about 130 percent in the high-cost estimate, according to table 18. The significant upward cost trend is temporarily reversed around the year 2000, at which time a significant part of the aged population consists of survivors of persons born in the 1930's, when birth rates were low.

Appendix Table 2.--Estimated monthly beneficiaries under minimum retirement age in current-payment status 1/ and number of deaths resulting in lump-sum death payments, 1970-2050

(In thousands)

Calendar year	Children 2/	Widowed mothers	Disability beneficiaries: Workers	Disability beneficiaries: Wives 3/	Disability beneficiaries: Children 4/	Total monthly beneficiaries	Lump-sum death cases
			Actual data				
1955	1,276	292	--	--	--	1,568	567
1956	1,341	301	--	--	--	1,642	547
1957	1,502	328	150	--	--	1,980	689
1958	1,606	354	238	12	18	2,228	657 5/
1959	1,754	376	334	48	78	2,590	822 6/
1960	1,845	401	455	77	155	2,934	779
1961	1,989	428	618	118	291	3,444	813
1962	2,160	452	741	147	387	3,887	865
			Low-cost estimate				
1970	2,858	603	983	185	528	5,157	1,132
1980	3,312	701	1,167	214	610	6,004	1,425
1990	3,784	821	1,270	228	634	6,737	1,676
2000	4,030	899	1,520	267	703	7,419	1,930
2025	4,552	980	2,390	378	859	9,159	2,863
2050	4,743	984	2,975	425	885	10,012	4,089
			High-cost estimate				
1970	2,355	471	1,178	222	601	4,827	1,098
1980	2,279	441	1,430	234	558	4,942	1,389
1990	2,328	448	1,584	249	554	5,163	1,679
2000	2,226	427	1,852	274	595	5,374	1,985
2025	2,462	425	2,334	321	656	6,198	2,769
2050	2,536	418	2,480	326	665	6,425	3,360

1/ See footnote 1 of Appendix Table 1 for definition of minimum retirement age. Does not include wives under age 62 of old-age beneficiaries; includes disability beneficiaries aged 62-64, and spouses aged 62 and over of disability beneficiaries. For actual data, as of December (except for 1958--November); for estimated future data, as of middle of year. Excluding effect of railroad financial interchange provisions.

2/ Children of retired and deceased workers.

3/ Spouses of disabled workers, including some such spouses aged 62 and over.

4/ Children of disabled workers.

5/ January through November 1958.

6/ December 1958 through December 1959.

Administrative Expenses

Assumed administrative expenses for old-age, survivors, and disability insurance are based on two factors--the number of persons having any covered employment in the given year and the number of monthly beneficiaries.

Railroad Retirement Financial Interchange

A financial interchange between the old-age, survivors, and disability insurance system and the railroad retirement system is provided, as explained in appendix II. The purpose of this interchange is to place the old-age and survivors insurance and the disability insurance trust funds in the same position they would have been in if railroad employment were, and always had been, covered employment.

Because of the relatively older age distribution of railroad workers, the transfer is currently in favor of the railroad retirement system. But it is estimated that eventually the low-cost factors in respect to railroad employment--higher average wage, lower percentage of females, and more wives and widows of railroad workers receiving old-age, survivors, and disability insurance benefits on their own earnings records, rather than on the record of the railroad worker--will shift the transfer the other way. The long-range effect is relatively insignificant insofar as old-age, survivors, and disability insurance costs are concerned, but the current estimates indicate a small "net gain" to the railroad retirement system over the entire period of these estimates.

Interest Rate

The 1960 amendments revised the basis for determining the interest rate on public-debt obligations issued for purchase by the trust funds (special issues), which constitute a major portion of the investments of the trust funds. Under previous law, the interest rate on special obligations was related to the average coupon rate on all outstanding marketable obligations of the United States not due or callable for at least 5 years from the original issue date. Under present law, this interest rate is based on the average market yield of all such marketable obligations not due or callable for 4 more years from the time of the issuance of the special obligations.

This change will have the immediate effect of gradually increasing the interest income of the trust funds as compared with the previous basis. The ultimate effect is expected to be only a slight increase in the interest income of the system since, over the long run, coupon rates on new long-term Government obligations tend to follow (both up and down) the average market yield on all outstanding long-term issues.

For the intermediate-cost estimate a level interest rate of 3.50 percent was assumed. This is somewhat above the average yield of present investments (about 3.0 percent), but is below the rate currently being obtained for new investments (an average of about 4.0 percent). The interest rate for the low-cost and high-cost estimates was assumed at 3.75 percent and 3.25 percent, respectively.

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APPENDIX II. LEGISLATIVE HISTORY AFFECTING THE TRUST FUNDS 1/

Board of Trustees.--From January 1, 1940, when the Federal old-age and survivors insurance trust fund was established, through July 15, 1946, the three members of the Board of Trustees, who served in an ex officio capacity, were the Secretary of the Treasury, the Secretary of Labor, and the Chairman of the Social Security Board. On July 16, 1946, under the Reorganization Plan No. 2 of 1946, the Federal Security Administrator became ex officio member of the Board of Trustees in place of the Chairman of the Social Security Board, which agency was abolished. On April 11, 1953, the Reorganization Plan No. 1 of 1953, creating the Department of Health, Education, and Welfare, went into effect, and the Office of Federal Security Administrator was abolished. The functions of the Administrator as ex officio member of the Board of Trustees were taken over by the Secretary of Health, Education, and Welfare. The remaining membership of the Board has not changed since it was first established. Since the establishment of the fund the Secretary of the Treasury

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1/ Amendments to the Social Security Act and to related sections of the Internal Revenue Code were made during the period 1939-61. The more important changes made in 1950-58 that are significant from an actuarial standpoint are described in appendix II of the 21st Annual Report of the Board of Trustees. The more important changes contained in the 1960 and 1961 amendments are described in the main body of the 23d Annual Report of the Board of Trustees.

has been managing trustee. The Social Security Act Amendments of 1950 designated the Commissioner for Social Security--since April 11, 1953, the Commissioner of Social Security--as Secretary of the Board of Trustees. Under the Social Security Amendments of 1956, the Board of Trustees of the Federal old-age and survivors insurance trust fund was also made the Board of Trustees of the Federal disability insurance trust fund. The Social Security Amendments of 1960 provide that the Board of Trustees shall meet not less frequently than once each 6 months. These amendments also eliminated the so-called three-times rule (requiring the Board of Trustees to report to the Congress whenever it expects that in the course of the next 5 fiscal years either of the trust funds will exceed three times the highest annual expenditures from such fund anticipated during that 5-year period).

Contribution rates.--The Social Security Act of 1935 fixed the contribution rates for employees and their employers at 1 percent each on taxable wages for the calendar years 1937-39, and provided for higher rates thereafter. However, subsequent acts of Congress extended the 1-percent rates through calendar year 1949. On January 1, 1950, the rates rose to 1 1/2 percent each for employees and employers, as provided by the Social Security Act Amendments of 1947. In accordance with the Social Security Act Amendments of 1950, the 1 1/2-percent rates remained in effect through calendar year 1953, and, on January 1, 1954, rose to 2 percent each for employees and employers. These rates remained in effect through December 31, 1956. In accordance with the Social Security Amendments of 1956, the 2-percent rates rose to 2 1/4 percent each on January 1, 1957, and remained in effect through calendar year 1958. On January 1, 1959, the rates rose to 2 1/2 percent each, and on January 1, 1960, to 3 percent each, as provided by the Social Security Amendments of 1958. These rates remained in effect through December 31, 1961. In accordance with the Social Security Amendments of 1961, the 3-percent rates rose, on January 1, 1962, to 3 1/8 percent each for employees and employers, and on January 1, 1963, to 3 5/8 percent each. Beginning January 1, 1951--the effective date of extension of coverage to self-employed persons--the rates of tax on self-employment income have been equal to 1 1/2 times the corresponding employee rates, except that beginning in 1962 the resulting rates for the self-employed are rounded to the nearest tenth of 1 percent. The tax rates that have been in effect since 1937 and the maximum amount of annual earnings to which the rates applied are shown in the following table:

Calendar years	Maximum taxable amount of annual earnings	Percent of taxable earnings	
		Employees and employers, each	Self-employed
1937-49.....	$3,000	1	---
1950........	3,000	1 1/2	---
1951-53.....	3,600	1 1/2	2 1/4
1954........	3,600	2	3
1955-56.....	4,200	2	3
1957-58.....	4,200	2 1/4	3 3/8
1959........	4,800	2 1/2	3 3/4
1960-61.....	4,800	3	4 1/2
1962........	4,800	3 1/8	4.7
1963........	4,800	3 5/8	5.4

Special refunds of employee contributions.--With respect to wages paid before 1951, refunds to employees who worked for more than one employer during the course of a year and paid contributions on such wages in excess of the statutory maximum were made from general revenues. With respect to wages paid after 1950, these refunds are paid from the Treasury account for refunding internal revenue collections. The Social Security Act Amendments of 1950 directed the managing trustee to pay from time to time from the old-age and survivors insurance trust fund into the Treasury, as repayments to the account for refunding internal revenue collections, the amount estimated by him to be contributions which are subject to refund with respect to wages paid after 1950. The Social Security Amendments of 1956 provided for similar repayments from the disability insurance trust fund.

Credits for military service.--The Social Security Act Amendments of 1946 provided survivor-insurance protection to certain World War II veterans for a period of 3 years following their discharge from the Armed Forces. Federal appropriations were authorized to reimburse the Federal old-age and survivors insurance trust fund for such sums as were withdrawn to meet the additional cost (including administrative expenses) of such payments. The 1950 amendments, which provided noncontributory $160 monthly wage credits to persons who served in the Armed Forces during World War II, and the 1952, 1953, 1955, and 1956 amendments which provided similar noncontributory credits on account of active military or naval service from July 25, 1947, through December 31, 1956, charged to the old-age and survivors insurance trust fund not only the additional costs arising from these credits but also, beginning September 1950, those additional costs arising under the 1946 amendments. The 1956 amendments provided contributory coverage for military personnel beginning January 1, 1957. In addition, these amendments authorized that the old-age and survivors insurance trust fund and, where appropriate, the disability insurance trust fund be reimbursed from general revenues for expenditures after August 1950 resulting from the provisions that granted noncontributory $160 monthly wage credits to persons who served in the Armed Forces from September 16, 1940, through December 31, 1956, and from the provisions enacted in 1946. The existing statutory provisions that authorize the granting of noncontributory credits for military service and the financing of these credits are set forth in appendix III.

Coordination of old-age, survivors, and disability insurance and railroad retirement program.--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. This legislation provides that the railroad wage credits of workers who die or retire with less than 10 years of railroad employment shall be transferred to the old-age and survivors insurance system. These amendments did not affect workers who acquire 10 years or more of railroad service. That is, the survivors of over-10-year railroad workers will, as under the 1946 amendments to the Railroad Retirement Act, receive benefits under one program or the other based on combined wage records, while retirement benefits will be payable under both systems to individuals with 10 or more years of railroad service who also qualify under old-age and survivors insurance.

With respect to the allocation of costs between the two systems, Public Law 234 required the Railroad Retirement Board and the Secretary of Health, Education, and Welfare to--

> determine, no later than January 1, 1954, the amount which would place the Federal old-age and survivors insurance trust fund in the same position in which it would have been at the close of the fiscal year ending June 30, 1952, if service as an employee after December 31, 1936, had been included in the term "employment" as defined in the Social Security Act and in the Federal Insurance Contributions Act.

The two agencies completed a series of joint actuarial studies and analyses required by this provision. The results show that the addition of $488 million to the old-age and survivors insurance trust fund would place it in the same position as of June 30, 1952, as it would have been if railroad employment had always been covered under the Social Security Act.

There is no authority in the law that would have permitted the transfer of the $488 million from the railroad retirement account to the trust fund, but the legislation provides that beginning with fiscal year 1953, and for each fiscal year thereafter, annual interest payments on this amount (less any offsets described below) were to be transferred from the railroad retirement account to the trust fund.

The legislation further provides that at the close of the fiscal year 1953, and each fiscal year thereafter, annual reimbursements are to be effected between the railroad retirement account and the trust fund in such amounts as would, taking into consideration the amount determined for the period through June 30, 1952, place the trust fund at the end of the year in the same position in which it would have been if railroad employment were covered under the Social Security Act. If the reimbursement is from the trust fund to the railroad retirement account, the Secretary of Health, Education, and Welfare may offset the amount of such reimbursement against the amount determined for the period through June 30, 1952.

The Social Security Amendments of 1956 amended Public Law 234 to provide for similar annual determinations and financial interchanges between the railroad retirement account and the newly created disability insurance trust fund, beginning with the fiscal year ending June 30, 1958.