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1970 ANNUAL REPORT OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE AND DISABILITY INSURANCE TRUST FUNDS

LETTER

FROM

BOARD OF TRUSTEES

FEDERAL OLD-AGE AND SURVIVORS INSURANCE AND DISABILITY INSURANCE TRUST FUNDS

TRANSMITTING

THE 1970 ANNUAL REPORT OF THE BOARD (30TH REPORT), PURSUANT TO THE PROVISIONS OF SECTION 201(c) OF THE SOCIAL SECURITY ACT, AS AMENDED

APRIL 2, 1970.—Referred to the Committee on Ways and Means and ordered to be printed

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LETTER OF TRANSMITTAL

BOARD OF TRUSTEES OF THE
FEDERAL OLD-AGE AND SURVIVORS INSURANCE
AND DISABILITY INSURANCE TRUST FUNDS,
Washington, D.C., April 1, 1970.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES,
Washington, D.C.

SIR; We have the honor to transmit to you the 1970 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund (the 30th such report), in compliance with the provisions of section 201(c) of the Social Security Act, as amended.

Respectfully,

DAVID M. KENNEDY,
Secretary of the Treasury,
and Managing Trustee of the Trust Funds.

GEORGE P. SHULTZ,
Secretary of Labor.

ROBERT H. FINCH,
Secretary of Health, Education, and Welfare.

ROBERT M. BALL,
Commissioner of Social Security
and Secretary, Board of Trustees.

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1970 ANNUAL REPORT OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND AND THE FEDERAL DISABILITY INSURANCE TRUST FUND

THE BOARD OF TRUSTEES

The Federal old-age and survivors insurance trust fund, established on January 1, 1940, and the Federal disability insurance trust fund, established on August 1, 1956, are held by the Board of Trustees under the authority of section 201(c) of the Social Security Act. The Board is comprised of three members who serve in an ex officio capacity. The members of the Board are the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health, Education, and Welfare. The Secretary of the Treasury is designated by law as the managing trustee. The Commissioner of Social Security is secretary of the Board.

ADVISORY COUNCIL ON SOCIAL SECURITY

The Secretary of Health, Education, and Welfare on May 22, 1969, announced the appointment of an Advisory Council on Social Security in compliance with the provisions of section 706 of the Social Security Act. The Council, which consists of a Chairman and 12 members representing organizations of employers, and of employees, self-employed persons, and the public, is making a comprehensive study of the old-age and survivors insurance, disability insurance, hospital insurance, and supplementary medical insurance programs.

The Council is required to review the status of the old-age and survivors insurance trust fund, the disability insurance trust fund, the hospital insurance trust fund, and the supplementary medical insurance trust fund in relation to the long-term commitments of the programs. The Council is reviewing the scope of coverage, the adequacy of benefits, and all other aspects of these four programs, including their impact on public assistance. The Council must submit its final report to the Congress and to the Board of Trustees of each of the trust funds no later than January 1, 1971, after which date the Council will cease to exist. The Council's report and recommendations with respect to the old-age, survivors, and disability insurance program will be included in the next annual report of the Board of Trustees.

FISCAL YEAR HIGHLIGHTS

Both benefit payments and contributions for the old-age and survivors insurance trust fund and the disability insurance trust fund continued to rise during fiscal year 1969, reaching higher levels than in any previous year. The number of persons receiving monthly benefits under the old-age, survivors, and disability insurance program increased to 24.9 million by the end of June 1969. There were an estimated 89 million workers who had earnings in calendar year 1968 that were taxable and creditable toward benefits under the program, another record high.

For the old-age and survivors insurance trust fund, contributions in fiscal year 1969 amounted to $25,953 million and were significantly larger—15 percent—than in the previous fiscal year, reflecting (1) the impact of the provision in the 1967 amendments that increased the amount of annual earnings taxable and creditable toward benefits from $6,600 to $7,800, effective on January 1, 1968, (2) the increase in the contribution rates for employees and employers, from 3.325 percent of taxable earnings to 3.725 percent each, and for the self-employed, from 5.0875 to 5.5875 percent, effective on January 1, 1969, and (3) the higher level of employment and taxable earnings. The increase in contributions would have been larger, however, had it not been for (1) a decrease in the portion of the total contribution rate that is allocated to the old-age and survivors insurance trust fund, effective on January 1, 1968, and (2) an acceleration in the schedule of transfers from the old-age and survivors insurance trust fund into the general fund of 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 earnings base.

Total receipts of the old-age and survivors insurance trust fund amounted to $27,348 million in fiscal year 1969. In addition to contributions, receipts consisted of $1,014 million in interest and $382 million reimbursed from the general fund of the Treasury for the costs of (1) benefits based on noncontributory credits for military service and (2) payments to certain noninsured persons aged 72 and over who have less than three quarters of coverage.

Total disbursements from the old-age and survivors insurance trust fund in fiscal year 1969 amounted to $24,690 million. Of this amount, $23,732 million was paid out for benefits, an increase of about 14 percent over benefit payments in fiscal year 1968. This increase was due primarily to (1) the general benefit increase provided by the 1967 amendments that was effective beginning February 1968 and (2) the growth in the number of persons receiving benefits.

The remaining disbursements consisted of $491 million transferred to the railroad retirement account under the financial interchange provisions of the Railroad Retirement Act, $465 million for administrative expenses, and $1.8 million for the cost of vocational rehabilitation services furnished to disabled adults receiving benefits from the old-age and survivors insurance trust fund on the basis of a disability that, except in the case of disabled widows and widowers, has continued since childhood.

The excess of total income over total outgo, amounting to $2,658 million, increased the total assets of the old-age and survivors insurance trust fund from $25,533 million on June 30, 1968 to $28,191 million on June 30, 1969.

The number of persons receiving monthly benefits from the old-age and survivors insurance trust fund at the end of the fiscal year was 22,471,000, about 3 percent more than at the beginning of the year.

Some 15,738,000 of these persons were retired workers and their dependents, 6,098,000 were survivors of deceased workers, and 635,000 were noninsured persons aged 72 and over.

For the disability insurance trust fund, total receipts in fiscal year 1969 amounted to $3,705 million. Of this amount, contributions amounted to $3,532 million, nearly 31 percent more than in fiscal year 1968. This increase was partly due to the larger allocation of contributions to the disability insurance trust fund that went into effect on January 1, 1968, and was thus effective during all of fiscal year 1969. The remaining receipts consisted of $141 million in interest and $32 million reimbursed from the general fund of the Treasury for the costs of benefits based on noncontributory credits for military service.

Total disbursements from the disability insurance trust fund in fiscal year 1969 amounted to $2,613 million. Benefit payments of $2,443 million were about 17 percent higher than in the previous year. About $21 million was transferred to the railroad retirement account. The remaining disbursements were composed of $133 million for administrative expenses and $15 million for the cost of vocational rehabilitation services furnished to disabled beneficiaries.

The excess of total income over total outgo, amounting to $1,092 million, increased the total assets of the disability insurance trust fund from $2,585 million on June 30, 1968 to $3,678 million on June 30, 1969.

The number of disabled workers and their dependents receiving monthly benefits from the disability insurance trust fund increased to 2,407,000 by the end of fiscal year 1969, about 7 percent more than at the beginning of the year.

After the close of fiscal year 1969, Congress amended the Social Security Act, providing an across-the-board increase of 15 percent in benefit amounts payable under the old-age, survivors, and disability insurance program. Long-range cost estimates that had been recently completed showed a favorable actuarial balance of 1.16 percent of taxable payroll for the cash benefits program. This balance was sufficient to cover the cost of the 15-percent benefit increase without raising the total contribution rates under the schedule as in effect before the 1969 amendments. However, the allocation of contribution income between the old-age and survivors insurance and disability insurance trust funds was revised as a result of the 15-percent benefit increase, because the former trust fund showed a relatively large positive actuarial balance before the increase, while the latter trust fund was then in close balance. The revised allocation thus continued to reflect the intent of Congress that each of these two cash benefit programs be self-supporting on a long-range basis. The provisions of the 1969 amendments are described more fully in another section of this report, and their effects are taken into account in the actuarial cost estimates presented in this report.

For the old-age and survivors insurance trust fund, estimates for the 5 fiscal years 1970–74 show that although both receipts and disbursements will increase steadily, receipts will rise more rapidly, due to the scheduled rises in contribution rates in the law and the assumed upward trends in levels of employment and earnings. Consequently, at the end of fiscal year 1974, this trust fund will amount to an estimated $62.5 billion, or an increase of $34.4 billion in the 5-year period. Receipts during fiscal year 1974 are estimated to total $46 billion, and disbursements are estimated at $34.3 billion.

Medium-range estimates, based on the assumption that economic activity will continue to expand throughout the period 1970–85, show continued increases in receipts, disbursements, and assets of the old-age and survivors insurance trust fund. According to these estimates, if the provisions of present law are assumed to remain unchanged, the assets of the trust fund will rise rapidly, reaching a total of $282 billion at the end of calendar year 1985. On the other hand, if the maximum taxable earnings base and the benefit provisions of present law are assumed to be amended periodically so as to keep the program in line with changes in levels of average earnings, the assets of the trust fund will rise less rapidly, reaching a total of $163 billion by 1985.

Long-range cost estimates for the old-age and survivors insurance program indicate that the program is in close actuarial balance. The level-cost of the program, estimated over a period of 75 years, ranges from 8.39 percent to 9.43 percent of taxable payroll. The intermediate-cost estimate is 8.86 percent of taxable payroll, as compared with the level-equivalent of the graded schedule of contributions of 8.78 percent of taxable payroll.

According to estimates for the 5 fiscal years 1970–74, income of the disability insurance trust fund will rise more rapidly than disbursements due to the increase, effective in calendar year 1970, in the contribution rate allocated to the fund and to the assumed upward trends in levels of employment and earnings. Consequently, this trust fund will amount to an estimated $12.2 billion by the end of fiscal year 1974, an increase of $8.5 billion in the 5-year period.

According to the medium-range estimates, the assets of the disability insurance trust fund will increase rapidly, reaching $44 billion by the end of calendar year 1985, if provisions of present law are assumed to remain unchanged. If, on the other hand, the maximum taxable earnings base and the benefit provisions of present law are amended periodically to keep pace with average earnings, the medium-range estimates indicate that the assets of the fund will rise less rapidly, reaching a total of $30 billion by 1985.

According to long-range estimates for the disability insurance program, the level-cost, calculated over a 75-year period, ranges from 0.94 percent to 1.27 percent of taxable payroll. The intermediate-cost estimate is 1.10 percent of taxable payroll, the same as the level contribution rate that is allocated to this trust fund.

Two health insurance programs for persons aged 65 and over are related to the old-age, survivors, and disability insurance program: the hospital insurance program, which provides protection against the costs of hospital and related care, and the supplementary medical insurance program, which provides protection against the costs of certain medical and other health services (principally physicians' services). Each of these programs is financed through the operation of a separate trust fund. Summary descriptions of the provisions of, as well as statements of financial operations and actuarial cost estimates for, these two programs are contained in separate reports of the Boards of Trustees of the trust funds of these programs.

Social Security Amendments of 1969

The Tax Reform Act of 1969 (Public Law 91–172, approved December 30, 1969) amended both the Internal Revenue Code and the Social Security Act. The amendments provide an increase in benefits that affects significantly both the immediate and long-range future levels of disbursements under the old-age, survivors, and disability insurance program. The schedule of contribution rates in prior law was retained, but the allocation of contribution income between the old-age and survivors insurance and disability insurance trust funds was revised to continue to reflect the intent that each of these two cash benefits programs be self-supporting.

The more important changes, significant from an actuarial standpoint, are presented below:

1. Larger benefits were made payable to future beneficiaries, as well as to persons on the rolls:

   (*a*) Benefit amounts were increased by 15 percent, effective with benefits for January 1970. Except for certain beneficiaries aged 72 and over, the minimum primary insurance amount was increased from $55 to $64 per month. The maximum primary insurance amount of $218 that would have been payable under the law as in effect before the 1969 amendments was increased to $250.70.

   (*b*) The minimum full-rate benefit for a family containing only one survivor beneficiary is $64 per month (except in the case of a transitional insured widow aged 72 or over).

   (*c*) The limitation in prior law of $105 per month on the amount of the wife's or husband's benefit is eliminated.

   (*d*) Effective January 1970, monthly benefits for transitional insured persons aged 72 and over were raised from $40 to $46 in the case of a worker or widow beneficiary, and from $20 to $23 in the case of a wife beneficiary.

   (*e*) Effective January 1970, monthly benefits for transitional noninsured persons aged 72 and over were raised from $40 to $46 in the case of a single beneficiary, and from $60 to $69 in the case of a couple. As under prior law, all of these payments are made initially from the old-age and survivors insurance trust fund, with later reimbursement from the general fund of the Treasury for the costs of payments to those noninsured persons who have less than three quarters of coverage.

2. Changes relating to the financing of the old-age and survivors insurance program and the disability insurance program were made with the intent of assuring that each of these two programs will continue to be self-supporting.

Long-range cost estimates that were recently completed showed an actuarial balance of 1.16 percent of taxable payroll. This favorable balance was sufficient to cover the cost of the 15-percent benefit increase without raising contribution rates under the schedule as in effect before the 1969 amendments and to continue to maintain the old-age, survivors, and disability insurance system on a financially sound basis.

The amendments increased the portion of the contribution rate allocated to finance benefits from the disability insurance trust fund. Effective January 1, 1970, the allocated rate was increased from 0.475 percent to 0.55 percent each for employees and employers. For the self-employed, the allocated rate was increased from 0.7125 percent to 0.825 percent.

Table 1 presents an estimate of the effect, expressed as level-costs in percent of taxable earnings, of the changes in the old-age, survivors, and disability insurance program that were made by the 1969 amendments.

TABLE 1.—CHANGES IN ESTIMATED LEVEL-COSTS AS PERCENT OF TAXABLE EARNINGS, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATE, 4.75 PERCENT INTEREST

Item	Old-age and survivors insurance	Disability insurance	Total system
Total cost of program in effect before 1969 amendments[1]	7.76	.96	8.72
Effect of 15-percent increase in level of benefits	1.10	.14	1.24
Total cost after enactment of 1969 amendments[1]	8.86	1.10	9.96
Level-equivalent of graded tax schedule before 1969 amendments[2]	8.93	.95	9.88
Effect of revised allocation of contribution rate	–.15	+.15	0
Level-equivalent of graded tax schedule after enactment of 1969 amendments[2]	8.78	1.10	9.88
Actuarial balance	–.08	0	–.08

[1] Based on valuation date of Jan. 1, 1970. Taken into account are (a) lower contribution rate on self-employment income and on tips, as compared with combined employer-employee rate; (b) administrative expenses; (c) interest on trust funds on hand as of Dec. 31, 1969; (d) reimbursement for additional cost of noncontributory credits for military service; and (e) net cost of the financial interchange with the railroad retirement system.

[2] Adjusted to reflect lower contribution rate on self-employment income and on tips, as compared with combined employer-employee rate.

Nature of the Trust Funds

The Federal old-age and survivors insurance trust fund was established on January 1, 1940, as a separate account in the U.S. Treasury to hold the amounts accumulated under the old-age and survivors insurance program. All the financial operations which relate to the system of old-age and survivors insurance are handled through this fund. The Social Security Amendments of 1956, which became law August 1, 1956, provided for the creation of the Federal disability insurance trust fund—a fund entirely separate from the old-age and survivors insurance trust fund—through which are handled all financial operations in connection with the system of monthly disability benefits payable to insured workers and to their dependents.

The major sources of receipts of these two funds are (1) amounts appropriated to each of them under permanent appropriation on the basis of contributions paid by the workers and their employers, and by individuals with self-employment income, in work covered by the old-age, survivors, and disability insurance program and (2) amounts deposited in each of them representing contributions paid by workers employed by State and local governments and by such employers with respect to work covered by the program. All employees, and their employers, in employment covered by the program are required to pay contributions with respect to the wages of individual workers (cash tips, covered as wages beginning in 1966 under the 1965 amendments, are an exception to this; employees pay contributions with respect to cash tips, but employers do not). All covered self-employed persons are required to pay contributions with respect to their self-employment income. In general, beginning with calendar year 1968, an individual's contributions are computed on annual wages or self-employment income, or both wages and self-employment income combined, up to a maximum of $7,800, with the contributions being determined first on the wages and then on any self-employment income necessary to make up the annual maximum amount.

The contribution rate for old-age, survivors, and disability insurance for employees and their employers of 3.8 percent each that was in effect in calendar year 1968 increased to 4.2 percent each on January 1, 1969; the contribution rate for the self-employed increased from 5.8 percent to 6.3 percent. The contribution rates that have been in effect since 1937 and the maximum amount of annual earnings to which the rates applied are shown in appendix II.

The following table shows the contribution rates scheduled in the present law:

Calendar years	Percent of taxable earnings	
	Employees and employers, each [1]	Self-employed
1969-70	4.2	6.3
1971-72	4.6	6.9
1973 and after	5.0	7.0

[1] Only the employee contribution is paid on tips that are taxable as wages.

Under section 201(b) of the Social Security Act, the contribution rate allocated to the disability insurance trust fund of 0.475 percent each for employees and employers, in effect in calendar years 1968 and 1969, increased to 0.55 percent each on January 1, 1970. For the self-employed, the allocation rate increased from 0.7125 percent, in effect in calendar years 1968 and 1969, to 0.825 percent in calendar year 1970.

Except for amounts received by the Secretary of the Treasury under State agreements (to effectuate coverage under the program for State and local government employees) and deposited directly in the trust funds, all contributions are collected by the Internal Revenue Service and deposited in the general fund of the Treasury as internal revenue collections; then, on an estimated basis, the contributions received are immediately and automatically appropriated to the trust funds. The exact amount of contributions received is not known initially since old-age, survivors, disability, and hospital insurance contributions and individual income taxes are not separately identified in collection reports received by the Treasury Department from the district offices of the Internal Revenue Service. Periodic adjustments are subsequently made to the extent that the estimates are found to differ from the amounts of contributions actually payable on the basis of reported earnings.

An employee who worked for more than one employer during the course of a year and paid contributions on wages in excess of the statutory maximum can receive a refund of the contributions he paid on such excess wages. The amount of contributions subject to refund for any period is a charge against each of the trust funds in the ratio in which the amount was appropriated to or deposited in such trust funds for that period.

Another source from which receipts of the trust funds are derived is interest received on investments held by the funds. The investment procedures of the funds are described later in this section.

The income and expenditures of the trust funds are also affected by the provisions of the Railroad Retirement Act which provide for a system of coordination and financial interchange between the railroad retirement program and the old-age, survivors, and disability insurance program. A description of the legislative provisions governing the allocation of costs between the two programs appears in appendix II.

Sections 217(g) and 229(b) of the Social Security Act authorize annual reimbursements from the general fund of the Treasury to the old-age and survivors insurance and disability insurance trust funds for any costs arising from the granting of noncontributory credits for military service, according to periodic determinations made by the Secretary of Health, Education, and Welfare. A summary of the legislative history of the financing of noncontributory credits for military service appears in appendix II.

Section 228 of the Social Security Act provides monthly cash benefits to certain persons aged 72 and over, almost all of whom are not eligible for cash benefits under other provisions of the old-age, survivors, and disability insurance program. Under section 228, all payments are made initially from the old-age and survivors insurance trust fund, with later reimbursement, with interest, from the general fund of the Treasury for the costs, including administrative expenses, of payments to persons who have less than three quarters of coverage. The reimbursements so made are on a provisional basis and are subject to adjustment, with appropriate interest allowances, as the actual experience develops and is analyzed. A description of the legislative provisions governing the allocation of costs between the trust fund and the general fund of the Treasury appears in appendix II.

Under a decision of the Comptroller General of the United States (B–4906) dated October 11, 1951, receipts derived from the sale of surplus supplies and materials are credited to and form a part of the trust funds, where the initial outlays therefor were paid from the trust funds. Formerly, these moneys were credited to the general fund of the Treasury as miscellaneous receipts.

Under section 1106(b) of the Social Security Act, the Secretary of Health, Education, and Welfare is authorized to charge outside persons, agencies, and organizations for providing certain services not directly related to the old-age, survivors, and disability insurance program. The Social Security Administration has accumulated a unique body of information in the course of the administration of the program. Situations arise when it is in the public interest to use this information to perform certain services for outside parties, such as the preparation of statistical tabulations for research purposes, when such services can be performed without violating the confidentiality of the records or interfering unduly with the administration of the program.

Such services could not properly be provided at the expense of the trust funds. Receipts derived from performance of these services are equal to the cost of providing them; in some instances, the receipts are credited to the trust funds to counterbalance administrative expenses already paid from the trust funds (in which case such amount is netted out of the figures on administrative expenses in the financial statements of the trust funds), while in other instances such receipts are not credited to the trust funds, and the applicable administrative expenses are met directly from them. Accordingly, such administrative expenses, and the offsetting receipts, do not have any effect on the financial statements of the trust funds.

Expenditures for benefit payments and administrative expenses under the old-age, survivors, and disability insurance program are paid out of the trust funds. All expenses incurred by the Department of Health, Education, and Welfare and by the Treasury Department in carrying out the provisions of title II of the Social Security Act and of the Internal Revenue Code relating to the collection of contributions are charged to the trust funds. The Secretary of Health, Education, and Welfare certifies benefit payments to the managing trustee, who makes the payment from the respective trust funds in accordance therewith.

Section 222(d) of the Social Security Act provides for reimbursement from the trust funds for the cost of vocational rehabilitation services furnished to disabled persons receiving benefits because of their disability. The total amount of funds that may be made available for purposes of reimbursement for such services may not, in any fiscal year, exceed 1 percent of the benefits certified for payment to these types of beneficiaries in the preceding year.

Congress has authorized expenditures from the trust funds for construction of office buildings and related facilities for the Social Security Administration. The costs of such construction are included as part of administrative expenses in the financial statements of operations of the trust funds as set forth in subsequent sections of this report. The net worth of the resulting facilities—like the net worth of all other capital assets—is not carried as an asset in such statements.

That portion of each trust fund which, in the judgment of the managing trustee, is not required to meet current expenditures for benefits and administration is invested, on a daily basis, in interest-bearing obligations of the U.S. Government, in obligations guaranteed as to both principal and interest by the United States, or in certain federally-sponsored agency obligations that are designated in the laws authorizing their issuance as lawful investments for fiduciary and trust funds under the control and authority of the United States or any officer of 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 special public-debt obligations for purchase exclusively by the trust funds. The law requires that such special public-debt obligations shall have maturities fixed with due regard for the needs of the trust funds and shall bear interest at a rate based on 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 a multiple of one-eighth of 1 percent, this is taken as the rate of interest on such special obligations; otherwise such rate is 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 special public-debt obligations issued specifically for purchase by the trust funds is payable semiannually or at redemption, if earlier.

Marketable public issues acquired by the funds may be sold at any time by the managing trustee at their market price. Special 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 obligations 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 21 and 22.

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

Summary of the Operations of the Federal Old-Age and Survivors Insurance Trust Fund, Fiscal Year 1969

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, 1968, and ended on June 30, 1969, 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 $25,533 million on June 30, 1968. These assets increased to $28,191 million by the end of the fiscal year 1969, an increase of $2,658 million.

Net receipts of the trust fund during the fiscal year 1969 amounted to $27,348 million. Of this total $24,166 million represented contributions appropriated to the fund and $2,260 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. As an offset, $473 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 earnings base. (This amount consisted of two transfers—one, made in January 1969 and amounting to $236 million, represented refunds on