OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

Clearly identified as a social insurance system, OASDI emphasizes the objectives of portability and inclusiveness. The objective of providing a basic level of income to all disabled or retired individuals, their dependents, and survivors is served in the United States essentially by a wage-related benefit, calculated by formula to replace a higher portion of low than high earnings from past employment. The setting of minimum and maximum levels of benefits and small payments to individuals over 72 not otherwise covered gives the program some characteristics of a flat-rate plan, but the wage-related features are deeply embedded in the structure.

With the attainment by 1955 of close to 90-percent coverage of eligible individuals in paid employment, attention was turned to increasing OASDI benefit provisions and periodic revisions were made to reflect changes in living costs. Because of their applicability to beneficiaries, these changes have been promptly reflected in the amount of benefits distributed. Currently, and in the future, the OASDI system is a major factor in Federal fiscal operations. Its impact came largely through transfers of income during the 1957–67 decade, when the trust funds did not grow as holders of Federal securities. Table II–3 shows the accumulation of the present reserve fund.

TABLE II-3.—ASSETS OF OASDI TRUST FUNDS, 1940–66

[In millions of dollars]

Year end	Old-age and survivors insurance trust fund	Disability insurance trust fund	Total
1940	2,031	—	2,031
1945	7,121	—	7,121
1950	13,721	—	13,721
1955	21,663	—	21,663
1960	20,324	2,289	22,613
1965	18,235	1,606	19,841
1966	20,570	1,739	22,308

Source: "Social Security Bulletin," Statistical Supplement, 1965, and SSB, July 1967.

Moderate fluctuations are more likely than substantial growth for the trust fund accumulations in the future. Current projections show sizable additions to assets in future years, but their realization depends, at least, in part, upon the assumption of no changes in the law. In reality, the trust funds serve primarily to take care of shortrun disparities between payroll tax collections and benefit payments. Also, the interest collected on the Government securities held by the funds amply covers the administrative expenses of the system. In any event, changes in the assets of the trust funds are not a measure of the "saving" by covered individuals in the sense that we measure pension saving by adding together the assets of plans funded through life insurance companies, pension trusts, or governmental retirement systems.

A different, but not necessarily appropriate, accounting approach would show monumental totals on a balance sheet which would also reflect, on the asset side, the present worth of income to be received in the future from payroll taxes and interest on the trust fund assets. The corresponding liability item would be the present worth of future