

# Permanent and Total Disability Benefit Provisions in Industrial Pension Plans

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PUBLIC interest and attention have recently been focused on the provision of disability retirement as well as age retirement benefits in industrial pension plans as a result of the series of collective bargaining agreements concluded in a number of major industries in the fall of 1949. The first of these agreements was signed on September 28, 1949, by the Ford Motor Company and the United Automobile, Aircraft and Agricultural Implement Workers of America (CIO). The provision for disability benefits in this contract was limited in scope; the benefits were payable for retirement because of total and permanent disability to workers 55 years of age or older with 30 years of credited service.<sup>1</sup> An agreement signed by the Bethlehem Steel Corporation and the United Steelworkers of America (CIO) a month later provided for disability benefits for employees with at least 15 years of continuous service who become "permanently incapacitated." These agreements were followed in more or less rapid order by others in several mass production industries, especially steel, automobile, rubber, and glass. In these four industries alone, at least 80 retirement plans with provisions for the payment of disability benefits, covering more than 1.6 million employees, had been included in collective bargaining agreements signed between September 1949 and the end of June 1950.

While the union emphasis on the inclusion of permanent and total disability benefits in retirement plans is a recent development, provisions for

such benefits are found in retirement plans that have been in operation for many years. There are also a few special plans designed solely to cover the risk of permanent and total disability.

The experience of private industrial pension plans with the provision of permanent and total disability benefits has an important bearing on the need for and the feasibility of expanding old-age and survivors insurance to include disability benefits. In an attempt to learn something about the prevalence and the characteristics of such provisions in industrial pension plans, the Social Security Administration undertook an analysis of a selected group of such plans early in the fall of 1949. Approximately 270 retirement plans—copies of which were received by the Division of Research and Statistics between January 1, 1948, and October 1, 1949—were examined.<sup>2</sup> Of these plans, 71 were found to provide permanent and total disability benefits; in three plans, permanent and total disability benefits only were provided,<sup>3</sup> and in 68, both disability and age retirement benefits. These 71 plans formed the basis of the first part of the study and constitute Group I, as discussed in this article. The study was subsequently extended to cover a second group—85 retirement plans in collective bargaining agreements negotiated in the steel, automobile, rubber, and glass industries between September 27, 1949, and July 1, 1950. Eighty of these 85 plans include provision for

disability benefits; they are analyzed in the following pages as Group II. The two groups of plans were separately analyzed, since they present fairly distinct characteristics.

Most retirement plans include some provision for the retirement of employees before normal retirement age but usually not before age 55. For employees retiring after age 55, most plans provide an immediate annuity, actuarially reduced in amount. For employees retiring before age 55, in some plans, under specified conditions, a deferred annuity may be paid at age 65, based on the employee's own contributions and all or part of the funds contributed on his behalf by the employer. A few plans pay reduced annuities immediately upon separation from employment before age 55 to employees who have earned vested rights under the provisions of the plans. Although these plans make it possible for some employees to obtain benefits (usually very small) when forced to retire because of disability, such plans are not included in this study.

The 71 older plans with disability benefit provisions are in operation in establishments employing approximately 1.8 million persons—not all of whom are covered by the plans. The 80 plans in Group II are in establishments with about 1.6 million employees, all of whom may be said to be covered. Together, the 151 plans are in establishments employing—according to tentative estimates—approximately 25 percent of the workers in all establishments having retirement plans. Most of the plans studied are in well-known firms or organizations. Many, such as the plans of the American Telephone and Telegraph Company and the United States Steel Corporation, have received considerable public attention.

## Provisions of Older Plans

No clear-cut pattern of benefit or other specifications is found in the

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<sup>1</sup>This provision has been changed by a supplemental agreement dated September 3, 1950, lowering the requirements for benefits to 15 years of service and the attainment of age 50 and raising the benefit amount to \$3 a month for each year of service not in excess of 30 years; the minimum monthly benefit amount of \$50 is, however, retained.

<sup>2</sup>See *Permanent and Total Disability Benefit Provisions in Industrial Retirement Plans*, Division of Research and Statistics (Office of the Commissioner) and Bureau of Old-Age and Survivors Insurance, Social Security Administration, June 1950.

<sup>3</sup>In one of these—the United Mine Workers Welfare and Retirement Fund—benefits are payable only on the basis of need. Benefits under this plan have been temporarily suspended, but acceptance of applications for benefits was resumed November 1, 1950.

**Table 1.—Group I: Number and percentage distribution of plans and of employees in firms covered, by size of firm <sup>1</sup>**

Number of employees	Plans		Employees	
	Number	Percent	Number	Percent
Total.....	69	100.0	1,350,000	100.0
Less than 100.....	2	2.9	100	( <sup>2</sup> )
100-499.....	8	11.6	2,000	0.1
500-999.....	10	14.5	8,000	0.6
1,000-2,499.....	11	16.0	20,000	1.5
2,500-4,999.....	13	18.8	47,000	3.5
5,000-9,999.....	8	11.6	56,000	4.1
10,000-24,999.....	9	13.0	150,000	11.1
25,000 and over.....	8	11.6	1,066,900	79.0

<sup>1</sup> Excludes the United Mine Workers Welfare and Retirement Fund and the plan of 1 firm for which employment data were not available.

<sup>2</sup> Less than 1/10 of 1 percent.

older plans (Group I). Apparently, they are tailor-made to fit the composition of the labor force covered and the financial resources of their sponsors. Nearly all are unilateral employer-sponsored plans; only three are specified in collective bargaining agreements between employers and trade unions.

### Size of Firm

Plans providing benefits for permanent and total disability are generally found in large firms. Seventy of the plans in the group cover employees of individual firms in a variety of industries. The United Mine Workers Welfare and Retirement Fund is, however, industry-wide and covers 400,000 workers. The 70 plans are found in firms of varying sizes—ranging from small establishments with fewer than 100 employees to the giant American Telephone and Telegraph Company with over 600,000 employees. Approximately 55 percent of the plans, however, are in firms with 2,500 or more employees (table 1).

### Types of Plans

Noncontributory plans—that is, plans financed entirely by the employers—predominate among the older benefit plans making specific provisions for the retirement of permanently and totally disabled employees. As shown in the tabulation below, 43 of the Group I plans are noncontributory, and 28 are financed jointly by employers and employees. In contrast, of the 270 plans originally ex-

amined, the majority of the retirement plans without permanent and total disability provisions were jointly financed.

Classes of employees covered	Type of plan (Group I)		
	Total	Contributory	Noncontributory
Total.....	71	28	43
All regular employees.....	65	24	41
Regardless of earnings.....	64	24	40
Earning over \$3,000 annually.....	1	0	1
Salaried employees only.....	6	4	2
Regardless of earnings.....	3	3	0
Earning over \$3,000 annually.....	3	1	2

Permanent and total disability benefit plans are generally self-insured. This is another characteristic in which they differ from the other retirement plans, a substantial majority of which were underwritten by commercial insurance carriers. The three special permanent and total disability benefit plans in Group I are self-insured, as well as 42 of the retirement plans with specific provisions for disability retirement. The remainder are underwritten by commercial insurance carriers for the age retirement benefits; in most of these 26 plans, however, the permanent and total disability benefit is self-insured and paid directly by the employer. In a few plans the permanent and total disability risk also is underwritten by the insurance company and, as in the case of benefits for early retirement, the benefit amount is adjusted actuarially by the insurance company.

### Exclusions From Coverage

Not all the 1.8 million employees in establishments having plans are covered for disability retirement. Most plans are designed to cover only the more stable employees. Thus, some plans exclude hourly wage earners, others exclude employees in certain earning brackets. Most plans do not cover employees with less than a specified period of service. Others exclude employees who have not reached a specified age.

Coverage requirements are found more frequently in contributory than in noncontributory plans. In contrib-

utory plans, because of the practical necessity of making payroll deductions, a decision as to whom the plan shall cover must be made at the time the plan is established. A similar decision must also be made in the insured noncontributory plans; in the self-insured noncontributory plans, however, the coverage requirements have less significance, since limiting the protection of the plan to the more stable employees is effectively accomplished through requirements for entitlement to benefits when the employee becomes disabled or retires.

Six of the plans in Group I are restricted to salaried employees, and three of these are further restricted to salaried employees with earnings in excess of \$3,000 annually, as shown in the tabulation above.

Almost two-thirds of the older plans studied are restricted to employees who meet specified age or service requirements, or both. In 40 percent of the plans an employee must meet both requirements in order to be covered.

Length-of-service requirements are found in 41, or 57 percent, of the plans. While they range from 6 months to 5 years, they are seldom less than 1 year in duration. One-year and 5-year service requirements occur most frequently.

Half the plans have specified age requirements. Because labor turnover is higher among younger employees and also because these employees are less interested in retirement benefits than older employees, many plans exclude from

**Table 2.—Group I: Number of plans by age and service requirements for benefits**

Age requirement	Service requirement (years)									
	Total	None	5	10	12	15	20	25		
Total.....	71	30	3	11	1	17	8	1		
None.....	53	23	2	8	1	14	5			
45.....	1			1						
50.....	1						1			
55.....	7	5	1			1				
55 (men), 50 (women).....	13	12				1				
Under 56.....	3			1			2			
Under 60.....	12			11						1
Under 65 (men), under 55 (women).....	1					1				

<sup>1</sup> In 1 plan the age requirement is waived for employees with at least 15 years of service.

coverage employees below a specified age—usually age 25, 30, or 35. While the minimum age specified is generally the same for men and women employees, in retirement plans that provide a younger retirement age for women than for men the age coverage requirement for women is correspondingly lower. In order to make possible the fulfillment of a minimum period of coverage before an employee can retire under the program, a number of plans specify a maximum age—in some plans as low as age 45—beyond which an employee cannot come under the plan.

### *Requirements for Benefits*

A disabled employee who has been covered must meet one or more of the following requirements in order to qualify for benefits. First, the disability must be of a type covered under the plan. In most plans a specified period of service is required, and the employee must have attained a specified age or be under a specified age at the time of disablement.

*Definition of disability.*—The manner in which the existence of disability is determined is, in some plans, left entirely to the employer or the administrators of the plan. In others, it is spelled out in greater or lesser detail. In the plans studied, the definitions of disability—where there are specific definitions—range from inability to perform regular work to permanent and total disability for any work. The requirements with respect to medical certification also vary from those that are vague to those that have definite specifications for both initial and periodic examination and certification.

*Service and age requirements.*—Almost two-thirds of the plans require the attainment of a specified age, a minimum number of years of service, or both, before a disabled employee can qualify for benefits.<sup>4</sup> Only 15 per-

cent of the plans have the double requirement.

Length-of-service requirements are found more than twice as frequently as age requirements, as can be seen from table 2. Service requirements range from 5 to 25 years, with 15 years the most frequent requirement. In over 36 percent of the plans, 15 or more years of service are required. Such requirements are found more frequently in noncontributory plans than in contributory plans.

Eighteen plans have age requirements as a condition for disability benefits. In 10, benefits are not payable before the employee reaches age 55, except that in three of the 10 the minimum age for women is 50. In six plans, only employees under age 56; 60, or 65 (for women, age 55), depending on the plan, can qualify for disability benefits. In these plans, older employees must qualify for old-age retirement benefits. Age requirements are relatively more frequent in contributory than in noncontributory plans.

### *Benefit Amount*

As for old-age retirement, the amount of benefit payable for retirement because of disability is generally based on both earnings and service. Since the employee's period of service is cut short by his disability, the amount resulting from the straight application of the benefit formula is low not only because of the younger retirement age but also because of the relatively shorter period of service.

Some of the older plans studied attempt to compensate, at least in part, for this downward pull. A few set a minimum benefit amount—for example, \$50 a month. Others specify a flat amount for all who retire because of disability. A number of plans disregard the age of the disabled employee at retirement and pay the amount that would be payable at normal retirement age, on the basis of the actual earnings and service. One method is to pay a special allowance up to age 65 and then apply the regular retirement benefit formula. Still others leave the amount to be determined, in each individual case, by the administrators of the plan.

The United Mine Workers Welfare and Retirement Fund is unique in relating the amount of the benefit to the need in each individual case as measured by certain definite standards.<sup>5</sup>

Some of the plans in Group I adjust the benefits when the retired disabled worker reaches age 65 and qualifies for old-age benefits under the Social Security Act. Thus, 10 of the plans specify that the full amount of the primary old-age insurance benefit be deducted from the benefit amount under the plan. Seven plans provide that one-half the primary old-age insurance benefit be deducted from the benefit amount under the plan. In one plan the benefit is discontinued entirely at age 65, when the beneficiary becomes eligible for Federal old-age insurance benefits.

To evaluate the adequacy of the benefits under these plans, estimates were made of the benefits that would be payable to each of four selected male workers. The first two are assumed to have become disabled after 10 years of service; one averaged \$200 monthly in earnings over that period, the other \$250. The other two workers are assumed to have become disabled after 20 years of service; one had average monthly earnings of \$200 over that period, the other \$250. Because of the nature of the benefit formulas, it was possible to make these estimates for only 46 of the 71 plans. In some of these plans, age was not a factor. Where it was, age 55 was assumed.

Table 3 shows how each of the four selected workers would have fared under these 46 plans. The coverage limitations based on earnings and employment classifications would exclude all four workers in six of the plans. In 25 plans (over 54 percent), workers with 10 years' service would not qualify for benefits. Where benefits are payable, the worker with 10

<sup>4</sup> The new disability benefit provisions of the United Mine Workers Welfare and Retirement Fund, effective November 1, 1950, specify the following requirements for benefits: Under age 45, disabled for 5 years; 45 and under 50, disabled for 4 years; 50 and under 55, disabled for 3 years; 55 and under 60, disabled for 2 years; and age 60 and over, disabled for 1 year.

<sup>5</sup> The new standard of need, effective with resumption of payments, is as follows: \$30 monthly for the disabled miner, \$10 for his wife, and \$10 for each child. The disabled miner's resources (earnings of members of his immediate family, workmen's compensation benefits, public assistance allowances, income from investments, etc.) are offset against the amount thus computed.

years' service and an average of \$200 in monthly earnings would receive less than \$25 a month in 22 percent of the 46 plans; and in the rest (23 percent), between \$25 and \$55 monthly. The worker with average monthly earnings of \$250 would be only slightly better off; he could attain a maximum of \$65 a month.

The workers with 20 years of service would fare relatively better. In only 15 percent of the plans would these workers receive no benefit. The worker with average monthly earnings of \$200 would receive benefits of less than \$25 monthly in about 20 percent of the 46 plans. In 30 percent of these plans the benefit would be between \$25 and \$50 monthly, and in the remaining plans, between \$50 and \$85 monthly. The worker with average monthly earnings of \$250 would do somewhat better. The benefit would be between \$25 and \$50 a month in 30 percent of these plans, and between \$50 and \$100 monthly in 44 percent.

In 14 of the 46 plans, the employee's benefits would be reduced by all or half the primary old-age insurance benefit under the Social Security Act when he reached age 65.

### Provisions in Recently Negotiated Retirement Plans

Labor unions in their recent negotiations involving pension plans have given a great deal of attention to the problem of retirement on account of permanent and total disability. The unions in the mass production industries, especially, have insisted that retirement plans included in their collective bargaining agreements make provisions for immediate payment of retirement benefits to individuals who can no longer work because of some permanent incapacity. While the emphasis on this type of benefit is quite recent, the number of individuals who are covered by provisions for permanent disability benefits included in retirement plans under collective bargaining agreements is impressive. At least 80 agreements with such provisions covering more than 1.6 million workers were negotiated in four mass production industries alone between September 28,

1949, and July 1, 1950. These agreements involve four unions: the United Steelworkers of America (CIO); the United Automobile, Aircraft and Agricultural Implement Workers of America (CIO); the United Rubber, Cork, Linoleum and Plastic Workers of America (CIO); and the Federation of Glass, Ceramic and Silica Sand Workers of America (CIO). Because of the influence of the firms and the trade unions involved, the provisions are of special interest. A study of these 80 plans (Group II) shows that they follow certain clear-cut patterns.

### Size of Firms

Like the plans already discussed, these plans are generally found in large firms. Indeed, it is reported that one union—although insisting on permanent and total disability benefit provisions in all retirement plans included in its agreements—will waive this requirement when firms with fewer than 1,000 workers are involved. The average employment per firm under the contracts studied ranges from 10,600 in the steel industry to 103,900 in the automobile industry.

Industry	Number of plans in Group II	Average employment
Steel.....	65	10,600
Glass.....	3	13,000
Rubber.....	5	20,100
Automobile.....	7	103,900

### Types of Plans

Some of the negotiated retirement plans are new plans created by the collective bargaining agreement, such as the plan resulting from the agreement between the Ford Motor Company and the United Automobile Workers (CIO). Others are old plans, originally company-initiated and company-sponsored, and revised as a result of the agreement and brought within its scope. The plan of the Bethlehem Steel Corporation, which was revised as a result of its agreement with the United Steelworkers of America (CIO), is in the second category.

All except one of the 80 retirement plans in Group II are noncontribu-

**Table 3.—Group I: Percentage distribution of 46 plans by amount of benefit payable to four selected employees**

Amount of benefit	Employee with—			
	10 years' service and average monthly earnings of—		20 years' service and average monthly earnings of—	
	\$200	\$250	\$200	\$250
Total.....	100	100	100	100
0.....	54	54	15	15
Less than \$25.....	22	20	20	11
\$25 and less than \$50.....	17	15	30	30
\$50 and less than \$75.....	17	11	24	28
\$75 and less than \$100.....	.....	.....	11	18

<sup>1</sup> Maximum benefit, \$55.

<sup>2</sup> Maximum benefit, \$65.

<sup>3</sup> Maximum benefit, \$85.

<sup>4</sup> Maximum benefit, \$100.

tory. The single exception is the plan of the Inland Steel Company. The contract between this firm and the United Steelworkers of America provides for a "supplemental" retirement plan and an "optional" retirement plan, and the employee elects to be covered under one of them. The supplemental plan, which is new, is noncontributory. The optional plan is the contributory plan initiated by the company, in operation at the time of the agreement, and amended by the agreement. Under it, the employee contributes approximately 2 percent of monthly earnings between \$50 and \$250, plus 4 percent of monthly earnings in excess of \$250. The employer contributes the balance necessary to provide the benefits contemplated. These contributions, however, apply to all the retirement benefit provisions and not to the disability benefit provisions alone.

The benefits in nearly all these plans are self-insured by the employers. While the collective bargaining agreement in most instances leaves the method of underwriting the benefits to the employer, only a few of the retirement plans are known to be underwritten by commercial insurance carriers.

### Exclusions From Coverage

Since these plans are noncontributory, practically none of the employees in the establishments covered by the collective bargaining agree-

ments is excluded from coverage. The agreements themselves provide for coverage only of the employees in the bargaining unit. Most firms, however, have either extended the plan to cover all their regular full-time employees or have set up supplementary plans with almost identical provisions to cover employees not included in the bargaining units.

### **Requirements for Benefits**

Although all regular employees in the establishments covered by the collective bargaining agreements are covered under the plans, not all disabled employees will qualify for benefits.

As in Group I, the recently negotiated plans pay permanent and total disability benefits only if the existence of disability is satisfactorily established, if the disabled employee has served his employer a specified period of time, and, in the plans in the automobile industry, if the employee has reached a specified age.

**Determination of disability.**—In negotiated plans the definitions of permanent and total disability are rather specific. The requirement that the employee must be "totally disabled by bodily injury or disease so as to be prevented thereby from engaging in any occupation or employment for remuneration or profit" is almost universal. Moreover, "in the opinion of a qualified physician it [the disability] will be permanent and continuous during the remainder of his [the employee's] life." In most plans the disability must have lasted at least 6 months.

In the plans in the steel industry, disagreements as to the existence of the disability are resolved as follows: the applicant is examined by two physicians, one selected by the employer and the other by the union; if these physicians fail to agree, they select a third, whose decision is binding. In other plans the board charged with the administration of the plan makes the decision. In the automobile industry, there is a bipartite board with an impartial chairman. In other plans, any disagreement between the board and the union is referred to an arbitrator, whose decision is binding.

Generally, periodic physical ex-

aminations may be required by the administrator to determine the condition of the disabled beneficiary.

**Service and age requirements.**—Except in the automobile industry plans, a permanently disabled employee who has served his employer for the required period of time qualifies for retirement benefits, regardless of his age. Service for a specified period, ranging from 15 to 25 years, is required in all plans.<sup>6</sup> In the plans in the steel, automobile, and glass industries, the service requirement is almost universally 15 years. The only notable exception is the Chrysler Corporation plan, where the requirement is 25 years. In the rubber industry plans the service requirement is 20 years in four of the plans studied and 15 in the fifth.

Age requirements are found only in the plans in the automobile industry. In the plans of the General Motors Corporation and the Ford Motor Company<sup>7</sup> the requirement is age 50. In the other plans in the automobile industry, a disabled employee must be aged 55 to qualify for benefits.

### **Benefit Amount**

Four types of benefit formulas, all specifying minimum benefits, are found in recently negotiated plans.

In the steel and rubber industries the same benefit formula that is used to compute normal retirement benefits is used to compute benefits for disability retirement. The plans provide for a benefit of 1 percent of the average wages over the last 10 years of credited service multiplied by the number of years of credited service. There is a minimum benefit of \$50 monthly in all these plans except one in the rubber industry, in which the minimum is \$60.

In the glass industry the benefit formula for normal retirement is \$4 monthly for each of the first 25 years of service, plus \$5 monthly for each year in excess of 25. The benefit for disability retirement is 75 percent of the amount thus computed, again with a minimum benefit of \$50.

In the automobile industry plans, two types of formulas are found. In the plans first negotiated, the benefit for disability retirement is a flat \$50 monthly. In the later plans, including the amended Ford plan, the formula used is \$3 monthly for each year of service not in excess of 30, with a minimum of \$50. In one plan the benefit is \$30 plus \$1 for each year of service over 15.

Maximum benefits are not specified except in four plans in the automobile industry, where years of service in excess of 30 are not credited so that, in effect, a maximum of \$90 is established.

Disabled employees with less than 15 years of service would receive no benefit under the plans in Group II. As already pointed out, in a few plans the employees with less than 20 years' service would also fail to qualify for benefits. In all the plans but one, benefits would be payable to disabled employees with 20 years or more of service. In all these plans, disabled employees with 20 years' service would receive the same benefit whether their average monthly earnings were \$200 or \$250. The benefit amount would range from \$35 to \$60 a month and would be \$50 in most plans.

In practically all these plans, the benefit amount is subject to change when the beneficiary reaches age 65 and becomes entitled to old-age and survivors insurance benefits. In the steel and automobile industries<sup>8</sup> and in some of the rubber industry plans, the benefit payable is the amount payable for normal retirement. In the other plans in the rubber industry, one-half the old-age and survivors insurance primary benefit is deducted from the disability benefit. The net effect in practically all cases is to give the worker higher total benefits, including the old-age and survivors insurance benefit, after he reaches age 65. In the glass industry, the full old-age and survivors insurance primary benefit is deducted from the disability benefit amount.

<sup>6</sup> Before the Ford plan was amended on September 3, the range was 15 to 30 years.

<sup>7</sup> The age requirement in the Ford Motor Company plan was 55 years before the September 3 amendment.

<sup>8</sup> Except in one plan where the benefit is payable in addition to the old-age and survivors insurance benefit. This plan is the one in which the monthly benefit is \$30 plus \$1 for each year of service in excess of 15.

## Conclusion

Although retirement plans recently negotiated by labor unions in the mass production industries have called attention to the problem of income maintenance for workers retired from employment on account of disability, lesser-known provisions for the payment of benefits to permanently disabled workers are also found in many employee-benefit plans that

have been in existence for a number of years.

Most of the plans providing permanent and total disability benefits are found in large firms. Because of the long-term commitment of the benefits, plans covering individual firms or establishments have limited the permanent and total disability benefit protection to employees who have served the one employer for a relatively long period of time. In most

of the plans studied, moreover, the benefit amounts, particularly for those who have only the minimum years of service required, are rather low. Nevertheless the operation of retirement and other plans making specific provisions for the risk of permanent and total disability is evidence both of growing recognition of the need and of the feasibility of making advance provisions for protection against this risk.

## SOCIAL SECURITY IN REVIEW

*(Continued from page 2)*

sion permitting States to exempt earned income up to \$50 monthly in determining the need of a recipient of aid to the blind, had negligible if any effects in October. Puerto Rico and the Virgin Islands, newly covered by the act, are developing their plans, but no information is now available concerning their caseloads and payments for October.

OLD-AGE AND SURVIVORS insurance benefits amounting to \$118 million were being paid to nearly 3.2 million persons at the end of October. The record increase of 156,000 in the number of beneficiaries during the month reflected the rise in the number of monthly benefits awarded in October; the number of awards—157,000—was the largest in the program's history. Highlighting the month's award activities was the granting of old-age benefits to 116,000 wage earners, a record number and more than the total number of primary benefit awards made during any 1 of the 4 years 1941-44.

The full effect of the initial impact of the amendments liberalizing the eligibility provisions is not yet apparent. About 225,000 applications for benefits were filed during October, a decline of about 20 percent compared with September but nevertheless nearly 3 times as many as the average number during the first 8 months of 1950. A further sharp expansion in the beneficiary rolls is therefore indicated for November.

CIVILIAN EMPLOYMENT resumed its upward swing in October, according to the Bureau of the Census. The total of 61.8 million was the highest ever reported for October and approached the peak reached in August 1950. The increase was concentrated in agricultural employment. While nonagricultural employment continued at the September level of 53.3 million, there were changes in the composition of the labor force working in nonfarm jobs. Many young workers left to return to school or to enter military service, but this reduction was offset as many previously unemployed persons and a number of women who had not been in the labor force in September

took nonfarm jobs. Unemployment dropped sharply to 1.9 million—400,000 less than in September and about half the October 1949 total.

Initial claims for unemployment covered by the State unemployment insurance programs reflected both seasonal and administrative factors. The rise of 29 percent, to 714,000, was partly the result of curtailed operations—usual at this time of the year—in a number of industries. Weeks of unemployment claimed, which represent continuing unemployment, moved in the opposite direction and fell off 6 percent to 3.4 million, as many workers were recalled to their jobs. The number of unemployed workers receiving unemployment insurance benefits during an average week in October dropped 19 percent from the September average, to 651,500; this average was less than half that for October 1949. The amount of benefits paid also declined, to \$57.5 million, which was the lowest monthly total since October 1948. For the second successive month the average check for total unemployment increased, from \$20.48 in September to \$20.68.