Security Act Explained by Questions and Answers

By Scripps-Howard Newspaper Alliance

WASHINGTON, Oct. 27.—Just what does the Social Security Act provide, in regard to old-age pensions? Manufacturers' associations and Republican propagandists are trying to tell workers that this act—hailed by organized labor as the greatest thing the Roosevelt Administration has done for the workers—is a swindle.

Here are some of the questions asked by workers since propaganda attacks on the measure started, with answers taken from the act itself:

Q—What will the worker have to pay?

A—For the next three years he pays 1 per cent of his wages. The amount increases until 1949 when it reaches 3 per cent, and that is what he pays thereafter. In other words, if he earns $100 a month he pays $1 a month now; $3 a month at the end of 12 years.

Q—Does the employers pay anything?

A—Yes, he plays the same amount the workers pays.

Q—What does the worker get for his money

A—He gets a pension for life, starting when he is 65.

Employer Gets Nothing

Q—What does the employer get?

A—Nothing, except relief from the obligation, recognized by some, of establishing private pensions for his own workers.

Q—How is the workers' contribution collected?

A—The law requires employers to deduct it from the pay of workers and turn it over to the government.

Q—Where does it go then?

A—Into the United States Treasury.

Q—Can the government spend the worker's dollar for other purposes?

A—Some employers are trying to make you think so, and technically it is true. The Supreme Court has ruled that everything collected by the government must go into the general fund. Actually, the Social Security Act sets up an old-age reserve account and makes permanent provision for putting into it each year an amount which will make the old-age insurance account actuarily sound. This amount will be much larger, each year, than the amount to be paid out in benefits. The act provides that the rest of the fund shall collect interest at 3 per cent; shall be invested in government bonds.

Actually Not Tax

Q—Does this act provide for a "tax on wages"?

A—The act calls it a tax in order to meet constitutional requirements laid down by the Supreme Court. Actually it is no more a tax than the money you put in your savings account. It is, and remains, your money, laid aside by you to provide security in old age.

Q—What workers have to pay?

A—All workers except those on farms or domestic labor in homes, casual labor, employes of the Federal, state, and local governments, and employes of institutions operated for religious, charitable, scientific, literary or educational purposes.

Q—Do these other workers get pensions?

A—They do not. Only those who pay into the fund are entitled to benefits.

Q—What happens if a worker moves from one state to another?

A—There is no change in his status. This is a Federal insurance fund and it applies to a man or woman no matter where he works, if he is otherwise eligible.

Pay Only When Working

Q—What happens if a man is discharged or becomes too sick to work, or if a woman marries and stops working?

A—When you stop working you stop paying into the fund, but you don't lose your right to money already paid in. A man or woman who is out of work for a time, for any cause whatever, starts paying into the fund again when he gets a job. He has no back payments to make up. He pays only while working. After he is 65 he draws benefits based on every week he worked between Jan. 1, 1937, and the time he became 65.

For instance if a young woman works for five years and then marries and never returns to work, she is entitled to a pension when she becomes 65, based on the amount of wages she earned in those five years.

Q—What happens if a man or woman changes from a job covered by the law to one which is not?

A—He or she stops paying into the insurance fund, but is still entitled to a pension, at 65, based on the amount earned on the job covered by the law.

Q—What happens if a worker dies before becoming 65?

A—A lump-sum payment is made to his family. It equals 3½ per cent of the wages he earned after 1936. In other words, this lump sum is greater, at all times, than the amount paid into the fund by the worker, for while it amounts to 3½ per cent of his wages the payment he makes is from 1 to 3 per cent.

Family May Be Helped

Q—What happens if a man dies a few months after reaching 65?

A—His family gets a lump sum amounting to 3½ per cent of the wages he earned after 1936, less any monthly pension payments made to him.

Q—Will some workers pay more into the fund than they get out?

A—Never. No matter how young the worker is when he starts paying and no matter how high his wages are during the time he pays, his benefit payments are always higher, because they are based on the amount earned.

Q—Couldn't a worker do as well through a private insurance company?

A—No.

Q—Does the plan apply to workers getting large salaries as well as small ones?

A—It does, but only the first $3000 of a worker's yearly salary is counted. If you earn more than that neither you nor your employer pays on it and only that sum is counted in figuring your benefits.

Q—How large will the pensions be?

A—They depend entirely on your earnings. The minimum is $10 a month, the maximum $85. The figure depends on how much you earned and how steadily you worked.

Administering Cost Low

Q—Will the cost of administering this system eat up a large portion of the funds, say the entire employer contribution?

A—It will not. The 3 per cent interest earned annually by money in the fund probably will cover all costs.

Q—Why do some employers say workers will have to pay 4 per cent of their wages?

A—If they do they are not telling the truth. Three per cent is the largest payment ever made and that does not go into effect for 12 years. The rate even may be reduced before then.

Q—Can a person draw benefits when he becomes 65 even if he owns property and has other savings?

A—He can. He receives benefit payments just as he would receive them from a life insurance company, with no questions asked as to his income or possessions.

Q—What does the Republican candidate offer instead of this Roosevelt plan?

A—He believes only destitute old persons should receive pensions; in other words he would do away with the contributory insurance system and provide a "dole" for persons forced, in their old age, to take the pauper's oath.

CHURCH WOMEN TO MEET

The semi-annual meeting of the Council of Women of the Reformed Church is to be held at 10:45 a. m. Friday in the First Reformed Church, E. 10th-st and Oakland-av. Mrs. Marion Gallup, Indiana Women's Prison matron, is to speak.

NURSES TO CONVENE FOR SESSIONS HERE

Ways in which nursing care may be improved are to be discussed when the Indiana State Nurses' Association holds its annual convention Thursday through Saturday at the Severin.

Private duty, public health and administrative problems also are to be discussed.