

Social Security Online

History

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FAQs - Frequently Asked Questions

Q1: *When did Social Security start?*

A: The Social Security Act was [signed by FDR on 8/14/35](#). Taxes were collected for the first time in January 1937 and the first one-time, lump-sum payments were made that same month. Regular ongoing monthly benefits started in January 1940.

Q2: *What is the origin of the term "Social Security?"*

A: The term was first used in the U.S. by Abraham Epstein in connection with his group, the American Association for Social Security. Originally, the Social Security Act of 1935 was named the Economic Security Act, but this title was changed during Congressional consideration of the bill. [\(The full story has been recounted by Professor Edwin Witte who was present at the event.\)](#)

Q3: *When did Medicare start?*

A: [Medicare was passed into law on July 30, 1965](#) but beneficiaries were first able to sign-up for the program on July 1, 1966.

Q4: *Is it true that Social Security was originally just a retirement program?*

A: Yes. Under the 1935 law, what we now think of as Social Security only paid retirement benefits to the primary worker. A 1939 change in the law added survivors benefits and benefits for the retiree's spouse and children. In 1956 disability benefits were added.

Keep in mind, however, that the Social Security Act itself was much broader than just the program which today we commonly describe as "Social Security." The original 1935 law contained the first national unemployment compensation program, aid to the states for various health and welfare programs, and the Aid to Dependent Children program. [\(Full text of the 1935 law.\)](#)

Q5: *Is it true that members of Congress do not have to pay into Social Security?*

A: No, it is not true. All members of Congress, the President and Vice President, Federal judges, and most political appointees, were covered under the Social Security program starting in January 1984. They pay into the system just like everyone else. Thus all members of Congress, no matter how long they have been in office, have been paying into the Social Security system since January 1984.

(Prior to this time, most Federal government workers and officials were participants in the Civil Service Retirement System (CSRS) which came into being in 1920--15 years before the Social Security system was formed. For this reason, historically, Federal employees were not participants in the Social Security system.)

Employees of the three branches of the federal government, were also covered starting in January 1984, under the 1983 law--but with some special transition rules.

1) Executive and judicial branch employees hired before January 1, 1984 were given a one-time irrevocable choice of whether to switch to Social Security or stay under the old CSRS. (Rehired employees--other than rehired annuitants--are treated like new employees if their break-in-service was more than a year.)

2) Employees of the legislative branch who were not participating in the CSRS system were mandatorily covered, regardless of when their service began. Those who were in the CSRS system were given the same one-time choice as employees in the executive and judicial branches.

3) All federal employees hired on or after January 1, 1984 are mandatorily covered under Social Security--the CSRS system is not an option for them.

So there are still some Federal employees, those first hired prior to January 1984, who are not participants in the Social Security system. All other Federal government employees participate in Social Security like everyone else.

This change was part of the 1983 Amendments to Social Security. [You can find a summary of the 1983 amendments elsewhere on this site.](#)

Q6: *Is it true that the age of 65 was chosen as the retirement age for Social Security because the Germans used 65 in their system, and the Germans used age 65 because their Chancellor, Otto von Bismarck, was 65 at the time they developed their system?*

A: No, it is not true. Generally, age 65 was chosen to conform to contemporary practice during the 1930s. ([See more detailed explanation.](#))

Q7: *Is it true that life expectancy was less than 65 back in 1935, so the Social Security program was designed in such a way that people would not live long enough to collect benefits?*

A: Not really. Life expectancy *at birth* was less than 65, but this is a misleading measure. A more appropriate measure is life expectancy after attainment of adulthood, which shows that most Americans could expect to live to age 65 once they survived childhood. ([See more detailed explanation.](#))

Q8: *When did COLAs (cost-of-living allowances) start?*

A: COLAs were first paid in 1975 as a result of a 1972 law. Prior to this, benefits were increased irregularly by special acts of Congress.

([See historical table of COLA amounts.](#))

Q9: *What information is available from Social Security records to help in genealogical research?*

A: You might want to start by checking out the Social Security Death Index which is available online from a variety of commercial services (usually the search is free). The Death Index contains a listing of persons who had a Social Security number, who are deceased, and whose death was reported to the Social Security Administration. (The information in the Death Index for people who died prior to 1962 is sketchy since SSA's death information was not automated before that date. Death information for persons who died before 1962 is generally only in the Death Index if the death was actually reported to SSA after 1962, even though the death occurred prior to that year.)

If you find a person in the Death Index you will learn the date of birth and Social Security Number for that person. (The Social Security Death Index is not published by SSA for public use, but is made available by commercial entities using information from SSA records. We do not offer support of these commercial products nor can we answer questions about the material in the Death Index.)

Other records potentially available from SSA include the Application for a Social Security Number (form SS-5). To obtain any information from SSA you will need to [file a Freedom of Information Act \(FOIA\) request](#).

Q10: *Does Social Security have any lists of the most common names in use in the U.S.?*

A: Yes, based on the applications for Social Security cards, SSA's Office of the Actuary has done a [series of special studies of the most common names](#).

Q11: *Where do I get more information about the Social Security program as it exists today?*

A: Go to our [Social Security Online home page](#).

Q12: *Who was the first person to get Social Security benefits?*

A: A fellow named [Ernest Ackerman](#) got a payment for 17 cents in January 1937. This was a one-time, lump-sum pay-out--which was the only form of benefits paid during the start-up period January 1937 through December 1939.

Q13: *If Ernest Ackerman only received a single lump-sum payment, who was the first person to received ongoing monthly benefits?*

A: A woman named [Ida May Fuller](#) , from Ludlow, Vermont was the first recipient of monthly Social Security benefits.

Q14: *How many people, annually, have received Social Security payments?*

A: This history is available as a detailed table. ([Payment history table](#))

There is also a (PDF-format) table which shows the [minimum and maximum Retirement Benefit amounts over the years](#).

Q15: *What is the "notch"?*

A: In 1972 a technical error was introduced in the law which resulted in beneficiaries getting a double adjustment for inflation. In 1977 Congress acted to correct the error. Instead of making the correction immediate, they phased it in over a five year period (this is the notch period). This phase-in period was defined as affecting those people born in 1917-1921. Individuals in the notch generally receive higher benefits than those born after the notch, although they receive lower benefits than those born in the period prior to the notch when the error was in effect.

[See SSA Factsheet on the notch](#)

[See detailed Congressional study of the issue](#)

Q16: *Where can I find the history of the tax rates over the years and the amount of earnings subject to Social Security taxes?*

A: The history of the tax rates is available as an Adobe PDF file. ([Tax rate table](#)). There is also a table showing the [maximum amount of Social Security taxes](#) that could have been paid since the program began.

There are also [tables showing the minimum and maximum Social Security benefit](#) for a retired worker who retires at age 62 and one who retires at age 65.

Also, there is a table showing the number of workers paying into Social

Security each year. ([Covered workers table](#)) And also a table showing the ratio of covered workers to beneficiaries. ([Ratio table](#))

Q17: *What does FICA mean and why are Social Security taxes called FICA contributions?*

A: Social Security payroll taxes are collected under authority of the Federal Insurance Contributions Act (FICA). The payroll taxes are sometimes even called "FICA taxes." In the original 1935 law the benefit provisions were in Title II of the Act and the taxing provisions were in a separate title, Title VIII. As part of the 1939 Amendments, the Title VIII taxing provisions were taken out of the Social Security Act and placed in the Internal Revenue Code. Since it wouldn't make any sense to call this new section of the Internal Revenue Code "Title VIII," it was renamed the "Federal Insurance Contributions Act." So FICA is nothing more than the tax provisions of the Social Security Act, as they appear in the Internal Revenue Code.

Q18: *Is there any significance to the numbers assigned in the Social Security Number?*

A: Yes. The first three digits are assigned by the geographical region in which the person was residing at the time he/she obtained a number. Generally, numbers were assigned beginning in the northeast and moving westward. So people on the east coast have the lowest numbers and those on the west coast have the highest numbers. The remaining six digits in the number are more or less randomly assigned and were organized to facilitate the early manual bookkeeping operations associated with the creation of Social Security in the 1930s.

Q19: *How many Social Security numbers have been issued since the program started?*

A: Social Security numbers were first issued in November 1936. To date, over 420 million different numbers have been issued.

Q20: *Are Social Security numbers reused after a person dies?*

A: No. We do not reassign a Social Security number (SSN) after the number holder's death. Even though we have issued over 415 million SSNs so far, and we assign about 5 and one-half million new numbers a year, the current numbering system will provide us with enough new numbers for several generations into the future with no changes in the numbering system.

Q21: *When did Social Security cards bear the legend "NOT FOR IDENTIFICATION"?*

A: The first Social Security cards were issued starting in 1936, they did not have this legend. Beginning with the sixth design version of the card, issued starting in 1946, SSA added a legend to the bottom of the card reading "FOR SOCIAL SECURITY PURPOSES -- NOT FOR IDENTIFICATION." This legend was removed as part of the design changes for the 18th version of the card, issued beginning in 1972. The legend has not been on any new cards issued since 1972.

Q22: Does the Social Security Number contain a code indicating the racial group to which the cardholder belongs?

A: No. This is a myth. The Social Security Number does contain a segment (the two middle numbers) known as "the group number." But this refers only to the numerical groups 01-99. It has nothing to do with race. ([See more detailed explanation.](#))

Q23: Has Social Security ever been financed by general tax revenues?

A: Not to any significant extent. ([See detailed explanation.](#))

Q24: How much has Social Security paid out since it started?

A: From 1937 (when the first payments were made) through 2009 the Social Security program has expended \$11.3 trillion.

([See detailed tables of annual Social Security payments 1937-2008.](#)) ([See also detail for Q26](#))

Q25: How much has Social Security taken in taxes and other income since it started?

A: From 1937 (when taxes were first collected) through 2009 the Social Security program has received \$13.8 trillion in income.

([See detailed tables of annual Social Security revenues 1937-2008.](#)) ([See also detail for Q26](#))

Q26: Has Social Security always taken in more money each year than it needed to pay benefits?

A: No. So far there have been 11 years in which the Social Security program did not take enough in FICA taxes to pay the current year's benefits. During these years, Trust Fund bonds in the amount of about \$24 billion made up the difference. ([See detailed Table.](#))

Q27: Do the Social Security Trust Funds earn interest?

A: Yes they do. By law, the assets of the Social Security program must be invested in securities guaranteed as to both principal and interest. The Trust Funds hold a mix of short-term and long-term government bonds. The Trust Funds can hold both regular Treasury securities and "special obligation" securities issued only to federal trust funds. In practice, most of the securities in the Social Security Trust Funds are of the "special obligation" type. ([See additional explanation from SSA's Office of the Actuary.](#))

The Trust Funds earn interest which is set at the average market yield on long-term Treasury securities. Interest earnings on the invested assets of the combined OASI and DI Trust Funds were \$55.5 billion in calendar year 1999. This represented an effective annual interest rate of 6.9 percent.

The Trust Funds have earned interest in every year since the program began. More detailed information on the Trust Fund investments can be found in the [Annual Report of the Social Security Trustees](#) and on the Actuary's webpages concerning the [Investment Transactions](#) and [Investment Holdings](#) of the Trust Funds.

Q28: Did President Franklin Roosevelt make a set of promises about Social Security, which have now been violated?

A: This question generally refers to a set of misinformation that is propagated over the Internet (usually via email) from time to time. ([See a detailed explanation here.](#))

Q29: I have seen a set of questions and answers on the Internet concerning who started the taxing of Social Security benefits, and questions like that. Are the answers given correct?

A: There are many varieties of questions and answers of this form circulating on the Internet. One fairly widespread form of the questions is filled with misinformation. ([See a detailed explanation here.](#)) We recommend that Internet users refer to SSA's official Questions and Answers section on our homepage for reliable information (go to www.socialsecurity.gov for the Q & A section.)

