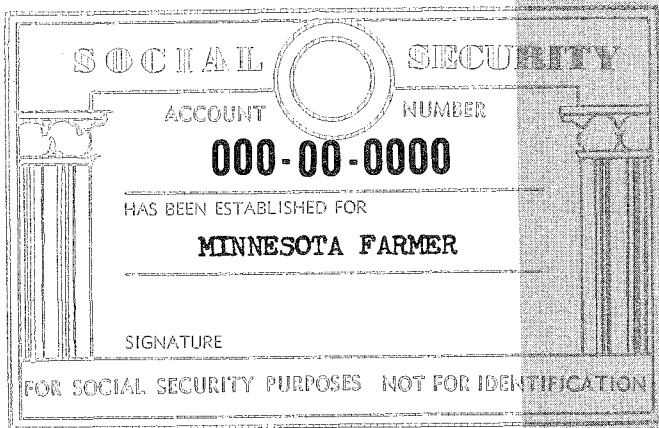


MINNESOTA FARMERS AND SOCIAL SECURITY



MARVIN J. TAVES

GARY D. HANSEN

UNIVERSITY OF MINNESOTA ■ AGRICULTURAL EXPERIMENT STATION

in cooperation with
Farm Population Branch
Economic Research Service
U.S. Department of Agriculture

HIGHLIGHTS OF THIS STUDY

Few beneficiaries disposed of any of their land at the time they began to receive social security retirement benefits. One-fourth planned to continue operating their farm themselves or have a family member operate it; about a fourth sold or will sell at least some of their land, while over half expected to rent all of it to someone not in the family.

More beneficiaries than owners, renters, or landlords made changes in farming and household arrangements during 1956-57. The beneficiaries also made more such changes themselves in 1956-57 than they had made otherwise since 1953. One-fifth of them reported OASI eligibility as a reason for change in farm tenure or size of operation. One-third said the changes were due to ill health or disability. The major reason for changes in tenure and size of operation by the owners and renters was financial. A small proportion of landlords who made changes in their rental arrangements said it was to become eligible for social security benefits.

Social security benefits enabled one-fourth of the beneficiaries to keep property which they otherwise would have sold. One-third claimed it enabled them to make purchases of household and other personal property items not otherwise available.

Two-thirds of the beneficiaries said social security had made it possible for them to remain self-supporting. Over a third claimed that it made more activity possible in social, religious, and community affairs. A third said it made more time available for recreational and creative activities, one-fifth said it freed them from depending on their children for support, and one-fifth said it caused them to retire earlier.

Ninety-three percent of the beneficiaries, and up to 80 percent of the owners, landlords, and renters did not know, prior to qualifying for benefits, how much their monthly social security benefits would be.

One-half of each group approved an extension of government activity to provide an information and personal counseling service to help individuals prepare for retirement and old age. Another one-fifth thought the government should provide more information but not a personal counseling service.

The highest proportion paying social security taxes, during any one year, on farm self-employment income was 93 percent of the owners and renters and 63 percent of the landlords. Thirty-seven percent of the landlords compared to 7 percent of the owners and renters had never paid social security taxes. Reasons most frequently given for not having paid social security taxes were: net earnings of less than \$400, lack of information about the requirements of the law, and lack of interest in social security.

The actual net farm earnings were reported for social security purposes by 6 in 10 of the owners and renters and 3 in 10 landlords. Only 2 percent of each group used the alternative method permitted farmers of reporting two-thirds of gross income up to \$1,800 as net earnings. One-third did not know whether their actual or a presumed amount of net earnings was reported.

Two-thirds of eligible owners and three-fourths of eligible renters and landlords had applied for social security benefits: 2 percent did not apply as they were opposed to the social security principle.

About one-third of all landlords were receiving social security benefits. Over half of the landlords said they did not know that they could qualify for benefits.

Partnerships existed for 13 percent of the respondents. They were predominantly family combinations, especially between parent and son. On the other hand, the majority of the participants in landlord-tenant combinations were not related.

Less than one-fifth of the beneficiaries made economic plans for retirement and only one-fourth of these, or one in every 25 persons, carried such plans out completely. Beneficiaries did not find retirement an unmixed blessing. Lack of work was the central complaint (77 percent).

Beneficiaries have a higher regard for social security than do the other groups. Younger farmers are concerned about the "gravy" benefits being received by older persons at a minimum cost during the early days of the program. However, the younger farmers are counting on social security to provide a retirement income and wish that they could retire earlier and with higher benefits.

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I. INTRODUCTION

Purpose of Study

Farm operators and their families were included under the Social Security Act by the 1954 legislative amendments which required that social security taxes be paid by farmers on their farm self-employment income. The 1956 amendments extended old-age and survivor insurance (OASI) coverage to certain landlords who "materially participate" in the activities on their farms.

This study was designed to identify some changes occurring between 1954 and 1959 in farm operation and living patterns of persons engaged in agriculture and having some relationship to the OASI program. Three major types of information were sought: ■ Information on a variety of social and economic ways in which the old age and survivor insurance program might be meeting needs of farm people. ■ Answers to who has been retiring from agriculture, what retirement adjustments they made, and what changes in level of living may be associated with retirement and the receipt of social security retirement benefits. ■ Variables which might significantly differentiate those scoring high and low on personal adjustment among OASI beneficiaries. It was assumed that different categories of farmers might have reacted differently to the OASI program and other influences during the period under study.

Four tenure categories were utilized: owner-operators, renters, landlords, and the retired. For instance, landlords interested in building up their OASI equity could be expected to seek "landlord participation" in their rental arrangements, while renters interested in maximizing their independence of the landlord would resist such landlord participation in managing or operating the farm. Another expected difference occurs between the beneficiaries and the rest. Those already receiving payments, rather than making them, logically should be more favorable toward the program, might more often prefer increasing its benefits, and may perceive greater value in it. To test for such hypothesized differences and to discover others, the data for each of the four groups were analyzed separately.

Marvin J. Taves is Chief, Field Services Division, U. S. Office of Aging, Department of Health, Education and Welfare, and on leave as professor of sociology and supervisor of Rural Sociology, University of Minnesota.

Gary D. Hansen, a former research fellow in Rural Sociology, is Director, Michigan Commission on Aging.

Since tenure is generally associated with age, it was decided to also study observed variations in farming and living patterns among tenure groups by age within each tenure group.

The report was intentionally written in a descriptive pattern. In addition to describing selected farming and living patterns, and changes in them, many comparative analyses are summarized. In all cases where differences between groups compared are claimed, they are statistically significant at the 5-percent level using significance of differences between percentage tests as appropriate.

Methodology

A sample of 1,125 persons, mainly open country residents, categorized as (a) farm owner-operators, hereafter referred to as owners, (b) renters, (c) landlords, and (d) social security beneficiaries whose benefits were based wholly or in part upon farm self-employment earnings reported for social security purposes, was interviewed by trained interviewers during the summer of 1959. The distribution of respondents by county and tenure status is shown in table 1.

The counties were chosen to represent three of Minnesota's five major farming areas. Counties in the northern forest and woodlot area and the fruit and vegetable areas were not included. The location of the counties and the types of farming represented are shown in figure 1.

The owners and renters were drawn from lists of such farmers in the respective counties so as to yield a random sample of approximately 100 of each from each county. The beneficiary sample was obtained by selecting every Nth name from a list of the old-age beneficiaries whose benefits were based wholly or in part upon earnings from farm self-employment in the respective counties.

The data were obtained through structured interviews conducted by five trained interviewers constantly working with one of the authors during the early summer of 1959.* The data were summarized in the form of percentage distributions for selected tenure, age, and other categories. Wherever relevant, differences in distributions between categories were

Table 1. Tenure distribution by county

Tenure	County			Total
	Goodhue	Watonwan	Wilkin	
Owners	95	108	124	327
Renters	78	80	96	254
Landlords	75	81	88	244
Beneficiaries	104	105	91	300
	<u>352</u>	<u>374</u>	<u>399</u>	<u>1,125</u>

* The majority of interviews were not taken at the respondents' farm or residence. Rather, persons to be interviewed were invited to come to a central location in their community, most often the high school, for the interview. When central location appointments could not be made or were not kept, interviews were taken at the individual's residence. The cooperativeness of the respondents was consistently good. This technique of interviewing at a central location was found economically and psychologically sound. Its merits and limitations are being explored further by the authors in a controlled comparative study. A separate report on the central location interviewing procedures, its assets and problems, is available.

computed and subjected to a test of statistical significance derived from the basic formula:

$$CR = \frac{d}{pq\left(\frac{2}{N-1}\right)}$$

Throughout the report, whenever a difference between categories being compared is noted, it is statistically significant at not less than the 5-percent level unless the contrary is indicated.

Characteristics of Respondents

The four groups studied differed from one another in several ways. The beneficiaries, of necessity, were at least 62 years old if women and 65 if men. Actually, almost half of the beneficiaries were 75 years or older. The four groups quite definitely progressed in average age from younger to older: renters averaged 41 years; owners, 50 years; landlords, 65 years; and beneficiaries, 73 years.

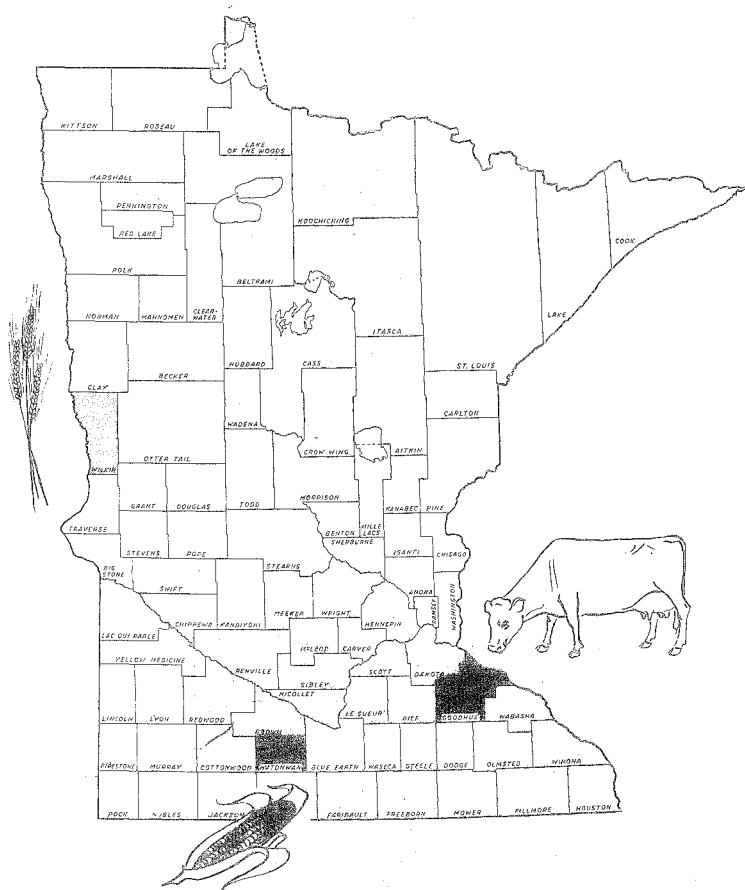


Figure 1. Sample counties and major types of farming.

Table 2. Percentage distribution, by tenure and age, of respondents having 9 or more years of education*

Age	Tenure					
	Owners		Renters		Landlords	
	Total N	Percent	Total N	Percent	Total N	Percent
21-49	156	48	205	54	18	72
50-64	128	27	42	12	72	40
65 and over	28	8			61	20

*Each percent is based upon the total number of respondents in the respective tenure-age category. For example: 48 percent of the 156 owners age 21 to 49 had completed 9 or more years of school.

Table 3. Household composition

	Household consists of		
	Respondent only	Respondent and immediate family	Other relatives
	Percent*		
Owners	N=327 3	75	9
Renters	N=254 2	89	7
Landlords	N=244 18	37	13
Beneficiaries	N=300 15	32	18

*Percentages do not total 100 because nonrelatives living in the household are not included.

About equal proportions of the four groups were single, but far more landlords and beneficiaries than owners and renters were widows and widowers.

Educational level correlated inversely with age among respondents. Schooling completed slightly exceeded an average of 8 years for all but the beneficiaries. Yet the majority of each group had 8 years or less. Less than 10 percent had completed more than 12 years of schooling.

More of the youngest landlords (72 percent) than the other categories had completed 9 or more years of school (table 2). Landlords in each age span had more years of school than owners or renters. A positive association between education and age occurs within each tenure group.

Owner-operator and renter households consisted mainly of nuclear families (husband, wife, and minor children). Landlord and beneficiary households frequently included no children and often did include other relatives (table 3). Renter and owner households averaged considerably larger than those of landlords and beneficiaries (table 4).

Only one of every seven respondents changed residence during the preceding 6 years; the owners are more stable residentially (table 5).

The primary occupations of all four groups were predominately associated with agriculture, although many landlords and beneficiaries claimed nonagricultural pursuits as their main occupation (table 6). Renters and owners were alike on this variable, and their responses are combined. Of the owners and renters, 81 percent reported a diversified general farm operation and 10 percent reported dairying. Over half of the landlords and three-fourths of the beneficiaries reported farming as their main occupation.

Most of the remaining beneficiaries were retired. Landlords more often had urban occupations and proprietorial or managerial positions.

Tenure status is far from static: 18 percent of the beneficiaries shifted from owner-operator to landlord between 1954 and 1959. Twenty-two percent of the 1959 landlords were also owner-operators.

Of every 10 women beneficiaries, 8 reported being a "farm housewife," but only 6 in 10 women landlords listed "housewife" as an occupation.

A secondary occupation was reported by 1 in 10 of each group of owners, renters, and landlords, but by 2 in 10 beneficiaries. All but 4 percent among the latter reported a secondary occupation which involved farming.

REVIEW: Renters tended to be a little younger, had completed more schooling, and had somewhat larger families than the other three groups. Owners fall next in order on each of these variables; landlords and beneficiaries tend toward the opposite ends of the continua. Owners and renters were more often married and living with spouse; landlords and beneficiaries were more likely to be widowed. Primary occupations for the majority of each group still involved agriculture, although sizable proportions of landlords currently held nonfarm primary occupations.

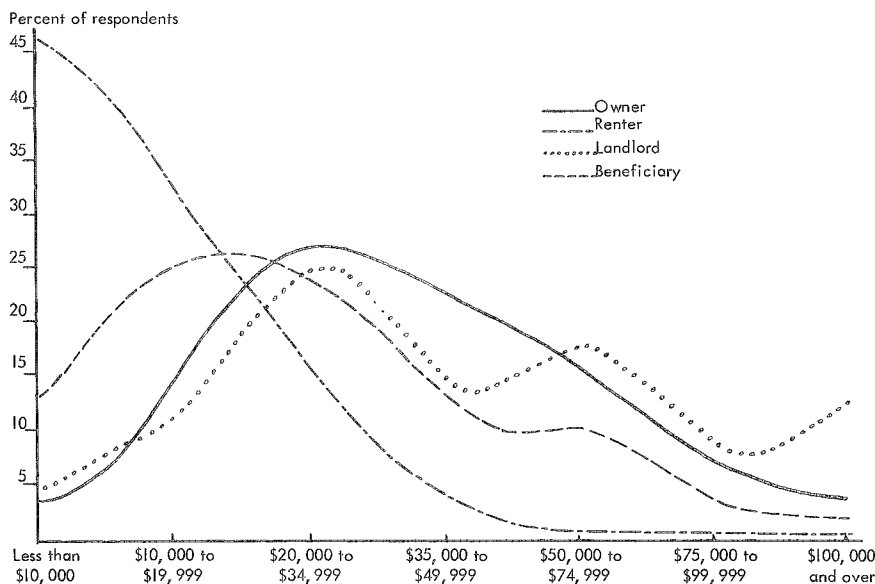


Figure 2. Net worth reported by owner-operators, renters, landlords, and beneficiaries.

II. SOCIOECONOMIC STATUS AND ASSETS

Net Worth

Differences in net worth reflect both a farmer's age and his rate of accumulating wealth. About 6 percent of the respondents reported net worth greater than \$100,000. A greater net worth is readily apparent for

Table 4. Number of family members in household

Persons per household	Owners	Renters	Landlords	Beneficiaries
1	23	14	57	68
2	83	27	131	158
3	59	36	28	50
4	60	57	18	12
5	40	55	5	4
6	25	35	2	3
7	19	12	1	1
8	12	8	2	-
9 or more	5	8	-	-
Total	326	252	244	296
Average family size	4.0	4.6	2.5	2.4

Table 5. Changes in residence, 1954-59

Status		Made one change	Made two changes
		in residence	in residence
		Percent	
Owners	N=327	9	2
Renters	N=254	16	5
Landlords	N=244	17	1
Beneficiaries	N=300	16	-

Table 6. Occupations

Occupation	Owners and renters N=580	Landlords N=242	Beneficiaries N=299
		Percent*	
All Agriculture	99.3	57.0	77.3
Operators of:			
General farm	81.2	46.7	63.6
Dairy farm	10.2	3.7	7.0
Livestock or poultry farm	2.7	2.9	2.0
Grain farm	5.2	2.5	4.0
Farm laborer	--	1.2	0.7
Nonagricultural			
Professional, proprietorial, managerial, or foreman	0.3	12.0	1.0
Clerical and sales	0.5	6.2	0.7
Laborers:			
Semiskilled	0.9	3.3	1.0
Unskilled	0.3	0.4	0.6
Other or retired	0.6	24.4	19.4

*Total percent is more than 100 as some respondents indicated more than one occupation.

owners and landlords (median: \$38,000) than beneficiaries (\$25,000) and renters (\$12,000) (figure 2).

Gross Value of Farm Products Sold

An estimate on the size of the farming operation is also available from the gross sale value of crop and livestock products from land farmed or owned by the respondent (table 7). Gross sales below \$10,000 were reported by a greater proportion of landlords (89 percent) than renters (67 percent) or owners (56 percent). Obviously, most respondents' net income (a fraction of this gross return) is very modest.

Median net income from farming in 1958 was almost \$3,000 for owners, \$2,500 for renters, and much less than \$1,500 for both landlords and beneficiaries.¹ Net incomes from farming in excess of \$7,000 were reported by 9 percent or less in each category (table 8).

Nonfarm Income

Nonfarm income was received each year from 1954 through 1958 by approximately one-fifth of the owners, renters, and beneficiaries, and by one-third of the landlords. All four groups tend to show some increase in the incidence of nonfarm income over the 5-year period, with a rather

Table 7. Gross value of farm products sold, 1958

Gross value	Owners	Renters	Landlords
	N=321	N=242	N=214
		Percent	
Less than \$10,000	55.8	67.4	89.3
More than \$10,000	44.2	32.6	10.7
Total	100.0	100.0	100.0

Table 8. Net income and medians from farm products, 1958

Net income	Owner	Renter	Landlord	Beneficiary
	N=313	N=247	N=228	N=273
		Percent		
\$ 0- 999	15.7	15.0	45.3	75.8
1,000-1,999	16.0	23.1	20.6	2.2
2,000-2,999	20.1	22.7	10.5	6.6
3,000-3,999	18.2	18.2	7.9	4.0
4,000-4,999	13.1	9.7	6.1	1.5
5,000-5,999	7.7	4.9	0.4	0.4
6,000-6,999	2.9	2.4	1.3	0.4
7,000-7,999	3.5	2.0	0.4	0.7
8,000-8,999	1.3	0.4	0.9	---
9,000-9,999	0.6	0.8	6.6	0.4
Over 9,999	0.9	0.8	---	8.0
Median net income	\$2,912	\$2,526	\$1,234	\$659

¹Only the landlord's share is included in computing gross value of products sold and median net income for landlords. Net income is defined as the amount remaining from the gross value of all products after expenses (such as seed, fertilizer, fuel, hired labor, depreciation, and maintenance) and rent are subtracted.

dramatic increase among the beneficiaries (table 9). Among beneficiaries, nonfarm income was reported for less than 1 percent in 1954 and 3 percent in 1955, but by 57 percent and 72 percent, respectively, for 1957 and 1958. This undoubtedly reflects replacement of farm employment with other employment upon establishing eligibility for OASI retirement benefits based on farm income credits.

The amount of nonfarm income tends to be considerably higher for landlords and beneficiaries than for owners and renters. For the majority

Table 9. Proportions reporting nonfarm income, 1954-58

Received nonfarm income during	Owners N=327	Renters N=254	Landlords N=244	Beneficiaries N=300
	Percent			
1954	6.4	6.7	2.0	0.3
1955	6.7	7.5	3.3	2.7
1956	7.0	9.4	6.1	22.7
1957	9.5	8.3	10.2	56.7
1958	9.5	12.2	13.5	71.7
Any 1 of 5 years	20.5	17.7	36.1	17.0
None of 5 years	55.4	62.2	20.1	8.0
Total respondents	100.0	100.0	100.0	100.0

Table 10. Distribution of owners, renters, landlords, and beneficiaries on nonfarm income, 1958

Amount of nonfarm income	Owners N=99	Renters N=74	Landlords N=113	Beneficiaries N=264
	Percent			
\$ 1- 499	36.4	44.5	18.6	9.1
500- 999	19.2	14.9	20.4	36.3
1,000-1,999	17.2	13.5	22.0	46.2
2,000-2,999	7.1	6.8	11.5	8.0
3,000-4,999	9.0	14.9	12.4	0.4
5,000-9,999	7.1	5.4	8.0	---
10,000 or more	4.0	---	7.1	---
Total	100.0	100.0	100.0	100.0
Median nonfarm income	\$855	\$681	\$1,500	\$1,098

Table 11. Percent of landlords and beneficiaries reporting 1958 nonfarm income \$250 to \$2,999 by sex and size of income

1958 nonfarm income	Landlords N=176		Beneficiaries N=254	
	Male N=68	Female N=68	Male N=43	Female N=43
	Percent			
\$ 250-\$ 999	13	25	33	81
\$1,000-\$2,999	17	11	54	11

Table 12. Proportions, by net worth, of landlords and beneficiaries reporting home freezers, hot running water, recent model automobiles, and television sets *

Item	Net worth					
	\$0 to 19,999		\$20,000 to 34,999		\$35,000 and over	
	Total	N Percent	Total	N Percent	Total	N Percent
Separate home freezer						
Landlords	47	36	62	42	92	52
Beneficiaries	123	26	73	44	86	55
Hot running water						
Landlords		55		81		92
Beneficiaries		56		66		71
1954 to 1959 automobiles						
Landlords		21		34		52
Beneficiaries		24		37		41
Television set						
Landlords		72		71		75
Beneficiaries		66		74		70

*The total N represents the number of respondents in any given tenure-net worth category. For example, 47 landlords have a net worth between \$0 and 19,999; 36 percent of them have a separate home freezer. The total N for each tenure-net worth category is the same for each succeeding item.

of owners and renters who had nonfarm income, this amounted to less than \$1,000; for the majority of landlords and beneficiaries it amounted to somewhat over \$1,000. The respective medians are: owners, \$855; renters, \$681; landlords, \$1,500; and beneficiaries, \$1,098 (table 10).

Those in white collar occupations in 1959 are most likely to have had nonfarm income for all 5 years (1954-58). Tenure and age is related more to nonfarm income than marital status. One-half of the single landlords and one-fourth of the single beneficiaries received nonfarm income all 5 years.

Those who were "materially participating" landlords under the OASI program compared about equally with nonparticipants in the amount of nonfarm income earned. The amount received tended to be higher for beneficiaries than landlords among men but not among the women (table 11).

Level of Living

Despite a modest net cash income, most respondents reflected a fairly substantial level of living. Practically all had electricity, cooked on an electric or gas stove, and had mechanical refrigeration. Approximately half also had a separate home freezer. Only one owner and two beneficiaries reported living without electricity, gas, and running water. About three-fourths had hot running water (table 12).

A larger proportion of owners and renters than beneficiaries had the various level of living items available to them. Owners and renters more frequently than landlords and beneficiaries reported the following items:

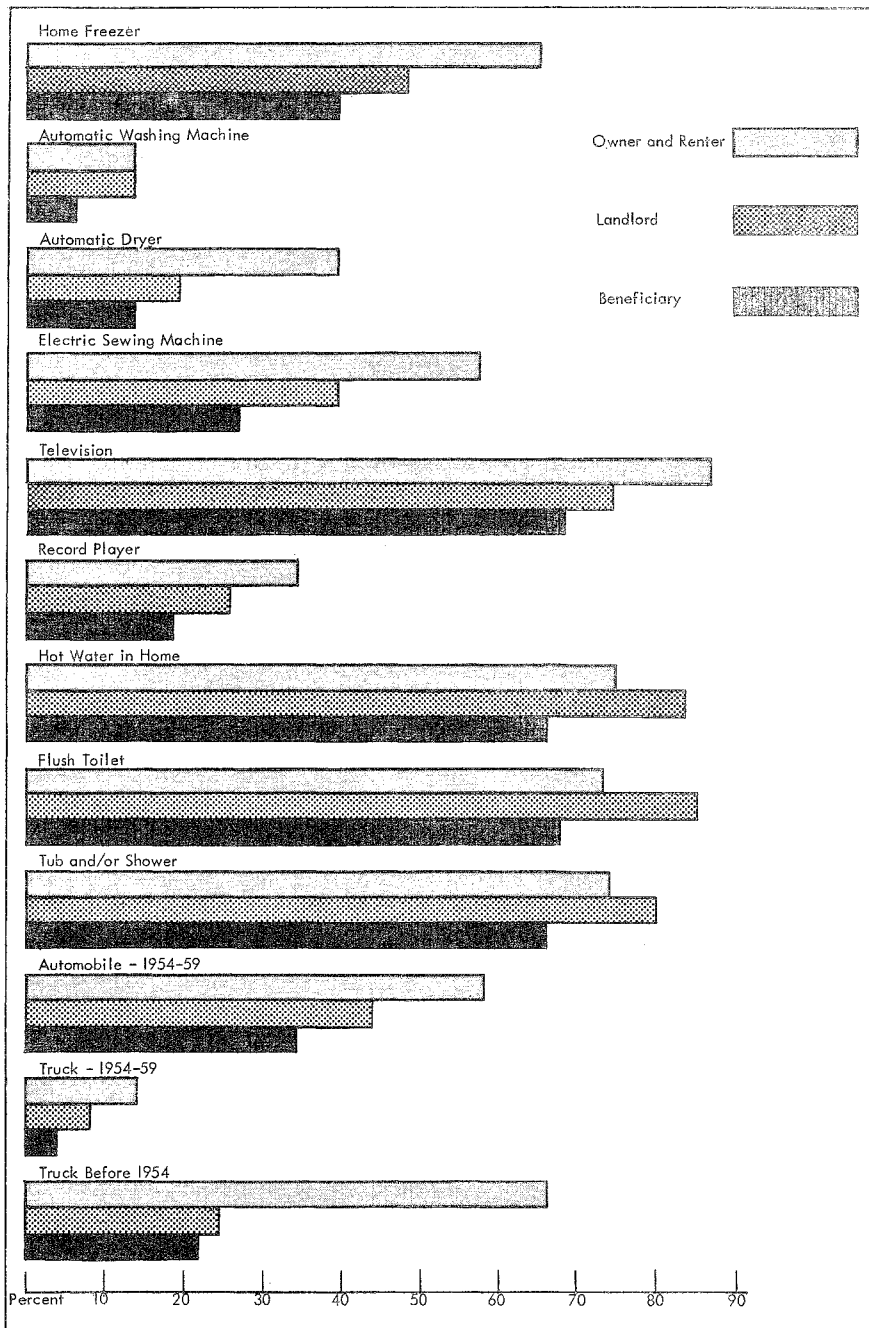


Figure 3. Percent of respondents having use of specified items.

clothes dryer, electric sewing machine, record player, television, and 1954-59 automobile. Landlords somewhat more often than the other groups reported hot water, flush toilet, and tub or shower in the home (figure 3).

Cookstoves were used for heating the residence by 13 to 18 percent of respondents within each group while another 27 to 54 percent heated with space heaters. In contrast, a central heating system was reported more often by landlords (58 percent) than by owners and beneficiaries (each 47 percent) and renters (32 percent).

Factors other than tenure and capital investment also help account for the differences in level of living between the tenure groups. For instance, the married more often than the single or widowed, and men more often than women within each tenure group, reported having a home freezer, television set, recent model automobile, and hot running water. There is also a positive association between net worth and these items, except for television sets. Perhaps the cliché is correct that proclaims "Television is the poor man's recreation." Among respondents, television was reported with similar frequency by all income and tenure groups (table 12).

News Media

Practically all of the owners and renters and most of the landlords and beneficiaries regularly received a farm journal. Almost one-fourth received a news magazine and better than one-third took a literary magazine. Women's magazines or journals are reported by somewhat over half of all except beneficiaries. While the beneficiaries tended to consistently subscribe less to secular magazines, they more frequently subscribe to church publications.

Social Participation

One-fifth of all respondents were members of a farm or professional organization. Participation was most frequent among owners and least frequent among beneficiaries. This difference tends to hold for other measures of social involvement, except that beneficiaries reported the highest membership in church or religious organizations. More landlords (21 percent) than others (12 to 14 percent) reported no organizational memberships.

Insurance

Although the majority had life insurance protection, complete absence of such coverage is listed for twice as many beneficiaries (64 percent) as landlords (32 percent). Owners and renters had the most coverage. Ordinary life insurance is the most popular; smaller proportions claim endowment, term, group, or some other form of coverage.²

Beneficiaries and landlords were less likely to ever receive an income from their insurance policies than were renters or owners (77, 61, 41, and 42 percent, respectively). Respondents who indicated that they were then receiving, or would receive, income from their insurance more often than not thought it to be either a lump sum or did not know what amount they could expect.

²Data obtained from landlords under but not over 65 years of age, N = 94.

Health insurance (hospital and/or medical and surgical) for self and family was reported by a slight majority of owners and renters, but by fewer landlords and beneficiaries. The median yearly health insurance premium reported paid is between \$75 and \$100, but some paid over \$250. Of those with health insurance, approximately one-third had carried their present coverage for at least 10 years; another one-third, for from 4 to 9 years; and the remainder, for 3 years or less.

III. RELATIONSHIPS TO SOCIAL SECURITY

Anticipated Social Security Benefits

Most nonbeneficiaries interviewed were unable to anticipate the amount of their future monthly benefits from social security. Before their payments began, 93 percent of the beneficiaries did not know how much they might expect. When the others were asked how much they expected to receive in social security benefits each month upon retirement, more renters (79 percent) than owners (62 percent) or landlords (58 percent) did not know. Of those who stated an amount, a large majority expected to receive between \$100 and \$200 per month, only 5 percent expected to receive more, and 15 percent expected to receive less. Thus, the expectations of those who felt they could give an estimate appear to be realistic.

"Materially Participating" Landlords

In 1956 farm landlords could earn social security credits by paying OASI taxes on farm income earned. To be eligible, a landlord was required to participate in specified ways in the farming enterprise (technically called "material participation"). Questions about landlord participation in farm operations to obtain eligibility credits for social security benefits were asked of both renters and landlords.

Over one-half of the landlords were not aware of or knowledgeable about material participation to gain social security credits. Another one-sixth were aware of the regulations but had never reported income as participating landlords.

Consistent with the lack in knowledge, one-third were then participating, one-half of the landlords had never participated, and 3 percent were former participants; the rest could not, or would not, answer the question. The rate of participation for purposes of social security credit was consistently higher for male than female landlords (55 and 22 percent, respectively).

Participation among landlords varied with age, amount of land rented out, occupation, and sex. Those between 30 and 59 are more likely to have participated than those older.

Landlords who rented out less than 150 acres were more often nonparticipants than those who rented between 150 and 300 acres. No differences in participation appeared among landlords renting out over 300 acres.

Landlords whose main occupation was that of general farm operator were more often participants than nonparticipants (57 and 43 percent). But only 1 in 10 housewife-landlords participated. Two of every three

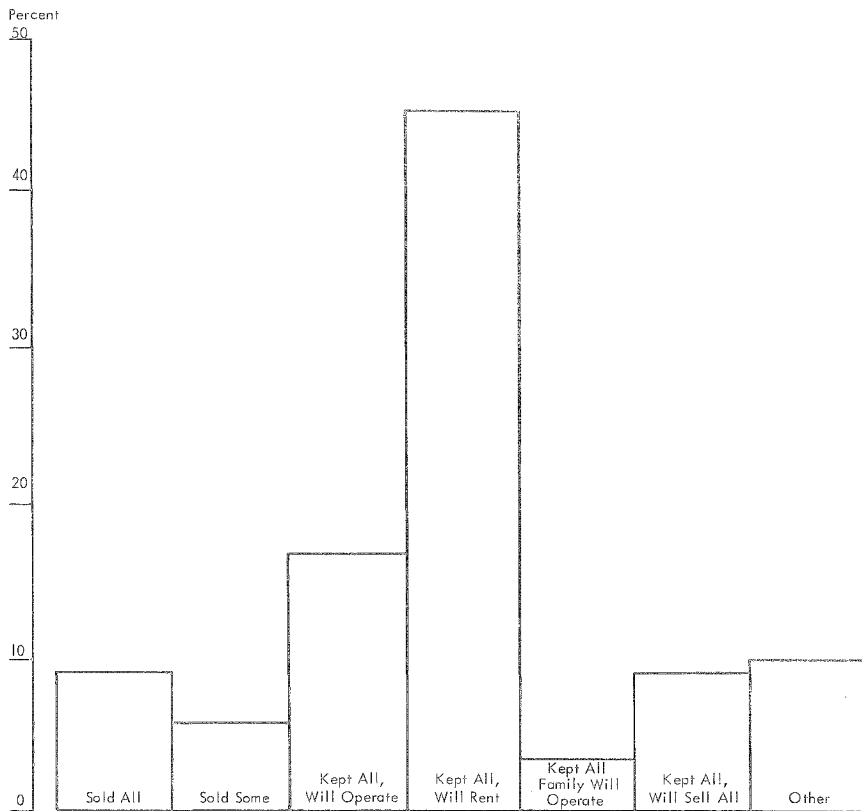


Figure 4. Disposition of farm land at beginning of OASI payments.

landlords who were proprietors, managers, or nonfarm foremen participated while only one of every three in the clerical, white collar, or service occupations participated.

Yet examination of the data reveals that material participation is not associated with net worth. Thus landlords whose primary employment is in occupations not covered by social security apparently do not claim participating landlord privileges in significantly higher proportions to gain benefits. This tendency appears equally prevalent regardless of net worth of the respondent.

Disposition of Land

What arrangements do beneficiary landowners make for the farming of their land upon retiring and receiving social security benefits? For most the answer is simple — they keep and rent it (figure 4). Only 1 in 10 sold all of his land, while 2 in 10 plan to keep and operate it themselves.

Upon first receiving social security payments, beneficiaries age 74 and over, more often than their younger counterparts (63 and 37 percent, respectively), sold all or some of their land. Although older beneficiaries

who kept all of their land more often plan to sell all or some of it, younger beneficiaries who kept all their land more often rent it all out, have a family member operate it, or plan to operate it themselves.

When social security payments first were received none of the women beneficiaries sold land while 17 percent of the men did. Of those who kept their land, the women most often rented it out while men continued to operate it. Partial explanation for this may be that virtually all female landlords were landlords only (they did not also operate land themselves) whereas 19 percent of the male landlords operated land in addition to their landlord functions.

Proportionately more of the beneficiaries with 8 years of education or less kept and continued to operate all of their land (22 percent), a practice reported by only 4 percent of beneficiaries with more than 8 years of schooling. Those with more education were more likely to sell some or all of their land.

Table 13. Proportions who paid social security taxes on farm self-employment income, 1955-58

		Years in which taxes were paid:					
		All 4 years	None of 4 years	1955	1956	1957	1958
		Percent					
Owners	N=327	68	4	5	21	24	23
Renters	N=254	63	4	5	24	28	27
Landlords	N=244	36	22	16	27	22	14
Beneficiaries	N=295	8	9	12	17	22	5
Social security taxes on farm wages earned, 1955-58							
Owners	N=327	1	71	1	1	1	1
Renters	N=254	2	93	2	2	2	2
Landlords	N=244	-	22	1	2	1	1
Beneficiaries	N=295	19	10	1	2	5	7
Social security taxes on nonfarm wages earned, 1955-58							
Owners	N=327	6	64	3	2	2	2
Renters	N=254	2	84	6	7	5	6
Landlords	N=244	10	20	2	4	4	4
Beneficiaries	N=295	1	3	-	-	2	2

Social Security Taxes Paid and Benefits Claimed

Social security taxes on farm self-employment income were paid by a majority of the renters, owners, and landlords from 1956 to 1958 (79, 68, and 63 percent respectively). Payment of taxes on farm wages earned or on nonfarm self-employment was reported by 6 percent or less of all groups, while approximately 10 percent paid taxes on nonfarm wages (table 13).

Social security retirement age (65 years for men and 62 for women) had been reached by 41 of the owners, 8 of the renters, and 155 of the landlords. Most respondents who had earned OASI (social security) were

claiming the benefits. A few refused to apply for benefits because it is against their principles or because they had earnings above the maximum allowed recipients (table 14).

Table 14. Application for social security benefits

Applied or not and reasons for not applying	Owners N=41	Renters N=8	Landlords* N=55
Applied for benefits	64	75	76
Did not apply because:		Percent	
Earn too much	15	12	6
Did not know he could	7	-	1
Not interested	5	-	3
Opposed in principle	5	-	1
Not enough credits	2	13	1
Not enough income	2	-	5
Will wait to age 72	-	-	-
Don't need the money	-	-	2
Not applicable	86 (N=327)	97 (N=254)	36 (N=242)

*Percent totals less than 100 as not all landlords responded.

Methods of Computing OASI Tax

To gain social security credit on farm earnings, a self-employed farmer with no other self-employment earnings must net \$400 or gross \$600 or more in a year. In recognition of the hazards peculiar to farming which cause earnings to fluctuate from year to year, the law allows for the self-employed farmer to choose between alternate methods of figuring net earnings from farming. If his gross income from farming is \$1,800 or less, the farmer may count either his actual net or two-thirds of his gross as his net earnings from farming. If he grosses more than \$1,800 and nets less than \$1,200 he may report the actual net or \$1,200. If his gross farm income is more than \$1,800 and he nets \$1,200 or more, he must report the actual amount of his net earnings.

Most Minnesota farmers used the actual net farm income method; it was used by 60 percent of the owners and renters, and 32 percent of the landlords. Two percent or less of each group reported using the two-thirds of gross income method. Approximately one-third did not know which method had been used to report their farm earnings.

This is to be expected since over four-fifths of the owners and renters and two-thirds of the landlords had someone other than themselves or a member of their family prepare their 1958 social security tax return.

Lack of sufficient income was most often listed as the reason for not paying social security taxes on farm income by landlords, owners, and renters. Lack of knowledge or interest was their second reason.

Information and Counsel Desired on Retirement and Old Age

Respondents were asked whether or not they would favor the government providing (a) more information and (b) more counseling services to help farm people plan for retirement and old age. This was a general question and does not refer to information on OASI alone. However, both counseling and information on OASI were undoubtedly in the respondents' thinking because of the nature of the study.

Less than one-fourth opposed such extension of government activity. On the other hand, almost half favored a government program of information and counseling. Another 2 to 5 percent of each group favored an extension of information but were not sure about a counseling program. Interviewers were not instructed to explain the term "counseling program." Therefore, the question was responded to on the basis of how the interviewers subjectively defined it unless an explanation was requested. An additional one-fifth favored an extension of information efforts but definitely did not approve of establishing a counseling program. Thus, a large majority expressed a need for more complete information on preparation for retirement and assigned the government a responsibility for providing it.

This demand to extend information and counseling services indicates the population's acceptance of government help in preparing for old age and retirement via social security. Other studies have reported a substantial majority (80 percent) accepting the principle and program of social security.³ This study, however, suggests a need for more effective and extensive distribution of information and for greater individual access to interpretation of social security as it applies to the individual. Many see this as a part of a more comprehensive private and governmental program to prepare more adequately for a satisfying life in their senior years.

Effects of Social Security

One possible advantage of social security to the retired person might be that a guaranteed steady income would enable him to keep income-producing property or maintain other property he otherwise would have to sell to meet current and recurring financial needs. Beneficiaries were asked whether their social security payments helped them keep any such property. Almost two in three of the respondents said "No"; 16 percent claimed it allowed them to keep land; and 6 percent kept cattle, poultry, or livestock because of it. Smaller proportions were enabled to keep their home, machinery, car, and other personal property.

At the same time, over two in three beneficiaries said social security had not enabled them to make additional purchases of household and other personal property. Of those who thought retirement payments made it possible for them to make such purchases, the largest proportion listed household furnishings or appliances. Next most frequently mentioned were improvements on the farm and house.

When pressed with the question, "What things have you been able to do which you would not have been able to except for social security?", two

³I. M. Baill. *The Farmer and Old-Age Security. A Summary Analysis of Four Studies 1951-1954.* USDA Agr. Info. Bull. No. 151, p. 4. December 1955. Washington, D. C.

Table 15. Benefits from social security to beneficiaries

Advantages	N=300 Percent
Receiving social security made it possible to purchase:	
Household furnishings or appliances	10
Additions to or improvement of physical plant	7
Cars or machinery	5
Personal items	2
Recreational items	1
Livestock	1
Insurance	1
Improvement of land	1
Entirely dependent on social security	1
Nothing	69
No answer	2
Total	100
Receiving social security made it possible to do the following:	
Travel	8
Live better or pay current living expenses	9
Stop working completely or reduce farming operations	5
Visit children	3
Pay medical expenses	1
Move into town - off farm	1
Don't know	2
Nothing	69
No answer	2
Total	100

of three again replied "Nothing," while 8 percent said that social security payments enabled them to travel and 5 percent listed partial or total retirement. Nine percent claimed they were "living better" or were able to pay their current living expenses because of social security (table 15).

Respondents were then asked about other ways in which social security had affected their lives. (In response to earlier questions on what materially oriented things social security had made it possible for them to buy and do, the majority responded "None.") In response to "other ways in which social security had affected their lives," 81 percent listed such other effects as assistance in meeting current expenses, meeting the rising cost of living, and providing a feeling of security. The reference to (1) increased security, is made by 20 percent; (2) assistance

Table 16. Effects of social security on life of beneficiaries

Effects	N=300 Percent*
General assistance, current expenses	34
Increased security	20
Life more pleasant	9
Freed children from supporting parents	6
Provided old age income	5
Worked less	4
Can buy extras	4
Social security only income	1
Helps pay taxes	-
No effects	19

*Percent totals more than 100 as some beneficiaries indicated more than one effect.

with current expenses, by 34 percent; (3) reduced worries or a more comfortable or pleasant life, by 9 percent; and (4) freed children from supporting parents, by 6 percent (table 16).

In contrast to the large majorities which report that social security did not help them retain property or make major purchases, only 19 percent claim that social security did not noticeably affect them. Thus, 8 in 10 agree that social security affected them in one of the ways mentioned. Five in eight answers center on money benefits, and the remaining three suggest more emotional security or satisfaction.

Possibly more important are the observations from responses to a more structured series of questions. Two out of three said social security made it possible for them to remain self-supporting, and more than one in three was able to engage in more social activities and community affairs. For one in three, more time was available for recreational and creative activities, and one in five was freed from depending on his children for support (table 17). One in five retired earlier, thus, another benefit of social security, as Lowry Nelson suggested in 1947, is the increase in opportunity for young people to enter the business of farming.⁴ It appears that social security helps retirees do things more often than buy things. Most important appears to be the feeling of financial and emotional security it engenders.

A further indication of the beneficiaries' thinking about social security is reflected in their answers to the closing question of the interview: "Do you have anything else you would like to tell us?" Forty percent did. Specifically, 4 in 10 of the 40 percent made favorable comments about social security without any qualifications; 2 in 10 stated that the benefits should be higher; and almost 2 more in 10 spoke primarily of the inequities they saw in social security (the poorest farmers who need it most are not covered and the richest farmers who may not need it must still participate), or desired changes in the relationships between the tax rate and the benefits. Many younger nonbeneficiaries said that the age for receiving retirement benefits should be lowered to about age 60. These findings parallel those of a two-county study in Maine, where farm operators called for higher benefits and retirement at an earlier age.⁵

Table 17. Advantages made possible by social security benefits

Advantages	N=263 Percent*
Allowed recipient to remain self-supporting	67
Allowed more activity	39
Made more time available	35
Freed children from supporting parents	22
Earlier retirement	19
Later retirement	4
None	20
Fully employed - not applicable	11

*Percent totals more than 100 as some beneficiaries indicated more than one advantage.

⁴Lowry Nelson, *Farm Retirement in Minnesota*. Agr. Expt. Sta., Bull. 394, p. 20. March 1947. Univ. of Minn., St. Paul.

⁵Louis A. Ploch and Louis J. Ducoff, *Farm Operators' Knowledge of Participation in, and Acceptance of, the Old Age and Survivors Insurance Program*. Maine Agr. Expt. Sta., Mimeo. Report 69, p. 57. September 1957. Univ. of Maine, Orono.

IV. CHANGES IN FARM OPERATIONS

Has social security had a discernable effect on farming operations? If so, how has it affected production decisions? A discussion of changes in farming over a 5-year period follows.

Acreage Owned, Rented, Operated

Of those who owned land between 1953-59, beneficiaries decreased their acres owned the most. Seventeen percent of them reported a net decrease as compared to 4 percent or less among the other groups. In contrast, a net increase in acres owned was reported mainly by owners and landlords, 24 and 12 percent, respectively. The remaining 60 to 85 percent reported no net change. The reduction in land holdings among beneficiaries is most likely associated with their retirement.

Of those who rented land from others during the period 1954-59 (129 owners, 254 renters, 12 landlords, and 35 beneficiaries), about 1 of 5 owners, renters, and landlords had a net increase, as compared to 1 in 10 of the beneficiaries. A net decrease in acres rented from others is reported by few renters, but by about half of the owners and landlords.

Over half of the owners but only about one-third of landlords and beneficiaries reported a net increase in acres rented to others. (Fifty-two owners, 4 renters, 241 landlords, and 193 beneficiaries rented land to others from 1954 to 1959.) An insignificant proportion of landlords and less than one-sixth of the beneficiaries reported a net decrease in acres rented to others.

More changes in acres owned or rented were made between 1958 and 1959 than in prior years by owners, renters, and landlords. Beneficiaries made more changes between 1956 and 1957 than during the other years. This may reflect disposition of land formerly farmed by them, either through sale or through new rental arrangements, designed to facilitate their retirement either before or after accumulating sufficient social security credits. The proportion of beneficiaries who did make such changes during the 1956-57 period exceeded comparable changes made by landlords, renters, or owners. This conclusion is further supported by the finding that 22 percent of the beneficiaries reported OASI eligibility as a reason for change in their farming arrangement.

This might appear to be a small proportion making changes because of social security. A Texas study reported in 1959 found an even lower proportion making such change.⁶ Nor did the OASI program cause many changes in the farming operation of older farmers in Iowa.⁷ Nevertheless, farmers over 65 in both Texas and Minnesota more often made such changes than did the younger farmers.

A net increase in total number of acres operated between 1954 and 1958 was more typical of owners and renters (25 percent) than landlords or beneficiaries (3 percent). As one would expect beneficiaries and landlords most often reported a net decrease in acres operated, 32 and 25 percent, respectively. The remainder had experienced no net change. It must

⁶R. L. Skrabanek and Louis J. Ducoff. *Social Security and the Texas Farmer*. Texas Agr. Expt. Sta., Bull. 928, p. 2. April 1959.

⁷Ward W. Bauder. *Iowa Farm Operators' and Farm Landlords' Knowledge of, Participation in, and Acceptance of the Old Age and Survivors Insurance Program*. Iowa Agr. and Home Econ. Expt. Sta., Research Bull. 479, June 1950. Ames.

be recalled that 63 percent of the landlords and 36 percent of the beneficiaries were not operating land.

Table 18. Reasons for changes in farming arrangements

Reasons for changes	Owners	Renters	Landlords	Beneficiaries
	N=158	N=254	N=244	N=300
	Percent*			
Change in farm tenure or rental arrangements	40	51	40	6
Increased independence	24	8	2	1
Financial	22	28	15	9
Ill health, disability	8	2	28	34
Better land or more efficient operation	7	10	1	3
Soil bank program	3	1	2	1
Change in nonfarm employment	2	4	6	1
Retirement not involving OASI eligibility	1	-	23	19
Retirement involving OASI eligibility	-	2	10	22
Other	29	36	24	14
Not applicable - no changes	53	59	64	52

*Percent totals more than 100 as more than one reason for change was possible.

Tenure

To determine further the impact of social security and other influences on farming arrangements, respondents were asked, "Why did you increase or decrease acres owned, rented from or rented to others, participating acres, or total land operated?"

Changes in farm tenure or rental arrangements were mentioned as reasons for changes by approximately 40 percent of owners and landlords and by half of the renters (table 18). This factor influenced only 6 percent of the beneficiaries. Increased independence was given as a reason for change by almost one-fourth of the owners, but by less than 10 percent of the renters, landlords, and beneficiaries. Next most frequently mentioned by owners and renters was a general category of financial reasons. Not more than 1 in 10 owners and renters listed the improvement of land or more efficient operation as a reason for change. Listed even less frequently were "to take advantage of the soil bank program," retirement, and changes in nonfarm employment by owners and renters. Health or disability not involving retirement was given as a reason for changing farming arrangements most often by beneficiaries (34 percent) and landlords (28 percent) and least often by owners (8 percent) and renters (2 percent). Each of these considered himself as not retired, although for social security purposes the beneficiaries obviously must now be technically retired from farming but were not so for the entire 1954-59 period. Other reasons reported were too scattered for grouping. This was the case for more renters (36 percent) than owners (29 percent), landlords (24 percent), or beneficiaries (14 percent). Retirement was a reason for change in farming operations for many landlords (33 percent) and beneficiaries (41 percent). For 10 percent of the

landlords and 22 percent of the beneficiaries, this change involved OASI eligibility.

Crops, Livestock, Records, and Anticipated Changes

Although slightly higher proportions of owners, renters, and landlords increased than decreased their grain acreage, all changes reported by beneficiaries resulted in net decreases. All four categories of respondents more often reduced than increased their poultry enterprise. While owners and renters more often increased than decreased the number of cows they milked or their other livestock, landlords, particularly beneficiaries, more often decreased their livestock operations.

From 6 to 14 percent in each of the four groups either entered or increased their acreage in the soil bank program while hardly any decreased their net soil bank acreage over the 5-year period. Owners more often than other groups utilized the program. Apparently neither landlords nor beneficiaries utilized the soil bank to provide retirement arrangements for their farm land in significant proportions.

Farm Records

Two-thirds of the owners and renters but less than half of the landlords and beneficiaries kept all three of the following types of farm records and accounts: sales receipts, cancelled checks, and a daily or other farm record book. Farm records or accounts were reported as not maintained by more of the landlords (18 percent) than beneficiaries (8 percent), or owners and renters (each 2 percent). Owners, renters, and landlords reported a slight net increase in recordkeeping while beneficiaries declined somewhat over the period studied.

Table 19. Changes planned in farming operations

Changes planned	Owners N=327	Renters N=254	Landlords N=244	Beneficiaries N=300
	Percent*			
Increase in farm operation	44	30	14	2
Change kind of farming	23	25	23	12
Give up farming completely and retire	12	7	50	47
Decrease in farm operations	10	7	9	37
Rent or give land to children	6	1	41	9
Retire and give up farming partially	5	-	5	2
Change to become more independent	3	28	-	-
Change to become less independent	2	2	-	-
Give up farming and do other work	2	7	5	-
Other	11	5	23	7
No changes planned	60	55	16	37

*Percent totals more than 100 as more than one reason for change was possible.

Future Plans to Change Farm Operations

Respondents were asked if they planned to make any changes in farming operations in the next 5 years and, if so, what kind and why. Four of 10 in the total sample said they planned no changes for the future (table 19). Renters (55 percent) and owners (60 percent) more often reported this than others.

Of those who made plans, about one-fourth of the owners and renters wanted to change to a different kind of farming. Nonspecified increases in their farming operations were planned by 44 percent of the owners and 30 percent of the renters, but by only 14 percent of the landlords and 2 percent of the beneficiaries. Nearly one in three renters planned changes to increase their independence. About 40 percent of the landlords and beneficiaries planned decreases, mainly to retire.

Explanations of Changes in Operations

Of those who made changes in grain crop operations, the most frequent reasons, 20 to 33 percent, were financial, including market price fluctuations. An increase in land operated caused changes in grain crops for one-fourth of the owners and one-sixth of renters and landlords. Another one-fifth of the owners changed to improve their farm land. Between 8 and 19 percent changed grain operations to accommodate livestock, equipment, or storage space changes. Lesser proportions reported decrease in land operated, dissatisfaction with farm operation, and crop failure.

Beneficiaries' reasons for cropping changes focus on ill health, disability, or old age (20 percent) and retirement (12 percent). Changes related to the soil bank were reported by beneficiaries (44 percent), landlords (21 percent), renters (15 percent), and owners (7 percent). The high incidence of cropping change among beneficiaries very likely reflected reduction in operations which they did not look upon as involving retirement.

What factor promoted changes in soil bank acreage? For the 2 in 10 owners and 1 in 10 of the other groups making such changes, the most frequent reasons were financial, expediency, or greater return from the land (22 to 35 percent); killing weeds or resting the land (21 to 29 percent); ill health or disability (beneficiaries, 37 percent; landlords, 18 percent; owners, 12 percent). Less than 19 percent gave retirement involving OASI, crop failure, or changes in employment of hired hands.

Over half of each group changed their poultry operation because of market fluctuations or because "Production didn't pay." Other reasons given by some 8 to 17 percent were changes in tenure or rental arrangements, health, and retirement. Among the beneficiaries, 8 percent gave OASI retirement eligibility.

Changes in number of milk cows were reported by 24 to 35 percent of those owning cows. "Production didn't pay" and other financial reasons most frequently initiated the change for the owners and renters (for half who changed); ill health or disability was given most frequently by landlords and beneficiaries (26 percent). Heavy labor requirements (17 percent), farm tenure or rental arrangement changes (9 percent), and livestock

equipment or storage changes (9 percent) combined as the other important reasons for changes in milk cows.

Changes in other livestock fed were indicated by 13 to 34 percent of all respondents. Again, the outstanding reason given by owners and renters was financial (53 percent). Three key reasons (1) financial; (2) ill health, disability, or old age; and (3) farm tenure or rental arrangement changes were reported by about one-fourth of the landlords and beneficiaries. All groups reported labor associated reasons (10 percent) and changes in livestock, poultry, equipment, or storage (16 percent) as the reasons for changes in the number of other livestock fed.

Reasons for changes in "other crops" (nongrain) were (1) to accommodate livestock, equipment, or storage changes; (2) financial reasons; and (3) to build up soil and to bring into production the increased amount of land operated.

Changes in Partnership Arrangements

Partnerships were reported by 144 individuals (13 percent) interviewed. The most frequent arrangement involved a parent-son combination. Of the owners, landlords, and beneficiaries, 40, 50, and 56 percent, respectively, of all partnerships were of this type. Most of the other partnerships involved other relatives while only about 5 percent of the partnerships included nonrelatives.

Among the owners, renters, and beneficiaries, approximately three-fourths of all partners shared equally in management, labor, and profits. Only among landlords, of whom 28 percent were women, was the respondent's share less than that of other members of the partnership. Among partners, changes in partnership arrangements were listed most frequently by beneficiaries (42 percent) and by landlords (50 percent), less often by renters (35 percent) and owners (18 percent).

One-fourth of the beneficiaries and of the landlords, respectively, dissolved partnerships during the 5-year period because of retirement. The other dissolutions of partnership resulted from death of one of the partners, ill health of the respondent or his partner, and a variety of other less frequently mentioned reasons. Changes in the arrangement of a partnership, without dissolving it, were made most frequently by landlords (19 percent) and renters (16 percent). This often represents transfer of responsibility from the older to the younger or from landlord to tenant or part owner.

Tenant-Landlord Relationships

In interpreting the information on tenant-landlord relations, it is important to note several characteristics of the data. In addition to the renters, who would obviously have tenant-landlord relations, 149 of the 327 owners (almost one-half) farmed land rented from others in addition to farming their own land. These owners who also rent land from others are referred to as owners in this section; those who rent from others but do not own farm land are designated as renters. Those from whom land is rented are called landlords, not owners.

Furthermore, a given respondent may have rented from several landlords over the 5-year period. For purposes of reporting the findings, the "first" landlord was a primary one from whom the tenant was renting at the time of the interview. The "second" or "third" landlord may have been renting to the tenant either before or at the time of the interview.

The relative stability of the first type of landlord-tenant relations was reflected in the fairly high proportions who had rented from their present landlord for the total 5-year period (69 percent of renters and 56 percent of owners). With reference to the second landlord, 25 percent of the owners and 44 percent of the renters had continued in this tenant-landlord relationship throughout the 5-year period. With reference to the third landlord, 33 percent of the owners and 13 percent of the renters had maintained this relationship over the period of the study.

The crop or profit-sharing rental basis was prevalent among both owners and renters (77 percent). Only 16 percent of the owners and 23 percent of the renters rented on a cash basis. The renters less often than the owners had changed landlords over the 5-year period. The greater stability of the renters' rental arrangements may reflect their greater dependence on the land they rent. For the owners already operating land of their own, rented lands more often represent temporary opportunistic ventures.

In the majority of cases, tenant and landlord were not related. This is in sharp contrast to the frequency of relationships among partners. This tended to be true of the first and second landlords for both owners and renters, and of the third landlord for renters. Of those who are related, the relationship is most frequently that of the son renting from the father.

Materially Participating Landlords

Under social security regulations, a landlord may elect to be a "materially participating landlord" for purposes of accumulating social security credit by meeting one of the following tests:

Test No. 1

Do any three of the following:

Advance, pay, or stand good for at least half the direct costs of producing the crop. Furnish at least half the tools, equipment, and livestock used in producing the crop. Advise and consult with the tenant periodically. Inspect the production activities periodically.

Test No. 2

Regularly and frequently make or take an important part in management decisions substantially contributing to or affecting the success of the enterprise.

Test No. 3

Work 100 hours or more spread over a period of 5 weeks or more in activities connected with producing the crop.

Test No. 4

Do things which, considered in their total effect, show that he is materially and significantly involved in the production of the farm commodities.⁸

Sizable proportions of the landlords are reported by their tenants to furnish fertilizer, seed, and management or planning (table 20). Only about one-fourth of the landlords furnished neither these nor management and planning, power machinery, gasoline, feed, livestock, custom work, or other such items. Renters more often than owners are furnished the preceding items by their landlords. Comparable data were obtained from the landlords of the renters in the sample only.

Although the reports of landlords and renters tend to reflect substantial agreement, landlords somewhat more frequently reported landlord participation, particularly in the management and planning areas. No distinction is made here between share and cash rental arrangements as these do not appear to significantly affect the farming operation or tenant-landlord relations in the areas studied.

Among the 24 percent of the owners and 18 percent of the renters who did change such rental arrangements during the 1954-59 period, there were no indications of significant efforts by the landlord to increase participation in the farming activities in an effort to increase his social security benefits. Also, none of the renters and only 8 percent of the owners reported a decrease in the landlord's participation in management. This is, in part, counterbalanced by a report by 4 percent of the renters that they increased their participation in management and planning with reference to their primary landlord.

Table 20. Contributions by all landlords to farm operations as reported by renters, landlords and owner-renters

Service or items furnished	Renters	Landlords	Owner-renters*
	N=372	N=227	N=159
		Percent**	
Management or planning	27	43	38
Fertilizer	66	63	47
Power machinery	7	16	6
Gasoline	12	10	2
Seed	49	55	30
Feed	12	19	1
Livestock	22	19	1
Custom work (harvesting)	8	2	5
Spray	21	8	18
Other	11	25	5
None of the above	23	22	26

*These are respondents from the owner sample who also rent land from others. These owner-renters reported their landlords furnish the items listed in the proportions given. No landlords of the owner-renter group were interviewed.

**Percent totals more than 100 as there was more than one contribution by landlords.

⁸*Farm People and Social Security*. OASI-25f. September 1958. Dept. of HEW. Social Security Admin., BOASI.

When landlords themselves were specifically asked their reasons for changes in tenant-landlord relationships, 8 percent declared it to have been in order to develop eligibility for social security benefits as materially participating landlords. The proportion that reported this, however, is no greater than the proportions who reported that the change was prompted by "a general rise or fall in the cost of land or stock"; "financial difficulties of tenant, including assumption of debt by landlord"; "increasing investment or maturity of tenant"; or "improvement of farm land or buildings." A relatively high proportion of the landlords (46 percent) either could not or would not give a reason for the change. The interviewers' impressions were that these landlords actually had no particular reason for changing the rental arrangements, but that they were avoiding the answer.

When tenants were asked the reasons for changes in the rental arrangements, only 4 percent of the renters and 6 percent of the owner-renters claimed the change was an effort by the landlord to increase his eligibility for social security benefits. The reason most frequently given was retirement of either the landlord or the respondent (owners, 28 percent; renters, 12 percent).

Awareness of OASI Regulations for Material Participation

One of the reasons that a larger proportion of the landlords had not modified the rental arrangements since 1953 may be the fact that 54 percent reported not being aware of the social security coverage of landlords under the 1956 amendments.

Of the landlords who claimed awareness of these regulations, 29 percent reported income as a participating landlord all 3 years they were permitted to do so. Such income was reported by an additional 23 percent for 1956, 25 percent for 1957, and 22 percent for 1958.

Owners, landlords, and the 43 renters who also own some land, were asked what they planned to do with their land upon retirement. Of each group, about two-thirds planned to rent their land out, 1 in 10 expected other members of the family to operate it for them, and less than 1 in 10 planned to operate it himself even after at least partial retirement. Just under one-fifth planned to sell all their land.

V. RETIREMENT FROM FARMING

Employment-Retirement Situations and Preferences Among Beneficiaries

Of the beneficiaries, half were in the employment-retirement situation which they preferred (table 21). Three in 10 preferred a partial change in their situation. A complete change from full retirement to full employment was desired by about 2 in 10.

Thus about half had been able to arrange their retirement employment pattern as preferred, a third had been able to do so partially, while the remainder had not. Among the dissatisfied, complaints of underemployment were far more prevalent than complaints of overemployment.

Table 21. Employment-retirement situation preferred by beneficiaries

Situation	N=300	
	Percent	
Full retirement (50 percent)		
Prefer partial retirement	12	
Prefer full employment	17	
Prefer full retirement	21	
Partial retirement (35 percent)		
Prefer full retirement	5	
Prefer full employment	8	
Prefer partial retirement	22	
Full employment (15 percent)		
Prefer full retirement	1	
Prefer partial retirement	5	
Prefer full employment	9	
Total	100	
Partial change preferred from:	N=92	
	Percent	
Full to partial retirement	40	
Partial retirement to full employment	27	
Partial to full retirement	17	
Full employment to partial retirement	16	
Total	100	

Age of Retirement Among Beneficiaries

What impact did the receipt of OASI benefit payments originally have upon the beneficiaries' working patterns? Ten percent had already retired before starting to receive payments; almost one-third had retired completely from their former gainful employment; another one-third claimed to have continued working as before; while slightly over one-fourth reduced the amount they worked.

Although either partial or complete retirement occurred before age 65 for one of every six beneficiaries, the median age for either partial or complete retirement was 68 years. Approximately one-third retired after age 70, and 13 percent reported not having retired from work.

Retirement Intentions

Of the fully employed beneficiaries (15 percent), half had no plans to retire, a third claimed they never would, and the rest expected to retire in their 70's. Among the beneficiaries partially retired, two-thirds never intended to retire completely, 12 percent expected to retire completely but did not know when, 10 percent planned to retire before the age of 75, and 12 percent planned to retire between ages 75 and 83.

Among owners, renters, and landlords, less than one-fifth intended to retire before age 65, about one-third at age 65, and smaller percentages at later ages. Again, sizeable proportions, particularly of the renters and landlords, either planned not to retire, or were uncertain that they will, even if they reach retirement age (31 to 49 percent). The retirement age was not arbitrarily set, although respondents referred most to age 65.

Financial Planning for Retirement

Financial plans or preparations for retirement had been made by only one in five beneficiaries before reaching age 65. Of all beneficiaries, only 6 percent had been able to completely carry out their financial plans, another 4 percent carried out most of their plans; while 8 percent had been less successful. When only those who had actually made plans are considered, one-third carried them out completely and another one-half was able to carry them out in part.

The lack of early financial planning for retirement, and the low success rate in carrying out plans, suggest that the older generation

of farmers grew up in an era which was not retirement conscious. Today the younger farmers have unparalleled stimuli and encouragement to rationally plan for retirement as a consequence of being required to participate in social security. In another study it was observed that "most farm operators expected to depend largely on their investments in farm land, livestock, equipment, and improvements as a source of income in old age."⁹ Apparently these expectations had not been met adequately by the 46 percent of Minnesota beneficiaries who said they had just enough money to get by on or not enough to live on.

Eighty-six percent of those planning for retirement claimed to have planned alone and 6 percent had help from their spouses. Help in planning for retirement was obtained from other than the spouse by 8 percent. For one-half of the latter, this help was obtained from a son or daughter. Thus it is almost strictly an individual or family proposition.

Of every 10 beneficiaries who planned for retirement, 3 began their preparation before age 45; 2 between the ages of 46 and 55; 3 between 61 and 65; and the other 2, after age 66.

Financial preparation for retirement among the few beneficiaries who made investments for retirement income consisted largely in the purchase of farm land (12 percent), other real estate (3 percent), government bonds (5 percent), and other types of investment (6 percent).

Somewhat larger proportions of the landlords (62 percent) and owners (40 percent) reported retirement income investment, even though they are somewhat younger than the beneficiaries. Only one in five of the renters had made investments for retirement purposes. Although most investments of owners and landlords were in farm lands, they also made investments in stocks, bonds, and annuity programs.

Even though investments primarily for retirement had been made by only a small portion of the beneficiaries, purchases of farm land, real estate, and other investments provide significant income for the one in five beneficiaries who reported investment earnings for 1958. One-third had received such earnings up to \$500; two-fifths received between \$500 and \$1,500; and the remaining one-fourth received amounts between \$1,500 and \$5,000. The median investment income among beneficiaries was \$642 for the year 1958.

Savings were reported by 8 in 10 beneficiaries. Over half (58 percent) claimed not to have withdrawn any of their savings during 1958; about one-fourth between \$1,000 and \$5,000; and none took out more than \$5,000 during the year.

The beneficiaries reflected a relatively modest standard of living. When asked the total amount needed per month by the respondent and his spouse, one-third replied less than \$150; another 40 percent placed the figure between \$150 and \$250; 10 percent ranged up to \$350; and 2 percent ranged up to \$600. The median needed per month was \$190. This is over twice the median amount reported by Kentucky farm operators and their wives in 1955.¹⁰

⁹Robert E. Galloway, *Farmers' Plans for Economic Security in Old Age*. Ky. Agr. Expt. Sta., Bull. 626, p. 3, June 1955. Univ. of Ky., Lexington.

¹⁰*Ibid.*, p. 4.

A somewhat higher cost of living after age 65 is anticipated by the landlords, renters, and owners, particularly by the renters, who most likely are not building an equity in their own residence. In fact, only about 1 in 20 of these 3 groupings (compared with 1 in 3 among the beneficiaries) estimated monthly living costs at less than \$150 (figure 5). Most anticipated a figure between \$150 and \$350; the medians were \$259 for owners, \$239 for renters, and \$310 for landlords. The proportion of landlords who anticipated costs over \$350 was at least three times that of comparable proportions among owners, renters, and beneficiaries.

Less than 5 percent of each group expected that they would need their children's financial support in old age. However, of those who do have children, 12, 20, and 7 percent of owners, renters, and landlords, respectively, did not know whether or not their children will need to contribute.

Only among landlords did a significant proportion (15 percent) anticipate income from pensions. The income for 9 percent would come from previous employment pensions. Only 3 percent would be from insurance or veterans' pension plans. Nine percent of the landlords provided an estimate of the annual return which they expected from pensions. The majority of these totaled from \$1,000 to \$2,500 per year. Thus, only a very small proportion of landlords expect pensions to provide a significant source of income during old age.

Among beneficiaries, only 6 percent currently received a pension: 1 percent from previous employment, 4 percent from veterans' disability, and 1 percent from other sources. The range of benefits was between \$300 and \$1,000 per year.

Financial aid from private sources was received by 5 percent of the beneficiaries. The source, in each case, was a son, daughter, or sibling; most often a son. For 6 of the 15 cases this support was a regular provision for board and room.

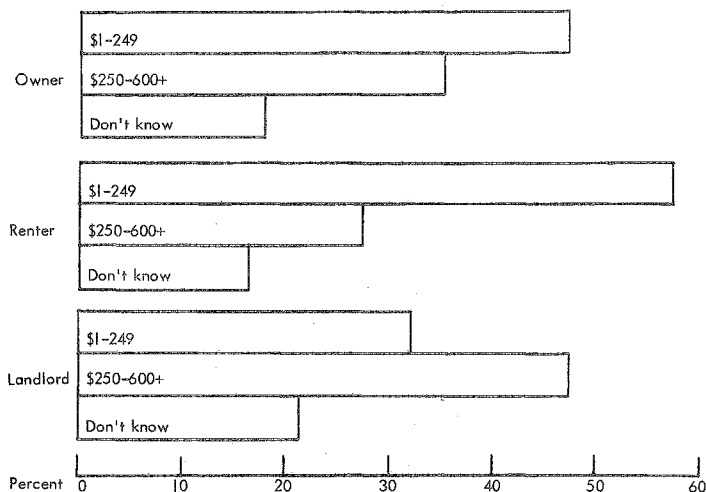


Figure 5. Income needed per month after age 65.

Retirement Likes and Dislikes

What do retirement beneficiaries like most about being retired? Seventeen percent reported not liking any part of it. On the other hand, 17 percent liked the freedom to do as they pleased, 20 percent liked the leisure time, and 15 percent liked having no work. About 1 in 10 enjoyed each of the following: not having to work so hard, the freedom from worries, and the opportunities for rest and sleep. Lesser proportions listed time for outside interests and the absence of time schedules and deadlines to be met (table 22).

Table 22. What beneficiaries like most about retirement

Like most	N=300	
	Number	Percent*
Leisure time	20	20
Do as please	17	17
No work	15	15
Rest and sleep	8	8
No worries	8	8
Not so hard work	8	8
Outside interests	3	3
No deadlines	2	2
Getting social security	2	2
Nothing	17	17
Don't know	6	6

*Percent totals more than 100 as more than one answer was possible.

Table 23. Things beneficiaries found hardest to get used to upon retirement

Hardest to get used to	N=164	
	Number	Percent*
No work	100	61
No chores	15	9
To live alone	10	6
Restriction	9	6
Leaving fields	9	6
Moving away from farm	8	5
No responsibilities	7	4
So much time	6	4
Doing household work	5	3
No voice in running farm	3	2
Leaving house	1	1

*Percent totals more than 100 as some respondents checked more than one item.

The one in six that did not like any part of retirement parallels the proportion which, according to data already presented, were most unhappy with their retirement-employment situation (17 percent were fully retired and preferred full employment, 1 percent were fully employed and preferred full retirement). These may or may not be the same people. Of the aspects beneficiaries liked about retirement, 42 percent were associated with work and 23 percent with freedom in scheduling their time.

An effort was made to delve deeper into the bases for beneficiaries' enjoyment of retirement. In response to the question of *why* a respondent liked retirement, 19 percent of the responses referred to his release from the responsibility of farming; 17 percent mentioned relief from hard work; 14 percent, disability and health conditions making it hard to work; 13 percent, increased personal freedom; while smaller proportions mentioned reduction of anxieties, carefreeness, and reduction of other responsibility.

Beneficiaries, however, did not find retirement an unmixed blessing. Complaints about work (more often the lack of it than too much of it) accounted for the large majority (77 percent) of all complaints listed. The only other complaint listed by a sizable proportion (18 percent) had to do with missing former com-

panionship or with satisfying a sentimental attachment for former work and associates (table 23).

The hardest single thing to get used to was the absence of hard work (45 percent). Being less active, moving around less, not working in the fields, and missing the farm accounted for about one-fourth of the adjustment difficulties (table 24).

These findings are similar to findings on adjustment to rural retirement in a New York state study. After concluding that farmers' adjustments to retirement are less severe than for the aging in other occupations the study stated that: "The strong orientation toward work, the attachment to the land, the problems attending sale or transfer of the farm, and a somewhat negative attitude toward leisure-time activities, make the prospect of withdrawal from farming a difficult one for the farm operator."¹¹

Beneficiaries were asked if they had any advice to give future retirees. Thirty percent had no advice to give, or would not give any. For the advice-givers (34 percent), the modal response was for the retired person to keep active, useful, and thinking, or doing some interesting work or hobby. About as many discouraged as encouraged others to retire (16 percent to 20 percent). One in 10 advised others to save money, and to plan and spend money wisely. Almost 1 in 10 encouraged others to stay independent by having their own home, caring for self, and not interfering in children's affairs.

Table 24. Why beneficiaries found these things hardest to get used to upon retirement

Why hardest to get used to	N=156	
	Number	Percent*
Had worked all life- used to hard work	70	45
Used to being active and moving around	21	14
Used to working in the fields	9	6
Attached to farm - born and raised there	9	6
Not enough to do	8	5
Had worked much (or all) of life to get the farm	1	1
Used to responsibility most of life	10	6
Poor health holds one down too much	8	5
Hard to break routine of work	5	3
Gets too lonesome	6	4
Never had to do this before	16	10

*Percents total more than 100 as some respondents checked more than one item.

Future Retirement and Residence Plans

In spite of beneficiaries' complaints of difficulties in getting used to the reduction in work or activity, many owners, renters, and landlords looked forward to reduction of work or complete retirement after age 65. Yet only 16 to 19 percent of the landlords, renters, and owners who had not as yet reached age 65 planned to retire after that age. Up to 8 percent of each group planned to change to another type of work than they were doing. Two-thirds of owners and renters and one-half of the landlords planned reduction in work.

¹¹ Philip Taiezt, Gordon F. Streib, and Milton L. Barron. *Adjustment to Retirement in Rural New York State*. Cornell Univ. Agr. Expt. Sta., Bull. 919. p. 32. February 1956. Ithaca.

Most respondents already had developed expectations as to where they hoped to live after age 65. The most frequent choice among farm owners was a farm. The majority of renters preferred a village or small town, although nearly as large a proportion preferred a farm. Landlords more often planned to reside in a village, small town, or city after age 65. The open-country nonfarm residence appealed to approximately 1 of 10 owners and renters but to somewhat fewer landlords.

VI. AGE-GROUP COMPARISONS

In order to determine the influence of age on certain other selected variables, owners, renters, and landlords were divided into three age groups: the youngest were 21 through 49 years old, the middle-aged were 50 through 64, and the oldest were 65 or over. Beneficiaries were divided into two groups, those who were 73 years old or less and those 74 or more.

Farming Operations

Owners and landlords age 65 and over operated significantly smaller acreages than did their younger counterparts. Seventy-nine percent of the oldest but only 40 percent of each of the other owner age-groups operated less than 200 acres of land. The two renters 65 or over were not included in the age-group comparisons. The inverse association between age and acres operated noted above also holds for the two remaining renter groups, although not as markedly. The youngest landlords, more often than the two older groups, operated land. But no significant difference is noted between the two beneficiary age groups in total acres of land operated.¹²

For acres both owned and operated, a similar pattern tends to persist. None of the oldest landlords and less than one-fifth of the oldest owners as compared to about half of the two younger groups farmed 200 acres or more. Among owners, middle-aged more often than the youngest operated over 200 acres. This reflects time required to accumulate the larger acreages.

Among owners who also rent land from others (about 3 in 10) acres rented declines sharply as age increases. Of those renting land from others, only 18 percent rented more than 200 acres. There is also a general trend for the youngest renters to rent larger acreages than do those in the middle age-group.

As age increases beyond 65, proportionately many more owners rent their land to others. Landlords and owners more often than beneficiaries rent out over 200 acres. This reflects the fact that beneficiaries less often own over 200 acres. To what extent this in turn is a consequence of (a) sale of formerly owned land or (b) the smaller average size of farms during the beneficiaries' more productive years is not apparent from the data. Both factors undoubtedly have an impact on size of their current land holdings.

Household Composition

Is the size of family associated with land tenure? It is clearly a function of age and not of tenure for the youngest farmers, since the comparable

¹²When the incidence on a variable does not differ significantly from zero, or when in discussions of differences a difference is not statistically significant, it generally is ignored.

Table 25. Number of family members in household by age of respondent

Category and age	1 to 3 persons	4 to 6 persons	7 to 9 persons
	per household	per household	per household
	Percent		
Owners (N=326)			
0-49 years of age	25	56	19
50-64 years of age	68	27	5
65 years and over	96	4	0
Renters (N=247)			
0-49 years of age	26	61	13
50-64 years of age	53	45	2
Landlords (N=244)			
0-49 years of age	28	60	12
50-64 years of age	91	8	1
65 years and over	95	5	0
Beneficiaries (N=297)			
65 years and over	95	5	0

Table 26. Percent of owners, renters, and landlords, by age, reporting net increase in acres owned, acres rented to others, and acres rented from others, 1954-59

Tenure groups reporting net increase	Age					
	21-49		50-64		65 and over	
	Total N*	Percent	Total N*	Percent	Total N*	Percent
Acres owned						
Owner	156	38	128	21	28	7
Renter	205	8	42	0	2	0
Landlord	18	44	72	17	61	3
Acres rented to others						
Owner		4		9		25
Renter		2		0		0
Landlord		44		38		13
Acres rented from others						
Owner		14		5		0
Renter		25		17		0
Landlord		6		1		0

*Total N's are the same for each age and tenure category.

percentages are almost identical among owners, renters, and landlords (table 25).

There is more variation in the middle age groups, landlords having the greatest proportion of one to three family members in the household (91 percent). Substantially fewer owners (68 percent) and renters (53 percent) have one to three family members present. Larger households of four to six family members occur more often among the renters (45 percent) than

either the owners (27 percent) or landlords (8 percent). A partial explanation is that there are several single or widowed male and female landlords. The percentages for tenure groups in the oldest age range vary little, most older families no longer have children at home.

From 78 to 88 percent of each tenure group reported no nonfamily members in their household. Only one or two nonfamily members were present in four-fifths of the other households.

Changes in Farm Operations

Decreases in the number of acres owned during the preceding 6 years occurred more often among the older (65-plus) age groups than others. This holds true for each tenure group. Conversely, an increase in the number of acres owned by an individual is more often reported by the youngest (21-49) than by the middle-age (50-64) or old-age respondents (table 26). Younger farmers also increased the size of rental acreages more often than other farmers. Twenty percent of the older and 12 percent of the younger beneficiary group reported net decreases in number of acres owned.

Table 27. Percent of owners, landlords, and beneficiaries reporting net increase in land rented to others, by tenure and age, 1954-59

	Age									
	21-49		50-64		65 or more		73 or less		74 or more	
	Total N	Percent	Total N	Percent	Total N	Percent	Total N	Percent	Total N	Percent
Owner	156	4	128	9	28	25	--	--	--	--
Landlord	18	44	72	38	61	13	--	--	--	--
Bene- ficiary	--	--	--	--	--	--	162	32+	135	11+

Table 28. Net worth

Age group and category	\$0-9,999	\$10,000-34,999	\$35,000-49,999	\$50,000 +	Total
	Percent				
0-49 years of age					
Owners N=320	11	40	26	23	100
Renters N=246	47	46	4	3	100
Landlords N=234	11	28	11	50	100
50-64 years of age					
Owners N=125	5	35	20	40	100
Renters N=42	50	48	0	2	100
Landlords N=72	7	39	12	42	100
65 years and over					
Owners N=40	8	50	22	20	100
Landlords N=144	1	47	14	38	100
Beneficiaries N=291	15	52	13	20	100

Younger owners and renters more often reported net decreases in land rented from others than did their older counterparts in the middle and older age groups. Thus, both increases and decreases in the amount of land rented by an individual occur most often in the younger ages, while greater stability in rental acreages is noted among the older farmers.

The proportion of owners increasing the amount of land rented to others increases with advancing age, whereas the proportion of landlords and beneficiaries decreases under similar conditions (table 27). This shift in rental arrangements most likely reflects the owners' shift to partial or total retirement along with an increasing dependence on rental income from their farm lands. Landlords, being somewhat older, more often have reached the point of liquidating their holdings for income purposes (especially among the group over 65). The latter explanation also applies to the decline with age in proportion of beneficiaries renting out land.

Financial reasons for changing farming arrangements were reported twice as often by the youngest as by either those of middle age or the eldest. Financial advantages also prompted changes in tenure or rental arrangements more often for the youngest than for other age groups.

Benefits of the Soil Bank Program were reported as the reason for changing farming arrangements by 11 percent of the youngest but none of the two older landlord groups and by a negligible proportion of beneficiaries.¹³

Government programs apparently had more influence upon changes in farming arrangements for the younger than the older groups. More of the youngest landlords reported retirement and OASI as the reason for change in farming arrangements. Twelve and 5 percent of the younger and older beneficiaries, respectively, reported retirement with OASI eligibility as the reason for change in farming arrangement. Ill health or disability were major reasons for the retirement of 16 percent of each beneficiary group.

From 5 to 30 percent of all groups of respondents made changes in farm records during the 5-year period studied. More of the youngest than other respondents in every tenure group reported the change was to make the records more complete.

Regarding future plans for farming, the younger renter group was the only one that significantly reported plans to increase independence (14 percent). The youngest owners were the only others with such plans (2 percent). The youngest groups, more than twice as often as others, indicated a desire to change the kind of farming they were in. The same tendency is evident in plans to increase the extent of farming operations.

Work and Retirement

The age respondents expected to retire is associated with 1959 age and tenure status. More than one-third of all interviewed expected to retire at age 65; one-fifth planned to retire before age 65. Retirement before age 65 was anticipated more often by the youngest than by those in middle age (26 and 15 percent, respectively).

¹³The incidence of land in the soil bank ranged from only 1 to 11 percent for all farm land in these counties. The interviewers believe this was not distorted by any fear among the older respondents that other information might jeopardize their eligibility for social security benefits.

Landlords least often and owners most often anticipated retirement. A larger proportion of owners than other tenure groups expected to retire before age 65.

Mobility

About one in five of the youngest in each tenure group changed their residence between 1953 and 1959. One in eight of the oldest landlords and beneficiaries had changed residence in the same period. None of the oldest owners had changed residence. Less than 1 in 20 persons reported more than one move since 1953. Of those who had moved, the majority moved only once during the interim, as only 2 to 6 percent of the total in each tenure group reported two or more previous residences since 1953.

Generally, there is an inverse association between age and mobility. The youngest owners, renters, and landlords who moved had most often come from other (nonsample) counties in Minnesota or from outside the state. Actually, the landlord who moved in his later middle years moved largely from farm to town. These data reflect the relatively high residential stability of the farm population within the counties studied.

Economic Factors

With only one exception, the youngest owner, renter, and landlord groups reported higher net worth than their older counterparts (table 28). Differences in net worth by tenure are even more pronounced than the differences by age, especially between renters (median = \$10,000), and owners or landlords (median = \$40,000). One-half of the youngest landlords reported a net worth of over \$50,000, whereas only 23 percent of the youngest owners and 3 percent of the renters reported as much. In sharp contrast, almost half of the youngest and middle aged reported a net worth of less than \$10,000, which compares with a range of 5 to 11 percent among all other groups.

Apparently the positive association of net worth with land ownership is somewhat enhanced by the greater age of the owners and landlords when compared with renters. But it appears that more of the variation in net worth is explained by tenure status than by age, since at every age landlords and owners had a relatively higher net worth than did renters.

Young farmers more often than others reported nonfarm income. The oldest owners least often received nonfarm income (18 percent). One-third of the youngest and middle-aged owners received nonfarm income in 1958.

When all receiving nonfarm income in 1958 are divided into two categories — those receiving \$1,000 or less and those receiving over \$1,000 — about half of the youngest and middle-aged owners and renters fall in each category. But considerably more (83 percent) of the youngest landlords received over \$1,000 in nonfarm income. Almost half of both the younger and older beneficiaries were receiving over \$1,000. Nonfarm income was mostly from social security.

Respondents were asked how much money they anticipated they would need to meet living expenses upon reaching age 65 if present economic conditions continued. The youngest landlords reported the highest amount. Sixty-one percent of the youngest landlords, but only from 9 to 24 percent

of all other groups, indicated they would need over \$300 per month. Between 12 and 24 percent of all groups indicated that they would need less than \$200 at present money values. Between 10 and 24 percent of all groups said they did not know how much income they would need.

Beneficiaries were the most conservative. For them this was not a projection but the amount estimated to actually live on at the present time. Over half said they could live on less than \$200, one-third said \$200 or more, and approximately one-sixth gave no estimate.

Social Security

Few differences exist between the various age-groups on the desirability of the government providing more information and counseling on how to prepare for retirement and old age. The oldest landlords, however, seem to be the most apathetic toward this issue, as one-fourth indicated they did not care or did not know about it, while less than 10 percent of all other groups responded thus.

There were no outstanding differences among the owner and renter groups younger than 65 concerning the amount which they expected to receive from social security per month. However, about twice as many of the youngest landlords as of the middle-aged (33 and 15 percent, respectively) expected to receive \$150 or more.

How do beneficiaries appraise their total incomes since receiving OASI? There is some tendency for the younger beneficiary group, more often than the older (62 and 53 percent, respectively), to claim that they have "just enough" or "not enough on which to live."

Almost three-fourths of all owners and landlords age 65 or over had applied for social security (table 14). About twice as many of the younger as the older beneficiaries reported that social security caused them to retire earlier than they would have otherwise, 21 and 9 percent, respectively.

There are two ways to compute the amount of farm self-employment earnings to be reported for social security. These alternatives were generally best known among the younger groups. Older persons who were not beneficiaries more often reported that they did not know the basis on which their earnings were computed. Only 1 percent of the beneficiaries did not know how they arrived at the amount of farm income on which to pay social security tax.

Insurance

The youngest respondents in all tenure groups far more often than the middle-aged carried life insurance on themselves. In spite of their lower net worth, renters as frequently as owners in each age group carried some form of life insurance. Ordinary life policies predominated (more than 50 percent). Endowment policies were next. The youngest rather than the middle-aged owner and renter more often had an endowment policy. The youngest, in contrast to middle-aged landlords, were most frequently insured (89 and 42 percent, respectively). Health insurance coverage is also inversely associated with age.

The amount of income to be received in later years from life insurance was anticipated by similar percentages of owners and renters of both age groups. However, the youngest did not know the amount or type of income distribution.

Residence and Work Preference for After Age 65

Most owners plan to remain on the farm after age 65. This plan is somewhat more prevalent among the middle than youngest age group (47 and 39 percent, respectively). In keeping with this, the desire to move to town after 65 was expressed somewhat more frequently by the youngest.

Landlords prefer the small town and city. The younger the landlord, the more likely he is to prefer the larger (10,000 and over) community.

Plans regarding work after 65 show differences only among the renters. More of the youngest (19 percent) than the middle-aged (2 percent) planned to retire completely. More of the middle age renters (17 percent) indicated a desire to change to other work upon retiring from farming. This may be a function of projected financial necessity.

VII. PERSONAL AND SOCIAL ADJUSTMENT OF BENEFICIARIES

In order to determine the association between personal adjustment in the later years and other selected factors, a modification of the Havighurst Adjustment Scale was used as a measure. This scale scores persons past 65 years of age on their adjustment by using a series of questions relating to their health, relationship with friends, work patterns, religious attitudes, family relations, and general outlook on life.

For purposes of this analysis, the beneficiaries studied were divided into high, middle, and low adjustment groups. The scale scores ranged from -7 to $+24$. Individuals scoring between -7 and $+8$ were classified in the low adjustment category, those from $+9$ to $+17$ in the middle adjustment, and those $+18$ to $+24$ in the high adjustment category. Then the high and low adjustment groups (71 and 70 respondents, respectively) were compared for this analysis. To improve readability, those in the high adjustment category are hereafter called *well adjusted*, those in the low, *poorly adjusted*.

No differences in adjustment appear attributable to the county of residence. In terms of living arrangements, well adjusted respondents significantly more often resided in a detached dwelling which they owned, while the poorly adjusted more often lived in rental quarters.

A significantly higher proportion of the well adjusted group was still fully employed. In keeping with this, the occurrence of fully retired persons who prefer full employment, that is, the unwillingly idle, was much more frequent among the low than the high adjustment group (26 percent and 9 percent, respectively).

Participation in social activities of the community also is positively associated with adjustment. Membership in at least one organization was claimed by a significantly higher proportion of the well than the poorly

adjusted (92 percent and 68 percent, respectively); in addition, 14 percent of the well adjusted respondents, but only 1 percent of those poorly adjusted, held an office or a position on a committee in an organization.

Investments providing an income for old age had actually been made by slightly fewer of the well than poorly adjusted, but the difference does not appear to be significant. Current land ownership of itself is not associated with adjustment. Only slightly more of the well than of the poorly adjusted had kept their farms. Actually, the only significant difference on this factor is the higher proportion of the well adjusted group which had both kept and continued to operate farm land (18 and 7 percent, respectively).

Although it might have been expected that the well adjusted, more than the poorly, would have made financial plans for old age before reaching age 65, this is not the case. This finding differs from that of a Kentucky study of rural older people.¹⁴

On the other hand, adjustment is definitely associated with self-judged age. Over twice as high a proportion of the poorly as the well adjusted group considered themselves "old." On the other hand, half of the well adjusted but only 16 percent of the poorly adjusted claimed that they generally think of themselves as "middle-aged" or even "young" (the latter category was selected by three respondents).

Although income of itself does not exhibit either positive or negative association with adjustment, it appears significant to ask whether the perceived adequacy of one's income might not tend to influence adjustment. The data indicate that significantly higher proportions of the well adjusted considered their preretirement income adequate. Thus, 59 percent of the well adjusted and 44 percent of the poorly adjusted felt that they at least had enough to live comfortably before receiving social security payments. Conversely, about 40 percent of the well adjusted and 53 percent of the poorly adjusted respondents thought that they had just enough to get by, or even less. A similar pattern is found regarding adequacy of income since receiving old age insurance. Although the association is less marked, there is a tendency for the better adjusted to feel current income to be adequate.

More of the well than the poorly adjusted carried some form of health insurance (57 and 44 percent). The largest difference between the two adjustment groups relating to insurance occurs on coverage of the family; 32 percent of the well adjusted but only 10 percent of the poorly adjusted carried health insurance for members of the family other than the respondent.

It was previously noted that some 90 percent of the respondents thought that others should have responsibility for their welfare if they can no longer care for themselves. The well and poorly adjusted differed little in their assignment of this responsibility to children, church, various levels of government, and others. The well adjusted group mentioned the church and state government slightly more often.

¹⁴"The retired men who had made some plans for retirement evidenced greater satisfaction with retirement status than did the men who made no plans." The difference is probably a function of the fact that adjustment in the current study utilized a broader measurement of six dimensions of life rather than a simple statement of like or dislike for retirement *per se* than did the Kentucky study. See E. Grant Youmans, *Socio-Economic Problems of Older Persons in Casey County, Kentucky*. Ky. Agr. Expt. Sta., Prog. Report 88, p. 48. March 1960. Univ. of Ky., Lexington.

It appears that the senior citizen truly does not live by bread alone. Adjustment and happiness in old age, as at any time of life, depend on many factors.

Among the factors most highly associated with good adjustment are having one's own living quarters, being employed or having something useful to do, being active in social activities in the community, thinking of oneself as young or middle aged rather than old, and considering one's financial resources and health insurance as adequate. Income as such, and financial assets by themselves (including investments, and the keeping rather than selling of farm land), were not associated with good adjustment. In other words, neither the amount of one's wealth nor the level of one's income, as such, were found associated with good or poor adjustment. At the same time, the well adjusted more often thought of their income (regardless of its level) and of their wealth (regardless of its amount) as adequate for their needs. Therefore, it seems even more significant that social security income was appreciated more often for the sense of security it fostered than for the material things it made available.

VIII. SOME IMPLICATIONS OF THE FINDINGS

The social security program is having a perceptible impact on the economic security of Minnesota farm families and farm land owners. However, social security does not produce as great a change in farming operations, partnerships, rental arrangements, and items which landlords furnish to their tenants as may be popularly thought. There is a greater effect upon the younger than older beneficiary, yet those not yet old enough to receive social security benefits indicate that social security has little effect upon their farming operations. Motivation for change in farming arrangements among them is almost always related to (1) immediate financial gain and (2) regular rotation policies. Those few who report changes because of social security in almost every case are 50 years old or older and more often between 60 and 70. This may be partially because social security was so recently made applicable to farm people. As the program continues in effect over a period of time, farmers may, at younger ages, more consciously plan their operations in relation to eligibility for social security benefits.

Social security is providing both "economic" and "social" security, and it is reported as such by the recipients. Beneficiaries verbalize the benefits of social security in terms of a regular income which reduces their worries over money matters and makes them feel economically and emotionally more secure. Social security benefits have made it possible for them to be more active in community affairs, to engage more actively in recreation and creative activities, and to retain independence from children's support. Social security has not been as instrumental in the retention of property or in the purchase of material goods, but it has benefited some in these ways. Thus, the impact appears to be greater on the individual's social and emotional life than on farm operations.

Beneficiaries and nonbeneficiaries often reported a desire for more information on social security supplied by and tailored personally for them. Many were also interested in government counseling on retirement preparation. Specific knowledge about social security was very limited among the respondents. Both respondents and social security administrators could make efforts to reduce this deficiency through better informed and more communicative tax consultants, mass media releases, and pamphlets.

Another task which could warrant attention is to communicate with younger farmers who are disturbed that so many older farmers rapidly and inexpensively become social security beneficiaries. This finding is common to Iowa and Minnesota. This older group is often said to be on a government "gravy train" paid for by the younger farmers' taxes. This notion is somewhat misconceived and is clearly a self-interest bias which could be countered by an adequate understanding of the program.

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Previous investigations by the agricultural experiment stations of Connecticut, Kentucky, Maine, Texas, and Wisconsin, in cooperation with the Farm Population Branch, USDA, on attitudes toward and knowledge of social security and the economics of retirement have provided guidelines for this study.