Summary of Provisions That Would Change the Social Security Program

Category of Change to the Social Security Program	Page

All estimates are based on the intermediate assumptions used in the 2011 Trustees Report.

Additional details may be found at: http://www.ssa.gov/OACT/solvency/provisions/index.html

Category A: Cost-of-Living Adjustment (2011 Trustees Report intermediate assumptions)		Change from present law		Results with this provision	
	Description of proposed provisions	Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
	Present Law, Alternative II.			-2.22	-4.24
A1	Starting December 2012, reduce the annual COLA by 1 percentage point.	1.64	2.23	-0.59	-2.02
A2	Starting December 2012, reduce the annual COLA by 0.5 percentage point.	0.85	1.17	-1.37	-3.08
A3	Starting December 2012, compute the COLA using a chained version of the consumer price index for wage and salary workers (CPI-W). We estimate this new computation will reduce the annual COLA by about 0.3 percentage point, on average.	0.52	0.71	-1.70	-3.53
A4	Starting December 2014, compute the COLA using a chained version of the consumer price index for wage and salary workers (CPI-W). We estimate this new computation will reduce the annual COLA by about 0.3 percentage point, on average. The new COLA will not apply to DI benefits. It will apply to OASI benefits, except for those of formerly disabled workers who converted to retired worker status.	0.38	0.52	-1.84	-3.72
A5	Starting December 2012, add 1 percentage point to the annual COLA for beneficiaries who have lived past a specified age. The specified age is the sum of: (1) 65 and (2) the unisex cohort life expectancy at age 65.	-0.08	-0.10	-2.31	-4.35
A6	Starting December 2013, compute the COLA using the Consumer Price Index for the Elderly (CPI-E). We estimate this new computation will increase the annual COLA by about 0.2 percentage point, on average.	-0.35	-0.50	-2.58	-4.74
A7	Starting December 2012, reduce the annual COLA by 1 percentage point, but not to less than zero. In cases where the unreduced COLA is less than 1 percentage point, do not carry over the unused reduction into future years.	1.56	2.10	-0.66	-2.15

Category B: Level of Monthly Benefits (2011 Trustees Report intermediate assumptions)					
	Description of proposed provisions	Change from present law		Results with this provision	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
	Present Law, Alternative II.			-2.22	-4.24
B1.1	Price indexing of PIA formula factors beginning with those newly eligible for OASDI benefits in 2018: Reduce PIA formula factors so that initial benefits grow by inflation rather than by increases in real wages.	2.60	7.61	0.38	3.36
B1.2	Progressive price indexing (30th percentile) of PIA formula factors beginning with individuals newly eligible for OASDI benefits in 2018: Create a new bend point at the 30th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 30th percentile and below. Reduce the 32 and 15 percent formula factors above the 30th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum grows by inflation rather than the growth in average wages.	1.42	4.14	-0.80	-0.11
B1.3	Progressive price indexing (40th percentile) of PIA formula factors beginning with individuals newly eligible for OASDI benefits in 2018: Create a new bend point at the 40th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 40th percentile and below. Reduce the 32 and 15 percent formula factors above the 40th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum grows by inflation rather than the growth in average wages.	1.18	3.41	-1.04	-0.83
B1.4	Progressive price indexing (50th percentile) of PIA formula factors beginning with individuals newly eligible for OASDI benefits in 2018: Create a new bend point at the 50th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 50th percentile and below. Reduce the 32 and 15 percent formula factors above the 50th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum grows by inflation rather than the growth in average wages.	0.94	2.49	-1.29	-1.75
B1.5	Progressive price indexing (60th percentile) of PIA formula factors beginning with individuals newly eligible for OASDI benefits in 2018: Create a new bend point at the 60th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 60th percentile and below. Reduce the 32 and 15 percent formula factors above the 60th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum grows by inflation rather than the growth in average wages.	0.65	1.53	-1.57	-2.71
B1.6 (2015)	Progressive price indexing (30th percentile) of PIA formula factors beginning with individuals newly eligible for OASI benefits in 2015: Create a new bend point at the 30th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 30th percentile and below. Reduce the 32 and 15 percent formula factors above the 30th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum grows by inflation rather than the growth in average wages. Young survivors (children and spouses under normal retirement age with a child in care) are not affected by this proposal. Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired worker beneficiary status.	1.49	3.89	-0.74	-0.35

Category B: Level of Monthly Benefits (continued)					
Description of proposed provisions		Change from present law		Results with this provision	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
B1.6 (2020)	Progressive price indexing (30th percentile) of PIA formula factors beginning with individuals newly eligible for OASI benefits in 2020: Create a new bend point at the 30th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 30th percentile and below. Reduce the 32 and 15 percent formula factors above the 30th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum grows by inflation rather than the growth in average wages. Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired worker beneficiary status.	1.10	3.50	-1.12	-0.74
B1.7	Progressive price indexing (40th percentile) of PIA formula factors for individuals newly eligible for OASI benefits in 2019 through 2056: Create a new bend point at the 40th percentile of the AIME distribution of newly retired workers. Maintain current-law benefit credit for earners at the 40th percentile and below. Reduce the 32 and 15 formula factors above the 40th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum grows by inflation rather than the growth in average wages. Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired worker beneficiary status. Young survivors (children of deceased workers and surviving spouses with a child in care) are not affected.	0.92	2.40	-1.31	-1.85
B1.8	Progressive price indexing (50th percentile) of PIA formula factors for individuals newly eligible for OASI benefits in 2016 through 2055: Create a new bend point at the 50th percentile of the AIME distribution of newly retired workers. Maintain current-law benefit credit for earners at the 50th percentile and below. Reduce the 32 and 15 formula factors above the 50th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum grows by inflation rather than the growth in average wages. Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired worker beneficiary status.	0.92	2.14	-1.30	-2.10
B2.1	Beginning with those newly eligible for OASI benefits in 2021, multiply the PIA factors by the ratio of life expectancy at 67 for 2016 to the life expectancy at age 67 for the 4th year prior to the year of benefit eligibility. Unisex life expectancies, based on period life tables as computed by SSA's Office of the Chief Actuary, are used to determine the ratio. Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired worker beneficiary status.	0.57	1.89	-1.65	-2.35
B3.1	Beginning with those newly eligible for OASDI benefits in 2012, multiply the 32 and 15 percent formula factors each year by 0.987. Stop reductions in 2042, when the formula factors reach 21 percent and 10 percent, respectively.	1.49	2.89	-0.73	-1.36

Category B: Level of Monthly Benefits (continued)					
		Change from present law		Results with this provision	
	Description of proposed provisions	Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
B3.2	Beginning with those newly eligible for OASI benefits in 2019, multiply the 90 and 32 percent PIA factors each year by 0.9925 and 0.982, respectively. Stop reductions in 2056. Beginning with those newly eligible for OASI benefits in 2014, multiply the 15 factor by 0.982. Stop reduction of the 15 factor in 2051. Child beneficiaries and spouses with a child in care under the OASI program are not affected by this proposal. Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired worker beneficiary status.	1.97	5.19	-0.26	0.95
B3.3	Beginning with those newly eligible for OASDI benefits in 2012, use a modified primary insurance amount (PIA) formula. The modified formula: (1) increases the first bend point to the equivalent of $800 in 2009; (2) places a new bend point 75 percent of the way between the reset first bend point and the current-law second bend point; (3) lowers the PIA factor between the new bend point and the upper bend point from 32% to 20%; and (4) lowers the factor above the upper bend point from 15% to 10%.	0.22	0.26	-2.01	-3.98
B3.4	Beginning with those newly eligible for OASDI benefits in 2015, multiply all PIA formula factors each year by 0.991. Stop reductions after 2043. Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired worker beneficiary status. Young survivors (children of deceased workers and surviving spouses with a child in care) are not affected.	1.46	3.10	-0.76	-1.14
B3.5	Progressive indexing (30th percentile) of PIA formula factors beginning with individuals newly eligible for OASI benefits in 2014, continuing through 2051, and resuming in 2072: Create a new bend point at the 30th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 30th percentile and below. Reduce the 32 and 15 percent formula factors above the 30th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum is reduced by 1.2 percent per year as compared to current law (for the years that progressive indexing applies). Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired worker beneficiary status.	1.28	3.01	-0.95	-1.23
B3.6	Progressive indexing (30th percentile) of PIA formula factors beginning with individuals newly eligible for OASI benefits in 2014, continuing through 2063: Create a new bend point at the 30th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 30th percentile and below. Reduce the 32 and 15 percent formula factors above the 30th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum is reduced by 1.2 percent per year as compared to current law (for the years that progressive indexing applies). Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired worker beneficiary status.	1.36	3.46	-0.87	-0.78

Category B: Level of Monthly Benefits (continued)					
	Description of proposed provisions	Change from present law		Results with this provision	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
B3.7	Progressive indexing (30th percentile) of PIA formula factors beginning with individuals newly eligible for OASI benefits in 2014, continuing through 2023, and then resuming in 2062: Create a new bend point at the 30th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 30th percentile and below. Reduce the 32 and 15 percent formula factors above the 30th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum is reduced by 1.2 percent per year as compared to current law (for the years that progressive indexing applies). Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired worker beneficiary status.	0.61	1.59	-1.62	-2.66
B3.8	Beginning with those newly eligible for OASDI benefits in 2018, create a new bend point at the 50th percentile of the AIME distribution of newly retired workers and gradually reduce all PIA formula factors except for the 90 percent factor. By 2051: a) the 32 percent PIA formula factor below the new bend point reduces to 30 percent; b) the 32 percent PIA factor above the new bend point reduces to 10 percent; and c) the 15 percent factor reduces to 5 percent.	0.85	2.12	-1.38	-2.12
B3.9	Beginning with those newly eligible for OASDI benefits in 2024, gradually reduce the 15 percent PIA formula factor in each year so that it reaches 10 percent for those newly eligible in 2053 and later.	0.07	0.21	-2.15	-4.04
B3.10	Beginning with those newly eligible for OASDI benefits in 2013, gradually increase the first PIA bend point in each year so that it is 15 percent higher for those newly eligible in 2022 and later.	-0.44	-0.70	-2.67	-4.94
B4.1	Increase the number of years used to calculate benefits for retirees and survivors (but not for disabled workers) from 35 to 38, phased in over the years 2012-2016.	0.29	0.43	-1.93	-3.82
B4.2	Increase the number of years used to calculate benefits for retirees and survivors (but not for disabled workers) from 35 to 40, phased in over the years 2012-2020.	0.47	0.72	-1.76	-3.53
B4.3	For the OASI and DI computation of the PIA, gradually reduce the maximum number of drop-out years from 5 to 0, phased in over the years 2013-2021.	0.63	1.00	-1.60	-3.24
B5.1	Increase the PIA to a level such that a worker with 30 years of earnings at the minimum wage level receives an adjusted PIA equal to 120 percent of the Federal poverty level for an aged individual. This provision takes full effect for all newly eligible OASDI workers in 2029, and is phased in for new eligibles in 2020 through 2028. The percentage increase in PIA is lowered proportionately for those with fewer than 30 years of earnings, down to no enhancement for workers with 20 or fewer years of earnings. (Year-of-work requirements are scaled for disabled workers based on their years of potential work from age 22 to benefit eligibility). The benefit enhancement percentage is reduced proportionately for workers with higher average indexed monthly earnings (AIME), down to no enhancement for those with AIME at least twice that of a 35-year steady minimum wage earner.	-0.01	0.00	-2.24	-4.24

Category B: Level of Monthly Benefits (continued)					
		Change from present law		Results with this provision	
	Description of proposed provisions	Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
B5.2	Beginning in 2012, reconfigure the special minimum benefit: (a) A year of coverage is defined as a year in which 4 quarters of coverage are earned. (b) At implementation, set the PIA for 30 years of coverage equal to 125 percent of the monthly poverty level (about $1,128 in 2010). For those with under 30 years of coverage, the PIA per year of coverage over 10 years is $1,128/20 = $56.40. (c) Index the initial PIA per year of coverage by wage growth for successive cohorts.	-0.19	-0.27	-2.41	-4.51
B5.3	Beginning in 2012, reconfigure the special minimum benefit: (a) A year of coverage is defined to be either a year in which 4 quarters of coverage are earned or a child is in care. Childcare years are granted to parents who have a child under 5, with a limit of 8 such years. (b) At implementation, set the PIA for 30 years of coverage equal to 125 percent of the monthly poverty level (about $1,128 in 2010). For those with under 30 years of coverage, the PIA per year of coverage over 10 years is $1,128/20 = $56.40. (c) Index the initial PIA per year of coverage by wage growth for successive cohorts.	-0.28	-0.41	-2.50	-4.66
B5.4	Beginning in 2018, reconfigure the special minimum benefit: (a) A year of coverage is defined as a year in which 4 quarters of coverage are earned. (b) At implementation, set the PIA for 30 years of coverage equal to 125 percent of the monthly poverty level (about $1,128 in 2010). For those with under 30 years of coverage, the PIA per year of coverage over 10 years is $1,128/20 = $56.40. (c) From 2010 to the year of implementation, 2018, index the PIA per year of coverage using the chain-CPI index. Then, for later years, index the PIA per year of coverage by wage growth for successive cohorts. (d) Scale work requirements for disabled workers, based on the number of years of non-disabled potential work.	-0.12	-0.21	-2.35	-4.45
B5.5	Beginning in 2013, reconfigure the special minimum benefit: (a) A year of coverage is defined as a year in which either 20% of the old law maximum is earned or a child is in care. Childcare years are granted to parents who have a child under 6, with a limit of 8 such years. (b) At implementation, set the PIA for 30 years of coverage equal to 133 percent of the poverty level. For those with under 30 years of coverage, the PIA per year of coverage over 19 is 12.09 percent of poverty. (c) Use the 2010 Aged Federal poverty level, increased by the average wage index to 2 years prior to benefit eligibility. (d) Scale work requirements for disabled workers, based on the number of years of non-disabled potential work.	-0.10	-0.15	-2.32	-4.39
B5.6	Beginning in 2012, reconfigure the special minimum benefit: (a) A year of coverage is defined to be either a year in which 4 quarters of coverage are earned or a child is in care. Childcare years are granted to parents who have a child under 6, with a limit of 5 such years. (b) At implementation, set the PIA for 30 years of coverage equal to 100 percent of the monthly poverty level (about $908 in 2011). For those with under 30 years of coverage, the PIA per year of coverage over 10 years is $908/20 = $45.40. (c) From 2011 to the year of implementation, 2012, index the PIA per year of coverage using the CPI index. Then, for later years, index the PIA per year of coverage by wage growth for successive cohorts. (d) Scale work requirements for disabled workers, based on the number of years of non-disabled potential work.	-0.11	-0.17	-2.33	-4.42

Category B: Level of Monthly Benefits (continued)					
Description of proposed provisions		Change from present law		Results with this provision	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
B6.1	Provide a 5 percent increase to the monthly benefit amount (MBA) of any beneficiary who is 85 or older at the beginning of 2012 or who reaches their 85th birthday after the beginning of 2012.	-0.10	-0.14	-2.32	-4.39
B6.2	Provide the same dollar amount increase to the monthly benefit amount (MBA) of any beneficiary who is 85 or older at the beginning of 2012 or who reaches their 85th birthday after the beginning of 2012. The dollar amount of increase equals 5 percent of the average retired worker MBA in the prior year.	-0.10	-0.15	-2.33	-4.39
B6.3	Provide an increase in the benefit level of any beneficiary who is 85 or older at the beginning of 2013 or who reaches their 85th birthday after the beginning of 2013. Increase the beneficiary's PIA based on an amount equal to the average retired worker PIA at the end of 2012, or at the end of the year age 80 if later. Increase the beneficiary's PIA by 5 percent of this amount for those older than 85 at the beginning of 2013 and by 5 percent of this amount at age 85 for others, phased in at 1 percent per year for ages 81-85.	-0.13	-0.19	-2.36	-4.43
B6.4	Starting in 2012, provide a 5 percent uniform benefit increase 24 years after initial benefit eligibility. Phase in the benefit increase at 1 percent per year from the 20th through 24th years after eligibility. For disabled workers, the eligibility age is the initial entitlement year to the benefit. The benefit increase is equal to 5 percent of the PIA of a worker assumed to have career-average earnings equal to SSA's average wage index.	-0.14	-0.20	-2.36	-4.44
B7.1	Reduce benefits by 3 percent for those newly eligible for benefits in 2012 and later.	0.37	0.50	-1.86	-3.75
B7.2	Reduce benefits by 5 percent for those newly eligible for benefits in 2012 and later.	0.61	0.83	-1.61	-3.42
B7.3	Give credit to parents with a child under 6 for earnings for up to five years. The earnings credited for a childcare year equal one half of the Social Security average-wage index (about $20,922 in 2010). The credits are available for all past years to newly eligible retired-worker and disabled-worker beneficiaries starting in 2012. The 5 years are chosen to yield the largest increase in AIME.	-0.24	-0.37	-2.47	-4.61
B7.4	Increase benefits by 2 percent for all beneficiaries as of the beginning of 2012 and for those newly eligible for benefits after the beginning of 2012.	-0.30	-0.33	-2.53	-4.58
B7.5	Increase benefits by 5 percent for all beneficiaries as of the beginning of 2012 and for those newly eligible for benefits after the beginning of 2012.	-0.75	-0.83	-2.98	-5.07
B7.6	Increase benefits by 20 percent for all beneficiaries as of the beginning of 2012 and for those newly eligible for benefits after the beginning of 2012.	-3.02	-3.31	-5.24	-7.56
B7.7	Reduce individual Social Security benefits if modified adjusted gross income, or MAGI (AGI less taxable Social Security benefits plus nontaxable interest income) is above $60,000 for single taxpayers or $120,000 for taxpayers filing jointly. This provision is effective for individuals newly eligible for benefits in 2019 or later. The percentage reduction increases linearly up to 50 percent for single/joint filers with MAGI of $180,000/$360,000 or above. Index the MAGI thresholds for years after 2019, based on changes in the average wage index (AWI).	0.24	0.36	-1.98	-3.88

Category C: Retirement Age (2011 Trustees Report intermediate assumptions)

	Description of proposed provisions	Change from present law		Results with this provision	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
	Present Law, Alternative II.			-2.22	-4.24
C1.1	After the normal retirement age (NRA) reaches 67 for those age 62 in 2022, increase the NRA 1 month every 2 years until the NRA reaches 68.	0.32	0.74	-1.90	-3.51
C1.2	After the normal retirement age (NRA) reaches 67 for those age 62 in 2022, increase the NRA 2 months every year until the NRA reaches 68.	0.41	0.74	-1.81	-3.51
C1.3	After the normal retirement age (NRA) reaches 67 for those age 62 in 2022, index the NRA to maintain a constant ratio of expected retirement years (life expectancy at NRA) to potential work years (NRA minus 20). We assume the NRA will increase 1 month every 2 years.	0.44	1.51	-1.78	-2.73
C1.4	After the normal retirement age (NRA) reaches 67 for those age 62 in 2022, increase the NRA 2 months per year until it reaches 69 for individuals attaining age 62 in 2034. Thereafter, increase the NRA 1 month every 2 years.	0.98	2.30	-1.24	-1.94
C1.5	Starting in 2012, allow workers to choose whether to have their payroll tax rate reduced by 2 percentage points. For each calendar year that a worker chooses to have their payroll tax reduced, their NRA increases 1 month. We assume 2/3 of workers each year will choose this payroll reduction. The General Fund of the Treasury reimburses the OASI and DI Trust Funds for the reduction in payroll tax revenue.	0.66	1.53	-1.57	-2.71
C2.1	Increase the earliest eligibility age (EEA) by two months every year for those age 62 starting in 2013 and ending in 2030 (EEA reaches 65 for those age 62 in 2030).	-0.05	-0.41	-2.27	-4.65
C2.2	After the normal retirement age (NRA) reaches 67 for those age 62 in 2022, index the NRA to maintain a constant ratio of expected retirement years (life expectancy at NRA) to potential work years (NRA minus 20). We assume the NRA will increase 1 month every 2 years. Also, raise the earliest eligibility age (EEA) for retired workers, aged widow(er)s, and disabled widow(er)s by the same amount as the NRA starting for those attaining EEA in 2017.	0.45	1.43	-1.77	-2.81
C2.3	After the normal retirement age (NRA) reaches 67 for those age 62 in 2022, index the NRA to maintain a constant ratio of expected retirement years (life expectancy at NRA) to potential work years (NRA minus 20). We assume the NRA will increase 1 month every 2 years. Also, increase the earliest eligibility age (EEA) by the same amount as the NRA starting for those age 62 in 2022 so as to maintain a 5 year difference between the two ages. Include a hardship exemption with no EEA/NRA change for a worker with 25 years of earnings (with 4 quarters of coverage each), and average indexed monthly earnings (AIME) less than 250% of the poverty level (wage-indexed from 2010). The hardship exemption is phased out for those with AIME above 400% of the poverty level.	0.37	1.22	-1.85	-3.03
C2.4	After the normal retirement age (NRA) reaches 67 for those age 62 in 2022, increase both the NRA and the earliest eligibility age (EEA) by 36/47 of a month per year until the NRA and EEA reach 65 and 70 respectively. For each year, the computed EEA and NRA rounds down to the next lower full month.	0.66	2.03	-1.57	-2.22

Category C: Retirement Age (continued)

	Description of proposed provisions	Change from present law: Long-range actuarial balance	Change from present law: Annual balance in 75th year	Results with this provision: Long-range actuarial balance	Results with this provision: Annual balance in 75th year
C2.5	Increase the normal retirement age (NRA) 3 months per year starting for those age 62 in 2017 until the NRA reaches 70 in 2032. Thereafter, index the NRA to maintain a constant ratio of expected retirement years (life expectancy at NRA) to potential work years (NRA minus 20). We assume the NRA will increase 1 month every 2 years. Also, increase the earliest eligibility age (EEA) from 62 to 64 at the same time the NRA increases from 67 to 69; that is, for those attaining age 62 in 2021 through 2028. Keep EEA at 64 thereafter.	1.38	2.86	-0.84	-1.38
C2.6	Increase the normal retirement age (NRA) and the earliest eligibility age (EEA) for those age 62 in 2020-21 to 68 and 63, respectively and then by 3 months per year in 2022-25 to 69 and 64, respectively.	0.88	1.24	-1.35	-3.00
C2.7	Increase the normal retirement age (NRA) and the earliest eligibility age (EEA) for those age 62 starting in 2016 by 3 months per year until EEA reaches 64 in 2023 and NRA reaches 69 in 2027.	0.85	1.24	-1.37	-3.00
C2.8	Starting in 2014, convert all disabled worker beneficiaries to retired worker status upon attainment of their earliest eligibility age (EEA) rather than their normal retirement age (NRA). After conversion, apply the early retirement reduction for retirement at EEA (currently 25% for those age 62 in 2014) phased in over 40 years.	0.40	0.79	-1.83	-3.45

Category D: Family Members (2011 Trustees Report intermediate assumptions)					
Description of proposed provisions		Change from present law		Results with this provision	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
	Present Law, Alternative II.			-2.22	-4.24
D1	Beginning in 2012, continue benefits for children of disabled or deceased workers until age 22 if the child is in high school, college or vocational school.	-0.07	-0.06	-2.29	-4.31
D2	The current spouse benefit is based on 50 percent of the PIA of the other spouse. Reduce this percent each year by 1 percentage point beginning with newly eligible spouses in 2012, until the percent reaches 33 in 2028.	0.12	0.18	-2.10	-4.06

Category E: Payroll Taxes (including maximum taxable) (2011 Trustees Report intermediate assumptions)					
	Description of proposed provisions	**Change from present law**		**Results with this provision**	
		Long-range actuarial balance	**Annual balance in 75th year**	**Long-range actuarial balance**	**Annual balance in 75th year**
	Present Law, Alternative II.			-2.22	-4.24
E1.1	Increase the payroll tax rate (currently 12.4 percent) to 14.8 percent in 2012 and later.	2.28	2.38	0.06	-1.86
E1.2	Increase the payroll tax rate (currently 12.4 percent) to 14.6 percent in 2024-2053, and to 16.8 percent in years 2054 and later.	2.30	4.30	0.08	0.06
E1.3	Reduce the payroll tax rate (currently 12.4 percent) to 11.4 percent in 2012 and later.	-0.96	-1.01	-3.19	-5.25
E1.4	Increase the payroll tax rate (currently 12.4 percent) by 0.1 percentage point each year from 2017-2036, until the rate reaches 14.4 percent in 2036 and later.	1.41	1.98	-0.82	-2.26
E1.5	Increase the payroll tax rate (currently 12.4 percent) to 12.6 percent in 2014, 12.9 percent in 2022, 13.1 in percent in 2032, 13.9 percent in 2042, 13.5 percent in 2052, and 13.3 percent in 2062.	0.74	0.90	-1.49	-3.34
E1.6	Increase the payroll tax rate (currently 12.4 percent) to 12.6 percent in 2014, 12.9 percent in 2022, 13.3 in percent in 2032, 13.8 percent in 2042, 14.4 percent in 2062, and 14.5 percent in 2077.	1.03	2.06	-1.19	-2.18
E1.7	Increase the payroll tax rate (currently 12.4 percent) to 12.7 percent in 2014, 13.0 percent in 2027, 13.3 in percent in 2042, 14.0 percent in 2062, 14.5 percent in 2072, and 14.7 percent in 2082.	0.84	2.24	-1.38	-2.00
E2.1	Eliminate the taxable maximum in years 2012 and later, and apply full 12.4 percent payroll tax rate to all earnings. Do not provide benefit credit for earnings above the current-law taxable maximum.	2.34	2.48	0.11	-1.77
E2.2	Eliminate the taxable maximum in years 2012 and later, and apply full 12.4 percent payroll tax rate to all earnings. Provide benefit credit for earnings above the current-law taxable maximum.	1.91	1.64	-0.32	-2.60
E2.3	Eliminate the taxable maximum in years 2012 and later, and apply full 12.4 percent payroll tax rate to all earnings. Provide benefit credit for earnings above the current-law taxable maximum, adding a bend point at the current-law taxable maximum and applying a formula factor of 3 percent for AIME above this new bend point.	2.18	2.17	-0.04	-2.07
E2.4	Eliminate the taxable maximum for years 2018 and later (phased in 2012-2017), and apply full 12.4 percent payroll tax rate to all earnings. Provide benefit credit for earnings above the current-law taxable maximum that were taxed after 2011, using a secondary PIA formula. This secondary PIA formula uses: (1) an "AIME+" derived from annual earnings from each year after 2011 that were in excess of that year's current-law taxable maximum; (2) a bend point equal to 134 percent higher of the monthly current-law taxable maximum; and (3) formula factors of 3 percent and 0.25 percent, respectively.	2.16	2.37	-0.06	-1.88
E2.5	Apply 12.4 percent payroll tax rate on earnings above $250,000 starting in 2012, and tax all earnings once the current-law taxable maximum exceeds $250,000. Do not provide benefit credit for additional earnings taxed.	2.09	2.47	-0.13	-1.77
E2.6	Apply a 3 percent payroll tax on earnings above the current-law taxable maximum starting in 2012. Do not provide benefit credit for earnings above the current-law taxable maximum.	0.57	0.61	-1.65	-3.64
E2.7	Apply a 6 percent payroll tax on earnings above the current-law taxable maximum starting in 2012. Do not provide benefit credit for earnings above the current-law taxable maximum.	1.14	1.21	-1.09	-3.04
E2.8	Apply a 2 percent payroll tax on earnings above the current-law taxable maximum for years 2014-2061, and a 3 percent rate for years 2062 and later. Do not provide benefit credit for earnings above the current-law taxable maximum.	0.41	0.60	-1.81	-3.65

Category E: Payroll Taxes (including maximum taxable) (continued)		Change from present law		Results with this provision	
	Description of proposed provisions	Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
E2.9	Apply the following payroll tax rates above the current-law taxable maximum: 2.0 percent in 2014, 3.0 percent in 2027, 3.5 percent in 2042, 4.5 percent in 2052, and 5.5 percent in 2062 and later. Do not provide benefit credit for earnings above the current-law taxable maximum.	0.66	1.10	-1.56	-3.15
E2.10	Eliminate the taxable maximum in years 2022 and later (phase in by applying a portion of the payroll tax rate to earnings above the current-law taxable maximum: 1.24 percent in 2013; 2.48 percent in 2014; …; 11.16 percent in 2021). Provide benefit credit for earnings above the current-law taxable maximum (phased in at the same proportion as the payroll tax rate during 2013-2021). Revise the benefit formula by adding a bend point at the current-law taxable maximum and applying a formula factor of 5 percent for AIME above this new bend point.	1.90	2.10	-0.32	-2.14
E3.1	Increase the taxable maximum such that 90 percent of earnings would be subject to the payroll tax (phased in 2012-2021). Provide benefit credit for earnings up to the revised taxable maximum levels.	0.80	0.71	-1.42	-3.53
E3.2	Increase the taxable maximum such that 90 percent of earnings would be subject to the payroll tax (phased in 2012-2021). Do not provide benefit credit for additional earnings taxed.	1.01	1.18	-1.21	-3.06
E3.3	Increase the taxable maximum such that 90 percent of earnings would be subject to the payroll tax (phased in 2013-2018). Provide benefit credit for earnings up to the revised taxable maximum levels.	0.81	0.71	-1.41	-3.53
E3.4	Increase the taxable maximum from $106,800 to $115,200 (in 2009 AWI-indexed dollars), phased in 2012-2014. Provide benefit credit for earnings up to the revised taxable maximum levels.	0.12	0.09	-2.11	-4.16
E3.5	Increase the taxable maximum each year by an additional 2 percent beginning in 2012 until taxable earnings equal 90 percent of covered earnings. Provide benefit credit for earnings up to the revised taxable maximum levels.	0.65	0.74	-1.58	-3.50
E3.6	Increase the taxable maximum each year by an additional 2 percent beginning in 2014 until taxable earnings equal 90 percent of covered earnings. Do not provide benefit credit for additional earnings taxed.	0.75	1.18	-1.47	-3.07
E3.7	Increase the taxable maximum by an additional 2 percent per year beginning in 2013 until taxable earnings equal 90 percent of covered earnings. Provide benefit credit for earnings up to the revised taxable maximum levels. Create a new bend point equal to the current-law taxable maximum with a 5 percent formula factor applying above the new bend point.	0.71	0.98	-1.51	-3.26
E3.8	Beginning in 2019, apply 2 percent payroll tax rate on earnings over the wage-indexed equivalent of $200,000 in 2017, with the threshold wage-indexed after 2019. Provide proportional benefit credit for additional earnings taxed.	0.19	0.16	-2.04	-4.09
E3.9	Beginning in 2019, apply 2 percent payroll tax rate on earnings over the wage-indexed equivalent of $200,000 in 2017, with the threshold wage-indexed after 2019. Do not provide benefit credit for additional earnings taxed.	0.24	0.29	-1.99	-3.96
E3.10	Beginning in 2019, apply 2 percent payroll tax rate on earnings over the wage-indexed equivalent of $300,000 in 2017, with the threshold wage-indexed after 2019. Provide proportional benefit credit for additional earnings taxed.	0.14	0.11	-2.09	-4.13

Category E: Payroll Taxes (including maximum taxable) (continued)					
Description of proposed provisions		Change from present law		Results with this provision	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
E3.11	Beginning in 2019, apply 2 percent payroll tax rate on earnings over the wage-indexed equivalent of $300,000 in 2017, with the threshold wage-indexed after 2019. Do not provide benefit credit for additional earnings taxed.	0.17	0.21	-2.05	-4.03
E3.12	Beginning in 2019, apply 2 percent payroll tax rate on earnings over the wage-indexed equivalent of $400,000 in 2017, with the threshold wage-indexed after 2019. Provide proportional benefit credit for additional earnings taxed.	0.11	0.09	-2.11	-4.15
E3.13	Beginning in 2019, apply 2 percent payroll tax rate on earnings over the wage-indexed equivalent of $400,000 in 2017, with the threshold wage-indexed after 2019. Do not provide benefit credit for additional earnings taxed.	0.14	0.17	-2.08	-4.07
E3.14	Eliminate the taxable maximum for the employer payroll tax (6.2 percent) beginning in 2012. For the employee payroll tax (6.2 percent) and for benefit calculation purposes, beginning in 2012, increase the taxable maximum by an additional 2 percent per year until taxable earnings equal 90 percent of covered earnings.	1.44	1.43	-0.78	-2.82
E3.15	Increase the taxable maximum until taxable earnings equal 90 percent of covered earnings (phased in 2012-2021). In addition, apply a tax rate of 6.2 percent for earnings above the revised taxable maximum (phased in from 2012-2021). Provide benefit credit on earnings taxed up to the revised taxable maximum.	1.41	1.39	-0.82	-2.86

Category F: Coverage of Employment (2011 Trustees Report intermediate assumptions)					
		Change from present law		Results with this provision	
Description of proposed provisions		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
	Present Law, Alternative II.			-2.22	-4.24
F1	Starting in 2012, cover newly hired State and local government employees.	0.17	-0.16	-2.06	-4.41
F2	Starting in 2012, exempt individuals with more than 180 quarters of coverage from the OASDI payroll tax.	-0.24	-0.35	-2.46	-4.59
F3	Expand covered earnings to include employer and employee premiums for employer-sponsored group health insurance (ESI). Starting in 2018, phase out the OASDI payroll tax exclusion for ESI premiums. Set an exclusion level at the 75th percentile of premium distribution in 2018, with amounts above that subject to the payroll tax. Reduce the exclusion level each year by 10 percent of the 2018 exclusion level until fully eliminated in 2028. Eliminate the excise tax on ESI premiums scheduled to begin in 2018.	0.98	0.94	-1.24	-3.30
F4	Expand covered earnings to include contributions to voluntary salary reduction plans (such as Cafeteria 125 plans and Flexible Spending Accounts). Starting in 2012, subject these contributions to the OASDI payroll tax, making the payroll tax treatment of these contributions like 401(k) contributions.	0.22	0.14	-2.00	-4.10
F5	Tax Reform for Business: Establish a value added tax of 3.0 percent for 2013 and 6.5 percent for 2014 and later. Starting in 2013, reduce the corporate income tax rate from 35 to 27 percent.	-0.02	0.16	-2.24	-4.08

Category G: Trust Fund Investment in Equities (2011 Trustees Report intermediate assumptions)					
	Description of proposed provisions	Change from present law		Results with this provision	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
	Present Law, Alternative II.			-2.22	-4.24
G1	Invest 40 percent of the Trust Funds in equities (phased in 2012-2026), assuming an ultimate 6.4 percent real rate of return on equities.	0.62	0.00	-1.61	-4.24
G2	Invest 40 percent of the Trust Funds in equities (phased in 2012-2026), assuming an ultimate 5.4 percent real rate of return on equities.	0.45	0.00	-1.78	-4.24
G3	Invest 40 percent of the Trust Funds in equities (phased in 2012-2026), assuming an ultimate 2.9 percent real rate of return on equities. Thus, the ultimate rate of return on equities is the same as that assumed for Trust Fund bonds.	0.00	0.00	-2.22	-4.24
G4	Invest 15 percent of the Trust Fund in equities (phased in 2012-2021), assuming an ultimate 6.4 percent annual real rate of return on equities.	0.25	0.00	-1.97	-4.24
G5	Invest 15 percent of the Trust Funds in equities (phased in 2012-2021), assuming an ultimate 2.9 percent annual real rate of return on equities. Thus, the ultimate rate of return on equities is the same as that assumed for Trust Fund bonds.	0.00	0.00	-2.22	-4.24

Category H: Taxation of Benefits (2011 Trustees Report intermediate assumptions)					
	Description of proposed provisions	Change from present law		Results with this provision	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
	Present Law, Alternative II.			-2.22	-4.24
H1	Starting in 2012, tax Social Security benefits in a manner similar to private pension income. Phase out the lower-income thresholds during 2012-2021.	0.28	0.17	-1.94	-4.07
H2	Starting in 2012, tax Social Security benefits in a manner similar to private pension income. Phase out the lower-income thresholds during 2012-2031.	0.25	0.17	-1.97	-4.07
H3	Tax Reform for Individuals: Starting in 2013, modify personal income tax by: (a) establishing two-brackets with marginal rates of 15 and 27 percent separated at $51,000 (CPI indexed); (b) creating a non-refundable credit for low-income tax filers age 65 and older; and (c) treating capital gains as regular income. Tax all Social Security benefits at the applicable marginal rate (15 or 27 percent) less a non-refundable credit of 7.5 percent. Base revenue to OASDHI on the net marginal rates of 7.5 and 19.5 percent, with 40 percent of revenue dedicated to HI.	-0.02	-0.06	-2.24	-4.30