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DIMINISHING EFFECT OF THE SPECIAL MINIMUM PIA

by Craig A. Feinstein

Background

The Primary Insurance Amount (PIA) is the amount that a primary beneficiary (that is, a worker) receives if he or she becomes initially entitled to Social Security benefits at Normal Retirement Age or at the time of disability. The benefit amounts of the worker's auxiliaries or survivors are based on specified percentages of the PIA. There are several formulas for determining the PIA, but for most current beneficiaries it is determined under a wage-indexed formula (described later) if the worker attained age 62, became disabled, or died after 1978.

Enacted in 1972 by Public Law 92-603, the special minimum PIA is an alternative to the wage-indexed PIA that can give people with low earnings over a long working lifetime, along with their auxiliaries and survivors, higher monthly Social Security benefits than would be generated by the wage-indexed formula. In Actuarial Notes 143 and 154, we investigated how much gain over the wage-indexed PIA a beneficiary could possibly receive from the special minimum PIA, and we also presented data on current recipients of the special minimum. In this note, we update Actuarial Note 154.

The Special Minimum PIA

The special minimum PIA for a worker is a function of the number of *years of coverage*, n, before the year of entitlement and after 1936 in which a specific amount of earnings are credited. The years of coverage are determined as follows:[1]

(a) Prior to 1951—one year of coverage for each $900 of aggregate earnings, not to exceed 14.

(b) After 1950 through 1978—one year of coverage for any year with earnings no less than 25 percent of the contribution and benefit base for that year.

(c) After 1978 through 1990—one year of coverage for any year with earnings no less than 25 percent of what the contribution and benefit base would have been for that year had the 1977 Social Security Amendments not been enacted (in other words, 25 percent of the "old-law" contribution and benefit base).

(d) After 1990 to present—one year of coverage for any year with earnings no less than 15 percent of the "old-law" contribution and benefit base for that year.

Thus, for a worker with no earnings prior to 1951, the number of years of coverage, n, is the number of years in which the earnings of the worker equal or exceed a specified amount, m_j, for given year j.

When $n \leq 10$, the special minimum PIA is zero; otherwise, it is equal to a specific base value, b, times the minimum of $\{20, n-10\}$, increased by the cost-of-living adjustments (COLAs), based on increases in the CPI, from the year 1979 (if applicable). The specific base value, b, is determined by the date of entitlement:

(a) For dates of entitlement from January 1973 through February 1974, b = $8.50.

(b) For dates of entitlement from March 1974 through December 1978, b = $9.00.

(c) For dates of entitlement in 1979 or later, b = $11.50.

For the years 1979 to 1981, after each COLA is applied the product is rounded up to the next dime. Beginning in 1982, after each COLA is applied the product is rounded down to the next dime.[2]

The Wage-Indexed PIA

For a worker born in or after 1930 who lives to attain age 62[3] without any pension based on non-covered employment or prior period of disabled worker benefit entitlement, the wage-indexed PIA is a function of the total of the 35 highest indexed annual earnings, with the indexing based on the growth in national average wage

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[1] http://www.socialsecurity.gov/OACT/COLA/yoc.html

[2] http://www.socialsecurity.gov/OACT/COLA/colaseries.html

[3] The age of first eligibility for a retirement benefit.

index.[4] The total of the indexed annual earnings from these 35 years is converted to a monthly average by dividing by 420 (=12×35) and then rounding down to the next lower dollar. This amount is called the Average Indexed Monthly Earnings (AIME). The wage-indexed PIA at age 62 is then calculated by rounding down to the next dime the sum of:

(a) 90 percent of the first b_1 dollars of the AIME, plus

(b) 32 percent of the AIME over b_1 dollars and through b_2 dollars, plus

(c) 15 percent of the AIME over b_2 dollars,

where b_1 and b_2 are the two *bend points* for the appropriate year of first eligibility.[5] Beginning in the year of attainment of age 62, the wage-indexed PIA is increased by applying COLAs each June before 1983 and each December after 1982.[6]

The Maximum Gain of the Special Minimum PIA Over the Wage-Indexed PIA

Consider a person born in 1957 who is first eligible for benefits in 2019 with no earnings before 1979, the year of attainment of age 22. We want to find the maximum possible gain that he or she can obtain if his or her PIA is based on the special minimum PIA, rather than the wage-indexed PIA. This problem can be thought of as the optimization problem:

Maximize {**SPMIN – PIA**} *over all possible earnings histories*,

where we denote by SPMIN the special minimum PIA and we denote by PIA the wage-indexed PIA.

We can show that the solution to this problem must be a payment history in which the earnings in any of the 35 years of highest indexed earnings which is a year of coverage do not exceed the minimum amount required for a year of coverage in that year. To show this, assume that we have a solution to the stated maximization problem, i.e., an earnings history which maximizes the difference {SPMIN – PIA}. If in this earnings history there is a year of coverage, j, which is one of the 35 highest indexed annual earnings years and in which the earnings exceed m_j, we can construct an earnings history identical to the earnings history of that solution

except that the earnings for year j equal m_j. For this modified earnings history, SPMIN will stay the same but the AIME, and hence the PIA, will decrease, so the difference {SPMIN – PIA} will increase, contradicting our assumption that the original solution maximizes that difference. Therefore, for an earnings history to maximize the difference {SPMIN – PIA}, earnings in any of the 35 highest indexed earnings years which is a year of coverage, must not exceed m_j.

Using a similar argument, we can also show that:

(a) the solution to this problem must consist of an earnings history in which the earnings in the 40 years that are not years of coverage equal zero; and

(b) the number of years of coverage in the solution will not exceed 30.

Combining these results, we see that the 40 earnings amounts in the earnings history (from the year of attainment of age 22 through the year of attainment of age 61) that solve our maximization problem must either be m_j or 0, and the number of years that have earnings m_j is no less than 11 and no more than 30. Now, for each n = 11,…, 30, the amount of the special minimum PIA does not depend on which of the n years among the 40 are the years with earnings of m_j, but the amount of the wage-indexed PIA does. In fact, the wage-indexed PIA will be smallest when the n years are those with the n smallest values of M_j, where M_j denotes the wage-indexed value of m_j. So to find a solution to our problem, we only need to consider 20 possible solutions, namely the earnings histories consisting of m_j for each year j with one of the n smallest values of M_j and zero for all other years. Once we find the maximum gain from the special minimum PIA among these 20 possible solutions, we obtain our answer.

Computational Results

Using the projected values for the national average wage index (AWI), COLAs, PIA bend points, and minimum amounts required for a year of coverage based on the 2020 Social Security Trustees Report,[7] we found a solution to the stated problem by the method described above. In addition, we also solved the problem for persons born in the years after 1932 and correspondingly first eligible for benefits after 1994. The following table presents for the earnings histories that solve the optimization problem the special minimum PIA, the wage-

[4] http://www.socialsecurity.gov/OACT/COLA/AWI.html

[5] http://www.socialsecurity.gov/OACT/COLA/bendpoints.html

[6] https://www.socialsecurity.gov/OACT/COLA/colaseries.html

[7] http://www.socialsecurity.gov/oact/tr/2020/

indexed PIA when government pension receipt is not involved, and the advantage of the special minimum:

Table 1.—PIAs Based on Earnings Histories Which Optimize the Effect of the Special Minimum PIA Computation for Workers in Year of First Eligibility, Based on the 2020 Trustees Report

Year of first eligibility	Special minimum PIA	Wage-indexed PIA	Difference between special minimum and wage-indexed PIA
1995	$519.40	$419.20	$100.20
1996	532.90	429.40	103.50
1997	548.30	446.30	102.00
1998	559.80	467.60	92.20
1999	567.00	494.50	72.50
2000	581.10	519.10	62.00
2001	601.40	547.70	53.70
2002	617.00	577.20	39.80
2003	625.60	590.80	34.80
2004	638.70	597.20	41.50
2005	655.90	612.30	43.60
2006	682.70	640.90	41.80
2007	705.20	662.50	42.70
2008	721.40	691.70	29.70
2009	763.20	721.10	42.10
2010	763.20	735.70	27.50
2011	763.20	724.00	39.20
2012	790.60	740.50	50.10
2013	804.00	762.40	41.60
2014	816.00	783.60	32.40
2015	829.80	789.10	40.70
2016	829.80	812.90	16.90
2017	832.20	835.20	-3.00
2018	848.80	840.00	8.80
2019	872.50	863.80	8.70
2020	886.40	890.20	-3.80
Intermediate assumptions (Alternative II)			
2021	906.70	912.10	-5.40
Low-cost assumptions (Alternative I)			
2021	914.70	912.70	2.00
2022	941.20	954.40	-13.20
High-cost assumptions (Alternative III)			
2021	897.90	911.80	-13.90

As we see, it was theoretically impossible for a worker attaining 62 in 2017 to receive a benefit based on the special minimum PIA that would exceed the benefit based on the wage-indexed PIA. This changed for a worker turning 62 in 2018 or 2019, when it became theoretically possible to receive a benefit based on the special minimum PIA that would exceed the benefit based on the wage-indexed PIA. However, it was again theoretically impossible for a worker turning 62 in 2020 to receive a benefit based on the special minimum PIA that would exceed the benefit based on the wage-indexed PIA.

For workers attaining age 62 after 2020, the estimate is sensitive to the assumed path of assumed future AWI and COLA increases. In order to give a sense of the scope of this sensitivity, we also replicated the estimation procedure using alternatively the low-cost and high-cost assumptions in the 2020 Trustees Report. Based on these assumptions, we found that it will be impossible for workers with years of first eligibility of 2022 and 2021 respectively and the years afterwards to receive a benefit based on the special minimum PIA that would exceed the benefit based on the wage-indexed PIA, as indicated in table 1. The reason for the decrease over time in the maximum gain from the special minimum PIA relative to the wage-indexed PIA is that the special minimum increases from one cohort to the next with COLAs while the wage-indexed PIA increases from one cohort to the next with AWI growth, and price levels have generally grown more slowly than the average wage in the past and are projected to continue to do so under the Trustees' assumptions.[8]

For the person born in 1957, table 2 displays, in order by the value of M_j, the rank, n, of M_j, the calendar year j, the value of m_j, the value of M_j, and the maximum gain of the special minimum given n years of coverage:

Table 2.—Maximal Effect of the Special Minimum PIA Computation for a Worker Born in 1957 and Retiring at Age 62 in 2019

n	Year of earnings j	Amount required for year of coverage m_j	m_j indexed by average wages M_j	Maximum gain given n years of coverage
1	1998	$7,605.00	$13,259.40	N/A
2	1999	8,055.00	13,303.08	N/A
3	2000	8,505.00	13,310.22	N/A
4	1997	7,290.00	13,375.87	N/A
5	1996	6,975.00	13,544.67	N/A
6	2007	10,890.00	13,562.65	N/A
7	1992	6,210.00	13,625.17	N/A
8	2006	10,485.00	13,650.86	N/A
9	2005	10,035.00	13,665.49	N/A
10	2016	13,230.00	13,686.87	N/A
11	2001	8,955.00	13,687.92	-$275.80
12	1991	5,940.00	13,704.27	-261.80
13	2004	9,765.00	13,784.38	-247.70
14	1995	6,795.00	13,840.44	-233.90

[8] The economic assumptions in the 2020 Trustees Report did not reflect the potential effects of the COVID-19 pandemic on the economy.

15	2015	13,230.00	13,841.53	-220.20
16	2008	11,385.00	13,860.29	-206.00
17	2011	11,880.00	13,909.48	-191.90
18	2012	12,285.00	13,948.13	-177.90
19	1993	6,435.00	13,998.44	-163.90
20	2014	13,050.00	14,128.21	-150.60
21	2017	14,175.00	14,175.00	-137.50
22	2013	12,645.00	14,175.68	-124.70
23	2003	9,675.00	14,292.24	-110.80
24	1994	6,750.00	14,299.89	-97.80
25	2002	9,450.00	14,301.11	-85.10
26	2018	14,310.00	14,310.00	-71.20
27	2010	11,880.00	14,345.31	-58.70
28	2009	11,880.00	14,684.36	-46.50
29	1981	5,550.00	20,277.68	-19.20
30	1980	5,100.00	20,509.25	8.70

Thus, the minimum number of years of coverage needed in order to receive the special minimum upon attainment of age 62 in the year 2019 was 30.

Example Earnings of a Specific Worker

It is interesting to examine the actual earnings of a specific worker who became eligible for the special minimum PIA in 1998, the last year in which any workers became eligible for a benefit based on the special minimum PIA, in order to see how close their earnings were to the amounts required for a year of coverage for the special minimum PIA. In order to satisfy this criterion, we simulated a hypothetical earnings history of one such worker born in 1936.[9]

Table 3 presents for this worker the simulated earnings history, the amounts required for a year of coverage, and the difference between them. The average difference between them for all 30 years in which this worker was covered turned out to be only $471, an average relative difference of 17%. The covered earnings history for this particular person are very close to the amounts required for a year of coverage. The difference between the special minimum PIA and wage-indexed PIA for this particular worker was only $14.40, while the maximum

theoretical difference between the special minimum PIA and wage-indexed PIA, when the earnings for each year equal the amount required for coverage for each year, was calculated to be $92.20 for 1998.

When examining Table 3, one will notice that from years 1982 to 1990, the worker was not covered for the special minimum PIA. In these years, the amount required for a year of coverage was 25 percent of the "old-law" contribution and benefit base. In 1991, the amount required for a year of coverage decreased to only 15 percent of the "old-law" contribution and benefit base, allowing this worker to be covered for the special minimum PIA until 1997.

Table 3.—Example Earnings History of a Specific Worker Who Became Eligible for the Special Minimum PIA in 1998

Year	Modified Earnings	Amount required for a year of coverage	Difference
1958	$540	$1,050	-510
1959	1,260	1,200	60
1960	1,674	1,200	474
1961	1,263	1,200	63
1962	1,639	1,200	439
1963	1,519	1,200	319
1964	1,819	1,200	619
1965	1,395	1,200	195
1966	1,665	1,650	15
1967	1,701	1,650	51
1968	2,251	1,950	301
1969	2,410	1,950	460
1970	2,632	1,950	682
1971	2,932	1,950	982
1972	2,857	2,250	607
1973	2,790	2,700	90
1974	3,426	3,300	126
1975	3,868	3,525	343
1976	4,351	3,825	526
1977	4,414	4,125	289
1978	5,006	4,425	581
1979	4,882	4,725	157
1980	6,206	5,100	1,106
1981	5,821	5,550	271
1982	5,590	6,075	-485
1983	6,166	6,675	-509
1984	6,118	7,050	-932
1985	6,318	7,425	-1,107
1986	6,778	7,875	-1,097
1987	6,853	8,175	-1,322
1988	6,816	8,400	-1,584
1989	6,891	8,925	-2,034
1990	7,096	9,525	-2,429
1991	7,472	5,940	1,532

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[9] To protect against disclosing information about specific individuals, we modified the earnings history of a specific worker born in 1936 by adding a secret random number uniformly distributed between -$200 and $200 to their earnings for each year. This did not affect whether the worker was covered for the special minimum PIA for any years; however, when we added a random number uniformly distributed between -$300 and $300, this did affect whether the worker was covered for some years.

Table 3.—Example Earnings History of a
Specific Worker Who Became Eligible for the
Special Minimum PIA in 1998 (Cont.)

Year	Modified Earnings	Amount required for a year of coverage	Difference
1992	7,349	6,210	1,139
1993	7,127	6,435	692
1994	7,409	6,750	659
1995	7,418	6,795	623
1996	7,558	6,975	583
1997	7,439	7,290	149

Recipients of the Special Minimum PIA Benefit

The Master Beneficiary Record (MBR) is the administrative file of records of benefit entitlement for the OASI and DI programs. We obtained information from the MBR regarding the beneficiaries who are receiving the special minimum PIA in December 2019, including the amount of the "support PIA"—the PIA which would have been used if not for the special minimum. For most of the beneficiaries receiving the special minimum, we calculated the gain in benefit due to the special minimum PIA as:

$$GAIN \ = MBA \ -\left(\frac{SUPPIA}{SPMIN}\right)MBA$$

where SUPPIA is the support PIA and MBA is the Monthly Benefit Amount. The MBA may be less than or greater than the PIA because the beneficiaries may have retired earlier or later than the Normal Retirement Age (NRA) or because of the family maximum provision. For auxiliaries, the MBA is also based on a specified percentage of the applicable PIA.

Some beneficiaries are entitled to both a primary and secondary benefit. For dually-entitled beneficiaries whose secondary benefit is based on a special minimum PIA, we modified the formula to:

$$GAIN \ = MBA - MAX \left\{ \left(\frac{SUPPIA}{SPMIN}\right) MBA, \ SAMBA\right\}$$

to recognize the possibility that the secondary benefit based on the support PIA might be smaller than the primary's PIA. SAMBA represents the smaller actuarially-reduced MBA, the primary benefit.

The following table shows the number of entitled beneficiaries and the average gain due to the special minimum PIA by year of current entitlement and beneficiary type as of May 2020, for those beneficiaries first entitled in December 2019 or earlier and were still entitled as of December 2019. We have not included beneficiaries who are receiving a primary benefit based on the special minimum but are dually entitled to a larger secondary benefit not based on the special minimum, and hence are not really gaining from the special minimum calculation.

Table 4.—Number of Entitled Beneficiaries and Average Gain in Monthly Benefit Amount Due to the
Special Minimum PIA by Year of Current Entitlement and Beneficiary Type, for Beneficiaries
Entitled in December 2019 (Values as of May 2020)

Entitlement Year	Worker		Spouse		Child		Widow		All beneficiary types	
	Number of beneficiaries	Average gain	Number of beneficiaries	Average gain	Number of beneficiaries	Average gain	Number of beneficiaries	Average gain	Number of beneficiaries	Average gain
1975-1979	(S/)	$56.51	—	—	(S/)	—	—	—	(S/)	$18.84
1980-1984	278	52.93	—	—	165	$38.07	14	$31.36	457	46.9
1985-1989	1,551	50.09	13	$30.96	211	37.74	126	41.95	1,901	48.05
1990-1994	2,501	61.25	58	24.25	112	35.6	286	41.76	2,957	57.67
1995-1999	2,076	76.06	87	34.71	64	37.4	415	41.45	2,642	68.33
2000-2004	2,140	77.30	135	34.57	39	36.00	438	39.62	2,752	68.62
2005-2009	2,587	72.48	165	35.87	27	32.17	506	38.81	3,285	65.13
2010-2014	3,201	73.90	185	35.91	38	28.25	447	39.63	3,871	67.68
2015-2019	2,391	82.37	161	38.24	45	29.79	293	40.66	2,890	74.86
Total	(S/)	(S/)	804	35.09	(S/)	(S/)	2,525	40.19	(S/)	64.79

S: Data suppressed to avoid disclosing information about specific individuals.

We see that the number of entitlements has been increasing until 2015, while the average gain of the special minimum over the support PIA has been generally increasing with entitlement year.

In the above table, the child category is the aggregated result of children of three different categories of insured workers. An eligible child beneficiary[10] has a parent who is either a retired worker beneficiary, a disabled worker beneficiary, or a deceased insured worker. Children of retired and disabled workers are eligible for a monthly benefit of one-half of the PIA, and children of deceased workers are eligible for a monthly benefit of three-fourths of the PIA.

Widows, including widowers, may be aged widow(er)s, disabled widow(er)s, or young widow(er)s. Aged and disabled widow(er)s are eligible for monthly benefits equal to the full applicable PIA, with appropriate reductions for entitlement prior to NRA. Young widow(er)s must be caring for a dependent child under age 16 and are paid at the rate of three-fourths of the PIA. Table 5 presents data for children and widows by type of child and widow.

Table 5.—Number of Entitled Child and Widow(er) Beneficiaries and Average Gain in Monthly Benefit Amount Due to the Special Minimum PIA by Year of Current Entitlement and Beneficiary Type, for Beneficiaries Entitled in December 2019 (Values as of May 2020)

| | Children of... | | | | Widow(er)s | | | | | |
| | Retired or disabled workers | | Deceased workers | | Aged | | Disabled | | Young | |
Entitlement Year	Number of beneficiaries	Average gain	Number of beneficiaries	Average gain	Number of beneficiaries	Average gain	Number of beneficiaries	Average gain	Number of beneficiaries	Average gain
1975-1979	—	—	(S/)	$47.17	—	—	—	—	—	—
1980-1984	(S/)	$49.15	164	38	14	$31.36	—	—	—	—
1985-1989	(S/)	19.66	208	38	125	42.01	—	—	(S/)	$33.97
1990-1994	10	28.52	102	36.29	286	41.76	—	—	—	—
1995-1999	10	36.25	54	37.61	415	41.45	—	—	—	—
2000-2004	9	49.3	30	32.01	437	39.66	(S/)	$22.16	—	—
2005-2009	17	27.79	10	39.61	498	39.01	8	26.34	—	—
2010-2014	23	28.44	15	27.95	442	39.71	(S/)	32.87	—	—
2015-2019	41	30.5	(S/)	22.48	288	40.71	(S/)	37.88	—	—
Total	114	31.37	589	37.06	2,505	40.27	19	30.88	(S/)	33.97

S: Data suppressed to avoid disclosing information about specific individuals.

The following table provides information on the eligibility year of the worker and the basis for the support PIA, for families receiving the special minimum PIA entitled in December 2019 or earlier:

Table 6.—Number of Families with Benefit Entitlements Receiving the Special Minimum PIA, by the Eligibility Year of the Worker and the Basis for the Support PIA, as of May 2020

| | Basis for the support PIA | | | | |
Year of worker's eligibility	Average monthly wage (Eligibility before 1979)	Average indexed monthly earnings (AIME)	AIME with windfall elimination provision	Others[1]	Total
Pre-1979	—	(S/)	(S/)	48	54
1979	—	25	—	9	34
1980	—	75	—	6	81
1981	—	249	—	(S/)	(S/)

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[10] Children are eligible if they are in one of three categories: a minor child under age 18, a student child aged 18 or19, or a disabled adult child age 18 or older whose disability began before age 18.

Table 6.—Number of Families with Benefit Entitlements Receiving the Special Minimum PIA, by the Eligibility Year of the Worker and the Basis for the Support PIA, as of May 2020

Year					
1982	—	458	(S/)	6	(S/)
1983	—	497	(S/)	19	(S/)
1984	—	509	(S/)	15	(S/)
1985	—	588	7	31	626
1986	—	502	30	48	580
1987	—	418	45	28	491
1988	—	576	216	45	837
1989	—	412	314	35	761
1990	—	340	447	29	816
1991	—	350	456	(S/)	(S/)
1992	—	146	367	—	513
1993	—	60	412	—	472
1994	—	18	315	—	333
1995	—	45	338	—	383
1996	—	44	398	—	442
1997	—	28	437	—	465
1998	—	8	480	—	488
1999	—	(S/)	421	—	(S/)
2000	—	—	441	—	441
2001	—	—	449	—	449
2002	—	—	430	—	430
2003	—	—	441	—	441
2004	—	—	597	—	597
2005	—	(S/)	603	—	(S/)
2006	—	—	620	—	620
2007	—	—	625	—	625
2008	—	—	719	—	719
2009	—	—	852	—	852
2010	—	—	639	—	639
2011	—	—	668	—	668
2012	—	—	597	—	597
2013	—	—	556	—	556
2014	—	—	405	—	405
2015	—	—	401	—	401
2016	—	—	163	—	163
2017	—	—	109	—	109
2018	—	—	91	—	91
2019	—	(S/)	50	—	(S/)
Total	0	5,356	14,145	324	19,825

[1] Includes 1990 Old-start PIAs, 1990 New-start PIAs, Old-start guarantee PIAs, New-start guarantee PIAs, and Frozen minimum PIAs.

S: Data suppressed to avoid disclosing information about specific individuals.

The diminishing effect of the special minimum is even more obvious from table 6; in later eligibility years the special minimum never exceeds the regular AIME PIA and exceeds the Windfall Elimination Provision (WEP) PIA relatively infrequently. Even though it was theoretically possible for a family with a year of first eligibility from 1999 to 2016 and 2018 to 2019 and a PIA based on the AIME to receive a special minimum PIA, the probability of such a family receiving a special minimum PIA was very small. The worker in such a family would have to have had earnings for at least 27 years that were no lower than but not much higher than 25% of the "old law" contribution and benefit base for years 1950 to 1990 and 15% of the "old law" contribution and benefit

base for years after 1990. The very few beneficiaries with a PIA based on the AIME who did receive a special minimum PIA after 1998 were all aged widow(er)'s in which the primary had turned 62 before 1999.

The only other recipients of the special minimum in recent years are workers who are also receiving a pension based on work not covered by the Social Security program and their dependents and would have otherwise received the WEP PIA, which is also based on indexed earnings but pays a less generous PIA than the regular formula.

The following table provides information on the number of years of coverage for families receiving the special minimum PIA in December 2019:

Table 7.—Number of Families Receiving the Special Minimum PIA in December 2019, by Number of Years of Coverage and December 2019 Special Minimum PIA, as of May 2020

Years of coverage	December 2019 Special Minimum PIA	Number of Families
11	$42.50	(S/)
12	86.90	(S/)
13	131.40	(S/)
14	175.70	50
15	219.70	92
16	264.40	120
17	308.80	198
18	353.20	324
19	397.60	432
20	442.20	632
21	486.60	744
22	530.70	947
23	575.90	1,130
24	620.20	1,354
25	664.20	1,459
26	709.40	1,422
27	753.20	1,575
28	797.60	1,550
29	842.10	1,695
30	886.40	6,089
Total	719.76[1]	19,825

[1] Weighted average.

S: Data suppressed to avoid disclosing information about specific individuals.

Conclusion

For first eligible beneficiaries in recent years, the probability is very small that a record of covered earnings will yield a higher special minimum PIA than a regular wage-indexed PIA, and, in fact, there are no recent eligible worker beneficiaries with a special minimum PIA except those affected by the WEP, and there are relatively few of them. Projections indicate that only under very limited circumstances will one be able to benefit from the special minimum now and in the future, namely those beneficiaries already receiving a special minimum PIA and worker beneficiaries affected by the WEP who will turn 62.

The minimum covered earnings that qualify for a year of coverage were dropped in 1991 from 25% to 15% of the "old-law" contribution and benefit base to give more people the opportunity to receive the special minimum. However, as we observed from the MBR records, the number of people who received the special minimum continued to drop even for people with eligibility years after 1990.