



## SOCIAL SECURITY

Office of the Chief Actuary

March 19, 2013

The Honorable Bernie Sanders  
United States Senate  
Washington, D.C. 20510

Dear Senator Sanders:

I am writing in response to your request for estimates of the financial effects on Social Security of a proposal to apply the Social Security payroll tax to earned income over \$250,000 beginning in 2014. The estimates and analysis provided in this letter reflect the intent, as discussed with Warren Gunnels of your staff, of S. 500, "***Keeping Our Social Security Promises Act***," which you introduced on March 7, 2013.

We estimate that enactment of this Bill would extend full solvency of the OASDI program for an additional 28 years, with the projected depletion of combined OASI and DI Trust Fund reserves moving from 2033 under current law to 2061 under the proposal. All estimates are based on the intermediate assumptions of the 2012 Trustees Report. The estimates presented reflect the combined efforts of many in our office, but particularly Alice Wade, Christopher Chaplain, Dan Nickerson, Kyle Burkhalter, Katie Sutton, and William Piet. A detailed description of our understanding of the intent of the Bill is included immediately below.

The intent of this proposal is identical to the Bill you introduced in September 2011 and H.R. 797 introduced in the House of Representatives in February 2011 by Mr. DeFazio. Our earlier estimates for both of these Bills, reflecting baseline assumptions from the 2011 and 2010 Trustees Reports, respectively, are available at <http://www.ssa.gov/OACT/solvency/index.html>.

S. 500 would modify the Internal Revenue Code of 1986 to subject a worker's OASDI covered earnings in excess of \$250,000 in any calendar year after 2013 to the combined OASDI payroll tax rate of 12.4 percent. This is the same tax rate that is applied, under current law, to OASDI covered earnings up to the contribution and benefit base (\$113,700 for 2013). Under present law, the contribution and benefit base is scheduled to increase in the future based on increases in the average wage in the U.S. economy. However, the threshold of \$250,000 would be constant after 2014 until the contribution and benefit base exceeds this level (in the year 2033), at which point the threshold would be set equal to the contribution and benefit base for that and all subsequent years. Earnings subject to tax above the threshold would not be included in earnings credited for the purpose of OASDI benefit computation.

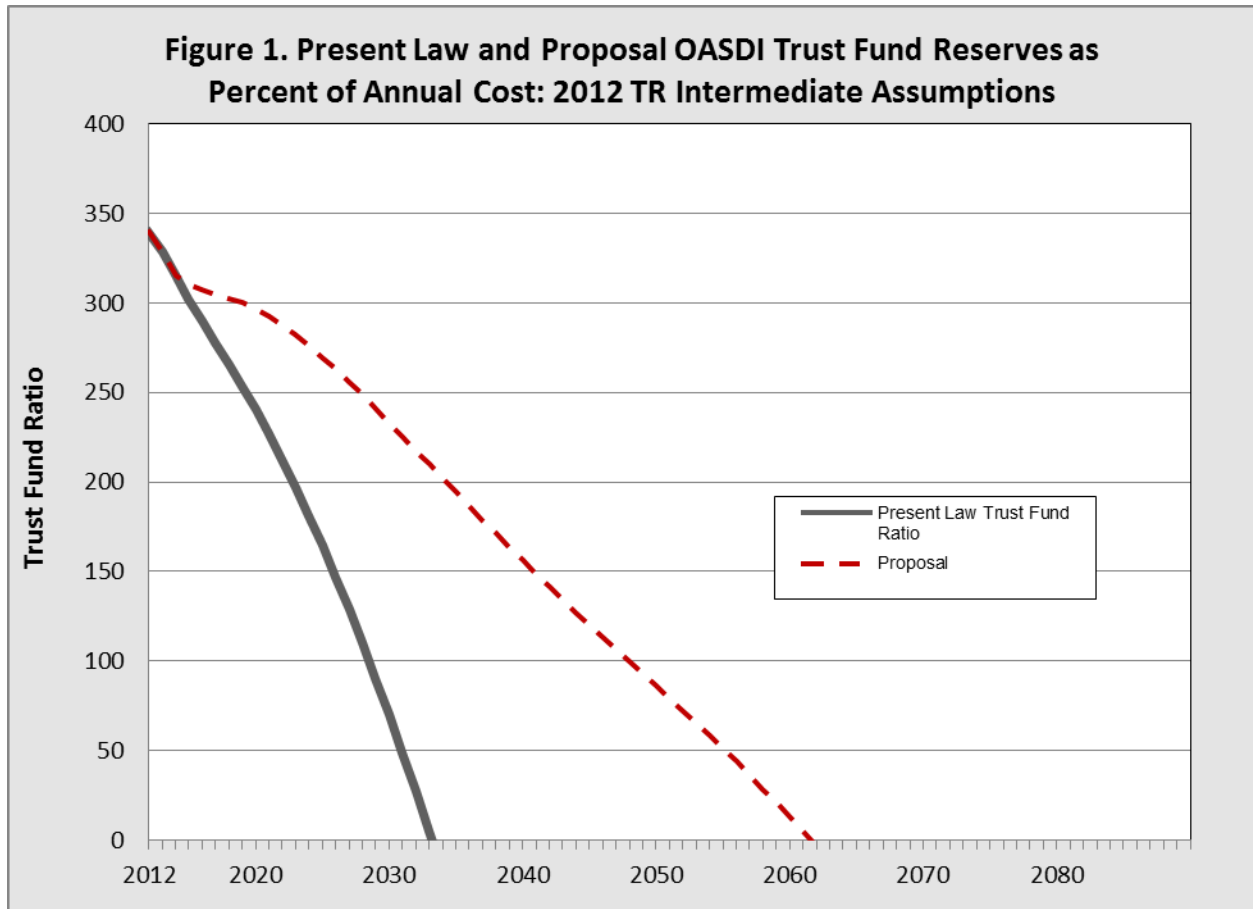
All wages and self-employment earnings in OASDI covered employment during a given year would be reflected in the determination of earnings above the threshold. For workers with more than one employer (including self employment) for a given year, total tax liability for the year would be computed as if all earnings had been received from a single employer for the year, but

in no case would any employee or employer pay less tax than they would under current law. To the extent adjustments of payroll tax liability are needed for a given year, employees would make such adjustments on their income tax filing forms. SSA would contact employers regarding any additional tax liability due to multiple jobs for employees during the year.

The balance of this letter provides summary and detailed estimates of the effects of enactment of the proposal.

### **Summary of Effects on Actuarial Status**

Figure 1 below illustrates the expected change in the combined Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Fund reserves, expressed as a percent of annual program cost, assuming enactment of this Bill. Assuming enactment, the OASDI program would be expected to be fully solvent for an additional 28 years, under the intermediate assumptions of the 2012 Trustees Report.



Note: *Trust Fund Ratio* for a given year is the ratio of reserves in the combined OASI and DI Trust Fund at the beginning of the year to the cost of the program during the year.

The level of reserves for the theoretical combined OASI and DI Trust Funds would decline from 340 percent of annual program cost at the beginning of 2012 until these reserves would become depleted in 2061 (28 years later than projected depletion under current law). At the time of reserve depletion in 2061, the program would be able to pay about 91 percent of then scheduled

benefits with continuing taxes (under current law, 75 percent of scheduled benefits are projected to be payable in 2033 after depletion). By 2086, 88 percent of benefits scheduled under the proposal would be payable compared to 73 percent of scheduled benefits payable under present law.

Enactment of this Bill would eliminate about 80 percent of the long-range OASDI actuarial deficit of 2.67 percent of taxable payroll under current law, lowering the OASDI actuarial deficit to 0.55 percent of payroll for the long-range period.

Figure 2 below illustrates annual projected levels of cost, expenditures, and non-interest income as a percent of the current-law taxable payroll. The projected levels of cost reflect the full cost of scheduled benefits under both present law and the proposal. After trust fund reserve depletion, projected expenditures under current law and under the proposal include only amounts payable from projected tax revenues (non-interest income), which are less than projected cost.

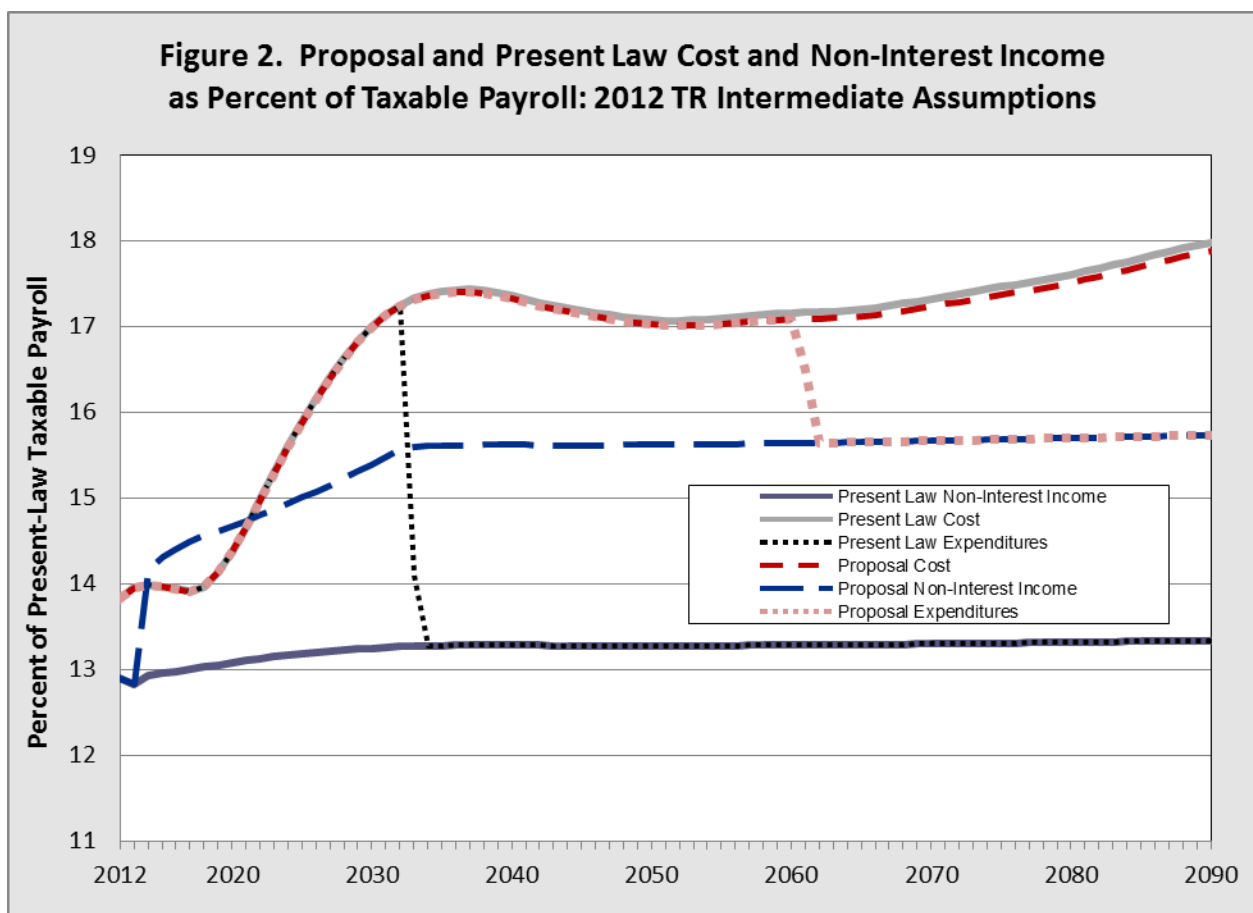
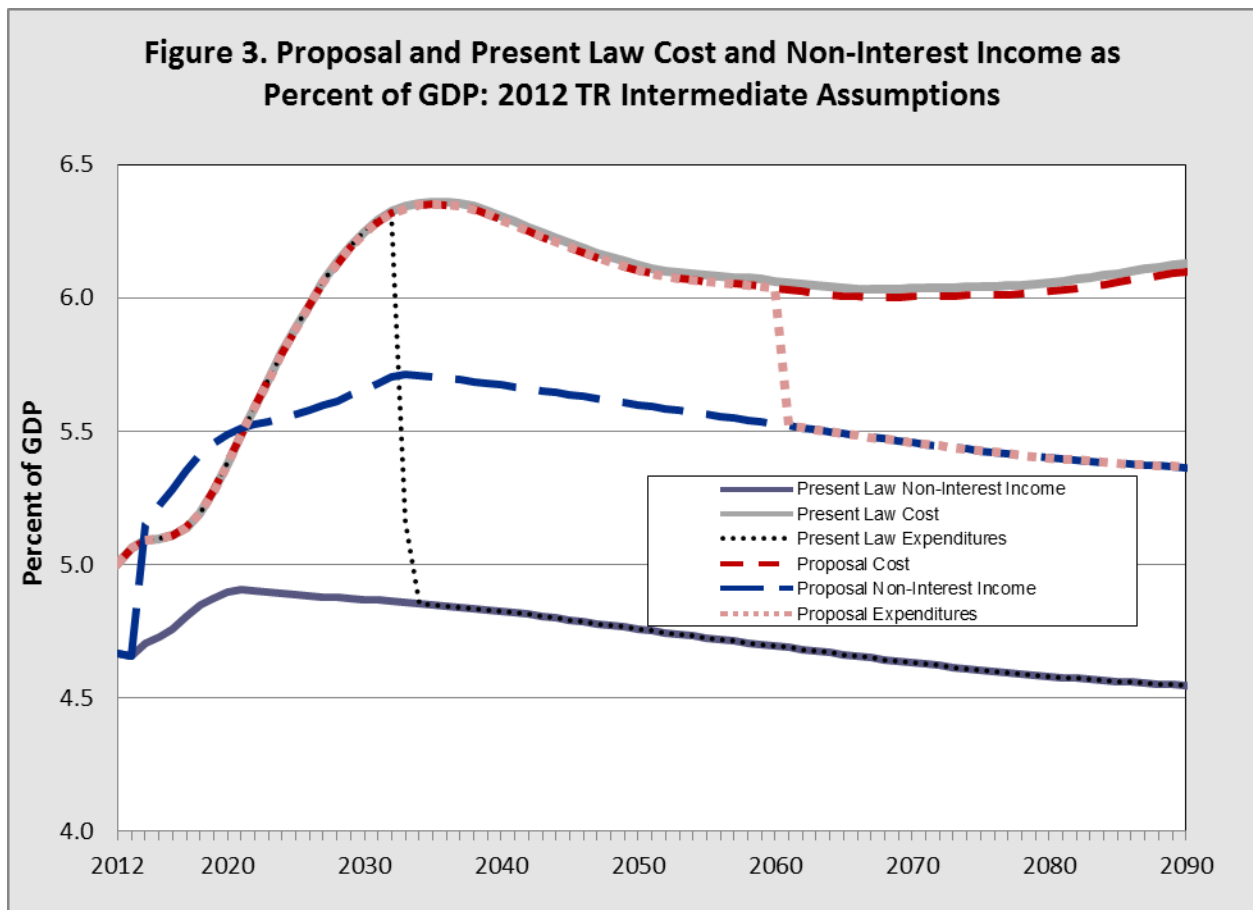


Figure 2 shows that the estimated cost of the OASDI program would be very slightly reduced under this proposal. A slight decrease in benefits is projected to follow from a small decrease in the proportion of employee compensation that would be paid in the form of wages under the current-law contribution and benefit base. This small reduction in wages as a percentage of employee compensation reflects the assumed behavioral response of employees and employers to the additional payroll taxes under the proposal.

It is also useful to consider the projected cost and income for the OASDI program expressed as a percentage of Gross Domestic Product (GDP). The graph below illustrates these levels under both present law and this proposal.



**Detailed Financial Results**

Benefit Illustrations

Benefit illustrations are not provided for the proposal because benefit levels would not be materially changed from the scheduled benefit levels under current law.

Trust Fund Operations

**Table 1** shows the annual cost and income rates, annual balances, and trust fund ratios (reserves as percent of annual program cost) for OASDI assuming enactment of the proposal. This table also shows the change from present law in these cost rates, income rates, and balances. Included at the bottom of this table are summarized rates for the 75-year (long-range) period.

Table 1 indicates that the OASDI program is projected to be solvent for an additional 28 years assuming enactment of the proposal. The year in which the combined reserves of the OASI and DI Trust Funds are projected to deplete would change from 2033 under current law to 2061

under the proposal. Even after depletion of the trust fund reserves, however, the actuarial status of the program is improved as continuing income would be sufficient to pay a higher percentage of scheduled benefits than under current law. Under current law, 75 percent of benefits are projected to be payable at trust fund reserve depletion in 2033, declining to 73 percent payable by 2086. Under this proposal, 100 percent of the scheduled benefits would be fully payable through 2060, and 91 percent would be payable at trust fund reserve depletion in 2061, declining to 88 percent payable by 2086.

The actuarial deficit for the OASDI program over the 75-year projection period is reduced by 2.12 percent of taxable payroll, from an actuarial deficit of 2.67 percent of payroll under current law to an actuarial deficit estimated at 0.55 percent of taxable payroll under the proposal.

We project annual balances (annual income rate minus annual cost rate) to become positive for years 2014 through 2021 under the proposal and to be negative thereafter. Annual deficits (negative annual balances) after 2028 are projected to be smaller than the deficits projected under current law by more than 2 percentage points through 2086.

#### Program Transfers and Asset Reserves

Column 4 of **Table 1a** provides a projection of the level of reserves for the theoretical combined OASI and DI Trust Funds under the proposal, expressed in present value dollars discounted to January 1, 2012. The table indicates that the proposal includes no new specified transfers of general revenue to the trust funds. For purpose of comparison, the OASDI Trust Fund reserves, expressed in present value dollars, are also shown for the current-law Social Security program both without the added general fund transfers (if any) provided under the proposal (column 6) and with the proposal added transfers (column 7). Note that negative values in columns 4, 6, and 7 represent the “unfunded obligation” for the program through the year. The unfunded obligation is the present value of the shortfall of revenue needed to pay full scheduled benefits on a timely basis from the date of trust fund reserve depletion to the end of the indicated year. Gross Domestic Product (GDP), expressed in present value dollars, is shown in column 5 for comparison with other values in the table.

#### Effect on the Federal Budget

**Table 1b** shows the projected effect, in present value discounted dollars, on the Federal budget (unified-budget and on-budget) cash flows and balances, assuming enactment of proposal. **Table 1b.n** provides the estimated nominal dollar effect of enactment of the proposal on the annual budget balances for years 2012 through 2022. All values in these tables represent the amount of the *change* from the level projected under current law.

The effect of the proposal on unified budget cash flow (column 3) is expected to be positive starting for 2014, reflecting the application of the payroll tax to earnings above the current-law taxable maximum amount.

Column 4 of **Table 1b** indicates that the projected effect of implementing this Bill is a reduction, starting in 2014, of the Federal debt held by the public, reaching about \$7.2 trillion in present value by 2086. Column 5 provides the projected effect of the proposal on the annual unified budget balances, including both the cash flow effect in column 3 and the additional interest on

the accumulated debt indicated in column 4. Columns 6 and 7 indicate that the proposal would have no expected direct effects on the on-budget cash flow, or on the total Federal debt, in the future.

It is important to note that these estimates are based on the intermediate assumptions of the 2012 Trustees Report and thus are not consistent with estimates made by the Office of Budget and Management or the Congressional Budget Office based on their assumptions.

#### Annual Trust Fund Operations as a Percentage of GDP

**Table 1c** provides annual cost, annual expenditures (on a payable basis), and annual tax income for the OASDI program expressed as a percentage of GDP. These values are shown for both present law and assuming enactment of the Bill. Showing the annual trust fund flows as a percent of GDP provides an additional perspective on these trust fund operations in relation to the total value of goods and services produced in the United States. The relationship between income and cost is similar when expressed as a percent of GDP to that when expressed as a percent of taxable payroll (see Table 1).

#### Effects on Trust Fund Reserves and Unfunded Obligations

**Table 1d** provides estimates of the changes due to the proposal in the level of projected trust fund reserves under present law and, for years after trust fund exhaustion, the level of unfunded obligations under present law. All values in the table are expressed in present-value discounted dollars. For the 75-year long-range period as a whole, the present-law unfunded obligation of \$8.6 trillion in present value is reduced to an unfunded obligation of \$1.4 trillion in present value. This change is the combination of the following:

- A \$7.1 trillion increase in revenue from applying the payroll tax to covered earnings above the present-law contribution and benefit base (column 2), less
- A \$0.1 trillion reduction in cost from the behavioral response to additional payroll tax, causing a small decrease in the share of employee compensation that is received in wages, and thus a small decrease in total benefits (column 3).

We hope these estimates will be helpful. Please let me know if we may provide further assistance.

Sincerely,



Stephen C. Goss  
Chief Actuary

Enclosures

**Table 1 - OASDI Cost Rate, Income Rate, Annual Balance, and Trust Fund Ratio S.500, "Keeping Our Social Security Promises Act," Introduced by Senator Sanders**

Year	Proposal			Trust Fund Ratio 1-1-year	Change from Present Law		
	Expressed as a percentage of present-law taxable payroll				Expressed as a percentage of present-law taxable payroll		
	Cost Rate	Income Rate	Annual Balance		Cost Rate	Income Rate	Annual Balance
2012	13.83	12.89	-0.93	340	0.00	0.00	0.00
2013	13.95	12.83	-1.12	329	0.00	0.00	0.00
2014	13.98	14.16	0.17	315	0.00	1.22	1.22
2015	13.97	14.31	0.34	310	0.00	1.36	1.36
2016	13.94	14.40	0.46	307	0.00	1.42	1.42
2017	13.91	14.48	0.57	305	0.00	1.48	1.48
2018	13.96	14.56	0.60	302	0.00	1.53	1.53
2019	14.13	14.61	0.48	300	0.00	1.56	1.56
2020	14.37	14.66	0.29	297	0.00	1.59	1.59
2021	14.65	14.73	0.07	293	0.00	1.62	1.62
2022	14.97	14.80	-0.17	288	0.00	1.67	1.67
2023	15.28	14.87	-0.42	282	-0.01	1.72	1.73
2024	15.59	14.93	-0.65	276	-0.01	1.77	1.78
2025	15.87	15.00	-0.87	269	-0.01	1.83	1.83
2026	16.14	15.08	-1.06	263	-0.01	1.88	1.89
2027	16.40	15.15	-1.25	256	-0.01	1.94	1.95
2028	16.62	15.23	-1.39	249	-0.01	2.00	2.02
2029	16.82	15.31	-1.51	241	-0.01	2.07	2.09
2030	16.99	15.39	-1.60	233	-0.02	2.14	2.16
2031	17.13	15.47	-1.65	225	-0.02	2.22	2.23
2032	17.23	15.56	-1.67	217	-0.02	2.29	2.31
2033	17.31	15.60	-1.71	210	-0.02	2.33	2.35
2034	17.36	15.61	-1.75	202	-0.02	2.33	2.35
2035	17.38	15.61	-1.77	194	-0.02	2.33	2.36
2036	17.40	15.61	-1.79	187	-0.03	2.33	2.36
2037	17.40	15.62	-1.79	179	-0.03	2.33	2.36
2038	17.39	15.62	-1.77	171	-0.03	2.33	2.36
2039	17.36	15.62	-1.74	163	-0.03	2.33	2.37
2040	17.32	15.62	-1.71	156	-0.03	2.33	2.37
2041	17.28	15.62	-1.67	149	-0.04	2.34	2.37
2042	17.24	15.62	-1.63	141	-0.04	2.34	2.37
2043	17.20	15.62	-1.59	134	-0.04	2.34	2.38
2044	17.17	15.61	-1.56	127	-0.04	2.34	2.38
2045	17.14	15.61	-1.53	120	-0.04	2.34	2.38
2046	17.11	15.62	-1.50	113	-0.05	2.34	2.39
2047	17.09	15.62	-1.47	106	-0.05	2.34	2.39
2048	17.06	15.62	-1.45	100	-0.05	2.34	2.39
2049	17.04	15.62	-1.43	93	-0.05	2.34	2.40
2050	17.02	15.62	-1.41	86	-0.05	2.34	2.40
2051	17.01	15.62	-1.39	79	-0.06	2.34	2.40
2052	17.01	15.62	-1.39	72	-0.06	2.35	2.41
2053	17.01	15.62	-1.39	65	-0.06	2.35	2.41
2054	17.02	15.62	-1.39	58	-0.06	2.35	2.41
2055	17.03	15.63	-1.40	51	-0.07	2.35	2.42
2056	17.04	15.63	-1.41	44	-0.07	2.35	2.42
2057	17.05	15.63	-1.42	36	-0.07	2.35	2.42
2058	17.06	15.63	-1.43	29	-0.07	2.35	2.43
2059	17.07	15.64	-1.44	21	-0.07	2.35	2.43
2060	17.08	15.64	-1.44	13	-0.08	2.36	2.43
2061	17.08	15.64	-1.44	5	-0.08	2.36	2.43
2062	17.09	15.64	-1.45	----	-0.08	2.36	2.44
2063	17.10	15.65	-1.45	----	-0.08	2.36	2.44
2064	17.10	15.65	-1.46	----	-0.08	2.36	2.44
2065	17.12	15.65	-1.47	----	-0.08	2.36	2.44
2066	17.13	15.65	-1.48	----	-0.08	2.36	2.45
2067	17.15	15.66	-1.50	----	-0.09	2.36	2.45
2068	17.18	15.66	-1.52	----	-0.09	2.37	2.45
2069	17.21	15.66	-1.54	----	-0.09	2.37	2.45
2070	17.24	15.67	-1.57	----	-0.09	2.37	2.46
2071	17.26	15.67	-1.59	----	-0.09	2.37	2.46
2072	17.29	15.67	-1.62	----	-0.09	2.37	2.46
2073	17.31	15.67	-1.64	----	-0.09	2.37	2.46
2074	17.34	15.68	-1.66	----	-0.09	2.37	2.47
2075	17.37	15.68	-1.69	----	-0.09	2.38	2.47
2076	17.39	15.68	-1.71	----	-0.09	2.38	2.47
2077	17.42	15.69	-1.73	----	-0.09	2.38	2.47
2078	17.45	15.69	-1.75	----	-0.09	2.38	2.47
2079	17.48	15.69	-1.78	----	-0.09	2.38	2.48
2080	17.51	15.70	-1.81	----	-0.09	2.38	2.48
2081	17.54	15.70	-1.84	----	-0.09	2.38	2.48
2082	17.58	15.70	-1.88	----	-0.10	2.39	2.48
2083	17.62	15.71	-1.91	----	-0.10	2.39	2.48
2084	17.66	15.71	-1.95	----	-0.10	2.39	2.48
2085	17.70	15.72	-1.98	----	-0.10	2.39	2.48
2086	17.74	15.72	-2.02	----	-0.10	2.39	2.49
2087	17.78	15.72	-2.05	----	-0.10	2.39	2.49

Summarized Rates: OASDI				
	Cost Rate	Income Rate	Actuarial Balance	Year of reserve depletion <sup>1</sup>
2012 - 2086	16.64%	16.10%	-0.55%	2061

Summarized Rates: OASDI		
Change in Cost rate	Change in Income Rate	Change in Actuarial Balance
-0.04%	2.08%	2.12%

Based on Intermediate Assumptions of the 2012 Trustees Report  
<sup>1</sup> Under present law the year of Trust Fund reserve depletion is 2033.

**Table 1a - Annual General Fund Transfers, and OASDI Trust Fund Reserves (or Unfunded Obligation)**  
**S.500, "Keeping Our Social Security Promises Act," Introduced by Senator Sanders**

Calendar Year	Proposal General Fund Transfers			Present Value in Billions as of 1-1-2012			
	Percentage of Payroll (1)	Present Value in Billions as of 1-1-2012		Proposal Total OASDI Trust Fund Reserves (unfunded obligation when negative) at End of Year (4)	Gross Domestic Product (5)	Current Law OASDI with and without Added General Fund Transfers as in the Proposal	
		Annual Amounts (2)	Accumulated as of End of Year (3)			OASDI Trust Fund Reserves (unfunded obligation <sup>1</sup> when negative) at End of Year	No Added General Fund Transfers (6)
2012	0.0	0.0	0.0	2,626.1	15,439.4	2,626.1	2,626.1
2013	0.0	0.0	0.0	2,563.5	15,479.7	2,563.5	2,563.5
2014	0.0	0.0	0.0	2,573.8	15,668.0	2,504.0	2,504.0
2015	0.0	0.0	0.0	2,594.2	15,946.3	2,445.4	2,445.4
2016	0.0	0.0	0.0	2,622.2	16,203.4	2,389.0	2,389.0
2017	0.0	0.0	0.0	2,657.4	16,420.0	2,334.6	2,334.6
2018	0.0	0.0	0.0	2,695.2	16,593.0	2,278.0	2,278.0
2019	0.0	0.0	0.0	2,725.6	16,683.5	2,211.2	2,211.2
2020	0.0	0.0	0.0	2,744.3	16,728.5	2,130.5	2,130.5
2021	0.0	0.0	0.0	2,749.7	16,749.9	2,034.1	2,034.1
2022	0.0	0.0	0.0	2,739.9	16,737.3	1,919.6	1,919.6
2023	0.0	0.0	0.0	2,714.9	16,689.8	1,787.1	1,787.1
2024	0.0	0.0	0.0	2,675.6	16,605.5	1,637.9	1,637.9
2025	0.0	0.0	0.0	2,623.6	16,481.0	1,473.7	1,473.7
2026	0.0	0.0	0.0	2,560.5	16,309.8	1,296.2	1,296.2
2027	0.0	0.0	0.0	2,487.3	16,115.0	1,106.7	1,106.7
2028	0.0	0.0	0.0	2,406.6	15,930.5	907.3	907.3
2029	0.0	0.0	0.0	2,320.3	15,741.8	700.0	700.0
2030	0.0	0.0	0.0	2,230.0	15,549.2	486.3	486.3
2031	0.0	0.0	0.0	2,137.9	15,364.4	268.0	268.0
2032	0.0	0.0	0.0	2,045.8	15,192.0	47.0	47.0
2033	0.0	0.0	0.0	1,953.0	15,025.3	-175.3	-175.3
2034	0.0	0.0	0.0	1,858.9	14,863.7	-397.4	-397.4
2035	0.0	0.0	0.0	1,764.7	14,704.0	-618.4	-618.4
2036	0.0	0.0	0.0	1,670.8	14,544.1	-837.5	-837.5
2037	0.0	0.0	0.0	1,578.1	14,387.6	-1,054.2	-1,054.2
2038	0.0	0.0	0.0	1,487.1	14,234.9	-1,267.7	-1,267.7
2039	0.0	0.0	0.0	1,398.8	14,084.3	-1,477.4	-1,477.4
2040	0.0	0.0	0.0	1,313.4	13,932.5	-1,682.8	-1,682.8
2041	0.0	0.0	0.0	1,231.1	13,781.3	-1,883.9	-1,883.9
2042	0.0	0.0	0.0	1,151.7	13,632.3	-2,080.7	-2,080.7
2043	0.0	0.0	0.0	1,075.1	13,484.0	-2,273.4	-2,273.4
2044	0.0	0.0	0.0	1,001.0	13,337.1	-2,462.4	-2,462.4
2045	0.0	0.0	0.0	929.2	13,192.0	-2,647.8	-2,647.8
2046	0.0	0.0	0.0	859.7	13,045.1	-2,829.7	-2,829.7
2047	0.0	0.0	0.0	792.3	12,896.0	-3,008.1	-3,008.1
2048	0.0	0.0	0.0	726.9	12,748.1	-3,183.3	-3,183.3
2049	0.0	0.0	0.0	663.3	12,599.8	-3,355.4	-3,355.4
2050	0.0	0.0	0.0	601.4	12,452.8	-3,524.5	-3,524.5
2051	0.0	0.0	0.0	540.8	12,305.9	-3,691.0	-3,691.0
2052	0.0	0.0	0.0	481.3	12,160.4	-3,855.2	-3,855.2
2053	0.0	0.0	0.0	422.6	12,016.5	-4,017.4	-4,017.4
2054	0.0	0.0	0.0	364.5	11,873.9	-4,177.7	-4,177.7
2055	0.0	0.0	0.0	306.9	11,733.4	-4,336.3	-4,336.3
2056	0.0	0.0	0.0	249.7	11,593.6	-4,493.3	-4,493.3
2057	0.0	0.0	0.0	192.8	11,455.7	-4,648.9	-4,648.9
2058	0.0	0.0	0.0	136.2	11,319.5	-4,802.8	-4,802.8
2059	0.0	0.0	0.0	80.1	11,184.5	-4,955.1	-4,955.1
2060	0.0	0.0	0.0	24.7	11,052.2	-5,105.7	-5,105.7
2061	0.0	0.0	0.0	-30.2	10,922.0	-5,254.5	-5,254.5
2062	0.0	0.0	0.0	-84.4	10,793.9	-5,401.5	-5,401.5
2063	0.0	0.0	0.0	-138.1	10,667.4	-5,546.9	-5,546.9
2064	0.0	0.0	0.0	-191.3	10,541.9	-5,690.7	-5,690.7
2065	0.0	0.0	0.0	-244.2	10,417.7	-5,833.1	-5,833.1
2066	0.0	0.0	0.0	-296.9	10,295.2	-5,974.2	-5,974.2
2067	0.0	0.0	0.0	-349.5	10,174.1	-6,114.2	-6,114.2
2068	0.0	0.0	0.0	-402.2	10,053.7	-6,253.2	-6,253.2
2069	0.0	0.0	0.0	-455.1	9,934.5	-6,391.2	-6,391.2
2070	0.0	0.0	0.0	-508.1	9,816.3	-6,528.4	-6,528.4
2071	0.0	0.0	0.0	-561.2	9,699.8	-6,664.6	-6,664.6
2072	0.0	0.0	0.0	-614.4	9,584.7	-6,799.8	-6,799.8
2073	0.0	0.0	0.0	-667.5	9,470.3	-6,934.1	-6,934.1
2074	0.0	0.0	0.0	-720.8	9,356.9	-7,067.4	-7,067.4
2075	0.0	0.0	0.0	-774.1	9,244.2	-7,199.8	-7,199.8
2076	0.0	0.0	0.0	-827.4	9,133.4	-7,331.2	-7,331.2
2077	0.0	0.0	0.0	-880.7	9,023.5	-7,461.5	-7,461.5
2078	0.0	0.0	0.0	-934.0	8,914.1	-7,591.0	-7,591.0
2079	0.0	0.0	0.0	-987.5	8,805.8	-7,719.6	-7,719.6
2080	0.0	0.0	0.0	-1,041.1	8,698.5	-7,847.5	-7,847.5
2081	0.0	0.0	0.0	-1,094.9	8,592.2	-7,974.6	-7,974.6
2082	0.0	0.0	0.0	-1,149.0	8,486.7	-8,101.1	-8,101.1
2083	0.0	0.0	0.0	-1,203.4	8,381.9	-8,226.9	-8,226.9
2084	0.0	0.0	0.0	-1,258.1	8,278.3	-8,352.1	-8,352.1
2085	0.0	0.0	0.0	-1,313.0	8,175.6	-8,476.6	-8,476.6
2086	0.0	0.0	0.0	-1,368.2	8,074.3	-8,600.6	-8,600.6
2087	0.0	0.0	0.0	-1,423.5	7,974.3	-8,723.8	-8,723.8
Total 2012-2086		0.0					

Based on the Intermediate Assumptions of the 2012 Trustees Report  
 Ultimate Real Trust Fund Yield of 2.9%

<sup>1</sup> The unfunded obligation is the present value (discounted to 1-1-2012) of the shortfall of revenue needed to fully pay scheduled benefits on a timely basis from the date of trust fund reserve depletion to the end of the current year.



**Table 1b - OASDI Changes & Implications for Federal Budget and Debt of Specified Plan Provision Effects on OASDI<sup>1</sup> (Present Value Dollars)  
S.500, "Keeping Our Social Security Promises Act," Introduced by Senator Sanders**

Billions of Present Value Dollars as of 1-1-2012

Year	Specified General Fund Transfers	Basic Changes in OASDI Cash Flow	Change in Annual Unified Budget Cash Flow	Change in Debt Held by Public at End of Year	Change in Annual Unified Budget Balance	Change in Total Federal Debt End Of Year	Change in Annual On Budget Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	69.8	69.8	-69.8	69.8	0.0	0.0
2015	0.0	79.1	79.1	-148.8	81.7	0.0	0.0
2016	0.0	84.4	84.4	-233.2	90.2	0.0	0.0
2017	0.0	89.6	89.6	-322.9	98.8	0.0	0.0
2018	0.0	94.3	94.3	-417.2	107.3	0.0	0.0
2019	0.0	97.1	97.1	-514.3	114.3	0.0	0.0
2020	0.0	99.6	99.6	-613.9	121.2	0.0	0.0
2021	0.0	101.8	101.8	-715.7	128.0	0.0	0.0
2022	0.0	104.7	104.7	-820.4	136.9	0.0	0.0
2023	0.0	107.4	107.4	-927.8	146.3	0.0	0.0
2024	0.0	109.9	109.9	-1,037.7	156.0	0.0	0.0
2025	0.0	112.2	112.2	-1,149.9	166.4	0.0	0.0
2026	0.0	114.4	114.4	-1,264.3	177.2	0.0	0.0
2027	0.0	116.4	116.4	-1,380.7	185.5	0.0	0.0
2028	0.0	118.6	118.6	-1,499.3	194.1	0.0	0.0
2029	0.0	121.0	121.0	-1,620.3	202.9	0.0	0.0
2030	0.0	123.5	123.5	-1,743.8	212.0	0.0	0.0
2031	0.0	126.1	126.1	-1,869.9	221.4	0.0	0.0
2032	0.0	129.0	129.0	-1,998.9	231.2	0.0	0.0
2033	0.0	129.4	129.4	-2,128.3	238.6	0.0	0.0
2034	0.0	128.1	128.1	-2,256.3	244.4	0.0	0.0
2035	0.0	126.7	126.7	-2,383.0	250.0	0.0	0.0
2036	0.0	125.3	125.3	-2,508.3	255.5	0.0	0.0
2037	0.0	123.9	123.9	-2,632.2	261.0	0.0	0.0
2038	0.0	122.6	122.6	-2,754.9	266.5	0.0	0.0
2039	0.0	121.3	121.3	-2,876.2	271.9	0.0	0.0
2040	0.0	120.0	120.0	-2,996.2	277.2	0.0	0.0
2041	0.0	118.7	118.7	-3,114.9	282.5	0.0	0.0
2042	0.0	117.4	117.4	-3,232.3	287.7	0.0	0.0
2043	0.0	116.2	116.2	-3,348.5	292.8	0.0	0.0
2044	0.0	114.9	114.9	-3,463.4	297.9	0.0	0.0
2045	0.0	113.6	113.6	-3,577.0	302.9	0.0	0.0
2046	0.0	112.3	112.3	-3,689.4	307.8	0.0	0.0
2047	0.0	111.1	111.1	-3,800.4	312.7	0.0	0.0
2048	0.0	109.8	109.8	-3,910.2	317.5	0.0	0.0
2049	0.0	108.5	108.5	-4,018.7	322.2	0.0	0.0
2050	0.0	107.2	107.2	-4,125.9	326.8	0.0	0.0
2051	0.0	105.9	105.9	-4,231.8	331.4	0.0	0.0
2052	0.0	104.7	104.7	-4,336.5	336.0	0.0	0.0
2053	0.0	103.5	103.5	-4,440.0	340.5	0.0	0.0
2054	0.0	102.2	102.2	-4,542.2	344.9	0.0	0.0
2055	0.0	101.0	101.0	-4,643.2	349.3	0.0	0.0
2056	0.0	99.8	99.8	-4,743.0	353.6	0.0	0.0
2057	0.0	98.6	98.6	-4,841.6	357.8	0.0	0.0
2058	0.0	97.4	97.4	-4,939.0	362.0	0.0	0.0
2059	0.0	96.2	96.2	-5,035.3	366.2	0.0	0.0
2060	0.0	95.1	95.1	-5,130.4	370.3	0.0	0.0
2061	0.0	93.9	93.9	-5,224.3	374.3	0.0	0.0
2062	0.0	92.8	92.8	-5,317.1	378.3	0.0	0.0
2063	0.0	91.7	91.7	-5,408.8	382.3	0.0	0.0
2064	0.0	90.6	90.6	-5,499.4	386.2	0.0	0.0
2065	0.0	89.5	89.5	-5,588.9	390.1	0.0	0.0
2066	0.0	88.4	88.4	-5,677.3	393.9	0.0	0.0
2067	0.0	87.3	87.3	-5,764.7	397.6	0.0	0.0
2068	0.0	86.3	86.3	-5,850.9	401.3	0.0	0.0
2069	0.0	85.2	85.2	-5,936.1	405.0	0.0	0.0
2070	0.0	84.1	84.1	-6,020.3	408.6	0.0	0.0
2071	0.0	83.1	83.1	-6,103.4	412.1	0.0	0.0
2072	0.0	82.1	82.1	-6,185.5	415.7	0.0	0.0
2073	0.0	81.1	81.1	-6,266.6	419.1	0.0	0.0
2074	0.0	80.1	80.1	-6,346.6	422.6	0.0	0.0
2075	0.0	79.1	79.1	-6,425.7	425.9	0.0	0.0
2076	0.0	78.1	78.1	-6,503.8	429.3	0.0	0.0
2077	0.0	77.1	77.1	-6,580.9	432.5	0.0	0.0
2078	0.0	76.1	76.1	-6,657.0	435.8	0.0	0.0
2079	0.0	75.2	75.2	-6,732.2	439.0	0.0	0.0
2080	0.0	74.2	74.2	-6,806.4	442.2	0.0	0.0
2081	0.0	73.3	73.3	-6,879.7	445.3	0.0	0.0
2082	0.0	72.4	72.4	-6,952.1	448.4	0.0	0.0
2083	0.0	71.4	71.4	-7,023.5	451.4	0.0	0.0
2084	0.0	70.5	70.5	-7,094.0	454.4	0.0	0.0
2085	0.0	69.6	69.6	-7,163.7	457.3	0.0	0.0
2086	0.0	68.7	68.7	-7,232.4	460.3	0.0	0.0
Total 2012-86	0.0	7,232.4	7,232.4				

Based on Intermediate Assumptions of the 2012 Trustees Report.  
Ultimate Real Trust Fund Yield of 2.9%

Office of the Chief Actuary  
Social Security Administration  
March 19, 2013

<sup>1</sup> Effects of tax provisions on the On-Budget are not reflected in this table.

**Table 1b.n - OASDI Changes & Implications for Federal Budget and Debt of Specified Plan Provision Effects on OASDI<sup>1</sup> (Nominal Dollars)  
S.500, "Keeping Our Social Security Promises Act," Introduced by Senator Sanders**

*Billions of Nominal Dollars*

<u>Year</u>	Specified General Fund Transfers (1)	Basic Changes in OASDI Cash Flow (2)	Change in Annual Unified Budget Cash Flow (3)	Change in Debt Held by Public at End of Year (4)	Change in Annual Unified Budget Balance (5)	Change in Total Federal Debt End of Year (6)	Change in Annual On Budget Balance (7)
2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	77.0	77.0	-78.5	78.5	0.0	0.0
2015	0.0	90.7	90.7	-174.0	95.5	0.0	0.0
2016	0.0	100.7	100.7	-283.5	109.6	0.0	0.0
2017	0.0	111.2	111.2	-408.4	124.9	0.0	0.0
2018	0.0	121.8	121.8	-549.4	141.0	0.0	0.0
2019	0.0	130.8	130.8	-706.0	156.6	0.0	0.0
2020	0.0	139.9	139.9	-879.2	173.2	0.0	0.0
2021	0.0	149.3	149.3	-1,070.3	191.2	0.0	0.0
2022	0.0	160.6	160.6	-1,282.5	212.2	0.0	0.0

Based on Intermediate Assumptions of the 2012 Trustees Report.

Office of the Chief Actuary  
Social Security Administration  
March 19, 2013

<sup>1</sup> Effects of tax provisions on the On-Budget are not reflected in this table.

**Table 1c - Present Law and Proposal Cost, Expenditures, and Income: As Percent of Gross Domestic Product S.500, "Keeping Our Social Security Promises Act," Introduced by Senator Sanders**

Calendar Year	Present Law OASDI			Proposal OASDI		
	Cost (1)	Expenditures (Payable) (2)	Non-Interest Income (3)	Cost (4)	Expenditures (Payable) (5)	Non-Interest Income (6)
2012	5.01	5.01	4.67	5.01	5.01	4.67
2013	5.06	5.06	4.66	5.06	5.06	4.66
2014	5.09	5.09	4.71	5.09	5.09	5.15
2015	5.10	5.10	4.73	5.10	5.10	5.22
2016	5.11	5.11	4.76	5.11	5.11	5.28
2017	5.14	5.14	4.81	5.14	5.14	5.35
2018	5.19	5.19	4.85	5.19	5.19	5.42
2019	5.28	5.28	4.87	5.28	5.28	5.45
2020	5.38	5.38	4.89	5.38	5.38	5.49
2021	5.49	5.49	4.91	5.49	5.49	5.51
2022	5.59	5.59	4.90	5.59	5.59	5.53
2023	5.70	5.70	4.90	5.69	5.69	5.54
2024	5.80	5.80	4.89	5.79	5.79	5.55
2025	5.89	5.89	4.89	5.89	5.89	5.56
2026	5.98	5.98	4.88	5.97	5.97	5.58
2027	6.06	6.06	4.88	6.06	6.06	5.60
2028	6.13	6.13	4.88	6.13	6.13	5.61
2029	6.20	6.20	4.87	6.19	6.19	5.63
2030	6.25	6.25	4.87	6.24	6.24	5.66
2031	6.29	6.29	4.87	6.29	6.29	5.68
2032	6.32	6.32	4.86	6.32	6.32	5.70
2033	6.34	5.16	4.86	6.34	6.34	5.71
2034	6.36	4.85	4.85	6.35	6.35	5.71
2035	6.36	4.85	4.85	6.35	6.35	5.70
2036	6.36	4.85	4.85	6.35	6.35	5.70
2037	6.35	4.84	4.84	6.34	6.34	5.69
2038	6.34	4.84	4.84	6.33	6.33	5.69
2039	6.33	4.83	4.83	6.31	6.31	5.68
2040	6.31	4.83	4.83	6.29	6.29	5.67
2041	6.28	4.82	4.82	6.27	6.27	5.67
2042	6.26	4.81	4.81	6.25	6.25	5.66
2043	6.24	4.81	4.81	6.23	6.23	5.65
2044	6.22	4.80	4.80	6.21	6.21	5.65
2045	6.21	4.79	4.79	6.19	6.19	5.64
2046	6.19	4.79	4.79	6.17	6.17	5.63
2047	6.17	4.78	4.78	6.15	6.15	5.62
2048	6.15	4.77	4.77	6.13	6.13	5.61
2049	6.14	4.76	4.76	6.12	6.12	5.61
2050	6.12	4.76	4.76	6.10	6.10	5.60
2051	6.11	4.75	4.75	6.09	6.09	5.59
2052	6.10	4.75	4.75	6.08	6.08	5.58
2053	6.09	4.74	4.74	6.07	6.07	5.58
2054	6.09	4.73	4.73	6.07	6.07	5.57
2055	6.08	4.73	4.73	6.06	6.06	5.56
2056	6.08	4.72	4.72	6.06	6.06	5.56
2057	6.08	4.71	4.71	6.05	6.05	5.55
2058	6.07	4.71	4.71	6.05	6.05	5.54
2059	6.07	4.70	4.70	6.04	6.04	5.53
2060	6.06	4.69	4.69	6.04	6.04	5.53
2061	6.06	4.69	4.69	6.03	5.52	5.52
2062	6.05	4.68	4.68	6.02	5.51	5.51
2063	6.05	4.68	4.68	6.02	5.51	5.51
2064	6.04	4.67	4.67	6.01	5.50	5.50
2065	6.04	4.66	4.66	6.01	5.49	5.49
2066	6.03	4.66	4.66	6.00	5.48	5.48
2067	6.03	4.65	4.65	6.00	5.48	5.48
2068	6.03	4.64	4.64	6.00	5.47	5.47
2069	6.03	4.64	4.64	6.00	5.46	5.46
2070	6.04	4.63	4.63	6.00	5.46	5.46
2071	6.04	4.63	4.63	6.01	5.45	5.45
2072	6.04	4.62	4.62	6.01	5.45	5.45
2073	6.04	4.62	4.62	6.01	5.44	5.44
2074	6.04	4.61	4.61	6.01	5.43	5.43
2075	6.04	4.61	4.61	6.01	5.43	5.43
2076	6.04	4.60	4.60	6.01	5.42	5.42
2077	6.05	4.59	4.59	6.01	5.42	5.42
2078	6.05	4.59	4.59	6.02	5.41	5.41
2079	6.05	4.59	4.59	6.02	5.41	5.41
2080	6.06	4.58	4.58	6.02	5.40	5.40
2081	6.06	4.58	4.58	6.03	5.40	5.40
2082	6.07	4.57	4.57	6.04	5.39	5.39
2083	6.08	4.57	4.57	6.04	5.39	5.39
2084	6.08	4.57	4.57	6.05	5.38	5.38
2085	6.09	4.56	4.56	6.06	5.38	5.38
2086	6.10	4.56	4.56	6.07	5.38	5.38

Based on Intermediate Assumptions of the 2012 Trustees Report.

Office of the Chief Actuary  
Social Security Administration  
March 19, 2013

**Table 1d - Change in Long-Range Trust Fund Reserves / Unfunded Obligation  
S.500, "Keeping Our Social Security Promises Act," Introduced by Senator Sanders**

(Billions of Dollars, Present Value on 1-1-2012)

Year	Present Law OASDI	Changes in OASDI Income	Changes in OASDI Cost	Basic	Total Change Through End of Year (5) = cumulative sum(4)	Proposal OASDI
	Trust Fund Reserves / Unfunded Obligation Through End of Year (1)			Changes in OASDI Cash Flow (4) = (2)-(3)		Trust Fund Reserves / Unfunded Obligation Through End of Year (6) = (1)+(5)
2012	2,626.1	0.0	0.0	0.0	0.0	2,626.1
2013	2,563.5	0.0	0.0	0.0	0.0	2,563.5
2014	2,504.0	69.8	0.0	69.8	69.8	2,573.8
2015	2,445.4	79.0	0.0	79.1	148.8	2,594.2
2016	2,389.0	84.4	0.0	84.4	233.2	2,622.2
2017	2,334.6	89.6	0.0	89.6	322.9	2,657.4
2018	2,278.0	94.3	-0.1	94.3	417.2	2,695.2
2019	2,211.2	97.1	-0.1	97.1	514.3	2,725.6
2020	2,130.5	99.5	-0.1	99.6	613.9	2,744.3
2021	2,034.1	101.6	-0.2	101.8	715.7	2,749.7
2022	1,919.6	104.4	-0.3	104.7	820.4	2,739.9
2023	1,787.1	107.0	-0.4	107.4	927.8	2,714.9
2024	1,637.9	109.4	-0.5	109.9	1,037.7	2,675.6
2025	1,473.7	111.7	-0.6	112.2	1,149.9	2,623.6
2026	1,296.2	113.7	-0.7	114.4	1,264.3	2,560.5
2027	1,106.7	115.7	-0.7	116.4	1,380.7	2,487.3
2028	907.3	117.8	-0.8	118.6	1,499.3	2,406.6
2029	700.0	120.1	-0.9	121.0	1,620.3	2,320.3
2030	486.3	122.5	-0.9	123.5	1,743.8	2,230.0
2031	268.0	125.1	-1.0	126.1	1,869.9	2,137.9
2032	47.0	127.9	-1.1	129.0	1,998.9	2,045.8
2033	-175.3	128.2	-1.2	129.4	2,128.3	1,953.0
2034	-397.4	126.8	-1.2	128.1	2,256.3	1,858.9
2035	-618.4	125.4	-1.3	126.7	2,383.0	1,764.7
2036	-837.5	123.9	-1.4	125.3	2,508.3	1,670.8
2037	-1,054.2	122.5	-1.5	123.9	2,632.2	1,578.1
2038	-1,267.7	121.1	-1.5	122.6	2,754.9	1,487.1
2039	-1,477.4	119.7	-1.6	121.3	2,876.2	1,398.8
2040	-1,682.8	118.3	-1.7	120.0	2,996.2	1,313.4
2041	-1,883.9	116.9	-1.8	118.7	3,114.9	1,231.1
2042	-2,080.7	115.6	-1.8	117.4	3,232.3	1,151.7
2043	-2,273.4	114.2	-1.9	116.2	3,348.5	1,075.1
2044	-2,462.4	112.9	-2.0	114.9	3,463.4	1,001.0
2045	-2,647.8	111.5	-2.1	113.6	3,577.0	929.2
2046	-2,829.7	110.2	-2.2	112.3	3,689.4	859.7
2047	-3,008.1	108.8	-2.2	111.1	3,800.4	792.3
2048	-3,183.3	107.5	-2.3	109.8	3,910.2	726.9
2049	-3,355.4	106.1	-2.4	108.5	4,018.7	663.3
2050	-3,524.5	104.8	-2.5	107.2	4,125.9	601.4
2051	-3,691.0	103.4	-2.5	105.9	4,231.8	540.8
2052	-3,855.2	102.1	-2.6	104.7	4,336.5	481.3
2053	-4,017.4	100.8	-2.6	103.5	4,440.0	422.6
2054	-4,177.7	99.5	-2.7	102.2	4,542.2	364.5
2055	-4,336.3	98.3	-2.8	101.0	4,643.2	306.9
2056	-4,493.3	97.0	-2.8	99.8	4,743.0	249.7
2057	-4,648.9	95.7	-2.9	98.6	4,841.6	192.8
2058	-4,802.8	94.5	-2.9	97.4	4,939.0	136.2
2059	-4,955.1	93.3	-2.9	96.2	5,035.3	80.1
2060	-5,105.7	92.1	-3.0	95.1	5,130.4	24.7
2061	-5,254.5	91.0	-3.0	93.9	5,224.3	-30.2
2062	-5,401.5	89.8	-3.0	92.8	5,317.1	-84.4
2063	-5,546.9	88.7	-3.0	91.7	5,408.8	-138.1
2064	-5,690.7	87.6	-3.0	90.6	5,499.4	-191.3
2065	-5,833.1	86.5	-3.0	89.5	5,588.9	-244.2
2066	-5,974.2	85.4	-3.1	88.4	5,677.3	-296.9
2067	-6,114.2	84.3	-3.1	87.3	5,764.7	-349.5
2068	-6,253.2	83.2	-3.1	86.3	5,850.9	-402.2
2069	-6,391.2	82.1	-3.1	85.2	5,936.1	-455.1
2070	-6,528.4	81.1	-3.0	84.1	6,020.3	-508.1
2071	-6,664.6	80.1	-3.0	83.1	6,103.4	-561.2
2072	-6,799.8	79.1	-3.0	82.1	6,185.5	-614.4
2073	-6,934.1	78.1	-3.0	81.1	6,266.6	-667.5
2074	-7,067.4	77.1	-3.0	80.1	6,346.6	-720.8
2075	-7,199.8	76.1	-3.0	79.1	6,425.7	-774.1
2076	-7,331.2	75.1	-2.9	78.1	6,503.8	-827.4
2077	-7,461.5	74.2	-2.9	77.1	6,580.9	-880.7
2078	-7,591.0	73.2	-2.9	76.1	6,657.0	-934.0
2079	-7,719.6	72.3	-2.9	75.2	6,732.2	-987.5
2080	-7,847.5	71.4	-2.8	74.2	6,806.4	-1,041.1
2081	-7,974.6	70.5	-2.8	73.3	6,879.7	-1,094.9
2082	-8,101.1	69.6	-2.8	72.4	6,952.1	-1,149.0
2083	-8,226.9	68.7	-2.7	71.4	7,023.5	-1,203.4
2084	-8,352.1	67.8	-2.7	70.5	7,094.0	-1,258.1
2085	-8,476.6	67.0	-2.7	69.6	7,163.7	-1,313.0
2086	-8,600.6	66.1	-2.6	68.7	7,232.4	-1,368.2
Total 2012-2086		7087.6	-144.8	7232.4		

Based on Intermediate Assumptions of the 2012 Trustees Report.

Ultimate Real Trust Fund Yield of 2.9%.

Office of the Chief Actuary  
Social Security Administration  
March 19, 2013