



SOCIAL SECURITY

November 5, 2015

The Honorable Elizabeth Warren
United States Senate
Washington, D.C. 20510

Dear Senator Warren:

I am writing in response to your request for our estimate of the financial effects on the Old Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds of enactment of the "*Seniors and Veterans Emergency (SAVE) Benefits Act*" which you introduced today. This Bill would provide for a one-time payment in 2016 (not more than 120 days following enactment) to all individuals entitled to receive an OASDI monthly benefit for any month in the 3-month period ending with the month prior to the month of enactment of this Bill. The one-time benefit would also be payable to certain individuals not entitled for OASDI benefits who are entitled to monthly Railroad Retirement benefits, Veterans benefits, State and Local government employee pensions, or SSI benefits. The one-time payment would be set at 3.9 percent of the average annualized amount paid to individuals entitled to OASDI benefits in 2015. The one-time payment would not be included in taxable income nor would it be included for the purpose of applying the family maximum benefit limitation under OASDI.

At this time, we estimate that the one-time payment would be \$581, based on the intermediate projections in the 2015 Trustees Report. We project that about 71 million individuals would receive the one-time payment early in 2016, assuming enactment in November or December of 2015. The total expenditure from the General Fund of the Treasury to make these payments would be about \$41.25 billion, plus the reimbursed expense of making the payments by the agencies administering the programs.

The proposal would further modify the limitation on excessive remuneration, repealing performance-based compensation and commission exceptions in section 162(m) of the Internal Revenue Code of 1986, for tax years beginning after December 31, 2015. The resulting increase in tax revenue would be retained in the General Fund of the Treasury up to the point where the cost of making the one-time payments in 2016 is fully offset. Thereafter, the increase in tax revenue would be transferred to the OASI and DI Trust Funds in equal shares. Our very preliminary estimate is that the cost of the one-time payments would be fully offset by about the end of 2023, with transfers to the OASI and DI Trust Funds commencing that year. Over the long-range 75-year projection period, we estimate that the additional revenue provided to the combined OASI and DI Trust Funds would improve the OASDI actuarial balance by 0.05 percent of taxable payroll, reducing the actuarial deficit for the OASDI program from 2.68 percent of payroll (the present-law actuarial deficit projected under the intermediate assumptions of the 2015 Trustees Report) to 2.63 percent of taxable payroll.

The enclosed Table 1 provides our projection of the annual cost and income of the OASDI program expressed as a percent of taxable payroll under this proposal and the change from current law assuming enactment of the proposal.

We have enjoyed working with members of your staff in the development of this proposal. Members of the Office of the Chief Actuary who contributed to the development of the estimates include Karen Glenn, Christopher Chaplain, Bob Weathers, Dan Nickerson, and Sven Sinclair.

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

Sincerely,

A handwritten signature in black ink that reads "Stephen C. Goss". The signature is written in a cursive style with a large initial 'S' and a distinct 'C' and 'G'.

Stephen C. Goss
Chief Actuary

Enclosure

Table 1 - OASDI Cost Rate, Income Rate, Annual Balance, and Trust Fund Ratio

Preliminary Estimated Effects of "Seniors and Veterans Emergency (SAVE) Benefits Act" Introduced by Senator Elizabeth Warren on November 5, 2015

Proposal					Change from Present Law		
Expressed as a percentage of present-law taxable payroll					Expressed as a percentage of present-law taxable payroll		
Year	Cost Rate	Income Rate	Annual Balance	Trust Fund Ratio 1-1-year	Cost Rate	Income Rate	Annual Balance
2015	14.13	12.82	-1.31	308	0.00	0.00	0.00
2016	13.88	12.88	-1.00	298	0.00	0.00	0.00
2017	13.89	12.91	-0.98	280	0.00	0.00	0.00
2018	13.97	12.94	-1.03	264	0.00	0.00	0.00
2019	14.09	12.95	-1.14	248	0.00	0.00	0.00
2020	14.23	12.96	-1.26	233	0.00	0.00	0.00
2021	14.35	12.98	-1.36	219	0.00	0.00	0.00
2022	14.52	13.01	-1.51	204	0.00	0.00	0.00
2023	14.72	13.04	-1.69	189	0.00	0.01	0.01
2024	14.96	13.12	-1.83	173	0.00	0.06	0.06
2025	15.16	13.14	-2.02	158	0.00	0.06	0.06
2026	15.36	13.16	-2.20	143	0.00	0.06	0.06
2027	15.56	13.17	-2.38	127	0.00	0.06	0.06
2028	15.75	13.19	-2.56	112	0.00	0.06	0.06
2029	15.93	13.20	-2.73	96	0.00	0.06	0.06
2030	16.10	13.22	-2.88	80	0.00	0.06	0.06
2031	16.24	13.23	-3.01	63	0.00	0.06	0.06
2032	16.37	13.24	-3.13	45	0.00	0.06	0.06
2033	16.48	13.25	-3.23	26	0.00	0.06	0.06
2034	16.55	13.25	-3.30	8	0.00	0.06	0.06
2035	16.62	13.26	-3.36	----	0.00	0.06	0.06
2036	16.68	13.27	-3.41	----	0.00	0.06	0.06
2037	16.72	13.27	-3.45	----	0.00	0.06	0.06
2038	16.73	13.27	-3.46	----	0.00	0.06	0.06
2039	16.73	13.28	-3.45	----	0.00	0.06	0.06
2040	16.71	13.28	-3.43	----	0.00	0.06	0.06
2041	16.69	13.28	-3.41	----	0.00	0.06	0.06
2042	16.67	13.28	-3.39	----	0.00	0.06	0.06
2043	16.64	13.28	-3.36	----	0.00	0.06	0.06
2044	16.62	13.28	-3.34	----	0.00	0.06	0.06
2045	16.60	13.28	-3.32	----	0.00	0.06	0.06
2046	16.57	13.28	-3.29	----	0.00	0.06	0.06
2047	16.56	13.28	-3.28	----	0.00	0.06	0.06
2048	16.55	13.28	-3.27	----	0.00	0.06	0.06
2049	16.54	13.28	-3.26	----	0.00	0.06	0.06
2050	16.54	13.28	-3.26	----	0.00	0.06	0.06
2051	16.55	13.28	-3.27	----	0.00	0.06	0.06
2052	16.57	13.29	-3.29	----	0.00	0.06	0.06
2053	16.60	13.29	-3.31	----	0.00	0.06	0.06
2054	16.64	13.29	-3.35	----	0.00	0.06	0.06
2055	16.69	13.30	-3.39	----	0.00	0.06	0.06
2056	16.74	13.30	-3.44	----	0.00	0.06	0.06
2057	16.79	13.30	-3.49	----	0.00	0.06	0.06
2058	16.85	13.31	-3.54	----	0.00	0.06	0.06
2059	16.90	13.31	-3.59	----	0.00	0.06	0.06
2060	16.95	13.32	-3.64	----	0.00	0.06	0.06
2061	17.00	13.32	-3.68	----	0.00	0.06	0.06
2062	17.06	13.32	-3.73	----	0.00	0.06	0.06
2063	17.11	13.33	-3.78	----	0.00	0.06	0.06
2064	17.16	13.33	-3.83	----	0.00	0.06	0.06
2065	17.22	13.33	-3.88	----	0.00	0.06	0.06
2066	17.27	13.34	-3.94	----	0.00	0.06	0.06
2067	17.33	13.34	-3.99	----	0.00	0.06	0.06
2068	17.39	13.35	-4.04	----	0.00	0.06	0.06
2069	17.45	13.35	-4.10	----	0.00	0.06	0.06
2070	17.50	13.35	-4.15	----	0.00	0.06	0.06
2071	17.55	13.36	-4.20	----	0.00	0.06	0.06
2072	17.60	13.36	-4.24	----	0.00	0.06	0.06
2073	17.63	13.36	-4.27	----	0.00	0.06	0.06
2074	17.66	13.36	-4.30	----	0.00	0.06	0.06
2075	17.68	13.37	-4.32	----	0.00	0.06	0.06
2076	17.70	13.37	-4.33	----	0.00	0.06	0.06
2077	17.70	13.37	-4.34	----	0.00	0.06	0.07
2078	17.71	13.37	-4.34	----	0.00	0.07	0.07
2079	17.71	13.37	-4.34	----	0.00	0.07	0.07
2080	17.71	13.37	-4.34	----	0.00	0.07	0.07
2081	17.71	13.37	-4.35	----	0.00	0.07	0.07
2082	17.73	13.37	-4.36	----	0.00	0.07	0.07
2083	17.75	13.37	-4.38	----	0.00	0.07	0.07
2084	17.78	13.37	-4.40	----	0.00	0.07	0.07
2085	17.81	13.37	-4.43	----	0.00	0.07	0.07
2086	17.85	13.38	-4.47	----	0.00	0.07	0.07
2087	17.89	13.38	-4.51	----	0.00	0.07	0.07
2088	17.93	13.38	-4.55	----	0.00	0.07	0.07
2089	17.97	13.38	-4.59	----	0.00	0.07	0.07
2090	18.01	13.39	-4.63	----	0.00	0.07	0.07

Summarized Rates: OASDI				
	Cost Rate	Income Rate	Actuarial Balance	Year of reserve depletion ¹
2015 - 2089	16.55%	13.92%	-2.63%	2034

Summarized Rates: OASDI		
Change in Cost rate	Change in Income Rate	Change in Actuarial Balance
0.00%	0.05%	0.05%

Office of the Chief Actuary
 Social Security Administration
 November 5, 2015

Based on Intermediate Assumptions of the 2015 Trustees Report.
¹ Under present law the year of combined Trust Fund reserve depletion is 2034.