



SOCIAL SECURITY

September 30, 2015

The Honorable Ron Wyden
 United States Senate
 Washington, D.C. 20510

The Honorable Sandy Levin
 United States House of Representatives
 Washington, D.C. 20515

Dear Senator Wyden and Representative Levin:

The Board of Trustees of the Federal Old-Age and Survivors Insurance (OASI) and Federal Disability Insurance (DI) Trust Funds released the 2015 Annual Report on July 22, 2015. Under the intermediate assumptions, the Trustees project that the OASI Trust Fund reserves will become depleted and unable to pay scheduled benefits in full on a timely basis starting in 2035. However, the Trustees project that the DI Trust Fund reserves will become depleted much sooner, in the fourth quarter of 2016. The reserves of the combined OASI and DI Trust Funds are projected to become depleted in 2034 under the intermediate assumptions of the 2015 Trustees Report.

This letter presents our estimates of the effects on the OASI and DI Trust Funds of enacting the temporary reallocation of the payroll tax rate proposed in S. 2090 and H.R. 3621, identical bills introduced on September 28, 2015. We estimate this reallocation will equalize the projected years of reserve depletion for the two trust funds to 2034. We base these estimates on the intermediate assumptions of the 2015 Trustees Report.

The proposal would increase the total (employee plus employer) payroll tax rate for the DI Trust Fund by 0.85 percentage point, from 1.8 to 2.65 percent, for calendar years 2016 through 2020. The payroll tax rate for the OASI Trust Fund would be reduced by an equal amount so that the total OASDI payroll tax rate for these years would be unchanged.

The table below shows Social Security payroll tax rates for years 2015 and later under present law and under the proposal.

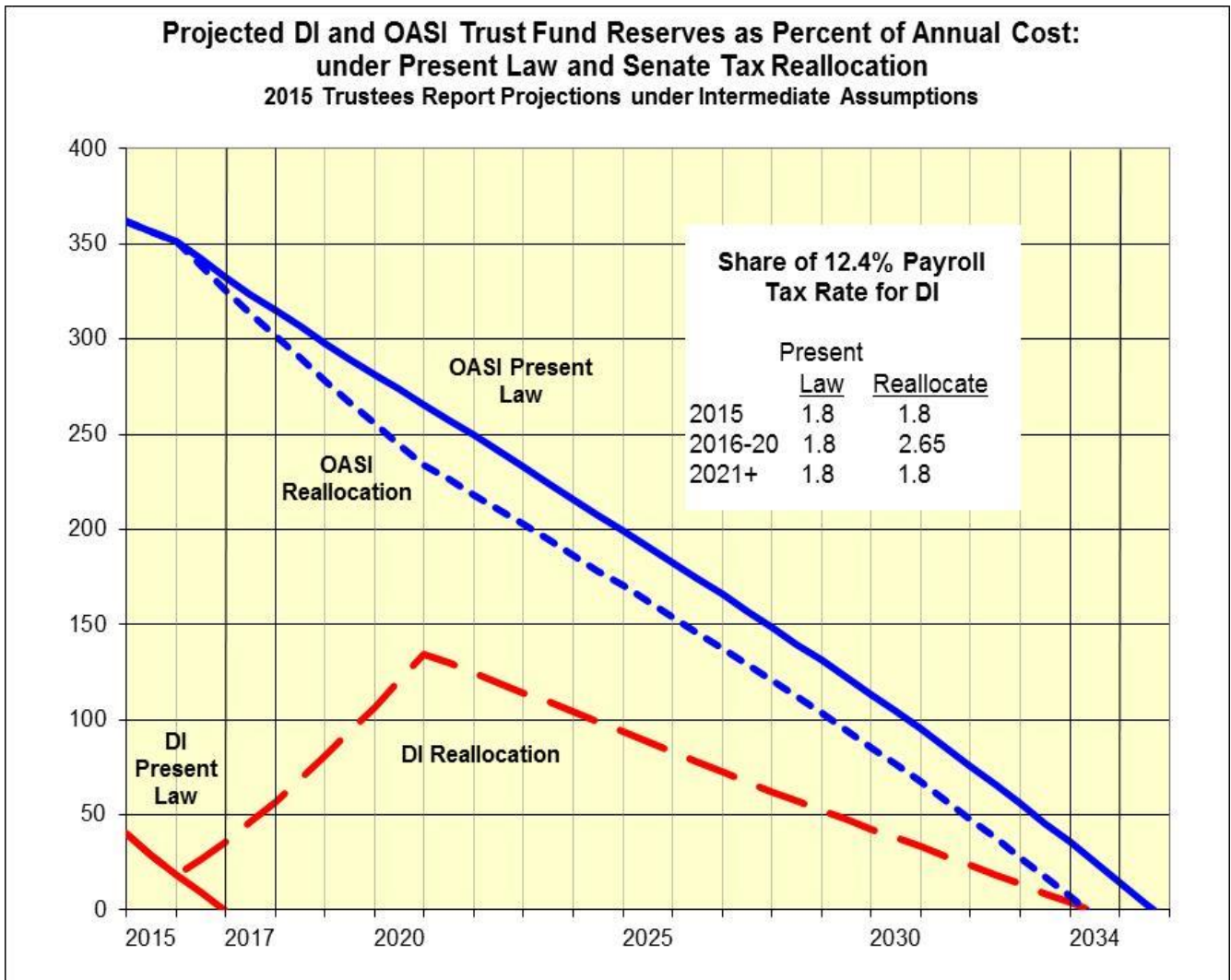
Social Security Payroll Tax Rates							
Calendar Years	Employees and employers each			Self-employed			
	OASDI	OASI	DI	OASDI	OASI	DI	
<i>Rates scheduled under present law</i>							
2015+	6.2%	5.3%	0.9%	12.4%	10.6%	1.8%	
<i>Rates proposed in S. 2090 and H.R. 3621</i>							
2015	6.2%	5.3%	0.9%	12.4%	10.6%	1.8%	
2016-20	6.2	4.875	1.325	12.4	9.75	2.65	
2021+	6.2	5.3	0.9	12.4	10.6	1.8	

Note: Rates for 2015 and years after 2020 are unchanged under the proposal.

Under the proposed reallocation of tax rates, we project the following:

- The financial status of the combined OASI and DI Trust Funds is essentially the same as under present law. The combined asset reserves of the OASI and DI Trust Funds would become depleted in 2034. After reserve depletion in 2034, tax income would be sufficient to cover 79 percent of cost. This percent drops to 73 by 2089.
- The asset reserves of the OASI Trust Fund would become depleted in 2034. After reserve depletion in 2034, tax income would cover 77 percent of cost. This percent drops to 71 by 2088.
- The asset reserves of the DI Trust Fund would become depleted in 2034. After reserve depletion in 2034, non-interest income would cover 89 percent of cost. This percent drops to 81 by 2089.

The graph below shows present law DI and OASI Trust Fund reserves as a percentage of annual cost under present law and under this reallocation schedule.



The table below shows Trust Fund ratios (the amount of trust fund asset reserves at the beginning of the year expressed as a percent of annual program cost for the year) for the OASI and DI Trust Funds under current law and under the proposed reallocation schedule, as well as those of the combined OASDI Trust Fund.

Calendar Year	Trust Fund Ratios				
	OASI		DI		OASDI Combined
	Current Law	Proposal	Current Law	Proposal	
2015	362	362	40	40	308
2016	351	351	18	18	298
2017	333	326	---	35	280
2018	315	302	---	57	264
2019	298	278	---	81	249
2020	281	256	---	107	234
2021	266	234	---	134	219
2022	249	218	---	125	205
2023	233	203	---	114	190
2024	216	186	---	104	175
2025	199	170	---	94	160
2026	183	154	---	83	145
2027	166	138	---	73	129
2028	149	121	---	62	113
2029	131	104	---	52	97
2030	113	86	---	43	80
2031	95	67	---	33	63
2032	76	48	---	24	45
2033	56	28	---	14	26
2034	35	7	---	4	7
2035	15	---	---	---	---

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

Sincerely,

Handwritten signature of Stephen C. Goss in black ink.

Stephen C. Goss, Chief Actuary

Handwritten signature of Karen P. Glenn in black ink.

Karen P. Glenn, Acting Deputy Chief Actuary

Handwritten signature of Chris Chaplain in black ink.

Chris Chaplain, Supervisory Actuary