



SOCIAL SECURITY
Office of the Chief Actuary

September 19, 2018

The Honorable Robert P. Casey, Jr.
United States Senate
Washington, D.C. 20510

Dear Senator Casey:

This letter is in response to your request for our estimates of the financial effects on the Social Security (OASDI) program assuming enactment of S. 3457, the “Surviving Widow(er) Income Fair Treatment Act of 2018” or the “SWIFT Act”, which you introduced yesterday. We have enjoyed working with Keith Miller of your staff in the development of this Bill. These estimates provided here reflect the combined effort of many in the Office of the Chief Actuary, but most particularly Karen Glenn, Chris Chaplain, Kyle Burkhalter, Daniel Nickerson, and Anna Kirjusina.

This Bill contains several provisions which would directly affect benefits paid under the OASDI program beginning in 2020. Section 2 of the Bill would increase the availability and level of benefits for disabled widows, disabled widowers, and surviving divorced spouses with disabilities. Section 3 of the Bill would expand the availability of spouse and surviving spouse benefits based on having a child beneficiary in care. Section 4 of the Bill would modify the level of benefits available for widow(er)s and surviving divorced spouses, providing increased monthly benefits for those deferring or temporarily suspending receipt after becoming initially eligible for the benefit.

We estimate that enactment of this Bill would result in a net increase in OASDI benefit cost starting in 2020, reducing (worsening) the long-range OASDI actuarial balance by 0.05 percent of taxable payroll, from a deficit of 2.84 percent of payroll under current law to a deficit of 2.89 percent of payroll with enactment of the Bill. The estimated year of combined OASI and DI Trust Fund reserve depletion would remain at 2034. The enclosed Table 1 provides estimates of the annual effects on OASDI cost and income as a percent of present-law taxable payroll, and the level of combined trust fund reserves assuming enactment of the Bill under the intermediate assumptions of the 2018 OASDI Trustees Report. The balance of this letter provides a detailed description of our understanding of the intent of each section of the Bill affecting the OASDI program, our estimates of the effects of each section on the financial status of the OASDI program, and our estimates of the numbers of individuals who would be directly affected by each section in 2018 if the provisions had always been in effect.

Section 2 of the Bill would increase the availability and level of benefits for disabled widows, disabled widowers, and surviving divorced spouses with disabilities. This section of the Bill would: (1) eliminate the requirement that disabled widow(er)s and surviving divorced spouses with disabilities must reach age 50 before being able to claim survivor benefits on the earnings record of a deceased spouse; (2) eliminate the requirement that disabled widow(er)s and surviving divorced spouses with disabilities must acquire their disability within seven years of their spouse's death¹; and (3) increase the level of the monthly benefit provided for disabled widow(er)s and surviving divorced spouses with disabilities from as little as 71.5 percent (for those becoming entitled at age 60 or under) to 100 percent of the primary insurance amount (PIA) of the deceased spouse (for those becoming entitled at any age), plus any delayed retirement credit (DRC) that may have been earned by the deceased spouse. This change would apply for benefits payable to all disability widow(er)s and surviving divorced spouses with disabilities on or after January 1, 2020, including all widow(er) beneficiaries over their normal retirement age (NRA) if they had been in receipt of a widow(er) benefit based on disability immediately prior to attaining their NRA. We estimate that these three provisions in Section 2 would decrease (worsen) the long-range OASDI actuarial balance by 0.02 percent of taxable payroll. As an illustration of the ultimate effect of this section, we estimate that about 640,000 widow(er)s would have increased benefit levels, or would be additionally receiving benefits in 2018 if these three provisions had always been in effect.

Section 3 of the Bill would expand the availability of spouse and surviving spouse benefits based on having a child beneficiary in care. Under current law, a spouse or surviving spouse is eligible to receive child-in-care benefits only if they have a child beneficiary in their care who is under age 16 (or is at least age 18 and became disabled before age 22). Under this section, eligibility for spouse and surviving spouse benefits based on child in care would be expanded to include those caring for a qualifying child under age 18, or under age 19 if the child is still enrolled in primary or secondary school on a full-time basis. This expanded benefit eligibility would apply for benefits payable on or after January 1, 2020. We estimate that Section 3 would decrease (worsen) the long-range OASDI actuarial balance by 0.01 percent of taxable payroll. As an illustration of the ultimate effect of this section, we estimate that about 50,000 additional spouses and surviving spouses would be receiving benefits in 2018 if this provision had always been in effect.

Section 4 of the Bill would modify the level of benefits available for widow(er)s and surviving divorced spouses, providing increased monthly benefits for those deferring or temporarily suspending receipt after becoming initially eligible for the benefit. Whenever the benefit level that would be provided under current law is less than 100 percent of the deceased spouse's PIA, the monthly benefit increase for delayed claiming or suspension would be calculated based on the reduction schedule for widow(er) benefits between age 60 and the surviving spouse's NRA (for example, the benefit would be increased at the rate of about 4.1 percentage points of PIA per year of deferral or suspension if the surviving spouse's NRA is 67, and about 4.7 percentage points if the surviving spouse's NRA is 66), up to the point where the widow(er) benefit reaches 100 percent of the deceased worker's PIA. Any delay in claiming or suspension for a widow(er) with a benefit at or above 100 percent of the deceased worker's PIA would earn a benefit

¹ Additional conditions may affect the seven-year period. These can be found at <https://secure.ssa.gov/apps10/poms.nsf/lnx/0411005050>.

increase at the retired-worker delayed retirement credit rate (8 percent of PIA per year for workers born in 1943 and later). The maximum benefit possible for the widow(er) under this provision would be the benefit the deceased worker could have received if he or she retired with maximum DRCs, e.g., 124 percent of PIA for deceased workers with an NRA of 67 or 132 percent of PIA for deceased workers with an NRA of 66.

Widow(er)s may only earn increased benefit levels under this provision by delaying or suspended their benefits *after* the effective date of this Bill, January 1, 2020. We estimate that Section 4 would decrease (worsen) the long-range OASDI actuarial balance by 0.02 percent of taxable payroll. As an illustration of the ultimate effect of this section, we estimate that about 400,000 widow(er) beneficiaries would be receiving higher monthly benefits in 2018 if this provision had always been in effect.

Note that the maximum family benefit payable on the account of a worker would not be affected by the provisions of Sections 2, 3, and 4.

In addition, Section 5 of this Bill would establish that individuals currently receiving federal means-tested public benefits would not face any loss in benefit eligibility or benefit amounts due to any increase in their OASDI benefits as a result of the enactment of this legislation. Section 6 would require the Social Security Administration to publish a booklet containing information on survivor benefits and the intricacies of claiming decisions and to proactively send this booklet to widows, widowers, and surviving divorced spouses when the Social Security Administration becomes aware of the death of their spouse. We do not expect Sections 5 and 6 to affect the long-range OASDI actuarial balance.

We hope these estimates are 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, flowing style.

Stephen C. Goss, ASA, MAAA
Chief Actuary

Enclosure

**Table 1 - OASDI Cost Rate, Income Rate, Annual Balance, and Trust Fund Ratio
S.3457, the "Surviving Widow(er) Income Fair Treatment Act of 2018" or the "SWIFT Act"**

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
2018	13.81	12.64	-1.17	288	0.00	0.00	0.00
2019	13.95	12.87	-1.08	272	0.00	0.00	0.00
2020	14.16	12.89	-1.27	255	0.04	0.00	-0.04
2021	14.31	12.92	-1.39	239	0.03	0.00	-0.03
2022	14.47	12.95	-1.52	222	0.03	0.00	-0.03
2023	14.65	12.97	-1.69	204	0.03	0.00	-0.03
2024	14.84	13.00	-1.84	187	0.03	0.00	-0.03
2025	15.02	13.01	-2.01	170	0.03	0.00	-0.03
2026	15.19	13.14	-2.06	152	0.04	0.00	-0.03
2027	15.40	13.16	-2.25	136	0.04	0.00	-0.04
2028	15.62	13.17	-2.45	119	0.04	0.00	-0.04
2029	15.83	13.19	-2.64	102	0.04	0.00	-0.04
2030	16.03	13.20	-2.82	84	0.04	0.00	-0.04
2031	16.20	13.22	-2.99	67	0.04	0.00	-0.04
2032	16.36	13.23	-3.13	49	0.05	0.00	-0.04
2033	16.50	13.24	-3.26	30	0.05	0.00	-0.04
2034	16.61	13.25	-3.36	11	0.05	0.00	-0.05
2035	16.70	13.26	-3.44	----	0.05	0.00	-0.05
2036	16.77	13.26	-3.51	----	0.05	0.00	-0.05
2037	16.84	13.27	-3.57	----	0.05	0.00	-0.05
2038	16.87	13.27	-3.60	----	0.05	0.00	-0.05
2039	16.89	13.28	-3.61	----	0.05	0.00	-0.05
2040	16.88	13.28	-3.61	----	0.05	0.00	-0.05
2041	16.86	13.28	-3.59	----	0.05	0.00	-0.05
2042	16.83	13.28	-3.56	----	0.06	0.00	-0.05
2043	16.79	13.27	-3.52	----	0.06	0.00	-0.05
2044	16.75	13.27	-3.48	----	0.06	0.00	-0.05
2045	16.72	13.27	-3.44	----	0.06	0.00	-0.05
2046	16.68	13.27	-3.41	----	0.06	0.00	-0.05
2047	16.66	13.27	-3.39	----	0.06	0.00	-0.05
2048	16.63	13.27	-3.36	----	0.06	0.00	-0.05
2049	16.61	13.27	-3.34	----	0.06	0.00	-0.05
2050	16.60	13.27	-3.33	----	0.06	0.00	-0.05
2051	16.59	13.27	-3.32	----	0.06	0.00	-0.05
2052	16.59	13.27	-3.32	----	0.05	0.00	-0.05
2053	16.60	13.27	-3.32	----	0.05	0.00	-0.05
2054	16.61	13.28	-3.34	----	0.05	0.00	-0.05
2055	16.64	13.28	-3.36	----	0.05	0.00	-0.05
2056	16.68	13.28	-3.40	----	0.05	0.00	-0.05
2057	16.72	13.29	-3.43	----	0.05	0.00	-0.05
2058	16.77	13.29	-3.47	----	0.05	0.00	-0.05
2059	16.81	13.29	-3.52	----	0.05	0.00	-0.05
2060	16.86	13.30	-3.56	----	0.05	0.00	-0.05
2061	16.91	13.30	-3.61	----	0.05	0.00	-0.05
2062	16.96	13.31	-3.66	----	0.05	0.00	-0.05
2063	17.01	13.31	-3.70	----	0.05	0.00	-0.05
2064	17.07	13.31	-3.75	----	0.05	0.00	-0.05
2065	17.12	13.32	-3.80	----	0.05	0.00	-0.05
2066	17.18	13.32	-3.86	----	0.05	0.00	-0.05
2067	17.24	13.33	-3.91	----	0.05	0.00	-0.05
2068	17.29	13.33	-3.96	----	0.05	0.00	-0.05
2069	17.36	13.33	-4.02	----	0.05	0.00	-0.05
2070	17.42	13.34	-4.08	----	0.05	0.00	-0.05
2071	17.47	13.34	-4.13	----	0.05	0.00	-0.05
2072	17.52	13.35	-4.17	----	0.05	0.00	-0.05
2073	17.57	13.35	-4.22	----	0.05	0.00	-0.05
2074	17.61	13.35	-4.25	----	0.05	0.00	-0.05
2075	17.64	13.36	-4.28	----	0.05	0.00	-0.05
2076	17.66	13.36	-4.31	----	0.05	0.00	-0.05
2077	17.68	13.36	-4.32	----	0.05	0.00	-0.05
2078	17.68	13.36	-4.32	----	0.05	0.00	-0.05
2079	17.67	13.36	-4.31	----	0.05	0.00	-0.05
2080	17.66	13.36	-4.30	----	0.05	0.00	-0.05
2081	17.64	13.36	-4.28	----	0.05	0.00	-0.05
2082	17.62	13.36	-4.27	----	0.05	0.00	-0.05
2083	17.61	13.36	-4.25	----	0.05	0.00	-0.05
2084	17.59	13.35	-4.24	----	0.05	0.00	-0.05
2085	17.58	13.35	-4.23	----	0.05	0.00	-0.05
2086	17.58	13.35	-4.23	----	0.05	0.00	-0.05
2087	17.58	13.35	-4.23	----	0.05	0.00	-0.05
2088	17.60	13.35	-4.24	----	0.05	0.00	-0.05
2089	17.62	13.36	-4.26	----	0.05	0.00	-0.05
2090	17.65	13.36	-4.29	----	0.05	0.00	-0.05
2091	17.69	13.36	-4.32	----	0.05	0.00	-0.05
2092	17.73	13.36	-4.36	----	0.05	0.00	-0.05
2093	17.77	13.37	-4.41	----	0.05	0.00	-0.05

Summarized Rates: OASDI				
	Cost Rate	Income Rate	Actuarial Balance	Year of reserve depletion ¹
2018 - 2092	16.73%	13.85%	-2.89%	2034

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

Based on Intermediate Assumptions of the 2018 Trustees Report.

¹ Under present law the year of combined Trust Fund reserve depletion is 2034.