

Category B: Level of Monthly Benefits

Description of proposed provisions	Year of Trustees Report Baseline	Current law (percent of payroll)		Change from current law		Shortfall eliminated	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
<u>B1.6</u> <u>(2025)</u>	Progressive price indexing (30th percentile) of PIA factors beginning with individuals newly eligible for OASI benefits in 2025: Create a new bend point at the 30th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 30th percentile and below. Reduce the 32 and 15 percent factors above the 30th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum grows by inflation rather than the growth in the SSA average wage index. Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired-worker beneficiary status. Young survivors (children of deceased workers and surviving spouses with a child in care) are not affected.	2021	-3.54	-4.34	1.46	3.74	41% 86%
<u>B1.6</u> <u>(2030)</u>	Progressive price indexing (30th percentile) of PIA factors beginning with individuals newly eligible for OASI benefits in 2030: Create a new bend point at the 30th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 30th percentile and below. Reduce the 32 and 15 percent factors above the 30th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum grows by inflation rather than the growth in the SSA average wage index. Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired-worker beneficiary status.	2021	-3.54	-4.34	1.23	3.51	35% 81%
<u>B1.7</u>	Progressive price indexing (40th percentile) of PIA factors for individuals newly eligible for OASI benefits in 2029 through 2066: Create a new bend point at the 40th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 40th percentile and below. Reduce the 32 and 15 percent factors above the 40th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum grows by inflation rather than the growth in the SSA average wage index. Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired-worker beneficiary status. Young survivors (children of deceased workers and surviving spouses with a child in care) are not affected.	2021	-3.54	-4.34	1.03	2.48	29% 57%

Category B: Level of Monthly Benefits (continued)

Description of proposed provisions	Year of Trustees Report Baseline	Current law (percent of payroll)		Change from current law		Shortfall eliminated	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
B1.8 Progressive price indexing (50th percentile) of PIA factors for individuals newly eligible for OASI benefits in 2026 through 2065: Create a new bend point at the 50th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 50th percentile and below. Reduce the 32 and 15 percent factors above the 50th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum grows by inflation rather than the growth in the SSA average wage index. Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired-worker beneficiary status.	2021	-3.54	-4.34	0.98	2.23	28%	51%
B3.1 Beginning with those newly eligible for OASDI benefits in 2018, multiply the 32 and 15 percent PIA factors each year by 0.987. Stop reductions after 2048, when the factors reach 21 percent and 10 percent, respectively.	2017	-2.83	-4.48	1.54	2.96	54%	66%
B3.2 Beginning with those newly eligible for OASI benefits in 2025, multiply the 90 and 32 percent PIA factors each year by 0.9925 and 0.982, respectively. Stop reductions after 2062. Beginning with those newly eligible for OASI benefits in 2020, multiply the 15 factor by 0.982. Stop reduction of the 15 factor after 2057. Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired-worker beneficiary status. Child beneficiaries and spouses with a child in care under the OASI program are not affected by this proposal.	2017	-2.83	-4.48	2.05	5.26	72%	117%
B3.3 Beginning with those newly eligible for OASDI benefits in 2018, use a modified primary insurance amount (PIA) formula. The modified formula: (1) increases the first bend point to the equivalent of \$800 in 2009 (about \$952 in 2017); (2) places a new bend point 75 percent of the way between the reset first bend point and the current-law second bend point; (3) lowers the PIA factor between the new bend point and the upper bend point from 32 percent to 20 percent; and (4) lowers the factor above the upper bend point from 15 percent to 10 percent.	2017	-2.83	-4.48	0.22	0.29	8%	7%
B3.4 Beginning with those newly eligible for OASDI benefits in 2021, multiply all PIA factors each year by 0.991. Stop reductions after 2049. Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired-worker beneficiary status. Young survivors (children of deceased workers and surviving spouses with a child in care) are not affected.	2017	-2.83	-4.48	1.50	3.15	53%	70%

Category B: Level of Monthly Benefits (continued)

Description of proposed provisions	Year of Trustees Report Baseline	Current law (percent of payroll)		Change from current law		Shortfall eliminated	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
B3.5	Progressive indexing (30th percentile) of PIA factors beginning with individuals newly eligible for OASI benefits in 2020, continuing through 2057, and resuming in 2078: Create a new bend point at the 30th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 30th percentile and below. Reduce the 32 and 15 percent factors above the 30th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum is reduced by 1.20 percent per year as compared to current law (for the years that progressive indexing applies). Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired-worker beneficiary status.	2017	-2.83	-4.48	1.33	3.11	47% 69%
B3.6	Progressive indexing (30th percentile) of PIA factors beginning with individuals newly eligible for OASI benefits in 2020, continuing through 2069: Create a new bend point at the 30th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 30th percentile and below. Reduce the 32 and 15 percent factors above the 30th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum is reduced by 1.20 percent per year as compared to current law (for the years that progressive indexing applies). Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired-worker beneficiary status.	2017	-2.83	-4.48	1.41	3.57	50% 80%
B3.7	Progressive indexing (30th percentile) of PIA factors beginning with individuals newly eligible for OASI benefits in 2020, continuing through 2029, and resuming in 2068: Create a new bend point at the 30th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 30th percentile and below. Reduce the 32 and 15 percent factors above the 30th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum is reduced by 1.20 percent per year as compared to current law (for the years that progressive indexing applies). Disabled workers are: (a) not affected prior to normal retirement age; and (b) subject to a proportional reduction in benefits, based on the worker's years of disability, upon conversion to retired-worker beneficiary status.	2017	-2.83	-4.48	0.61	1.60	22% 36%
B7.1	Reduce benefits by 3 percent for those newly eligible for benefits in 2018 and later.	2017	-2.83	-4.48	0.37	0.51	13% 11%
B7.4	Increase benefits by 2 percent for all beneficiaries as of the beginning of 2018 and for those newly eligible for benefits after the beginning of 2018.	2017	-2.83	-4.48	-0.31	-0.34	-11% -7%

Category B: Level of Monthly Benefits (continued)

	Description of proposed provisions	Year of Trustees Report Baseline	Current law (percent of payroll)		Change from current law		Shortfall eliminated	
			Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
B7.6	Increase benefits by 20 percent for all beneficiaries as of the beginning of 2018 and for those newly eligible for benefits after the beginning of 2018.	2017	-2.83	-4.48	-3.10	-3.36	-110%	-75%
B7.8	Replace the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) with a revised reduction for most OASI benefits based on all earnings, beginning with beneficiaries newly eligible in 2031.	2024	-3.50	-4.64	0.69	0.11	2%	2%
B7.10	Replace the current-law WEP with a new calculation for most OASI and DI benefits based on covered and non-covered earnings, phased in for beneficiaries becoming newly eligible in 2031 through 2040. For this new approach, compute a PIA based on all past earnings (covered and non-covered), and multiply by the non-covered earnings ratio. This ratio is equal to the current-law concept of the average indexed monthly earnings computed without non-covered earnings divided by a modified average indexed monthly earnings that includes both covered and non-covered earnings in agency records.	2024	-3.50	-4.64	0.05	0.08	1%	2%
B7.14	Eliminate completely the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO), effective 2025.	2024	-3.50	-4.64	-0.12	-0.12	-4%	-3%

Category C: Retirement Age

	Description of proposed provisions	Year of Trustees Report Baseline	Current law (percent of payroll)		Change from current law		Shortfall eliminated	
			Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
C1.5	Starting in 2022, allow workers to choose whether to have their payroll tax rate reduced by 2 percentage points. For each calendar year that a worker chooses to have their payroll tax reduced, their normal retirement age (NRA) increases 1 month. We assume 2/3 of workers each year will choose this payroll reduction. The General Fund of the Treasury reimburses the OASI and DI Trust Funds for the reduction in payroll tax revenue.	2021	-3.54	-4.34	0.69	1.21	20%	28%

Category E: Payroll Taxes (including maximum taxable)

	Description of proposed provisions	Year of Trustees Report Baseline	Current law (percent of payroll)		Change from current law		Shortfall eliminated	
			Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
E1.3	Reduce the payroll tax rate (currently 12.4 percent) to 11.4 percent in 2018 and later.	2017	-2.83	-4.48	-0.97	-1.01	-34%	-23%

Category E: Payroll Taxes (including maximum taxable) (continued)

Description of proposed provisions	Year of Trustees Report Baseline	Current law (percent of payroll)		Change from current law		Shortfall eliminated	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
E1.5 Increase the payroll tax rate (currently 12.4 percent) to 12.6 percent in 2020, 12.9 percent in 2028, 13.1 percent in 2038, 13.9 percent in 2048, 13.5 percent in 2058, and 13.3 percent in 2068 and later.	2017	-2.83	-4.48	0.76	0.91	27%	20%
E1.6 Increase the payroll tax rate (currently 12.4 percent) to 12.6 percent in 2020, 12.9 percent in 2028, 13.3 percent in 2038, 13.8 percent in 2048, 14.4 percent in 2068, and 14.5 percent in 2083 and later.	2017	-2.83	-4.48	1.07	2.07	38%	46%
E1.7 Increase the payroll tax rate (currently 12.4 percent) to 12.7 percent in 2020, 13.0 percent in 2033, 13.3 percent in 2048, 14.0 percent in 2068, 14.5 percent in 2078, and 14.7 percent in 2088 and later.	2017	-2.83	-4.48	0.88	2.25	31%	50%
E2.3 Eliminate the taxable maximum in years 2022 and later, and apply full 12.4 percent payroll tax rate to all earnings. Provide benefit credit for earnings above the current-law taxable maximum. Create a new bend point at the current-law taxable maximum with a 3 percent formula factor applying above the new bend point.	2021	3.54	4.34	2.34	2.38	66%	55%
E2.6 Apply a 3 percent payroll tax on earnings above the current-law taxable maximum starting in 2022. Do not provide benefit credit for earnings above the current-law taxable maximum.	2021	-3.54	-4.34	0.66	0.70	19%	16%
E2.7 Apply a 6 percent payroll tax on earnings above the current-law taxable maximum starting in 2018. Do not provide benefit credit for earnings above the current-law taxable maximum.	2017	-2.83	-4.48	1.19	1.25	42%	28%
E2.8 Apply a 2 percent payroll tax on earnings above the current-law taxable maximum for years 2024-2071, and a 3 percent rate for years 2072 and later. Do not provide benefit credit for earnings above the current-law taxable maximum.	2021	-3.54	-4.34	0.49	0.69	14%	16%
E2.9 Apply the following payroll tax rates above the current-law taxable maximum: 2.0 percent in 2020, 3.0 percent in 2033, 3.5 percent in 2048, 4.5 percent in 2058, and 5.5 percent in 2068 and later. Do not provide benefit credit for earnings above the current-law taxable maximum.	2017	-2.83	-4.48	0.71	1.14	25%	25%
E2.10 Eliminate the taxable maximum in years 2028 and later. Phase in elimination by taxing all earnings above the current-law taxable maximum at: 1.24 percent in 2019, 2.48 percent in 2020, and so on, up to 12.40 percent in 2028. Provide benefit credit for earnings above the current-law taxable maximum. Create a new bend point at the current-law taxable maximum with a 5 percent formula factor applying above the new bend point.	2017	-2.83	-4.48	1.91	2.05	68%	46%
E3.3 Increase the taxable maximum such that 90 percent of earnings would be subject to the payroll tax (phased in 2019-2024). Provide benefit credit for earnings up to the revised taxable maximum.	2017	-2.83	-4.48	0.77	0.64	27%	14%
E3.4 Increase the taxable maximum from \$106,800 to \$115,200 (in 2009 AWI-indexed dollars), or from \$142,200 to \$153,300 in 2020, phased in 2018-2020. Provide benefit credit for earnings up to the revised taxable maximum.	2017	-2.83	-4.48	0.11	0.08	4%	2%

Category F: Coverage of Employment or Earnings, or Inclusion of Other Sources of Revenue

Description of proposed provisions	Year of Trustees Report Baseline	Current law (percent of payroll)		Change from current law		Shortfall eliminated	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
F5 Tax Reform for Business: Establish a value added tax (VAT) of 3.0 percent for 2023 and 6.5 percent for 2024 and later. Assume about 75% of personal consumption expenditures is subject to the VAT.	2021	-3.54	-4.34	-0.01	0.17	-0%	4%

Category H: Taxation of Benefits

Description of proposed provisions	Year of Trustees Report Baseline	Current law (percent of payroll)		Change from current law		Shortfall eliminated	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
H1 Starting in 2018, tax Social Security benefits in a manner similar to private pension income. Phase out the lower-income thresholds during 2018-2027.	2017	-2.83	-4.48	0.20	0.15	7%	3%
H3 Starting in 2023, modify personal income tax by: (a) establishing two-brackets with marginal rates of 15 and 27 percent separated at \$51,000 (CPI indexed); (b) creating a non-refundable credit for low-income tax filers age 65 and older; and (c) treating capital gains as regular income. Tax all Social Security benefits at the applicable marginal rate (15 or 27 percent) less 7.5 percent, with 60 percent of this revenue going to OASDI and 40 percent going to HI.	2021	-3.54	-4.34	-0.04	-0.09	-1%	-2%