Summary Measures and Graphs

Category of Change: Level of Monthly Benefits

Proposed Provision: B3.16. For retired worker and disabled worker beneficiaries becoming initially eligible in January 2027 or later, phase in a new benefit formula (from 2027 to 2036). Replace the existing two primary insurance amount (PIA) bend points with three new bend points as follows: (1) 25% AWI/12 from 2 years prior to initial eligibility; (2) 100% AWI/12 from 2 years prior to initial eligibility; and (3) 125% AWI/12 from 2 years prior to initial eligibility. The new PIA factors are 95%, 27.5%, 5% and 2%. During the phase in, those becoming newly eligible for benefits will receive an increasing portion of their benefits based on the new formula, reaching 100% of the new formula in 2036.

<table>
<thead>
<tr>
<th>Current law</th>
<th>Change from current law</th>
<th>Shortfall eliminated</th>
</tr>
</thead>
<tbody>
<tr>
<td>[percent of payroll]</td>
<td>[percent of payroll]</td>
<td></td>
</tr>
<tr>
<td>Long-range actuarial balance in 75th year</td>
<td>Long-range actuarial balance in 75th year</td>
<td>Long-range actuarial balance in 75th year</td>
</tr>
<tr>
<td>-3.21</td>
<td>0.98</td>
<td>30%</td>
</tr>
<tr>
<td>-4.51</td>
<td>1.71</td>
<td>38%</td>
</tr>
</tbody>
</table>

OASDI Cost Rates and Income Rates

(OASDI Cost Rates and Income Rates as a percentage of taxable payroll)

- Income rates under current law
- Income rates with this provision
- Cost rates under current law
- Cost rates with this provision

OASDI Trust Fund Ratio

(assets as a percentage of annual expenditures)

- Current law
- With this provision

Estimates based on the intermediate assumptions of the 2020 Trustees Report

Office of the Chief Actuary
Social Security Administration
May 26, 2020