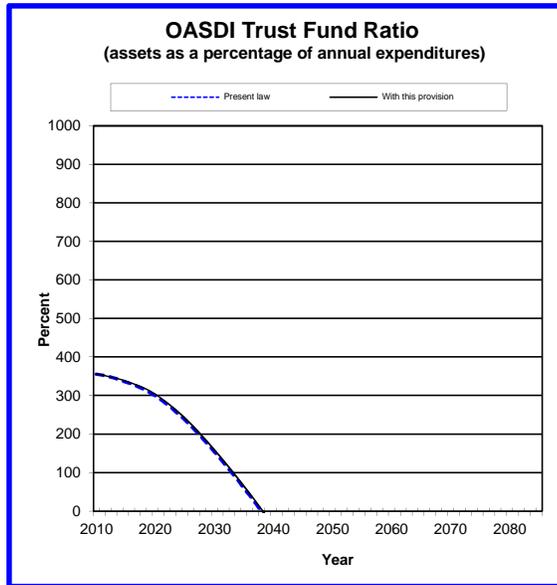
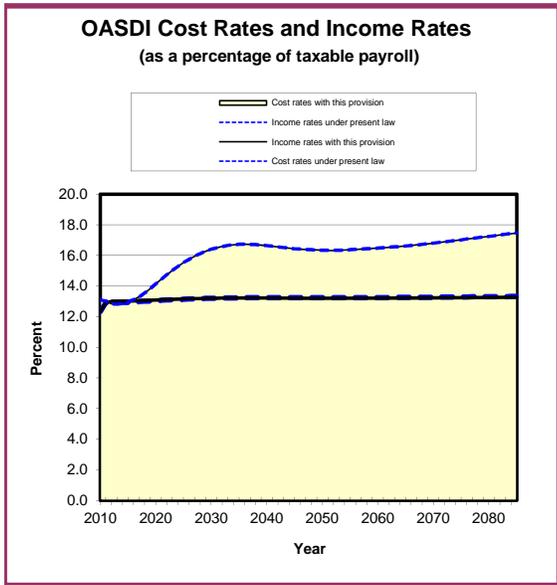


Summary Measures and Graphs
Category of Change: Taxation of Benefits

Proposed Provision: Tax Reform for Individuals: For personal income tax, establish in 2012 a 2-bracket approach with marginal rates of 15 and 27 percent separated at \$51,000 (CPI indexed) for 2012 and later, with a non-refundable credit for low-income tax filers age 65 and older. Capital gains would be treated as regular income. All Social Security benefits would be taxed starting 2012 at the applicable marginal rate (15 or 27) less a non-refundable credit of 7.5 percent. Revenue to OASDHI would be based on the net marginal rates of 7.5 and 19.5 percent, with 40 percent of revenue dedicated to HI.

| <u>Present Law</u> | | <u>Change From Present Law in</u> | | <u>Results with this provision</u> | |
|------------------------------|-----------------------------|-----------------------------------|-----------------------------|------------------------------------|-----------------------------|
| 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 |
| -1.92% | -4.12% | -0.01% | -0.06% | -1.93% | -4.17% |



Estimates based on the intermediate assumptions of the 2010 Trustees Report

Office of the Chief Actuary, Social Security
 February 8, 2011