

*C. ESTIMATED OPERATIONS AND STATUS OF THE TRUST FUNDS DURING THE PERIOD OCTOBER 1, 1983, TO DECEMBER 31, 1988*

The following statement of the estimated operations and status of the trust funds during the period October 1, 1983, to December 31, 1988, is based on the assumptions described in the preceding subsections. As previously stated, present statutory provisions and regulations affecting the program are assumed to remain unchanged in the period.

The 1983 Annual Report described the substantial improvement in the financial outlook for the OASDI program that resulted from the enactment of the Social Security Amendments of 1983. The estimates shown in this section, on the basis of each of the alternative sets of assumptions, are generally similar to the corresponding estimates in the 1983 report. As explained below, this similarity results in part from the effect of automatic repayments of amounts owed to the HI Trust Fund. The differences are attributable to the net effects of (1) actual economic experience in 1983, which was better than had been anticipated, (2) other program experience in 1983 (that is, factors not directly related to 1983 economic experience), which was worse than anticipated, and (3) changes in assumed economic growth rates and other assumptions in 1984-88. On the basis of alternatives I, II-A, and II-B in this report, the financial status of the OASI and DI Trust Funds, on a combined basis, is initially somewhat worse, and after about 1985 somewhat better, than was indicated in the 1983 report. For DI alone, significant deterioration is evident throughout the projection period.

On the basis of the alternative III assumptions, the financial status for the short-range projection period is somewhat worse than was indicated in the 1983 report. This result is primarily attributable to the change in the interpretation of the stabilizer provision of the 1983 amendments with respect to the determination of the "OASDI fund ratio" for 1984, as described in the previous subsection. The estimates in last year's report reflected the effects of limitations on the December benefit increases for 1984-86, under the stabilizer provision of the 1983 amendments. In this report, the assumed benefit increase for December 1984 would not be limited by the stabilizer provision for reasons which are described later in this subsection. Based on alternative III, as presented in this report, benefit increases would be limited under the stabilizer provision for December of 1985 and 1986 only. Catch-up benefit increases would occur for December 1991. The negative financial effect resulting from this change in the interpretation of the stabilizer provision is somewhat offset by delaying repayment of the amounts owed to the HI Trust Fund until 1988 (as described below).

On the basis of the four alternative sets of assumptions used in this report, the assets of the OASI and DI Trust Funds would be sufficient to permit timely benefit payments throughout the short-range projection period. As discussed below, however, the assets of both trust funds would remain at low levels, relative to annual expenditures, through about 1987 based on each set of assumptions. Because the primary purpose of the trust funds is to act as contingency reserves when outgo temporarily exceeds income, through 1987 the trust funds will remain vulnerable to a severe economic downturn or other adverse experience

which is worse, in terms of its effect on the OASDI program, than alternative III.

The 1983 amendments included provisions requiring, under certain conditions, the automatic repayment of some or all of the amounts lent to the OASI Trust Fund from the HI Trust Fund in 1982 (see section V). Based on alternatives II-A and II-B, growth in OASI Trust Fund assets would be sufficient to trigger the repayment process during 1986-87. Based on alternative I, repayment would occur during 1985-87. Based on each of these alternatives, the amounts lent to the OASI Trust Fund from the HI Trust Fund would be required by law to be fully repaid before 1988. This provision in the law has the effect of narrowing the range of possible trust fund operations during 1984-88. Under favorable conditions, such as assumed for alternative I, loan repayments would occur earlier than under less favorable conditions, such as alternative II-B. Thus during 1984-88, the estimated asset levels (relative to outgo) based on alternatives I, II-A, and II-B are somewhat similar to each other and to the corresponding estimates shown in the 1983 Annual Report.

On the basis of alternative III, growth in OASI assets would be too slow to trigger the automatic repayment requirements prior to 1988. In addition to specifying minimum repayment requirements, however, the 1983 amendments specify that any interfund loans "shall be repaid at the earliest feasible date." In practice, this provision allows the Managing Trustee some discretion in the timing and amounts of the repayment, subject to the minimum requirements. For purposes of calculating the estimated trust fund operations in this report and the concurrent 1984 Annual Report for the HI Trust Fund, repayment of amounts owed to the HI Trust Fund is assumed to occur according to the automatic requirements only, unless (1) earlier repayment is required to prevent or postpone the depletion of the HI Trust Fund, and (2) the assets of the OASI Trust Fund are sufficient to allow both the earlier repayment of amounts owed and the timely payment of OASI benefits.

On the basis of the alternative III assumptions, and in the absence of any repayment of interfund loans, the HI Trust Fund would be depleted early in 1988. Consequently, repayment from the OASI Trust Fund of the full \$12.4 billion owed to the HI Trust Fund is assumed to occur in the first half of 1988—in six equal monthly payments. On the basis of alternative III, OASI assets would be adequate to permit such repayment without affecting the timely payment of OASI benefits; however, the margin for safety would be slim. If, as in the 1983 HI Annual Report, full repayment were required in 1987, OASI assets would be drawn down to extremely low levels. The assumed repayment in 1988 would delay the depletion of the HI Trust Fund until 1989.

On the basis of alternatives I, II-A, and II-B, the amounts lent to the OASI Trust Fund from the DI Trust Fund are assumed to be repaid in 1988. As explained below, on the basis of alternative III, the assets of the DI Trust Fund would decline to the point that earlier repayment of these amounts would be necessary. Thus, on the basis of alternative III, the amounts owed to the DI Trust Fund are assumed to be repaid during 1985-89 in such a way as to place the OASI and DI Trust Funds in an approximately equivalent financial condition.

As described in the preceding subsection, the stabilizer provision of the 1983 amendments requires the modification of OASDI benefit increases in periods when trust fund assets are at low levels and increases in the Consumer Price Index exceed increases in average wages. For the 1984 determination, the inclusion of the amounts owed to the HI Trust Fund in the estimated assets of the OASI Trust Fund at the end of 1984 virtually assures that the stabilizer provision would not limit the benefit increase for December 1984, even on the basis of conditions which are much more adverse than those assumed for alternative III. This is the case because the amounts owed to the HI fund—\$12.4 billion—represent about 7 percent of estimated OASDI expenditures in 1984. On the basis of alternatives I, II-A, and II-B, the stabilizer provision would not affect benefit increases during the short-range projection period. As discussed below, however, based on these assumptions the “OASDI fund ratio” would be very close to the 15.0-percent threshold in 1985. Thus, the possibility of a limitation on the automatic benefit increase in December 1985, even under favorable economic conditions, should not be dismissed.

As indicated in the preceding subsection on “Automatic Adjustments,” the stabilizer provision would limit the benefit increases otherwise payable in December of 1985 and 1986, based on alternative III. In the absence of this provision, the assets of the OASI and DI Trust Funds would still be sufficient to pay benefits on time on the basis of the alternative III assumptions but with very little margin for safety. As a result of the provision, however, the timely payment of benefits would be possible with a somewhat greater safety margin, and subsequent trust fund growth in 1988 and later would allow “catch-up” benefit increases for December 1991 for those beneficiaries whose benefit increases had been restricted in 1985-86. Thus, during conditions of slow real growth in the economy accompanied by accelerating wage and price increases, as assumed for alternative III, the stabilizer provision would help prevent the depletion of the trust funds. Under other types of adverse conditions, however, such as high unemployment and decelerating wages and prices, this provision could have little or no effect. Under such circumstances, the relatively low level of OASDI assets through about 1987 might prove insufficient to cover the resulting shortfall between income and outgo; without corrective legislation, the trust funds could be unable to make benefit payments on time. After 1987, the expected growth in trust fund assets would make the program less vulnerable to adverse economic conditions.

At this time, the strong recovery from the 1981-82 recession appears to be continuing. As indicated by the alternative projections, under most economic conditions the trust funds are expected to operate satisfactorily. Until the anticipated growth in assets during the late 1980's has actually occurred, however, the OASDI program will remain vulnerable to certain types of adverse economic conditions, such as a more severe recession in 1984-87 than assumed for alternative III.

#### *OASI Trust Fund operations*

Estimates of the operations and status of the OASI Trust Fund during calendar years 1984-88 are shown in table 12 based on each of the four

alternative sets of assumptions, which are described in the preceding subsections. Actual operations for calendar year 1983 are also shown in the table. For each alternative, employment and earnings are assumed to increase in every year through 1988. The number of persons with taxable earnings under the OASDI program is expected to increase on the basis of alternatives I, II-A, II-B, and III, from 116 million during calendar year 1983 to about 133 million, 132 million, 131 million, and 128 million, respectively, by 1988. The total annual amount of taxable earnings is expected to increase from \$1,454 billion in 1983 to \$2,193 billion, \$2,184 billion, \$2,207 billion, and \$2,117 billion, in 1988, on the basis of alternatives I, II-A, II-B, and III, respectively. (In 1983 dollars—taking account of assumed increases in the CPI from 1983 to 1988 based on each alternative—the estimated amounts of taxable earnings in 1988 are \$1,830 billion, \$1,768 billion, \$1,723 billion, and \$1,619 billion, on the basis of alternatives I, II-A, II-B, and III, respectively.) These increases are due in part to the increases in the contribution and benefit base assumed to occur in 1984-88 under the automatic-adjustment provisions. The increases in taxable earnings are also due to (1) projected increases in employment levels and average earnings in covered employment, and (2) various provisions in the Social Security Amendments of 1983, including the extensions of coverage, beginning in 1984, to all newly hired Federal civilian employees and all employees of nonprofit organizations.

TABLE 12.—ESTIMATED OPERATIONS OF THE OASI TRUST FUND DURING CALENDAR YEARS 1983-88 ON THE BASIS OF FOUR ALTERNATIVE SETS OF ASSUMPTIONS  
(Amounts in billions)

Calendar year	Income	Disbursements	Interfund borrowing transfers <sup>1</sup>	Net increase in fund	Fund at end of year	Fund at beginning of year as a percentage of disbursements during year <sup>2</sup>
1983 <sup>3</sup> .....	\$150.6	\$153.0	—	-\$2.4	\$19.7	14
<b>Alternative I:</b>						
1984 .....	168.1	162.8	—	5.3	25.0	20
1985 .....	186.0	173.0	-\$0.4	12.6	37.5	22
1986 .....	202.7	184.0	-11.3	7.4	44.9	28
1987 .....	220.1	195.6	-.7	23.8	68.7	31
1988 .....	252.8	207.4	-5.1	40.4	109.1	41
<b>Alternative II-A:</b>						
1984 .....	167.6	163.0	—	4.5	24.2	20
1985 .....	185.0	174.7	—	10.3	34.5	21
1986 .....	201.1	187.6	-7.0	6.6	41.0	26
1987 .....	218.4	201.3	-5.4	11.7	52.7	28
1988 .....	250.6	215.0	-5.1	30.4	83.1	32
<b>Alternative II-B:</b>						
1984 .....	167.2	163.0	—	4.2	23.9	20
1985 .....	184.7	175.2	—	9.6	33.4	21
1986 .....	201.7	189.5	-5.5	6.7	40.1	25
1987 .....	219.7	205.2	-8.9	7.6	47.7	27
1988 .....	252.8	221.1	-5.1	26.6	74.3	29
<b>Alternative III:</b>						
1984 .....	165.6	163.3	—	2.4	22.0	20
1985 .....	178.1	178.8	-.5	.8	22.9	19
1986 .....	192.3	191.1	-1.2	(*)	22.8	19
1987 .....	208.1	206.0	-1.3	.8	23.6	18
1988 .....	238.9	222.8	-12.6	3.4	27.0	18

<sup>1</sup>Negative figures represent interfund loan repayments from the OASI Trust Fund to the DI and HI Trust Funds.

<sup>2</sup>Assets at the beginning of the year are defined as assets at the end of the prior year, plus advance tax transfers for January.

<sup>3</sup>Figures for 1983 represent actual experience.

<sup>4</sup>Between \$0 and -\$50 million.

Note: Totals do not necessarily equal the sum of rounded components.

The increases in estimated income shown in table 12 on the basis of each set of assumptions reflect the increases in estimated taxable earnings, as described above. In addition, the estimated income to the fund is affected by the scheduled changes in contribution rates and the effects of the 1983 amendments.

Rising disbursements during calendar years 1984-88 reflect the effects of the assumed future automatic benefit increases previously shown, as well as the long-range upward trend in the numbers of beneficiaries and in the amounts of average monthly earnings underlying benefits payable under the program. The growth in the number of beneficiaries in the past and the expected growth in the future result partly from the increase in the aged population and partly from two other factors: (1) in each succeeding year, a larger proportion of the persons attaining age 62 are eligible for benefits, and (2) the amendments during the period 1950-83 modified the eligibility provisions and extended coverage to additional categories of employment. On the other hand, this growth will be reduced somewhat by the effects of the Omnibus Budget Reconciliation Act of 1981.

There has also been, and will continue to be, a growth in the proportion of eligible persons who receive benefits. This growth is due to several factors, among which are (1) the amendments enacted during the period 1950-83 which affect the conditions governing the receipt of benefits, and (2) the increasing percentage of eligible persons who are aged 70 and over and who therefore receive benefits regardless of earnings. (The age at which eligible persons may begin to receive full benefits regardless of earnings was reduced from 72 to 70 beginning in 1983.)

The estimates shown in table 12 indicate that income would exceed disbursements in every year after 1983, based on each of the four alternative sets of assumptions used in this report. The assets of the OASI Trust Fund at the beginning of 1983, including amounts owed to the DI and HI Trust Funds, were equal to about 14 percent of the fund's disbursements in 1983. During 1983, disbursements exceeded income by \$2.4 billion. At the beginning of 1984, the assets of the OASI Trust Fund represented about 20 percent of estimated annual expenditures. This increase appears to be contradictory, because expenditures exceeded income during 1983. The explanation is that, at the beginning of 1984, tax income for the month of January was transferred to the trust fund on the first day of the month and thus was available for the payment of benefits. As such, the advance tax transfer is reflected in assets at the beginning of the year. This provision for advance tax transfers, which was included in the Social Security Amendments of 1983, became effective in May 1983.

Assets are estimated to remain at roughly 20-30 percent of annual expenditures through 1987, based on alternatives II-A and II-B, and to increase rapidly thereafter. On the basis of alternative I, somewhat faster growth would occur, with assets reaching about 41 percent of annual outgo at the beginning of 1988. Based on alternative III, assets would decrease to about 18 percent of annual expenditures at the beginning of 1988. While not shown in table 12, rapid growth would occur for the

next several years, primarily as a result of the increases in OASI tax rates scheduled for 1988 and 1990 and, to a lesser degree, because of the benefit-increase limitations in 1985-86. The relatively low level of OASI assets during 1984-87, even under favorable economic conditions, could limit the trust fund's ability to act as a contingency reserve during this period in the event of a significant economic downturn, particularly if it became necessary to repay the amounts owed to the HI Trust Fund prior to 1988. In interpreting the trust fund ratios in table 12, it should be noted that, at the beginning of any month, assets of at least 8-9 percent of annual expenditures are required to make the benefit payments that are due, generally, on the third day of the month. Therefore, the difference between the estimated assets as a percentage of expenditures shown above, and the 8-9 percent minimum level, represents the reserve available to handle adverse contingencies.

#### *DI Trust Fund operations*

The estimated operations and status of the DI Trust Fund during calendar years 1984-88 on the basis of the four sets of assumptions are shown in table 13, together with figures on actual experience in 1983. Income is estimated to decrease initially from its level in 1983 as a result of the scheduled reductions in the combined employee-employer contribution rate allocated for DI. Income will increase after 1984 on the basis of each alternative, reflecting the same factors, insofar as they apply to income to the DI Trust Fund, that are reflected in the estimated increases in income to the OASI Trust Fund during the same period.

Disbursements are estimated to increase because of automatic benefit increases and because of projected increases in the amounts of average monthly earnings on which benefits are based. In addition, on the basis of all but alternative I, the number of DI beneficiaries is projected to begin increasing in the very near future. Based on alternative I, the number of DI beneficiaries is projected to continue to decline for several more years before beginning to increase in about 1987.

Since about 1978, the number of persons receiving benefits under the DI program has been declining. This decline is attributable to (1) disability incidence rates that have been significantly lower than those experienced prior to 1978, and (2) benefit termination rates that have been somewhat higher, in part as a result of the increased reviews of the continuing eligibility of disabled beneficiaries as required by the Social Security Disability Amendments of 1980. While this experience was not expected to continue indefinitely (see discussion in 1983 report, for example), actual disability incidence rates were higher, and termination rates were lower, than had been anticipated. As a result of the revised incidence and termination assumptions prepared for this report, the number of disability awards is projected to exceed the number of terminations in the relatively near future on the basis of alternatives II-A, II-B, and III.

At the beginning of 1983, the assets of the DI Trust Fund represented about 15 percent of annual expenditures. During 1983, total DI income exceeded DI expenditures, primarily as a result of the lump-sum transfers from the general fund of the Treasury for deemed military-service wage credits (see section V). The DI Trust Fund assets at the beginning of

1984, including advance tax transfers for January, amounted to about 35 percent of estimated outgo in 1984. Based on the two intermediate sets of assumptions, DI assets are projected to remain in the range of 23-28 percent of annual expenditures during 1984-87. Based on the alternative I assumptions, DI assets would increase to about 43 percent of annual expenditures at the beginning of 1988. Based on the alternative III assumptions, DI assets would decline to about 18 percent of outgo.

As indicated in table 13, the loans made in 1982 from the DI Trust Fund to the OASI Trust Fund are assumed to be repaid in 1988 on the basis of alternatives I, II-A, and II-B. Financial problems would not result on the basis of these three sets of assumptions if the repayment did not occur in 1988. Based on alternative III, however, earlier repayment would be required to allow timely payment of DI benefits in 1987 and 1988 (and possibly by late 1986). Consequently, the amounts owed to the DI Trust Fund are assumed to be repaid in stages during 1985-89, in such a way as to place the two trust funds in an approximately equivalent financial condition during this period.

TABLE 13.—ESTIMATED OPERATIONS OF THE DI TRUST FUND DURING CALENDAR YEARS 1983-88 ON THE BASIS OF FOUR ALTERNATIVE SETS OF ASSUMPTIONS  
[Amounts in billions]

Calendar year	Income	Disbursements	Interfund borrowing transfers <sup>1</sup>	Net increase in fund	Fund at end of year	Fund at beginning of year as a percentage of disbursements during year <sup>2</sup>
1983 <sup>3</sup> .....	\$20.7	\$18.2	—	\$2.5	\$5.2	15
Alternative I:						
1984.....	17.3	18.3	—	-1.1	4.1	35
1985.....	18.6	18.5	—	.1	4.2	29
1986.....	20.1	19.0	—	1.0	5.2	29
1987.....	21.7	19.7	—	2.0	7.2	34
1988.....	24.5	20.5	\$5.1	9.1	16.3	43
Alternative II-A:						
1984.....	17.2	18.5	—	-1.3	3.9	35
1985.....	18.4	18.8	—	-.4	3.5	27
1986.....	19.9	19.7	—	.2	3.7	25
1987.....	21.4	20.7	—	.7	4.4	25
1988.....	24.2	21.8	5.1	7.5	11.9	28
Alternative II-B:						
1984.....	17.2	18.5	—	-1.3	3.9	35
1985.....	18.4	18.9	—	-.5	3.4	27
1986.....	19.9	19.9	—	(*)	3.5	24
1987.....	21.5	21.0	—	.5	4.0	23
1988.....	24.4	22.3	5.1	7.2	11.2	25
Alternative III:						
1984.....	17.0	18.6	—	-1.6	3.6	35
1985.....	17.8	19.3	.5	-1.0	2.6	25
1986.....	18.9	20.3	1.2	-.2	2.4	19
1987.....	20.3	21.4	1.3	.2	2.5	18
1988.....	23.0	22.9	.2	.3	2.9	18

<sup>1</sup>Positive figures represent repayments of amounts lent to the OASI Trust Fund in 1982.

<sup>2</sup>See footnote 2 of table 12.

<sup>3</sup>See footnote 3 of table 12.

<sup>4</sup>Between \$0 and \$50 million.

Note: Totals do not necessarily equal the sum of rounded components.

### *Combined OASI and DI Trust Fund operations*

The estimated operations and status of the OASI and DI Trust Funds, combined, during calendar years 1984-88 on the basis of the four alternatives, are shown in table 14 together with figures on actual experience in 1983. These figures are the sums of the corresponding figures shown in tables 12 and 13.

TABLE 14.—ESTIMATED OPERATIONS OF THE OASI AND DI TRUST FUNDS, COMBINED, DURING CALENDAR YEARS 1983-88 ON THE BASIS OF FOUR ALTERNATIVE SETS OF ASSUMPTIONS  
(Amounts in billions)

Calendar year	Income	Disbursements	Interfund borrowing transfers <sup>1</sup>	Net increase in funds	Funds at end of year	Funds at beginning of year as a percentage of disbursements during year <sup>2</sup>
1983 <sup>3</sup> .....	\$171.3	\$171.2	—	\$0.1	\$24.9	14
Alternative I:						
1984.....	185.3	181.1	—	4.2	29.1	21
1985.....	204.6	191.5	-\$0.4	12.7	41.7	23
1986.....	222.7	203.0	-11.3	8.4	50.1	28
1987.....	241.8	215.3	-.7	25.8	75.9	31
1988.....	277.3	227.9	—	49.5	125.3	41
Alternative II-A:						
1984.....	184.8	181.5	—	3.2	28.1	21
1985.....	203.4	193.5	—	9.9	38.0	22
1986.....	221.0	207.2	-7.0	6.7	44.7	26
1987.....	239.8	222.0	-5.4	12.4	57.1	27
1988.....	274.7	236.8	—	37.9	95.0	32
Alternative II-B:						
1984.....	184.4	181.5	—	2.9	27.7	21
1985.....	203.2	194.1	—	9.1	36.8	21
1986.....	221.6	209.3	-5.5	6.7	43.6	25
1987.....	241.2	226.2	-6.9	8.1	51.7	27
1988.....	277.2	243.4	—	33.8	85.4	29
Alternative III:						
1984.....	182.6	181.9	—	.7	25.6	21
1985.....	195.9	196.0	—	-.2	25.4	20
1986.....	211.2	211.4	—	-.2	25.2	19
1987.....	228.3	227.4	—	.9	26.1	18
1988.....	261.9	245.6	-12.4	3.8	29.9	18

<sup>1</sup>Negative figures represent interfund loan repayments from the OASI Trust Fund to the HI Trust Fund.

<sup>2</sup>See footnote 2 of table 12.

<sup>3</sup>See footnote 3 of table 12.

Note: Totals do not necessarily equal the sum of rounded components.

At the beginning of 1983, the combined assets of the OASI and DI Trust Funds were equal to 14 percent of the disbursements in 1983, as shown in table 14. During 1983, total income to the two trust funds (including the lump-sum transfers from the general fund for deemed military-service wage credits) was \$0.1 billion higher than total expenditures. As a result of reflecting advance tax transfers for January 1984, combined OASDI assets at the beginning of 1984 represented 21 percent of estimated combined expenditures for the year. Based on alternatives II-A and II-B, the combined funds are projected to increase gradually to roughly 30 percent of annual outgo at the beginning of 1988. Somewhat faster growth would occur on the basis of alternative I, with combined assets reaching about 41 percent of annual outgo at the beginning of 1988. Based on the alternative III assumptions, assets would decline from their current level to 18 percent at the beginning of 1988. Although OASDI benefit payments could be made on time on the basis of the alternative III assumptions, the level of assets available above the 8-9 percent that is needed to meet monthly cash flows would be relatively small. The alternative III assumptions include a moderate recession in late 1984. Under a longer or more severe recession, the OASDI program could become unable to both make its benefit payments on time and also repay the amounts owed to the HI Trust Fund when needed to pay HI benefits. This problem would be particularly acute if the HI Trust Fund required repayment prior to 1988, as a result of the more adverse

economic conditions. On the basis of all four sets of assumptions, combined assets would increase substantially in 1988 and later, primarily as a result of the scheduled increases in OASDI tax rates.

The Social Security Amendments of 1983 contained several provisions requiring automatic actions if certain "trust fund ratios" are above or below specified levels. Each of these provisions has a unique definition of the ratio to be used, and none of these definitions coincides with the one that is generally used to evaluate the overall financial status of the Social Security program. Table 15 presents detailed information on the calculation of the usual trust fund ratio and two of the more critical new definitions from the 1983 amendments.

The usual definition of the ratio of assets to expenditures, denoted in table 15 as the "contingency reserve trust fund ratio," has already been described. Its purpose is to measure the amount of assets that is readily available for the payment of monthly benefits.

TABLE 15.—ESTIMATED OASDI "TRUST FUND RATIOS" BASED ON VARIOUS DEFINITIONS FOR CALENDAR YEARS 1984-88 ON THE BASIS OF FOUR ALTERNATIVE SETS OF ASSUMPTIONS  
(Amounts in millions)

Calendar year	Cash and invested assets of OASI and DI Trust Funds on January 1 <sup>1</sup>	Advance tax transfers for January	Amounts owed to HI Trust Fund on January 1	OASDI outgo during year	"Contingency reserve trust fund ratio" <sup>2</sup>	"Fund ratio" for December benefit increase <sup>3</sup>	"Trust fund ratio" for HI loan repayment in January <sup>4</sup>
<b>Alternative I:</b>							
1984	\$24,867	\$13,794	\$12,437	\$181,139	21.3%	*23.8%	13.7%
1985	29,065	14,049	12,437	191,507	22.5	16.0	15.2
1986	41,744	15,272	12,037	203,035	28.1	22.2	20.6
1987	50,134	16,363	737	215,310	30.9	30.5	23.3
1988	75,887	18,592	—	227,881	41.5	41.5	(*)
<b>Alternative II-A:</b>							
1984	24,867	13,794	12,437	181,523	21.3	*23.2	13.7
1985	26,110	13,971	12,437	193,521	21.7	15.3	14.5
1986	37,988	15,185	12,437	207,249	25.7	19.7	18.3
1987	44,732	16,268	5,437	221,957	27.5	25.0	20.2
1988	57,118	18,507	—	236,806	31.9	31.9	(*)
<b>Alternative II-B:</b>							
1984	24,867	13,794	12,437	181,524	21.3	*23.0	13.7
1985	27,749	13,932	12,437	194,059	21.5	15.1	14.3
1986	36,842	15,217	12,437	209,338	24.9	18.9	17.6
1987	43,581	16,382	6,937	226,193	26.5	23.4	19.3
1988	51,651	18,695	—	243,434	28.9	28.9	(*)
<b>Alternative III:</b>							
1984	24,867	13,794	12,437	181,915	21.3	*21.5	13.7
1985	25,598	13,465	12,437	196,031	19.9	13.6	13.1
1986	25,436	14,516	12,437	211,402	18.9	13.0	12.0
1987	25,229	15,618	12,437	227,416	18.0	12.5	11.1
1988	26,149	17,856	12,437	245,643	17.9	12.9	10.6

<sup>1</sup>Before appropriation of advance tax transfers for January. Includes amounts owed to the HI Trust Fund.

<sup>2</sup>Combined assets of OASI and DI Trust Funds, plus advance tax transfers for January, as a percentage of OASDI outgo during year. This is the ratio normally used to evaluate the financial status of the trust funds. See estimates in tables 12-14, for example.

<sup>3</sup>For 1985 and later, combined assets of OASI and DI Trust Funds, plus advance tax transfers for January, minus amounts owed to the HI Trust Fund, as a percentage of OASDI outgo during year. See section 215(i) of the Social Security Act.

<sup>4</sup>Combined assets of OASI and DI Trust Funds, as a percentage of OASDI outgo during year. See section 201(l) of the Social Security Act.

<sup>5</sup>For 1984 "fund ratio" (for December 1984 benefit increase), assets and advance tax transfers are as of January 1, 1985, and amounts owed to the HI Trust Fund are not subtracted. If these ratios were computed with the exclusion of amounts owed to the HI Trust Fund, as was assumed for purposes of the 1983 Annual Report, the corresponding percentages would be 16.9, 16.3, 16.1, and 14.6, based on alternatives I, II-A, II-B, and III, respectively.

\*Based on this set of assumptions, amounts owed to the HI Trust Fund are repaid by this year.

Section 215(i) of the Social Security Act defines an "OASDI fund ratio" for the purpose of determining automatic benefit increases in 1984 and later. If this ratio falls below specified thresholds, the automatic benefit increases would be based on the lesser of certain wage and price increases. For reasons discussed in the previous subsection entitled "Automatic Adjustments," the "OASDI fund ratio" for the December 1984 benefit increase would be well above the 15.0-percent threshold—under any reasonable set of economic assumptions. The projections in table 15 indicate that on the basis of alternatives I, II-A, and II-B, the ratio would not be lower than 15.0 percent in 1985-88. Based on alternative III, the ratio would be less than 15.0 percent throughout this period.

The relevant wage and price assumptions for 1984-86 are compared in the following table. It should be noted that these figures are not the same as similar ones shown previously in table 10, because their definitions are not the same. For example, the wage increases shown below are based on the same wage series which is used for indexing the contribution and benefit base and other wage-indexed program amounts. The wage increases shown in table 10 are based on average wages in covered employment.

Calendar year	Applicable increase in-		Resulting benefit increase <sup>3</sup>
	Average wages <sup>1</sup>	CPI <sup>2</sup>	
<b>Alternative I:</b>			
1984 .....	4.2%	3.8%	3.8%
1985 .....	6.0	3.8	3.8
1986 .....	5.2	3.7	3.7
<b>Alternative II-A:</b>			
1984 .....	4.2	4.4	4.4
1985 .....	5.9	4.6	4.6
1986 .....	5.5	4.5	4.5
<b>Alternative II-B:</b>			
1984 .....	4.2	4.7	4.7
1985 .....	5.8	5.4	5.4
1986 .....	5.8	5.5	5.5
<b>Alternative III:</b>			
1984 .....	4.2	5.3	5.3
1985 .....	5.1	5.7	5.1
1986 .....	4.8	6.0	4.8

<sup>1</sup>Increase in average total wages (both covered and noncovered) in preceding year as compared to second preceding year.

<sup>2</sup>Increase in average Consumer Price Index from third quarter of preceding year to third quarter of year shown.

<sup>3</sup>Equals increase in Consumer Price Index unless "OASDI fund ratio" (as shown in table 15) is less than 15.0 percent, in which case equals lesser of wage or price increase. Effective for December of year shown.

Based on alternative I, the applicable wage increases are assumed to exceed the corresponding price increases (taking into account the difference in measuring periods) for 1984 and later. Based on alternatives II-A and II-B, this relationship is assumed for 1985 and later. Based on these three sets of assumptions, then, at no time would the "OASDI fund ratio" be less than 15.0 percent at the same time that the wage increase falls below the price increase. Consequently, the benefit-increase stabilizer provision would not affect the automatic benefit increases in 1984-88. For December 1985, however, considering both the proximity of the ratio to 15.0 percent and the substantial variation that can occur in actual wage and price increases, it should be clear that a limitation could occur even if the economy continues to perform well. Based on the less

favorable alternative III assumptions, as already stated, such limitations would occur in 1985 and 1986. Finally, it should be noted that under adverse conditions involving decelerating wage and price increases, it is possible that the stabilizer provision would *not* limit benefit increases, or would have only a slight effect. Thus, while the stabilizer provision has the potential to improve the financial status of the OASDI program in the event of adverse economic conditions, its effect is somewhat unpredictable because the applicable wage and price indices are measured over time periods which are not contemporaneous.

Table 15 also presents OASDI trust fund ratios as used for determining the minimum schedule of repayments on amounts lent to the OASI Trust Fund from the HI Trust Fund. Any assets in excess of 15 percent (as defined by section 201(l) of the Social Security Act) are to be used to repay such loans. Any amounts still owed as of January 1, 1988, are to be repaid in 24 monthly installments during 1988-89. Full repayment would occur in 1985-87 based on alternative I, and in 1986-87 on the basis of alternatives II-A and II-B. As described previously, no repayment would be required on the basis of alternative III until 1988, but full repayment is assumed to occur in the first half of 1988, in order to postpone the depletion of the HI Trust Fund.

As in prior years' reports, for purposes of evaluating the financial status of the program, the amounts lent to the OASI Trust Fund from the DI and HI Trust Funds are included in the invested assets of the OASI Trust Fund. This procedure is followed because such amounts are readily available for the payment of benefits and thus should be considered when determining the ability of the OASI program to meet its benefit payment obligations. Similarly, the amounts owed to the DI and HI Trust Funds are not included in DI or HI assets, because these amounts are not readily available for the payment of DI or HI benefits.

It can be argued that a more proper accounting treatment would be to exclude interfund loans from the borrowing fund's assets and to include them in the assets of the lending funds. This "net value" basis would recognize the obligation of the OASI Trust Fund to repay the amounts owed and would reflect the fact that, to the lending funds, such amounts are investments for which interest is received and return of principal is promised. While these are sound arguments, the existing treatment is used to facilitate the evaluation of the trust funds' actual cash operations—in particular, whether sufficient invested assets (borrowed or otherwise) are available at the beginning of any given month to pay the benefits for that month.

For informational purposes, table 16 presents (1) the estimated assets of the OASI and DI Trust Funds, as shown elsewhere in this report, (2) the amounts owed to or owing from other trust funds, and (3) the "net value" of trust fund assets. For the OASI Trust Fund, this last figure represents invested assets plus cash balances less amounts owed to other funds. For the DI Trust Fund, the "net value" represents invested assets plus cash balances plus amounts owing from the OASI Trust Fund. Figures are shown at the end of each calendar year 1981-88 on the basis of the four sets of assumptions. As indicated, the "net value" of the OASI Trust Fund is very low at this time and will remain relatively low

for several years. It should be emphasized, however, that the low "net values" do not imply an inability to pay benefits on time, for the reasons described in the prior paragraphs. The "net value" of the DI Trust Fund, as indicated in table 16, exceeds the level of DI assets as regularly defined. Under certain conditions, however, the DI program could become unable to pay benefits on time, even though the "net value" of the DI Trust Fund might be relatively large. Thus, the "net value" is not particularly useful as an indicator of a trust fund's ability to operate satisfactorily, although it may be of interest as an additional indicator of the trust fund's underlying financial status.

TABLE 16.—ESTIMATED ASSETS, INTERFUND LOANS OUTSTANDING, AND "NET VALUES" OF THE OASI AND DI TRUST FUNDS AT THE END OF CALENDAR YEARS 1981-88 ON THE BASIS OF FOUR ALTERNATIVE SETS OF ASSUMPTIONS  
(In billions)

Calendar year	OASI Trust Fund			DI Trust Fund		
	Assets <sup>1</sup>	Outstanding amounts borrowed <sup>2</sup>	"Net value" <sup>3</sup>	Assets <sup>1</sup>	Outstanding amounts lent <sup>4</sup>	"Net value" <sup>3</sup>
<b>Past experience:</b>						
1981 .....	\$21.5	—	\$21.5	\$3.0	—	\$3.0
1982 .....	22.1	\$17.5	4.6	2.7	\$5.1	7.8
1983 .....	19.7	17.5	2.2	5.2	5.1	10.3
<b>Alternative I:</b>						
1984 .....	25.0	17.5	7.4	4.1	5.1	9.2
1985 .....	37.5	17.1	20.4	4.2	5.1	9.3
1986 .....	44.9	5.8	39.1	5.2	5.1	10.3
1987 .....	66.7	5.1	63.6	7.2	5.1	12.3
1988 .....	109.1	—	109.1	16.3	—	16.3
<b>Alternative II-A:</b>						
1984 .....	24.2	17.5	6.7	3.9	5.1	9.0
1985 .....	34.5	17.5	16.9	3.5	5.1	8.6
1986 .....	41.0	10.5	30.5	3.7	5.1	8.8
1987 .....	52.7	5.1	47.6	4.4	5.1	9.5
1988 .....	83.1	—	83.1	11.9	—	11.9
<b>Alternative II-B:</b>						
1984 .....	23.9	17.5	6.3	3.9	5.1	9.0
1985 .....	33.4	17.5	15.9	3.4	5.1	8.5
1986 .....	40.1	12.0	28.1	3.5	5.1	8.5
1987 .....	47.7	5.1	42.6	4.0	5.1	9.0
1988 .....	74.3	—	74.3	11.2	—	11.2
<b>Alternative III:</b>						
1984 .....	22.0	17.5	4.5	3.6	5.1	8.6
1985 .....	22.9	17.0	5.9	2.6	4.6	7.1
1986 .....	22.8	15.8	7.0	2.4	3.4	5.8
1987 .....	23.6	14.5	9.1	2.5	2.1	4.6
1988 .....	27.0	1.9	25.2	2.9	1.9	4.8

<sup>1</sup>Represents invested assets plus cash balance at end of year.

<sup>2</sup>Represents total amounts owed to the DI and HI Trust Funds at the end of calendar year.

<sup>3</sup>See text for description of "net value."

<sup>4</sup>Represents total amounts lent to OASI Trust Fund less repayments made by end of calendar year.

Note: Totals do not necessarily equal the sum of rounded components.

Assets as a percentage of annual expenditures for selected years prior to 1984 are shown in table 17 for both funds combined and for each fund separately. These figures represent "contingency reserve trust fund ratios," as defined previously.

TABLE 17.—ASSETS AT THE BEGINNING OF THE YEAR AS A PERCENTAGE OF EXPENDITURES DURING THE YEAR, BY TRUST FUND, FOR SELECTED CALENDAR YEARS 1950-83

Calendar year	OASI and DI Trust Funds, combined	OASI Trust Fund	DI Trust Fund
1950.....	1,156	1,156	—
1955.....	405	405	—
1960.....	186	180	304
1965.....	110	109	121
1970.....	103	101	126
1975.....	66	63	92
1976.....	57	54	71
1977.....	47	47	48
1978.....	37	39	26
1979.....	30	30	30
1980.....	25	23	35
1981.....	18	18	21
1982.....	15	15	17
1983.....	14	15	14

Expenditures in calendar year 1983 from both trust funds, combined, were 11.51 percent of taxable payroll for the year—0.27 percentage point more than the total income rate of 11.24 percent. Based on alternatives I, II-A, and II-B, cost rates are estimated to decline slowly in 1984-88, reaching 10.42 percent, 10.87 percent, and 11.06 percent, respectively, in 1988. Based on alternative III, cost rates would increase slightly, to 11.63 percent in 1988. These percentages are shown in table 18 for both trust funds, combined, and for each trust fund separately. Table 18 also shows a comparison of the cost rates with the corresponding total income rates. As explained previously, the total income rate represents the sum of the combined employee-employer payroll tax rate and the income derived from the Federal income taxation of OASDI benefits, expressed as a percentage of effective taxable payroll. In 1983, the total income rate also includes the lump-sum payment from the general fund of the Treasury for the cost of military-service wage credits for service performed prior to 1957.

TABLE 18.—COMPARISON OF ESTIMATED COST RATES AND TOTAL INCOME RATES, BY TRUST FUND, FOR CALENDAR YEARS 1983-88 ON THE BASIS OF FOUR ALTERNATIVE SETS OF ASSUMPTIONS  
[As a percentage of taxable payroll]

Calendar year	OASI Trust Fund			DI Trust Fund			OASI and DI Trust Funds, combined		
	Cost rate	Total income rate	Balance	Cost rate	Total income rate	Balance	Cost rate	Total income rate	Balance
1983 <sup>1</sup> .....	10.28	9.91	-0.37	1.22	1.33	0.10	11.51	11.24	-0.27
Alternative I:									
1984 .....	10.10	10.58	.48	1.14	1.01	-.13	11.24	11.59	.36
1985 .....	9.89	10.59	.70	1.06	1.01	-.04	10.94	11.60	.66
1986 .....	9.72	10.60	.88	1.01	1.01	.01	10.73	11.61	.88
1987 .....	9.60	10.61	1.01	.97	1.01	.04	10.56	11.62	1.06
1988 .....	9.48	11.28	1.80	.94	1.07	.13	10.42	12.35	1.93
Alternative II-A:									
1984 .....	10.15	10.58	.43	1.15	1.01	-.14	11.30	11.59	.30
1985 .....	10.03	10.59	.56	1.08	1.01	-.07	11.11	11.60	.49
1986 .....	9.96	10.60	.64	1.05	1.01	-.03	11.01	11.61	.61
1987 .....	9.92	10.61	.70	1.02	1.01	-.01	10.93	11.63	.69
1988 .....	9.87	11.29	1.42	1.00	1.07	.07	10.87	12.36	1.49
Alternative II-B:									
1984 .....	10.17	10.58	.41	1.15	1.01	-.14	11.32	11.59	.27
1985 .....	10.06	10.59	.53	1.09	1.01	-.07	11.15	11.60	.45
1986 .....	10.03	10.60	.58	1.05	1.01	-.04	11.08	11.62	.54
1987 .....	10.04	10.62	.58	1.03	1.01	-.02	11.06	11.63	.57
1988 .....	10.04	11.29	1.25	1.01	1.07	.06	11.06	12.37	1.31
Alternative III:									
1984 .....	10.29	10.58	.30	1.17	1.01	-.16	11.46	11.60	.13
1985 .....	10.52	10.60	.08	1.15	1.01	-.13	11.66	11.61	-.05
1986 .....	10.53	10.61	.09	1.12	1.01	-.11	11.65	11.63	-.02
1987 .....	10.51	10.63	.12	1.09	1.01	-.08	11.61	11.64	.04
1988 .....	10.55	11.30	.76	1.08	1.07	-.01	11.63	12.38	.75

<sup>1</sup>Percentages for 1983, though based on actual experience, are preliminary and subject to revision.

Cost rates for years prior to 1984 are shown in table 19.

TABLE 19.—COST RATES, BY TRUST FUND, FOR SELECTED CALENDAR YEARS 1950-83<sup>1</sup>

Calendar year	OASI and DI Trust Funds, combined	OASI Trust Fund	DI Trust Fund
1950.....	1.17	1.17	—
1955.....	3.34	3.34	—
1960.....	5.89	5.59	0.30
1965.....	7.93	7.23	.70
1970.....	8.12	7.32	.81
1975.....	10.65	9.29	1.36
1976.....	10.86	9.42	1.44
1977.....	10.97	9.46	1.50
1978.....	10.74	9.29	1.45
1979.....	10.26	8.90	1.36
1980.....	10.74	9.36	1.38
1981.....	11.32	9.93	1.39
1982.....	12.02	10.67	1.35
1983.....	11.51	10.28	1.22

<sup>1</sup>For 1979-83, percentages are preliminary and subject to revision.

Note: Totals do not necessarily equal the sum of rounded components.

As stated previously, estimates of the operations of the trust funds during calendar years 1984-88 have been presented in the preceding tables of this section on the basis of four different sets of economic assumptions because of the uncertainty of future economic developments. Under the provisions of the Social Security Act, estimates of the expected operations and status of the trust funds during the next 5 fiscal years are required to be shown in this report. Accordingly, detailed estimates of the expected operations and status of the trust funds during each fiscal year 1984-88 are shown in the remaining tables of this section for the two intermediate sets of assumptions (alternatives II-A and II-B) only. Similar detailed estimates are also shown on a calendar-year basis for 1984-88.

Data on the actual operations of the OASI Trust Fund for selected years during 1940-83, and estimates of the expected operations of the trust fund during 1984-88 on the basis of the intermediate sets of assumptions, are shown in tables 20 and 21 on a fiscal- and calendar-year basis, respectively. Corresponding figures on the operations of the DI Trust Fund are shown in tables 22 and 23. Operations of both trust funds combined are shown in tables 24 and 25.<sup>1</sup>

<sup>1</sup>Data relating to the operations of the two trust funds for years not shown in tables 20-25 are contained in earlier annual reports.

TABLE 20.—OPERATIONS OF THE OASI TRUST FUND DURING SELECTED FISCAL YEARS 1940-83 AND ESTIMATED FUTURE OPERATIONS DURING FISCAL YEARS 1984-88 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
[In millions]

Fiscal year <sup>1</sup>	Income					Disbursements					Net increase in fund	Fund at end of period
	Total	Net contributions <sup>a</sup>	Income from taxation of benefits	Payments from the general fund of the Treasury <sup>b</sup>	Net interest <sup>c</sup>	Total	Benefit payments <sup>d</sup>	Administrative expenses	Transfers to Railroad Retirement Account	Interfund borrowing transfers <sup>e</sup>		
<b>Past experience:</b>												
1940 .....	\$592	\$550	—	—	\$42	\$28	\$16	\$12	—	—	\$564	\$1,745
1945 .....	1,434	1,310	—	—	124	267	240	27	—	—	1,167	6,613
1950 .....	2,367	2,106	—	\$4	257	784	727	57	—	—	1,583	12,893
1955 .....	5,525	5,087	—	—	438	4,427	4,333	103	-\$10	—	1,098	21,141
1960 .....	10,360	9,843	—	—	517	11,073	10,270	202	600	—	-713	20,829
1965 .....	16,443	15,857	—	—	586	15,962	15,226	300	436	—	482	20,180
1970 .....	31,746	29,955	—	442	1,350	27,321	26,268	474	579	—	4,425	32,616
1975 .....	58,757	56,017	—	447	2,292	56,676	54,847	848	982	—	2,081	39,948
1976 .....	62,327	59,555	—	425	2,347	64,295	62,148	935	1,212	—	-1,968	37,980
July-Sept. 1976 .....	16,186	16,106	—	—	80	17,111	16,877	234	—	—	-925	37,055
1977 .....	71,796	68,895	—	614	2,287	73,479	71,278	993	1,208	—	-1,683	35,372
1978 .....	76,811	74,047	—	613	2,152	81,205	78,531	1,086	1,589	—	-4,394	30,978
1979 .....	86,893	84,358	—	615	1,920	90,128	87,609	1,072	1,448	—	-3,235	27,743
1980 .....	100,051	97,608	—	557	1,886	103,228	100,626	1,160	1,442	—	-3,177	24,566
1981 .....	121,572	119,016	—	540	2,016	122,304	119,421	1,298	1,585	—	-732	23,834
1982 .....	126,629	124,246	—	675	1,708	137,928	134,661	1,474	1,793	—	-11,299	12,535
1983 .....	148,434	136,127	—	6,096	6,210	151,827	148,025	1,551	2,251	\$17,519	14,125	26,661
<b>Estimated future experience:</b>												
<b>Alternative II-A:</b>												
1984 .....	159,694	157,499	\$2,159	125	-89	160,521	156,510	1,703	2,308	—	-827	25,833
1985 .....	181,160	177,412	3,213	104	430	171,718	167,689	1,794	2,235	—	9,442	35,275
1986 .....	196,803	191,407	3,680	87	1,628	184,264	180,113	1,891	2,260	-7,000	5,539	40,814
1987 .....	213,602	206,413	4,217	72	2,900	197,908	193,531	1,993	2,384	-5,437	10,257	51,071
1988 .....	243,178	233,645	4,813	59	4,660	211,603	207,077	2,099	2,427	-5,081	26,494	77,565
<b>Alternative II-B:</b>												
1984 .....	159,469	157,275	2,159	125	-90	160,520	156,509	1,703	2,308	—	-1,052	25,609
1985 .....	180,847	177,131	3,220	104	392	172,084	168,048	1,798	2,238	—	8,763	34,372
1986 .....	197,207	191,940	3,712	87	1,468	185,815	181,641	1,905	2,270	-5,500	5,891	40,263
1987 .....	214,890	207,795	4,291	72	2,732	201,299	196,872	2,016	2,411	-6,937	6,654	46,917
1988 .....	245,211	235,890	4,841	61	4,320	217,151	212,540	2,130	2,481	-5,081	22,979	69,896

See following page for footnotes.

<sup>1</sup>Under the Congressional Budget Act of 1974 (Public Law 93-344), fiscal years 1977 and later consist of the 12 months ending on September 30 of each year. The act further provides that the calendar quarter July-September 1976 is a period of transition from fiscal year 1976, which ended on June 30, 1976, to fiscal year 1977, which began on October 1, 1976.

<sup>2</sup>Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$5,388 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82 less (2) all reimbursements received prior to 1983 for the costs of such credits.

<sup>3</sup>Includes payments (1) in 1947-52 and in 1967 and later, for costs of noncontributory wage credits for military service performed before 1957; (2) in 1972-83, for costs of deemed wage credits for military service performed after 1956; and (3) in 1969 and later, for costs of benefits to certain noninsured persons who attained age 72 before 1968. The amount shown for 1978 also includes \$2,724,000 as a single reimbursement for the estimated total costs of granting noncontributory wage credits to individuals who were interned during World War II at places within the United States operated by the Federal Government for the internment of persons of Japanese ancestry.

<sup>4</sup>Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust fund on an estimated basis, with a

final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For years prior to 1967, a description of the method of accounting for administrative expenses is contained in the 1970 Annual Report. Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust fund for interest on amounts transferred under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust fund to the general fund on advance tax transfers is reflected. The amount shown for 1983 includes \$6,677 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82 and (2) unnegotiated benefit checks issued before 1983.

<sup>5</sup>Beginning in 1967, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disability. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$288 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

<sup>6</sup>Positive figure represents amounts lent to the OASI Trust Fund from the DI and HI Trust Funds. Negative figures represent amounts repaid from the OASI Trust Fund to the DI and HI Trust Funds.

TABLE 21.—OPERATIONS OF THE OASI TRUST FUND DURING SELECTED CALENDAR YEARS 1940-83 AND ESTIMATED FUTURE OPERATIONS DURING CALENDAR YEARS 1984-88 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
[In millions]

Calendar year	Income					Disbursements					Fund at end of period	
	Total	Net contributions <sup>1</sup>	Income from taxation of benefits	Payments from the general fund of the Treasury <sup>2</sup>	Net interest <sup>3</sup>	Total	Benefit payments <sup>4</sup>	Administrative expenses	Transfers to Railroad Retirement Account	Interfund borrowing transfers <sup>5</sup>		Net increase in fund
<b>Past experience:</b>												
1940.....	\$368	\$325	—	—	\$43	\$62	\$35	\$26	—	—	\$306	\$2,031
1945.....	1,420	1,285	—	—	134	304	274	30	—	—	1,116	7,121
1950.....	2,928	2,667	—	\$4	257	1,022	961	61	—	—	1,905	13,721
1955.....	6,167	5,713	—	—	454	5,079	4,968	119	-\$7	—	1,087	21,663
1960.....	11,382	10,866	—	—	516	11,198	10,677	203	318	—	184	20,324
1965.....	16,610	16,017	—	—	593	17,501	16,737	328	436	—	-890	18,235
1970.....	32,220	30,256	—	449	1,515	29,848	28,798	471	579	—	2,371	32,454
1975.....	59,605	56,816	—	425	2,364	60,395	58,517	896	982	—	-790	36,987
1976.....	66,276	63,362	—	614	2,301	67,876	65,705	959	1,212	—	-1,600	35,388
1977.....	72,412	69,572	—	613	2,227	75,309	73,121	981	1,208	—	-2,897	32,491
1978.....	78,094	75,471	—	615	2,008	83,064	80,361	1,115	1,589	—	-4,971	27,520
1979.....	90,274	87,919	—	557	1,797	93,133	90,573	1,113	1,448	—	-2,860	24,660
1980.....	105,841	103,456	—	540	1,845	107,678	105,083	1,154	1,442	—	-1,837	22,823
1981.....	125,361	122,627	—	675	2,060	126,695	123,803	1,307	1,585	—	-1,334	21,490
1982.....	125,198	123,673	—	680	845	142,119	138,806	1,519	1,793	\$17,519	598	22,088
1983.....	150,584	138,337	—	5,541	6,706	152,999	149,215	1,534	2,251	—	-2,416	19,672
<b>Estimated future experience:</b>												
<b>Alternative II-A:</b>												
1984.....	167,562	164,422	\$2,899	104	137	163,047	158,966	1,773	2,308	—	4,515	24,187
1985.....	184,951	180,652	3,319	87	892	174,682	170,631	1,817	2,235	—	10,268	34,455
1986.....	201,136	195,203	3,804	72	2,057	187,564	183,389	1,915	2,260	-7,000	6,572	41,028
1987.....	218,396	210,465	4,357	59	3,515	201,306	196,905	2,017	2,384	-5,437	11,652	52,680
1988.....	250,552	239,674	4,968	48	5,861	215,044	210,493	2,124	2,427	-5,081	30,427	83,106
<b>Alternative II-B:</b>												
1984.....	167,235	164,112	2,899	104	120	163,047	158,966	1,774	2,308	—	4,188	23,860
1985.....	184,727	180,493	3,329	87	818	175,171	171,110	1,823	2,238	—	9,556	33,416
1986.....	201,673	195,854	3,843	72	1,904	189,467	185,267	1,930	2,270	-5,500	6,706	40,122
1987.....	219,702	211,958	4,441	61	3,241	205,186	200,733	2,042	2,411	-6,937	7,578	47,700
1988.....	252,794	242,138	5,110	50	5,496	221,138	216,500	2,157	2,481	-5,081	28,575	74,276

See following page for footnotes.

<sup>1</sup>Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$5,388 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82 less (2) all reimbursements received prior to 1983 for the costs of such credits.

<sup>2</sup>Includes payments (1) in 1947-51 and in 1966 and later, for costs of deemed wage credits for military service performed before 1957; (2) in 1971-82, for costs of deemed wage credits for military service performed after 1956; and (3) in 1968 and later, for costs of benefits to certain noninsured persons who attained age 72 before 1968. The amount shown for 1977 also includes \$2,724,000 as a single reimbursement for the estimated total costs of granting noncontributory wage credits to individuals who were interned during World War II at places within the United States operated by the Federal Government for the internment of persons of Japanese ancestry.

<sup>3</sup>Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust fund on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For years prior to 1967, a description of the

method of accounting for administrative expenses is contained in the 1970 Annual Report. Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust fund for interest on amounts transferred under the interfund borrowing provisions.<sup>4</sup> Also beginning in 1983, interest paid from the trust fund to the general fund on advance tax transfers is reflected. The amount shown for 1983 includes \$6,677 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82 and (2) unnegotiated benefit checks issued before 1983.

<sup>4</sup>Beginning in 1966, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disability. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$288 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

<sup>5</sup>Positive figure represents amounts lent to the OASI Trust Fund from the DI and HI Trust Funds. Negative figures represent amounts repaid from the OASI Trust Fund to the DI and HI Trust Funds.

TABLE 22.—OPERATIONS OF THE DI TRUST FUND DURING SELECTED FISCAL YEARS 1960-83 AND ESTIMATED FUTURE OPERATIONS DURING FISCAL YEARS 1984-88 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
[In millions]

Fiscal year <sup>1</sup>	Income					Disbursements						
	Total	Net contributions <sup>2</sup>	Income from taxation of benefits	Payments from the general fund of the Treasury <sup>3</sup>	Net interest <sup>4</sup>	Total	Benefit payments <sup>5</sup>	Administrative expenses	Transfers to Railroad Retirement Account	Interfund borrowing transfers <sup>6</sup>	Net increase in fund	Fund at end of period
<b>Past experience:</b>												
1960 .....	\$1,034	\$987	—	—	\$47	\$533	\$528	\$32	-\$27	—	\$501	\$2,167
1965 .....	1,237	1,175	—	—	62	1,495	1,392	79	24	—	-257	2,007
1970 .....	4,380	4,141	—	\$16	223	2,954	2,795	149	10	—	1,426	5,104
1975 .....	7,920	7,356	—	52	512	7,982	7,701	253	29	—	-62	8,191
1976 .....	8,355	7,797	—	90	468	9,806	9,314	266	26	—	-1,251	6,939
July-Sept. 1976 .....	2,172	2,159	—	—	13	2,653	2,582	71	—	—	-481	6,459
1977 .....	9,374	8,900	—	103	372	11,590	11,212	378	( <sup>7</sup> )	—	-2,215	4,243
1978 .....	12,784	12,404	—	128	251	12,655	12,298	327	30	—	129	4,372
1979 .....	15,196	14,750	—	142	305	13,944	13,507	407	30	—	1,252	5,624
1980 .....	17,376	16,805	—	118	453	15,320	14,998	334	-12	—	2,056	7,660
1981 .....	12,993	12,589	—	130	273	17,280	16,846	405	29	—	-4,288	3,392
1982 .....	21,398	20,866	—	168	363	18,035	17,437	572	26	—	3,363	6,755
1983 .....	21,846	19,036	—	1,295	1,515	18,231	17,544	659	28	-\$5,081	-1,466	5,290
<b>Estimated future experience:</b>												
<b>Alternative II-A:</b>												
1984 .....	17,602	16,465	\$144	—	993	18,390	17,706	652	32	—	-788	4,502
1985 .....	18,143	17,040	202	—	901	18,724	17,981	679	64	—	-581	3,920
1986 .....	19,486	18,405	222	—	859	19,456	18,702	688	66	—	30	3,950
1987 .....	20,962	19,845	245	—	871	20,395	19,617	713	65	—	566	4,517
1988 .....	23,453	22,410	273	—	771	21,472	20,660	748	64	5,081	7,062	11,579
<b>Alternative II-B:</b>												
1984 .....	17,579	16,442	144	—	993	18,389	17,705	652	32	—	-811	4,479
1985 .....	18,110	17,012	203	—	896	18,762	18,017	680	64	—	-651	3,827
1986 .....	19,527	18,458	224	—	845	19,609	18,848	694	67	—	-82	3,745
1987 .....	21,075	19,981	249	—	844	20,710	19,921	724	66	—	364	4,109
1988 .....	23,648	22,624	279	—	746	21,963	21,134	763	66	5,081	6,767	10,876

See following page for footnotes.

<sup>1</sup>Under the Congressional Budget Act of 1974 (Public Law 93-344), fiscal years 1977 and later consist of the 12 months ending on September 30 of each year. The act further provides that the calendar quarter July-September 1976 is a period of transition from fiscal year 1976, which ended on June 30, 1976, to fiscal year 1977, which began on October 1, 1976.

<sup>2</sup>Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$402 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82 less (2) all reimbursements received prior to 1983 for the costs of such credits.

<sup>3</sup>Includes payments (1) in 1967 and later, for costs of noncontributory wage credits for military service performed before 1957; and (2) in 1972-83, for costs of deemed wage credits for military service performed after 1956. The amount shown for 1978 also includes \$3,000 as a single reimbursement for the estimated total costs of granting noncontributory wage credits to individuals who were interned during World War II at places within the United States operated by the Federal Government for the internment of persons of Japanese ancestry.

<sup>4</sup>Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust fund on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these

interest adjustments are included in net interest. For years prior to 1967, a description of the method of accounting for administrative expenses is contained in the 1970 Annual Report. Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust fund for interest on amounts transferred under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust fund to the general fund on advance tax transfers is reflected. The amount shown for 1983 includes \$660 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82 and (2) unnegotiated benefit checks issued before 1983.

<sup>5</sup>Beginning in 1967, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disability. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$48 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

<sup>6</sup>Negative figure represents amounts lent by the DI Trust Fund to the OASI Trust Fund. Positive figures represent repayment of these amounts.

<sup>7</sup>Less than \$500,000 was transferred from the Railroad Retirement Account to the DI Trust Fund.

TABLE 23.—OPERATIONS OF THE DI TRUST FUND DURING SELECTED CALENDAR YEARS 1960-83 AND ESTIMATED FUTURE OPERATIONS DURING CALENDAR YEARS 1984-88 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
 [In millions]

Calendar year	Income					Disbursements						Fund at end of period
	Total	Net contributions <sup>1</sup>	Income from taxation of benefits	Payments from the general fund of the Treasury <sup>2</sup>	Net interest <sup>3</sup>	Total	Benefit payments <sup>4</sup>	Administrative expenses	Transfers to Railroad Retirement Account	Interfund borrowing transfers <sup>5</sup>	Net increase in fund	
Past experience:												
1960 .....	\$1,063	\$1,010	—	—	\$53	\$600	\$568	\$36	-\$5	—	\$464	\$2,289
1965 .....	1,247	1,188	—	—	59	1,687	1,573	90	24	—	-440	1,606
1970 .....	4,774	4,481	—	\$16	277	3,259	3,085	164	10	—	1,514	5,614
1975 .....	8,035	7,444	—	90	502	8,790	8,505	256	29	—	-754	7,354
1976 .....	8,757	8,233	—	103	422	10,366	10,055	285	26	—	-1,609	5,745
1977 .....	9,570	9,138	—	128	304	11,945	11,547	399	( <sup>6</sup> )	—	-2,375	3,370
1978 .....	13,810	13,413	—	142	256	12,954	12,599	325	30	—	856	4,226
1979 .....	15,590	15,114	—	118	358	14,186	13,786	371	30	—	1,404	5,630
1980 .....	13,871	13,255	—	130	485	15,872	15,515	368	-12	—	-2,001	3,629
1981 .....	17,078	16,738	—	168	172	17,658	17,192	436	29	—	-580	3,049
1982 .....	22,715	21,995	—	174	546	17,992	17,376	590	26	-\$5,081	-358	2,691
1983 .....	20,682	17,991	—	1,121	1,569	18,177	17,485	664	28	—	2,505	5,195
Estimated future experience:												
Alternative II-A:												
1984 .....	17,203	16,045	\$192	—	967	18,476	17,747	697	32	—	-1,272	3,923
1985 .....	18,448	17,370	206	—	872	18,838	18,093	681	64	—	-390	3,533
1986 .....	19,857	18,771	227	—	859	19,685	18,926	694	66	—	172	3,705
1987 .....	21,384	20,234	252	—	898	20,651	19,864	721	65	—	733	4,438
1988 .....	24,186	22,972	280	—	934	21,762	20,940	757	64	5,081	7,505	11,943
Alternative II-B:												
1984 .....	17,171	16,014	192	—	965	18,476	17,747	697	32	—	-1,306	3,889
1985 .....	18,425	17,355	207	—	863	18,588	18,141	683	64	—	-464	3,426
1986 .....	19,904	18,835	230	—	839	19,871	19,103	701	67	—	33	3,459
1987 .....	21,499	20,380	256	—	863	21,007	20,208	733	66	—	492	3,950
1988 .....	24,425	23,208	287	—	930	22,296	21,458	772	66	5,081	7,210	11,160

See following page for footnotes.

<sup>1</sup>Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$402 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82 less (2) all reimbursements received prior to 1983 for the costs of such credits.

<sup>2</sup>Includes payments (1) in 1966 and later, for costs of noncontributory wage credits for military service performed before 1957; and (2) in 1971-82, for costs of deemed wage credits for military service performed after 1956. The amount shown for 1977 also includes \$3,000 as a single reimbursement for the estimated total costs of granting noncontributory wage credits to individuals who were interned during World War II at places within the United States operated by the Federal Government for the internment of persons of Japanese ancestry.

<sup>3</sup>Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust fund on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For years prior to 1967, a description of the method of accounting for administrative expenses is contained in the 1970 Annual Report.

Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust fund for interest on amounts transferred under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust fund to the general fund on advance tax transfers is reflected. The amount shown for 1983 includes \$660 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82 and (2) unnegotiated benefit checks issued before 1983.

<sup>4</sup>Beginning in 1966, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disability. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$48 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

<sup>5</sup>Negative figure represents amounts lent by the DI Trust Fund to the OASI Trust Fund. Positive figures represent repayment of these amounts.

<sup>6</sup>Less than \$500,000 was transferred from the Railroad Retirement Account to the DI Trust Fund.

TABLE 24.—OPERATIONS OF THE OASI AND DI TRUST FUNDS, COMBINED, DURING SELECTED FISCAL YEARS 1960-83 AND ESTIMATED FUTURE OPERATIONS DURING FISCAL YEARS 1984-88 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
[In millions]

Fiscal year <sup>1</sup>	Income					Disbursements						Funds at end of period
	Total	Net contributions <sup>2</sup>	Income from taxation of benefits	Payments from the general fund of the Treasury <sup>3</sup>	Net interest <sup>4</sup>	Total	Benefit payments <sup>5</sup>	Administrative expenses	Transfers to Railroad Retirement Account	Interfund borrowing transfers <sup>6</sup>	Net increase in funds	
<b>Past experience:</b>												
1960	\$11,394	\$10,830	—	—	\$564	\$11,606	\$10,798	\$234	\$574	—	-\$212	\$22,996
1965	17,681	17,032	—	—	648	17,456	16,618	379	459	—	224	22,187
1970	36,127	34,096	—	\$458	1,572	30,275	29,063	623	589	—	5,851	37,720
1975	66,677	63,374	—	499	2,804	64,658	62,547	1,101	1,010	—	2,018	48,138
1976	70,682	67,352	—	515	2,815	73,901	71,462	1,200	1,239	—	-3,219	44,919
July-Sept. 1976	18,359	18,265	—	—	94	19,764	19,460	304	—	—	-1,405	43,514
1977	81,170	77,794	—	717	2,659	85,068	82,490	1,370	1,208	—	-3,898	39,615
1978	89,595	86,451	—	741	2,403	93,861	90,829	1,413	1,618	—	-4,265	35,350
1979	102,089	99,108	—	757	2,225	104,072	101,116	1,479	1,477	—	-1,983	33,367
1980	117,427	114,413	—	675	2,339	118,548	115,624	1,494	1,430	—	-1,121	32,246
1981	134,565	131,606	—	670	2,289	139,584	136,267	1,703	1,614	—	-5,019	27,226
1982	148,027	145,113	—	843	2,072	155,963	152,097	2,046	1,820	—	-7,936	19,290
1983	170,280	155,163	—	7,391	7,725	170,058	165,569	2,210	2,279	\$12,437	12,660	31,950
<b>Estimated future experience:</b>												
<b>Alternative II-A:</b>												
1984	177,295	173,964	\$2,303	125	904	178,910	174,215	2,355	2,340	—	-1,615	30,335
1985	199,303	194,452	3,415	104	1,331	190,442	185,670	2,473	2,299	—	8,860	39,195
1986	216,289	209,812	3,902	87	2,487	203,720	198,815	2,579	2,326	-7,000	5,569	44,764
1987	234,564	226,258	4,463	72	3,772	218,303	213,148	2,706	2,449	-5,437	10,824	55,588
1988	266,631	256,055	5,086	59	5,431	233,075	227,737	2,847	2,491	—	33,556	89,144
<b>Alternative II-B:</b>												
1984	177,047	173,717	2,303	125	903	178,910	174,215	2,355	2,340	—	-1,863	30,087
1985	198,957	194,143	3,423	104	1,288	190,846	186,065	2,479	2,302	—	8,112	38,199
1986	216,734	210,398	3,935	87	2,313	205,425	200,489	2,599	2,337	-5,500	5,809	44,008
1987	235,965	227,776	4,540	72	3,576	222,009	216,792	2,740	2,477	-6,937	7,018	51,026
1988	268,860	258,514	5,220	61	5,065	239,114	233,675	2,893	2,547	—	29,745	80,772

See following page for footnotes.

<sup>1</sup>Under the Congressional Budget Act of 1974 (Public Law 93-344), fiscal years 1977 and later consist of the 12 months ending on September 30 of each year. The act further provides that the calendar quarter July-September 1976 is a period of transition from fiscal year 1976, which ended on June 30, 1976, to fiscal year 1977, which began on October 1, 1976.

<sup>2</sup>Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$5,790 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82 less (2) all reimbursements received prior to 1983 for the costs of such credits.

<sup>3</sup>Includes payments (1) in 1947-52 and in 1967 and later, for costs of noncontributory wage credits for military service performed before 1957; (2) in 1972-83, for costs of deemed wage credits for military service performed after 1956; and (3) in 1969 and later, for costs of benefits to certain noninsured persons who attained age 72 before 1968. The amount shown for 1978 also includes \$2,727,000 as a single reimbursement for the estimated total costs of granting noncontributory wage credits to individuals who were interned during World War II at places within the United States operated by the Federal Government for the internment of persons of Japanese ancestry.

<sup>4</sup>Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust fund on an estimated basis, with a

final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For years prior to 1967, a description of the method of accounting for administrative expenses is contained in the 1970 Annual Report. Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust fund for interest on amounts transferred under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust funds to the general fund of the Treasury on advance tax transfers is reflected. The amount shown for 1983 includes \$7,337 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82 and (2) unnegotiated benefit checks issued before 1983.

<sup>5</sup>Beginning in 1967, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disability. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$336 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

<sup>6</sup>Positive figure represents amounts lent to the OASI Trust Fund from the HI Trust Fund. Negative figures represent amounts repaid from the OASI Trust Fund to the HI Trust Fund.

TABLE 25.—OPERATIONS OF THE OASI AND DI TRUST FUNDS, COMBINED, DURING SELECTED CALENDAR YEARS 1960-83 AND ESTIMATED FUTURE OPERATIONS DURING CALENDAR YEARS 1984-88 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
 (In millions)

Calendar year	Income					Disbursements						
	Total	Net contributions <sup>1</sup>	Income from taxation of benefits	Payments from the general fund of the Treasury <sup>2</sup>	Net interest <sup>3</sup>	Total	Benefit payments <sup>4</sup>	Administrative expenses	Transfers to Railroad Retirement Account	Interfund borrowing transfers <sup>5</sup>	Net increase in funds	Funds at end of period
<b>Past experience:</b>												
1960 .....	\$12,445	\$11,876	—	—	\$569	\$11,798	\$11,245	\$240	\$314	—	\$647	\$22,613
1965 .....	17,857	17,205	—	—	651	19,187	18,311	418	459	—	-1,331	19,841
1970 .....	36,993	34,737	—	\$465	1,791	33,108	31,884	635	589	—	3,886	38,068
1975 .....	67,640	64,259	—	515	2,866	69,184	67,022	1,152	1,010	—	-1,544	44,342
1976 .....	75,034	71,595	—	717	2,722	78,242	75,759	1,244	1,239	—	-3,209	41,133
1977 .....	81,982	78,710	—	741	2,531	87,254	84,667	1,379	1,208	—	-5,272	35,861
1978 .....	91,903	88,883	—	757	2,264	96,018	92,960	1,440	1,618	—	-4,115	31,746
1979 .....	105,864	103,034	—	675	2,155	107,320	104,359	1,483	1,477	—	-1,456	30,291
1980 .....	119,712	116,711	—	670	2,330	123,590	120,598	1,522	1,430	—	-3,838	26,453
1981 .....	142,438	139,364	—	843	2,231	144,352	140,995	1,743	1,614	—	-1,914	24,539
1982 .....	147,913	145,667	—	854	1,391	160,111	156,182	2,109	1,820	\$12,437	239	24,778
1983 .....	171,266	156,328	—	6,662	8,276	171,177	166,700	2,198	2,279	—	89	24,867
<b>Estimated future experience:</b>												
<b>Alternative II-A:</b>												
1984 .....	184,766	180,467	\$3,091	104	1,103	181,523	176,714	2,470	2,340	—	3,242	28,110
1985 .....	203,399	198,022	3,525	87	1,764	193,521	188,724	2,497	2,299	—	9,878	37,988
1986 .....	220,993	213,974	4,032	72	2,916	207,249	202,315	2,608	2,326	-7,000	6,744	44,732
1987 .....	239,780	230,699	4,608	59	4,413	221,957	216,769	2,739	2,449	-5,437	12,386	57,118
1988 .....	274,737	262,646	5,248	48	6,795	236,806	231,433	2,881	2,491	—	37,932	95,050
<b>Alternative II-B:</b>												
1984 .....	184,406	180,126	3,091	104	1,085	181,524	176,713	2,471	2,340	—	2,882	27,749
1985 .....	203,151	197,848	3,535	87	1,681	194,059	189,251	2,506	2,302	—	9,092	36,842
1986 .....	221,577	214,689	4,073	72	2,743	209,338	204,370	2,631	2,337	-5,500	6,739	43,581
1987 .....	241,201	232,338	4,697	61	4,104	226,193	220,941	2,775	2,477	-6,937	8,070	51,651
1988 .....	277,219	265,346	5,396	50	6,426	243,434	237,958	2,929	2,547	—	33,785	85,436

See following page for footnotes.

<sup>1</sup>Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$5,790 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82 less (2) all reimbursements received prior to 1983 for the costs of such credits.

<sup>2</sup>Includes payments (1) in 1947-51 and in 1966 and later, for costs of noncontributory wage credits for military service performed before 1957; (2) in 1971-82, for costs of deemed wage credits for military service performed after 1956; and (3) in 1968 and later, for costs of benefits to certain noninsured persons who attained age 72 before 1968. The amount shown for 1977 also includes \$2,727,000 as a single reimbursement for the estimated total costs of granting noncontributory wage credits to individuals who were interned during World War II at places within the United States operated by the Federal Government for the internment of persons of Japanese ancestry.

<sup>3</sup>Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust fund on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these

interest adjustments are included in net interest. For years prior to 1967, a description of the method of accounting for administrative expenses is contained in the 1970 Annual Report. Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust fund for interest on amounts transferred under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust funds to the general fund of the Treasury on advance tax transfers is reflected. The amount shown for 1983 includes \$7,337 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82 and (2) unnegotiated benefit checks issued before 1983.

<sup>4</sup>Beginning in 1966, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disability. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$336 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

<sup>5</sup>Positive figure represents amounts lent to the OASI Trust Fund from the HI Trust Fund. Negative figures represent amounts repaid from the OASI Trust Fund to the HI Trust Fund.