

C. ESTIMATED OPERATIONS AND STATUS OF THE TRUST FUNDS DURING THE PERIOD OCTOBER 1, 1984, TO DECEMBER 31, 1989

This subsection presents estimates of the operations and status of the OASI and DI Trust Funds during the period October 1, 1984, to December 31, 1989, based on the assumptions described in the preceding subsections. As previously stated, no changes are assumed to occur in the present statutory provisions and regulations under which the OASDI program operates.

These estimates indicate that the assets of the OASI and DI Trust Funds, on a combined basis, will be sufficient to permit the timely payment of OASDI benefits throughout the short-range period (and for many years thereafter), on the basis of all four sets of assumptions for which estimates are shown. The trust fund levels are estimated to remain relatively low, however, through about 1987. In the event of adverse experience, similar to that illustrated by the pessimistic alternative III assumptions, the DI program could become unable to make timely benefit payments by the end of 1987.

The Social Security Act includes a provision requiring the automatic repayment, based on asset levels, of amounts owed from the OASI Trust Fund to the Hospital Insurance (HI) Trust Fund, as a result of interfund borrowing which occurred in 1982. The estimates based on alternatives I, II-A, and II-B indicate that the increases in the combined assets of the OASI and DI Trust Funds would require the complete repayment, by early 1987, of the \$10.6 billion currently owed from the OASI Trust Fund to the HI Trust Fund. Based on alternative III, the repayment would take longer, with about \$0.3 billion being repaid in 1986, and the remaining \$10.3 billion being repaid in 24 monthly installments in 1988-89. The provision requiring these repayments has the effect of narrowing the range of possible trust fund operations during 1985-88. Earlier and larger repayments would be required under optimistic conditions than under pessimistic conditions. Thus, the results based on the various alternatives are somewhat similar.

As in previous annual reports, the estimates shown in this subsection reflect 12 months of benefit payments in each year of the short-range projection period. In practice, 13 benefit payments can be made in certain years, with the next year having only 11 payments. This situation can result from the provision of law which requires benefit checks to be delivered early when the normal check delivery date is a Saturday, Sunday, or legal public holiday. The benefit checks for December 1987 would normally be delivered on January 3, 1988; however, because that day is a Sunday, and the 2 preceding days are a Saturday and a holiday, the checks will be delivered on December 31, 1987. As noted above, the estimates are adjusted as if those benefit checks were delivered on the usual date.

OASI Trust Fund operations

Estimates of the operations and status of the OASI Trust Fund during calendar years 1985-89 are shown in table 12 based on each of the four alternative sets of assumptions, which are described in a preceding subsection. Actual operations for calendar year 1984 are also shown in the table. For each alternative, employment and earnings are assumed to

increase in every year through 1989. 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 119 million during calendar year 1984 to about 134 million, 133 million, 132 million, and 128 million, respectively, by 1989. The total annual amount of taxable earnings is expected to increase from about \$1,600 billion in 1984 to \$2,310 billion, \$2,311 billion, \$2,321 billion, and \$2,164 billion, in 1989, on the basis of alternatives I, II-A, II-B, and III, respectively. (In 1984 dollars—taking account of assumed increases in the CPI from 1984 to 1989 based on each alternative—the estimated amounts of taxable earnings in 1989 are \$1,954 billion, \$1,910 billion, \$1,845 billion, and \$1,662 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 1985-89 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 enacted into law in 1983 and 1984, including the extensions of coverage to all newly hired Federal civilian employees and virtually all employees of nonprofit organizations.

TABLE 12.—ESTIMATED OPERATIONS OF THE OASI TRUST FUND BY ALTERNATIVE, CALENDAR YEARS 1984-89
[Amounts in billions]

Calendar year	Income	Disbursements	Interfund borrowing transfers ¹	Net increase in fund	Fund at end of year	Fund at beginning of year as a percentage of disbursements during year ²
1984 ³	\$169.3	\$161.9	—	\$7.4	\$27.1	20
Alternative I:						
1985.....	182.9	172.7	-\$4.4	5.8	32.9	24
1986.....	197.6	177.5	-10.9	9.2	42.1	26
1987.....	216.2	194.0	-2.2	19.9	62.0	29
1988.....	248.2	206.0	—	42.2	104.2	38
1989.....	271.2	218.2	—	52.9	157.2	56
Alternative II-A:						
1985.....	182.5	172.9	-4.4	5.3	32.4	24
1986.....	199.1	183.6	-8.7	6.7	39.1	25
1987.....	216.2	196.5	-4.4	15.3	54.4	27
1988.....	248.0	209.8	—	38.2	92.6	34
1989.....	270.6	223.6	—	47.1	139.7	50
Alternative II-B:						
1985.....	181.5	172.9	-4.4	4.2	31.3	24
1986.....	197.1	184.1	-7.5	5.5	36.8	24
1987.....	214.4	198.5	-5.6	10.3	47.1	26
1988.....	246.8	214.2	—	32.6	79.7	30
1989.....	270.9	230.2	—	40.7	120.4	43
Alternative III:						
1985.....	178.1	173.1	-4.4	.6	27.8	24
1986.....	187.7	186.4	-2.8	-1.6	26.1	22
1987.....	204.7	203.2	—	1.5	27.6	20
1988.....	233.4	218.6	-4.6	10.2	37.8	20
1989.....	248.1	236.2	-5.7	6.2	44.0	23

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

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

³Figures for 1984 represent actual experience.

Note: Totals do not necessarily equal the sums 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.

Rising disbursements during calendar years 1985-89 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 is eligible for benefits, and (2) the amendments during 1950-84 modified the eligibility provisions and extended coverage to additional categories of employment.

Growth has also occurred, and will continue to occur, in the proportion of eligible persons who, in fact, receive benefits. This growth is due to several factors, among which are (1) the amendments enacted during 1950-84 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, 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 1984, including advance tax transfers for January and amounts owed to the DI and HI Trust Funds, were equal to about 20 percent of the fund's disbursements in 1984. During 1984, income exceeded disbursements by \$7.4 billion. At the beginning of 1985, the assets of the OASI Trust Fund represented about 24 percent of estimated annual expenditures.

Assets are estimated to remain at roughly 25-35 percent of annual expenditures through 1987, based on alternatives I, II-A, and II-B, and to increase rapidly thereafter. Based on alternative III, assets would decrease to about 20 percent of annual expenditures at the beginning of 1988. While not shown in table 12, assets as a percentage of expenditures would begin to grow slowly 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 limitation in 1989, under the stabilizer provision, as described in the preceding subsection. 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 minimum level of 8-9 percent, 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 1985-89 on the basis of the four sets of assumptions are shown in table 13, together with figures on actual experience in 1984. On the basis of each alternative, income is estimated to increase gradually

from its level in 1984. This increase reflects the same factors, insofar as they apply to income to the DI Trust Fund, that are reflected in the estimated increase in income to the OASI Trust Fund during the same period.

TABLE 13.—ESTIMATED OPERATIONS OF THE DI TRUST FUND BY ALTERNATIVE, CALENDAR YEARS 1984-89
[Amounts in billions]

Calendar year	Income	Disbursements	Interfund borrowing transfers ¹	Net increase in fund	Fund at end of year	Fund at beginning of year as a percentage of disbursements during year ²
1984 ³	\$17.3	\$18.5	—	-\$1.2	\$4.0	35
Alternative I:						
1985.....	18.2	19.8	\$2.5	1.0	4.9	27
1986.....	19.3	19.2	2.5	2.6	7.6	33
1987.....	20.9	20.5	—	.4	8.0	44
1988.....	23.7	21.2	—	2.5	10.6	45
1989.....	25.8	22.0	—	3.8	14.3	56
Alternative II-A:						
1985.....	18.2	20.3	2.5	.4	4.4	26
1986.....	19.4	20.3	2.5	1.6	6.0	28
1987.....	20.6	21.3	—	-.6	5.4	35
1988.....	23.5	22.4	—	1.1	6.5	31
1989.....	25.4	23.6	—	1.8	8.2	35
Alternative II-B:						
1985.....	18.1	20.3	2.5	.3	4.3	26
1986.....	19.2	20.4	2.5	1.4	5.6	27
1987.....	20.6	21.5	—	-.9	4.7	33
1988.....	23.3	22.8	—	.5	5.2	28
1989.....	25.4	24.2	—	1.2	6.4	29
Alternative III:						
1985.....	17.7	20.6	2.5	-.3	3.6	26
1986.....	18.2	21.2	2.5	-.4	3.2	23
1987 ⁴	19.5	22.8	—	-3.3	-.1	20
1988 ⁴	21.8	24.2	—	-2.4	-2.5	8
1989 ⁴	22.8	25.9	—	-3.1	-5.7	-3

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

²See footnote 2 of table 12.

³See footnote 3 of table 12.

⁴Figures are theoretical. Based on the alternative III assumptions, corrective legislation would be required to enable the timely payment of DI benefits beginning late in 1987. Theoretical figures shown are based on the assumption that funds could be lent to the DI Trust Fund to meet DI expenditures. The income and asset figures are reduced by the amount of interest payable on these theoretical loans.

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

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 continue increasing throughout the short-range projection period. Based on alternative I, the number of DI beneficiaries is projected to stabilize at roughly its current level before beginning to increase in about 1987.

During 1979-83, the number of disability terminations exceeded the number of disability awards and, consequently, the number of persons receiving benefits under the DI program declined. This decline resulted from (1) disability incidence rates that were 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 legislation enacted in 1980, and amended in 1983 and 1984. This experience was not expected to continue indefinitely (see discussion in

1983 and 1984 Annual Reports, for example), and the number of disability awards in 1984 exceeded the number of disability terminations. While the greater number of awards was consistent with the estimates in the 1984 Annual Report, terminations were substantially fewer than anticipated, as a result of certain court orders, State-ordered moratoria, and the national moratorium announced in April 1984, which suspended the processing of continuing disability reviews. The actual number of terminations in the near future will depend on the manner in which the processing of these reviews is resumed; if actual processing differs from that assumed, actual DI costs could vary from the estimates shown in table 13. Based on the updated incidence and termination assumptions prepared for this report, the number of disability awards is projected to exceed the number of terminations each year on the basis of alternatives II-A, II-B, and III.

At the beginning of 1984, the assets of the DI Trust Fund (including advance tax transfers for January) represented about 35 percent of annual expenditures. During 1984, DI expenditures exceeded DI income by about \$1.2 billion. The DI Trust Fund assets at the beginning of 1985 amounted to about 26 percent of estimated outgo in 1985. Based on the two intermediate sets of assumptions, DI assets are projected to remain in the vicinity of 30 percent of annual expenditures during 1985-89. Using alternative I assumptions, DI assets would increase to 56 percent of annual expenditures at the beginning of 1989.

Under the conditions assumed for alternative III, DI assets would decline to about 20 percent of outgo at the beginning of 1987 and would be insufficient to allow the timely payment of DI benefits by the end of the year. Interfund borrowing is authorized under present law through the end of 1987, but all interfund loans must be repaid by December 31, 1989. While an interfund loan could postpone the depletion of the DI Trust Fund, the amount borrowed could not be repaid by the mandated deadline without corrective legislation. The estimates shown in table 13 do not reflect an interfund loan to the DI Trust Fund; theoretical operations of the fund subsequent to its depletion are shown for informational purposes.

As indicated in table 13, the balance of the loans made in 1982 from the DI Trust Fund to the OASI Trust Fund is assumed to be repaid in 1986 on the basis of each alternative set of assumptions. (The law provides that repayment of amounts owed to the DI Trust Fund must be completed by the end of 1989; the schedule of repayments is otherwise at the discretion of the Managing Trustee.) Financial problems would not result on the basis of alternatives I, II-A, and II-B if the repayment did not occur in 1986. Based on alternative III, however, the repayment would be required to prevent depletion of the DI fund late in 1986 or early in 1987. As described above, further action would be necessary to avoid financial problems 1 year later.

Combined OASI and DI Trust Fund operations

The estimated operations and status of the OASI and DI Trust Funds, combined, during calendar years 1985-89 on the basis of the four alternatives, are shown in table 14, together with figures on actual experience in 1984. 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, BY ALTERNATIVE, CALENDAR YEARS 1984-89
[Amounts in billions]

Calendar year	Income	Disbursements	Interfund borrowing transfers ¹	Net increase in funds	Funds at end of year	Funds at beginning of year as a percentage of disbursements during year ²
1984 ³	\$186.6	\$180.4	—	\$6.2	\$31.1	21
Alternative I:						
1985.....	201.1	192.5	-1.8	6.8	37.8	24
1986.....	216.9	196.7	-8.4	11.9	49.7	27
1987.....	237.1	214.5	-2.2	20.3	70.0	31
1988.....	271.9	227.2	—	44.7	114.8	39
1989.....	297.0	240.3	—	56.7	171.5	56
Alternative II-A:						
1985.....	200.7	193.2	-1.8	5.7	36.8	24
1986.....	218.5	204.0	-6.2	8.3	45.1	25
1987.....	237.0	217.8	-4.4	14.7	59.8	28
1988.....	271.5	232.2	—	39.3	99.1	34
1989.....	296.0	247.2	—	48.8	147.9	48
Alternative II-B:						
1985.....	199.5	193.2	-1.8	4.5	35.6	24
1986.....	216.4	204.5	-5.0	6.8	42.4	25
1987.....	235.0	220.0	-5.6	9.4	51.8	27
1988.....	270.1	237.0	—	33.1	84.9	30
1989.....	296.3	254.5	—	41.9	126.8	41
Alternative III:						
1985.....	195.8	193.7	-1.8	.3	31.4	24
1986.....	205.9	207.6	-3	-2.0	29.3	22
1987 ⁴	224.2	226.0	—	-1.9	27.5	20
1988 ⁴	255.2	242.8	-4.6	7.8	35.3	19
1989 ⁴	270.9	262.1	-5.7	3.1	38.4	21

¹Negative figures represent interfund loan repayments from the OASI Trust Fund to the HI Trust Fund.

²See footnote 2 of table 12.

³See footnote 3 of table 12.

⁴Figures are theoretical. See footnote 4 of table 13 and text for details.

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

At the beginning of 1984, the combined assets of the OASI and DI Trust Funds (including advance tax transfers for January and amounts owed to the HI Trust Fund) were equal to 21 percent of the disbursements in 1984, as shown in table 14. During 1984, total income to the two trust funds was \$6.2 billion higher than total expenditures, resulting in combined OASDI assets at the beginning of 1985 which represented 24 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 40-50 percent of annual outgo at the beginning of 1989. Somewhat faster growth would occur on the basis of alternative I, with combined assets reaching about 56 percent of annual outgo at the beginning of 1989. Based on the alternative III assumptions, assets would decline from their current level to 19 percent at the beginning of 1988, before beginning to increase. The projections in table 14 indicate that a sufficient reallocation of tax rates between OASI and DI would prevent the depletion of the DI Trust Fund on the basis of the alternative III

assumptions. The projections also show that an interfund loan from OASI to DI in 1987 would allow satisfactory operation of the DI Trust Fund in 1987-89. Under present law, however, such loans must be repaid by December 31, 1989, and the DI program would be unable to do so without corrective legislation. For this reason, the combined operations shown in table 14 based on alternative III are theoretical for 1987 and later. On the basis of alternatives I, II-A, and II-B, combined assets would increase substantially in 1988 and later, primarily as a result of the scheduled increases in OASDI tax rates. Assets would increase at a more gradual rate, based on alternative III, beginning in 1990.

The Social Security Act contains 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 financial status of the Social Security program. Table 15 presents detailed information on the calculation of the usual trust fund ratio and two other ratios used for specified purposes under the law.

TABLE 15.—ESTIMATED OASDI "TRUST FUND RATIOS" BASED ON VARIOUS DEFINITIONS, BY ALTERNATIVE, CALENDAR YEARS 1985-89
[Amounts in millions, ratios in percent]

Calendar year	Cash and invested assets of OASI and DI Trust Funds on January 1 ¹	Advance tax transfers for January	Amounts owed to HI Trust Fund on January 1	OASDI outgo during year	"Contingency reserve trust fund ratio" ²	"Fund ratio" for December benefit increase ³	"Trust fund ratio" for HI loan repayment in January ⁴
Alternative I:							
1985	\$31,075	\$15,318	\$12,437	\$192,525	24.1	17.6	16.1
1986	37,846	15,058	10,613	196,692	26.9	21.5	19.2
1987	49,700	16,128	2,213	214,519	30.7	29.7	23.2
1988	70,045	18,433	—	227,175	38.9	38.9	(⁵)
1989	114,790	20,115	—	240,274	56.1	56.1	(⁵)
Alternative II-A:							
1985	31,075	15,318	12,437	193,180	24.0	17.6	16.1
1986	36,777	15,079	10,613	203,961	25.4	20.2	18.0
1987	45,071	16,186	4,413	217,846	28.1	26.1	20.7
1988	59,776	18,452	—	232,197	33.7	33.7	(⁵)
1989	99,074	20,124	—	247,207	48.2	48.2	(⁵)
Alternative II-B:							
1985	31,075	15,318	12,437	193,180	24.0	17.6	16.1
1986	35,602	14,939	10,613	204,532	24.7	19.5	17.4
1987	42,421	16,046	5,613	220,028	26.6	24.0	19.3
1988	51,805	18,377	—	237,005	29.6	29.6	(⁵)
1989	84,946	20,139	—	254,456	41.3	41.3	(⁵)
Alternative III:							
1985	31,075	15,318	12,437	193,678	24.0	17.5	16.0
1986	31,365	14,197	10,613	207,622	21.9	16.8	15.1
1987	29,338	15,363	10,313	226,041	19.8	15.2	13.0
1988	27,487	17,674	10,313	242,834	18.6	14.4	11.3
1989	35,252	18,853	5,739	262,100	20.6	18.5	13.4

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

²Combined 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.

³For 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.

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

⁵Based on this set of assumptions, amounts owed to the HI Trust Fund are repaid by this year.

⁶Figures are theoretical. See footnote 4 of table 13 and text for details.

Note: Outgo figures for 1987 and 1988 are adjusted to reflect 12 months of benefit payments in each year; this adjustment also affects assets at the beginning of 1988. See text for details.

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.

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 is below a specified threshold, the benefit increase would be based on the lesser of certain wage and price increases. 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 the 15.0-percent threshold applicable in 1985-88 or the 20.0-percent threshold applicable in 1989. Based on alternative III, the ratio would exceed 15.0 percent during 1985-87 (by relatively small amounts) but would be less than 15.0 percent in 1988 and less than 20.0 percent in 1989.

Table 16 presents the relevant wage and price assumptions for 1985-89. These figures are not exactly the same as similar ones shown previously in table 10, because their definitions are not the same. For example, the wage increases shown in table 16 are based on the same wage series which is used for indexing the contribution and benefit base and other wage-indexed program amounts. The earnings increases shown in table 10 are based on average earnings in covered employment.

TABLE 16.—APPLICABLE INCREASES IN WAGES AND PRICES FOR PURPOSES OF COMPUTING BENEFIT INCREASES UNDER THE OASDI PROGRAM, BY ALTERNATIVE, CALENDAR YEARS 1985-89

Calendar year	Applicable percentage increase in—		Resulting benefit increase ³ (percent)
	Average wages ¹	CPI ²	
Alternative I:			
1985	5.4	2.9	
1986	9.2	6.7	(4)
1987	5.1	3.6	6.7
1988	5.5	3.5	3.6
1989	5.4	3.1	3.5
Alternative II-A:			
1985	5.2	3.4	3.1
1986	3.8	4.2	3.4
1987	5.4	4.1	4.2
1988	5.6	4.0	4.1
1989	5.5	3.6	4.0
Alternative II-B:			
1985	4.9	3.7	3.6
1986	3.8	5.0	3.7
1987	5.4	5.3	5.0
1988	6.3	5.0	5.3
1989	6.0	4.6	5.0
Alternative III:			
1985	4.5	4.8	4.6
1986	3.2	6.1	4.8
1987	4.3	4.9	6.1
1988	6.9	5.5	4.9
1989	5.1	6.0	5.5

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

²Increase in average Consumer Price Index from third quarter of preceding year through third quarter of year shown.

³Equals increase in Consumer Price Index unless "OASDI fund ratio" (as shown in table 15) is less than 15.0 percent for 1985-88 or 20.0 percent for 1989 and later, in which case equals lesser of wage increase or price increase. Effective for December of year shown.

⁴Based on the alternative I assumptions, no benefit increase would occur for December 1985, because the assumed increase in the CPI is less than 3 percent, which is the minimum required to trigger a benefit increase.

⁵Following a year in which no automatic benefit increase was effective, the applicable wage and price increases are measured relative to the last benefit increase. Consequently, figures shown represent increases over a 2-year period.

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 1985 and later. Based on alternatives II-A and II-B, this relationship is assumed for all years except 1986, for which the applicable trust fund ratio exceeds 15.0 percent. Based on these three sets of assumptions, then, the benefit-increase stabilizer provision would not affect the automatic benefit increases in 1985-89. Based on the pessimistic alternative III assumptions, such a limitation would occur in 1989, as described in the preceding subsection.

In general, the stabilizer provision would help to prevent the depletion of the trust funds during periods when prices are increasing but real wages are falling. Such conditions persisted during the late 1970s, when the economy experienced slow growth and double-digit inflation. Under certain other types of adverse conditions, however, this provision could have little or no effect. The income of the trust funds depends directly on the size of the taxable payroll, whereas the operation of the stabilizer provision is linked to the growth in average wages. A situation could arise under which the taxable payroll is growing slowly, or even declining, due to high unemployment, but average wages are increasing at a greater rate than are prices. In addition, the stabilizer could fail to trigger even when real wages are falling, because the applicable wage and price indices are measured over time periods which are not contemporaneous. The price index measures changes in current prices, but the wage index measures changes that occurred about a year earlier. Under such circumstances, the relatively low level of OASDI assets through about 1987 could be insufficient to meet the shortfall between income and outgo, without corrective action. After 1987, the expected increases in trust fund assets would make the program less vulnerable to adverse economic conditions.

The benefit increase for December 1985 will not be affected by the stabilizer provision. The 1984 Annual Report cautioned that the "OASDI fund ratio" for 1985 would be very near the threshold level of 15.0 percent; this ratio is currently estimated to be 17.6 percent. The final ratio cannot differ significantly from this amount.

Table 15 also presents OASDI trust fund ratios as used for determining the minimum schedule of repayments on amounts owed from the OASI Trust Fund to the HI Trust Fund. If the combined assets of the OASI and DI Trust Funds exceed 15 percent of the annual expenditures (as defined by section 201(l) of the Social Security Act), the excess must be used to repay any outstanding amount owed. On this basis, \$1,824 million was transferred from the OASI Trust Fund to the HI Trust Fund on January 31, 1985. Repayment of the remaining amount owed would occur in 1986-87, based on alternatives I, II-A, and II-B. Based on alternative III, a small repayment would be required in 1986, and the remainder would be repaid in 24 monthly installments during 1988-89.

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 the assets of those funds, 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 17 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 the DI and HI Trust Funds. For the DI Trust Fund, the "net value" represents invested assets, plus cash balances, plus amounts owing from the OASI Trust Fund. As indicated, the "net value" of the OASI Trust Fund is low at this time and will remain relatively low for several years. The low "net values" do not imply an inability to pay benefits on time, however, for the reasons described above. 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 17.—ASSETS, INTERFUND LOANS OUTSTANDING, AND "NET VALUES" OF THE OASI AND DI TRUST FUNDS AT END OF CALENDAR YEAR, 1981-84, AND ESTIMATES BY ALTERNATIVE, CALENDAR YEARS 1985-89
[In billions]

Calendar year	OASI Trust Fund			DI Trust Fund		
	Assets ¹	Outstanding amounts borrowed ²	"Net value" ³	Assets ¹	Outstanding amounts lent ⁴	"Net value" ⁵
Past experience:						
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
1984	27.1	17.5	9.6	4.0	5.1	9.0
Alternative I:						
1985	32.9	13.2	19.7	4.9	2.5	7.5
1986	42.1	2.2	39.9	7.6	—	7.6
1987	62.0	—	62.0	6.0	—	6.0
1988	104.2	—	104.2	10.6	—	10.6
1989	157.2	—	157.2	14.3	—	14.3
Alternative II-A:						
1985	32.4	13.2	19.2	4.4	2.5	6.9
1986	39.1	4.4	34.7	6.0	—	6.0
1987	54.4	—	54.4	5.4	—	5.4
1988	92.6	—	92.6	6.5	—	6.5
1989	139.7	—	139.7	8.2	—	8.2
Alternative II-B:						
1985	31.3	13.2	18.2	4.3	2.5	6.8
1986	36.8	5.6	31.2	5.6	—	5.6
1987	47.1	—	47.1	4.7	—	4.7
1988	79.7	—	79.7	5.2	—	5.2
1989	120.4	—	120.4	6.4	—	6.4
Alternative III:						
1985	27.8	13.2	14.6	3.6	2.5	6.2
1986	26.1	10.3	15.8	3.2	—	3.2
1987	27.6	10.3	17.3	-1	—	-1
1988	37.8	5.7	32.0	-2.5	—	-2.5
1989	44.0	—	44.0	-5.7	—	-5.7

¹Represents invested assets, plus cash balance at end of year.

²Represents total amounts owed to the DI and HI Trust Funds at end of year.

³See text for description of "net value."

⁴Represents total amounts lent to OASI Trust Fund, less repayments made by end of year.

⁵Figures for DI Trust Fund are theoretical. See footnote 4 of table 13 and text for details.

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

Assets as a percentage of annual expenditures for selected years prior to 1985 are shown in table 18 for both funds combined and for each fund separately. These figures represent "contingency reserve trust fund ratios," as defined previously.

TABLE 18.—ASSETS AT THE BEGINNING OF THE YEAR AS A PERCENTAGE OF EXPENDITURES DURING THE YEAR, BY TRUST FUND, SELECTED CALENDAR YEARS 1950-84

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
1984.....	21	20	35

Expenditures in calendar year 1984 from both trust funds, combined, were about 11.3 percent of taxable payroll for the year—0.3 percentage point less than the income rate of 11.6 percent. Based on alternatives I, II-A, and II-B, cost rates are estimated to decline slowly during the short-range projection period, reaching 10.43, 10.73, and 11.00 percent, respectively, in 1989. Based on alternative III, cost rates would increase somewhat, to 12.14 percent in 1989. These percentages are shown in table 19 for both trust funds, separately and combined. Table 19 also shows cost rates for years prior to 1984 and a comparison of the cost rates with the corresponding income rates. As explained previously, the income rate represents the sum of the combined employee-employer contribution rate and the income derived from the Federal income taxation of OASDI benefits, expressed as a percentage of effective taxable payroll.

TABLE 19.—COMPARISON OF COST RATES AND INCOME RATES, BY TRUST FUND, SELECTED CALENDAR YEARS 1950-83, AND ESTIMATED RATES BY ALTERNATIVE, CALENDAR YEARS 1984-89
[As a percentage of taxable payroll]

Calendar year	OASI Trust Fund			DI Trust Fund			OASI and DI Trust Funds, combined		
	Cost rate	Income rate	Balance	Cost rate	Income rate	Balance	Cost rate	Income rate	Balance
Past experience:									
1950	1.17	3.00	1.83	—	—	—	1.17	3.00	1.83
1955	3.34	4.00	.66	—	—	—	3.34	4.00	.66
1960	5.59	5.50	-.09	0.30	0.50	0.20	5.89	6.00	.11
1965	7.23	6.75	-.48	.70	.50	-.20	7.93	7.25	-.68
1970	7.32	7.30	-.02	.81	1.10	-.29	8.12	6.40	-.28
1975	8.29	8.75	-.54	1.36	1.15	-.21	10.65	9.90	-.75
1976	8.42	8.75	-.67	1.44	1.15	-.29	10.86	9.90	-.96
1977	8.46	8.75	-.71	1.50	1.15	-.35	10.97	9.90	-1.07
1978	8.29	8.55	-.74	1.45	1.55	-.10	10.74	10.10	-.64
1979	8.88	8.86	-.22	1.35	1.50	-.15	10.23	10.16	-.07
1980 ¹	9.36	9.04	-.32	1.38	1.12	-.26	10.75	10.16	-.59
1981 ¹	9.98	9.40	-.58	1.39	1.30	-.09	11.37	10.70	-.67
1982 ¹	10.65	9.15	-1.50	1.35	1.65	-.30	12.00	10.80	-1.20
1983 ¹	10.36	*9.92	-.44	1.23	*1.33	.09	11.59	*11.24	-.35
Alternative I:									
1984	10.09	10.58	.49	1.16	1.01	-.14	11.25	11.59	.34
1985	10.05	10.59	.55	1.15	1.01	-.14	11.20	11.61	.41
1986	9.63	10.60	.97	1.04	1.01	-.03	10.67	11.61	.94
1987	9.70	10.62	.92	1.02	1.01	-.01	10.72	11.63	.91
1988	9.59	11.30	1.71	.99	1.08	.09	10.58	12.37	1.80
1989	9.48	11.31	1.84	.96	1.08	.12	10.43	12.39	1.96
Alternative II-A:									
1984	10.11	10.58	.47	1.16	1.01	-.15	11.27	11.59	.32
1985	10.06	10.59	.54	1.18	1.01	-.17	11.24	11.61	.37
1986	9.87	10.61	.74	1.09	1.01	-.08	10.96	11.62	.66
1987	9.81	10.62	.81	1.07	1.01	-.05	10.87	11.64	.76
1988	9.75	11.30	1.55	1.04	1.08	.03	10.79	12.38	1.59
1989	9.70	11.32	1.62	1.03	1.08	.05	10.73	12.40	1.67
Alternative II-B:									
1984	10.13	10.58	.45	1.16	1.01	-.15	11.29	11.59	.30
1985	10.10	10.59	.49	1.19	1.01	-.17	11.29	11.61	.32
1986	9.98	10.61	.63	1.11	1.01	-.09	11.09	11.62	.53
1987	9.97	10.63	.66	1.08	1.02	-.07	11.05	11.64	.59
1988	9.97	11.31	1.33	1.06	1.08	.01	11.04	12.38	1.34
1989	9.95	11.33	1.38	1.05	1.08	.03	11.00	12.40	1.41
Alternative III:									
1984	10.17	10.58	.40	1.17	1.01	-.15	11.34	11.59	.25
1985	10.29	10.60	.31	1.23	1.01	-.21	11.52	11.61	.10
1986	10.58	10.62	.04	1.20	1.02	-.19	11.79	11.64	-.15
1987	10.57	10.64	.07	1.19	1.02	-.17	11.75	11.66	-.10
1988	10.63	11.32	.69	1.18	1.08	-.10	11.81	12.40	.59
1989	10.94	11.35	.41	1.20	1.08	-.12	12.14	12.43	.29

¹Cost rates for 1980-83 are preliminary.

²Income rates for 1983 are adjusted to include the lump-sum payment from the general fund of the Treasury for the cost of noncontributory wage credits for military service in 1940-56.

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

As stated previously, estimates of the operations of the trust funds during calendar years 1985-89 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 and demographic 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 1985-89 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 1985-89.

Data on the actual operations of the OASI Trust Fund for selected years during 1940-84, and estimates of the expected operations of the trust fund during 1985-89 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. (Data relating to the operations of the two trust funds for years not shown in tables 20-25 are contained in earlier annual reports.) The figures shown in tables 21, 23, and 25 for 1981 and 1982 are adjusted to reflect 12 months of benefit payments in each year. As stated previously, the estimated figures for 1987 and 1988 are also so adjusted.

TABLE 20.—OPERATIONS OF THE OASI TRUST FUND DURING SELECTED FISCAL YEARS 1940-84 AND ESTIMATED FUTURE OPERATIONS DURING FISCAL YEARS 1985-89 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS
 (In millions)

Fiscal year ¹	Income				Disbursements						Fund at end of period	
	Total	Net contributions ^a	Income from taxation of benefits	Payments from the general fund of the Treasury ^a	Net interest ^a	Total	Benefit payments ^a	Administrative expenses	Transfers to Railroad Retirement Account	Interfund borrowing transfers ^a		Net increase in fund
Past experience:												
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	—	—	257	784	727	57	—	—	1,583	12,893
1955	5,525	5,087	—	—	438	4,427	4,333	103	—	—	1,098	21,141
1960	10,360	9,843	—	—	517	11,073	10,270	202	—	—	600	20,829
1965	16,443	15,857	—	—	586	15,962	15,226	300	—	—	436	20,180
1970	31,746	29,955	—	442	1,350	27,321	26,268	474	—	—	579	32,616
1975	58,757	56,017	—	447	2,292	56,676	54,847	848	—	—	982	39,948
1976	62,327	59,555	—	425	2,347	64,295	62,148	935	—	—	1,212	37,980
July-Sept. 1976	16,186	16,106	—	—	80	17,111	16,877	234	—	—	—	37,055
1977	71,796	68,895	—	614	2,287	73,479	71,278	993	—	—	234	35,372
1978	76,811	74,047	—	613	2,152	81,205	78,531	1,086	—	—	1,208	30,978
1979	86,893	84,358	—	615	1,920	90,128	87,609	1,072	—	—	1,589	27,743
1980	100,051	97,608	—	557	1,866	103,228	100,626	1,160	—	—	1,448	24,566
1981	121,572	119,016	—	540	2,016	122,304	119,421	1,298	—	—	1,442	23,834
1982	126,629	124,246	—	675	1,708	137,928	134,661	1,474	—	—	1,585	12,535
1983	148,434	136,127	—	6,096	6,210	151,827	148,025	1,551	—	—	2,251	26,661
1984	160,729	156,553	\$2,132	125	1,919	159,820	155,831	1,585	—	—	2,404	27,570
Estimated future experience:												
Alternative II-A:												
1985	180,013	175,610	3,206	105	1,092	170,883	166,824	1,725	2,334	-4,364	4,766	32,336
1986	194,757	188,745	3,720	90	2,202	180,911	176,758	1,795	2,359	-8,741	5,104	37,440
1987	211,590	203,587	4,315	72	3,616	193,321	188,918	1,937	2,466	-4,413	13,855	51,295
1988	241,032	230,336	5,004	59	5,633	206,483	201,867	2,085	2,531	—	34,549	85,844
1989	264,270	249,377	5,795	48	9,050	220,113	215,355	2,244	2,514	—	44,157	130,001
Alternative II-B:												
1985	178,495	175,100	3,206	105	1,093	170,894	166,835	1,725	2,334	-4,364	4,237	31,807
1986	192,758	186,877	3,728	90	2,063	181,305	177,146	1,795	2,364	-7,541	3,912	35,719
1987	209,902	202,175	4,352	72	3,303	194,950	190,518	1,948	2,484	-5,613	9,339	45,057
1988	239,859	229,667	5,098	60	5,034	210,288	205,610	2,108	2,570	—	29,571	74,628
1989	264,086	249,908	5,957	49	8,172	226,223	221,351	2,261	2,591	—	37,662	112,490

See following page for footnotes.

¹Under 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.

²Beginning 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. An adjustment to these amounts totaling \$466 million was transferred to the trust fund from the general fund of the Treasury in 1984.

³Includes 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 uninsured 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.

⁴Net 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 owed 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. The amount shown for 1984 includes an interest adjustment of \$1,732 million on government contributions on deemed wage credits for military service in 1957-83.

⁵Beginning in 1967, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. 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.

⁶Positive 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 1940-84 AND ESTIMATED FUTURE OPERATIONS DURING CALENDAR YEARS 1985-89 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS
[In millions]

Calendar year	Income					Disbursements						Fund at end of period
	Total	Net contributions ¹	Income from taxation of benefits	Payments from the general fund of the Treasury ²	Net interest ³	Total	Benefit payments ⁴	Administrative expenses	Transfers to Railroad Retirement Account	Interfund borrowing transfers ⁵	Net increase in fund	
Past experience:												
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	2,967	—	\$4	257	1,022	961	61	—	—	1,905	13,721
1955.....	6,167	5,713	—	—	454	5,079	4,968	119	—	—	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
1984.....	169,328	164,121	\$2,835	105	2,267	161,883	157,847	1,632	2,404	—	7,445	27,117
Estimated future experience:												
Alternative II-A:												
1985.....	182,536	177,599	3,336	90	1,511	172,897	168,821	1,742	2,334	-4,364	5,274	32,381
1986.....	199,069	192,472	3,848	72	2,677	183,621	179,435	1,828	2,359	-8,741	6,708	39,098
1987.....	216,197	207,225	4,470	59	4,443	196,499	192,062	1,971	2,466	-4,413	15,285	54,383
1988.....	248,008	235,573	5,182	48	7,205	209,772	205,119	2,122	2,531	—	38,236	92,619
1989.....	270,645	253,679	6,000	39	10,928	223,575	218,781	2,280	2,514	—	47,071	139,689
Alternative II-B:												
1985.....	181,470	176,583	3,336	90	1,481	172,908	168,832	1,742	2,334	-4,364	4,198	31,315
1986.....	197,147	190,784	3,859	72	2,452	184,141	179,947	1,830	2,364	-7,541	5,465	36,779
1987.....	214,434	205,915	4,515	60	3,943	198,489	194,020	1,985	2,484	-5,613	10,332	47,111
1988.....	246,799	234,992	5,291	49	6,467	214,169	209,452	2,148	2,570	—	32,630	79,740
1989.....	270,935	254,651	6,179	40	10,064	230,238	225,326	2,321	2,591	—	40,697	120,437

See following page for footnotes.

*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. An adjustment to these amounts totaling \$466 million was transferred to the trust fund from the general fund of the Treasury in 1984.

*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 uninsured 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.

*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 owed 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. The amount shown for 1984 includes an interest adjustment of \$1,732 million on government contributions on deemed wage credits for military service in 1957-83.

*Beginning in 1966, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. 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.

*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 1960-84 AND ESTIMATED FUTURE OPERATIONS DURING FISCAL YEARS 1985-89 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS
(In millions)

Fiscal year ^a	Income					Disbursements						Fund at end of period
	Total	Net contributions ^a	Income from taxation of benefits	Payments from the general fund of the Treasury ^a	Net interest ^a	Total	Benefit payments ^a	Administrative expenses	Transfers to Railroad Retirement Account	Interfund borrowing transfers ^a	Net increase in fund	
Past experience:												
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	9,606	9,314	266	26	—	-1,251	6,839
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	(*)	—	-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	7,680
1981	12,993	12,589	—	130	273	17,260	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
1984	17,732	16,394	\$143	—	1,195	18,379	17,772	585	22	—	-647	4,643
Estimated future experience:												
Alternative II-A:												
1985	17,891	16,820	222	—	849	19,916	19,121	732	63	2,540	515	5,157
1986	19,021	18,146	251	—	624	20,297	19,442	787	68	2,541	1,265	6,422
1987	20,442	19,579	286	—	577	21,074	20,206	800	66	—	-631	5,791
1988	22,953	22,093	330	—	530	22,147	21,243	839	66	—	806	6,597
1989	24,907	23,898	382	—	628	23,321	22,366	893	62	—	1,586	8,183
Alternative II-B:												
1985	17,843	16,773	222	—	848	19,916	19,122	732	63	2,540	467	5,108
1986	18,836	17,968	251	—	616	20,336	19,481	787	68	2,541	1,041	6,150
1987	20,276	19,443	288	—	544	21,232	20,361	804	67	—	-956	5,194
1988	22,822	22,029	336	—	458	22,505	21,588	846	70	—	317	5,512
1989	24,854	23,953	391	—	511	23,663	22,691	906	66	—	991	6,503

See following page for footnotes.

¹Under 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.

²Beginning 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. An adjustment to these amounts totaling \$62 million was transferred to the trust fund from the general fund of the Treasury in 1984.

³Includes 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.

⁴Net 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 owed 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. The amount shown for 1984 includes an interest adjustment of \$169 million on government contributions on deemed wage credits for military service in 1957-83.

⁵Beginning in 1967, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. 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.

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

⁷Less 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 1960-84 AND ESTIMATED FUTURE OPERATIONS DURING CALENDAR YEARS 1985-89 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS
 [In millions]

Calendar year	Income					Disbursements						Fund at end of period
	Total	Net contributions ¹	Income from taxation of benefits	Payments from the general fund of the Treasury ²	Net interest ³	Total	Benefit payments ⁴	Administrative expenses	Transfers to Railroad Retirement Account	Interfund borrowing transfers ⁵	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	5,814
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	(⁶)	—	-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	17,524	625	28	—	2,505	5,195
1984.....	17,309	15,945	\$190	—	1,174	18,546	17,898	626	22	—	-1,237	3,959
Estimated future experience:												
Alternative II-A:												
1985.....	18,170	17,125	233	—	812	20,282	19,459	761	63	2,540	427	4,386
1986.....	19,386	18,505	257	—	624	20,339	19,481	790	68	2,541	1,588	5,974
1987.....	20,768	19,927	296	—	544	21,348	20,473	809	66	—	-580	5,393
1988.....	23,487	22,579	342	—	567	22,426	21,508	851	66	—	1,062	6,455
1989.....	25,404	24,311	395	—	698	23,633	22,664	907	62	—	1,771	8,227
Alternative II-B:												
1985.....	18,071	17,029	233	—	809	20,282	19,458	761	63	2,540	329	4,287
1986.....	19,203	18,340	258	—	606	20,390	19,531	791	68	2,541	1,354	5,641
1987.....	20,592	19,801	299	—	492	21,539	20,659	813	67	—	-847	4,684
1988.....	23,347	22,526	348	—	473	22,835	21,905	860	70	—	511	5,206
1989.....	25,375	24,409	405	—	561	24,218	23,230	922	66	—	1,157	6,363

See following page for footnotes.

¹Beginning 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. An adjustment to these amounts totaling \$62 million was transferred to the trust fund from the general fund of the Treasury in 1984.

²Includes 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.

³Net 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 owed 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. The amount shown for 1984 includes an interest adjustment of \$169 million on government contributions on deemed wage credits for military service in 1957-83.

⁴Beginning in 1966, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. 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.

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

⁶Less 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 1960-84 AND ESTIMATED FUTURE OPERATIONS DURING FISCAL YEARS 1985-89 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS
[In millions]

Fiscal year ¹	Income					Disbursements						Funds at end of period
	Total	Net contributions ²	Income from taxation of benefits	Payments from the general fund of the Treasury ³	Net interest ⁴	Total	Benefit payments ⁵	Administrative expenses	Transfers to Railroad Retirement Account	Interfund borrowing transfers ⁶	Net increase in funds	
Past experience:												
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	33,967
1980.....	117,427	114,413	—	675	2,339	118,548	115,624	1,494	1,430	—	-1,121	32,248
1981.....	134,565	131,606	—	670	2,289	139,584	136,267	1,703	1,614	—	-5,019	27,228
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
1984.....	178,461	172,946	\$2,275	125	3,115	178,199	173,603	2,171	2,426	—	262	32,212
Estimated future experience:												
Alternative II-A:												
1985.....	197,904	192,431	3,428	105	1,940	190,799	185,945	2,457	2,397	-1,824	5,281	37,493
1986.....	213,778	206,891	3,970	90	2,826	201,208	196,199	2,582	2,427	-6,200	6,369	43,862
1987.....	232,032	223,166	4,601	72	4,193	214,395	209,126	2,737	2,532	-4,413	13,224	57,086
1988.....	263,985	252,429	5,334	59	6,163	228,830	223,110	2,924	2,597	—	35,355	92,441
1989.....	289,178	273,275	6,177	48	9,678	243,435	237,722	3,137	2,576	—	45,743	138,184
Alternative II-B:												
1985.....	197,338	191,874	3,428	105	1,932	190,810	185,956	2,457	2,397	-1,824	4,704	36,016
1986.....	211,594	204,845	3,979	90	2,679	201,641	196,627	2,582	2,432	-5,000	4,953	41,969
1987.....	230,178	221,618	4,640	72	3,847	216,182	210,879	2,752	2,551	-5,613	8,382	50,251
1988.....	262,681	251,696	5,433	60	5,492	232,793	227,199	2,954	2,640	—	29,888	80,139
1989.....	288,940	273,861	6,348	49	8,682	250,087	244,242	3,188	2,657	—	38,853	118,993

See following page for footnotes.

*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.

*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. An adjustment to these amounts totaling \$528 million was transferred to the trust funds from the general fund of the Treasury in 1984.

*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 uninsured 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.

*Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust funds 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 owed 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. The amount shown for 1984 includes an interest adjustment of \$1,901 million on government contributions on deemed wage credits for military service in 1957-83.

*Beginning in 1967, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. 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.

*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 1960-84 AND ESTIMATED FUTURE OPERATIONS DURING CALENDAR YEARS 1985-89 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS
(In millions)

Calendar year	Income					Disbursements						Funds at end of period
	Total	Net contributions ^a	Income from taxation of benefits	Payments from the general fund of the Treasury ^b	Net interest ^c	Total	Benefit payments ^d	Administrative expenses	Transfers to Railroad Retirement Account	Interfund borrowing transfers ^e	Net increase in funds	
Past experience:												
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	76,242	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	123,550	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	166,739	2,159	2,279	—	89	24,867
1984	186,637	180,066	\$3,025	105	3,441	180,429	175,746	2,258	2,426	—	6,208	31,075
Estimated future experience:												
Alternative II-A:												
1985	200,705	194,724	3,568	90	2,323	193,180	188,280	2,503	2,397	-1,824	5,702	36,777
1986	218,455	210,977	4,105	72	3,301	203,961	198,916	2,618	2,427	-6,200	8,294	45,071
1987	236,964	227,152	4,766	59	4,987	217,846	212,535	2,780	2,532	-4,413	14,705	59,776
1988	271,495	258,152	5,523	48	7,772	232,197	226,627	2,973	2,597	—	39,298	99,074
1989	296,049	277,990	6,395	39	11,626	247,207	241,444	3,187	2,576	—	48,842	147,916
Alternative II-B:												
1985	199,541	193,592	3,568	90	2,290	193,190	188,290	2,503	2,397	-1,824	4,526	35,602
1986	216,350	209,104	4,116	72	3,058	204,532	199,478	2,621	2,432	-5,000	6,819	42,421
1987	235,025	225,716	4,814	60	4,435	220,028	214,678	2,798	2,551	-5,613	9,385	51,805
1988	270,146	257,518	5,639	49	6,939	237,005	231,357	3,008	2,640	—	33,141	84,946
1989	296,309	279,060	6,584	40	10,625	254,456	248,556	3,243	2,657	—	41,854	126,800

See following page for footnotes.

¹Beginning 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. An adjustment to these amounts totaling \$528 million was transferred to the trust funds from the general fund of the Treasury in 1984.

²Includes 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 uninsured 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.

³Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust funds 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 owed 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. The amount shown for 1984 includes an interest adjustment of \$1,901 million on government contributions on deemed wage credits for military service in 1957-83.

⁴Beginning in 1966, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. 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.

⁵Positive 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.

D. ACTUARIAL ANALYSIS OF BENEFIT DISBURSEMENTS FROM THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND WITH RESPECT TO DISABLED BENEFICIARIES

(Required by section 201(c) of the Social Security Act)

Effective January 1957, monthly benefits have been payable from the OASI Trust Fund to disabled children aged 18 and over of retired and deceased workers in those cases for which the disability began before age 18. The age before which disability is required to have begun was subsequently changed to age 22. Effective February 1968, reduced monthly benefits have been payable from this trust fund to disabled widows and widowers at ages 50 and above.

On December 31, 1984, about 574,000 persons were receiving monthly benefits from the OASI Trust Fund because of their disabilities or the disabilities of children. This total includes 52,000 mothers and fathers (wives or husbands under age 65 of retired-worker beneficiaries and widows or widowers of deceased insured workers) who met all other qualifying requirements and were receiving unreduced benefits solely because they had disabled-child beneficiaries in their care. Also included, beginning with 1981, are mothers and fathers, as described above, who are eligible to receive benefits solely because they have disabled children aged 16 or 17 in their care. Benefits paid from this trust fund to the persons described above totaled \$1,899 million in calendar year 1984. Table 26 shows these and similar figures for selected calendar years during 1960-84, and estimated experience for 1985-89.

TABLE 26.—BENEFITS PAYABLE FROM THE OASI TRUST FUND WITH RESPECT TO DISABLED BENEFICIARIES, SELECTED CALENDAR YEARS 1960-89
[Beneficiaries in thousands; benefit payments in millions]

Calendar year	Disabled beneficiaries, end of year			Amount of benefit payments ¹		
	Total	Children ²	Widows and widowers	Total	Children ²	Widows and widowers ²
Past experience:						
1960.....	117	117	—	\$59	\$59	—
1965.....	214	214	—	134	134	—
1970.....	316	281	36	301	280	\$41
1975.....	435	376	59	664	560	104
1976.....	457	395	62	748	637	111
1977.....	480	414	65	868	748	120
1978.....	494	430	64	950	823	127
1979.....	507	445	62	1,071	948	125
1980.....	519	460	59	1,223	1,097	126
1981.....	527	473	54	1,421	1,296	125
1982.....	533	484	49	1,566	1,451	115
1983.....	550	504	46	1,691	1,581	110
1984.....	574	527	47	1,899	1,714	185
Estimated future experience:						
Alternative II-A:						
1985.....	586	540	46	2,080	1,887	193
1986.....	600	554	46	2,209	2,008	201
1987.....	613	567	46	2,380	2,168	212
1988.....	626	580	46	2,559	2,335	224
1989.....	640	594	46	2,750	2,514	236
Alternative II-B:						
1985.....	586	540	46	2,080	1,887	193
1986.....	600	554	46	2,216	2,014	202
1987.....	613	567	46	2,405	2,190	215
1988.....	626	580	46	2,614	2,386	228
1989.....	640	594	46	2,832	2,589	243

¹Beginning in 1966, includes payments for vocational rehabilitation services.

²Also includes certain mothers and fathers.

³In 1983 and prior years, reflects the offsetting effect of lower benefits payable to disabled widows and widowers who continue to receive benefits after attaining age 60 (62, for disabled widowers, prior to 1973) as compared to the higher nondisabled widow's and widower's benefits that would otherwise be payable.

Total benefit payments from the OASI Trust Fund with respect to disabled beneficiaries are estimated to increase from \$2,080 million in calendar year 1985 to \$2,750 million in calendar year 1989, based on alternative II-A, and to \$2,832 million in calendar year 1989, based on alternative II-B.

In calendar year 1984, benefit payments (including expenditures for vocational rehabilitation services) with respect to disabled persons from the OASI Trust Fund and from the DI Trust Fund (including payments from the latter fund to all children and spouses of disabled-worker beneficiaries) totaled \$19,800 million, of which \$1,899 million, or 9.6 percent, represented payments from the OASI Trust Fund. These and similar figures for selected calendar years during 1960-84 and estimates for calendar years 1985-89 are presented in table 27.

TABLE 27.—BENEFIT PAYMENTS UNDER THE OASDI PROGRAM WITH RESPECT TO DISABLED BENEFICIARIES, BY TRUST FUND, SELECTED CALENDAR YEARS 1960-89
(Amounts in millions)

Calendar year	Benefit payments ¹ from —			
	Total ¹	DI Trust Fund ²	OASI Trust Fund	
			Amount ³	As a percentage of total benefit payments with respect to disabled beneficiaries
Past experience:				
1960.....	\$627	\$568	\$59	9.4
1965.....	1,707	1,573	134	7.9
1970.....	3,386	3,085	301	8.9
1975.....	9,189	8,505	684	7.2
1976.....	10,803	10,055	748	6.9
1977.....	12,415	11,547	868	7.0
1978.....	13,549	12,599	950	7.0
1979.....	14,857	13,786	1,071	7.2
1980.....	16,738	15,515	1,223	7.3
1981.....	18,613	17,192	1,421	7.6
1982.....	18,942	17,376	1,566	8.3
1983.....	19,215	17,524	1,691	8.8
1984.....	19,797	17,898	1,899	9.6
Estimated future experience:				
Alternative II-A:				
1985.....	21,539	19,459	2,080	9.7
1986.....	21,890	19,481	2,209	10.2
1987.....	22,853	20,473	2,380	10.4
1988.....	24,067	21,508	2,559	10.6
1989.....	25,414	22,664	2,750	10.8
Alternative II-B:				
1985.....	21,538	19,458	2,080	9.7
1986.....	21,747	19,531	2,218	10.2
1987.....	23,064	20,659	2,405	10.4
1988.....	24,519	21,905	2,614	10.7
1989.....	26,062	23,230	2,832	10.9

¹Beginning in 1966, includes payments for vocational rehabilitation services.

²Benefit payments to disabled workers and their children and spouses.

³Benefit payments to disabled children aged 18 and over, to certain mothers and fathers (see text), and to disabled widows and widowers (see footnote 3, table 26).