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COMPARISON OF ACTUAL EXPERIENCE UNDER OASDHI SYSTEM WITH SHORT-RANGE COST ESTIMATES

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This is the eighth in a series of notes comparing actual experience under the Old-Age, Survivors, Disability, and Health Insurance system with the short-range cost estimates (for both fiscal and calendar years), which are contained in the annual Trustees Reports. These short-range estimates are based on the assumptions that no legislative changes will be made in the period under consideration and that economic activity will expand, with increases occurring in employment and in earnings rates. Therefore, it should be recognized that these estimates may vary from actual experience to some extent, because of changing economic conditions. Statutory changes, changes in reporting and appropriating procedures, and over- or under-appropriation of taxes to the trust funds (which are adjusted subsequently) also may account for some of the differences between actual and estimated experience.

Table 1 presents a comparison of actual experience for fiscal year 1969 with the estimates shown in the 1969 Trustees Reports. For the OASI Trust Fund, the estimates of the income items were \$493 million higher than the actual experience, and the estimates of the outgo items were slightly lower than the actual experience (by \$49 million), with the result that the estimated fund at the end of the fiscal year was \$543 million higher than the actual fund. For the DI Trust Fund, a similar situation is shown; income was \$54 million lower than the estimate, and outgo was \$7 million higher than the estimate, so

that the fund at the end of the fiscal year was \$62 million lower than the estimate. The correspondence between the actual and estimated benefit payments was remarkably close; actual OASI benefits were only \$20 million (or 0.1%) higher than estimated and DI benefits were only \$9 million (or 0.4%) higher than estimated.

For the HI Trust Fund, income was only \$24 million lower than the estimate, but outgo was \$287 million higher (primarily due to higher hospital costs and utilization than had been estimated), giving an actual balance in the fund at the end of the fiscal year that was \$311 million below the estimate. For the SMI Trust Fund, income was \$3 million higher than the estimate and outgo was \$50 million higher than estimated, so that the balance in the fund at the end of the fiscal year was \$47 million less than the estimate.

Table 2 presents a comparison of the balances in the trust funds at the end of fiscal years 1960-69 with the estimates made during each of the same years. In each year, the OASDI estimates have been very close to the actual experience, with the greatest variation being for fiscal year 1966—due to the actual income being so much higher than the estimate (largely because an Internal Revenue Service regulation went into effect that speeded up the collection of taxes). In the case of the HI and SMI Trust Funds, except for the first fiscal year of operations, the estimates have been significantly higher than

the resulting actual experience. It would be expected that these estimates should be relatively close to the actual experience, since

they are made in the middle of each fiscal year and thus project only about 6 months into the future.

Table 1

COMPARISON OF PROGRESS OF OASDHI TRUST FUNDS
FISCAL YEAR 1969

Item	Amount (in millions)		Estimate as Percent of Actual
	Actual	Estimate	
OASI Trust Fund			
Contributions *	\$26,109	\$26,631	102%
Benefit Payments	23,732	23,712	100
Administrative Expenses	465	461	99
Interest Income	1,014	985	97
Transfer to Railroad Retirement	491	468	95
Federal Payment for Special Benefits	226	226	100
Payments for Vocational Rehabilitation Services	2	—	—
Fund at End of Year	28,191	28,734	102
DI Trust Fund			
Contributions *	\$ 3,564	\$ 3,624	102%
Benefit Payments	2,443	2,434	100
Administrative Expenses	133	136	102
Interest Income	141	135	96
Transfer to Railroad Retirement	21	18	86
Payments for Vocational Rehabilitation Services	15	17	113
Fund at End of Year	3,678	3,740	102
HI Trust Fund			
Contributions *	\$ 4,445	\$ 4,472	101%
Benefit Payments	4,654	4,367	94
Administrative Expenses	104	104	100
Interest Income	96	112	117
Transfer from Railroad Retirement	54	54	100
Reimbursement for Uninsured Persons	749	730	97
Fund at End of Year	2,017	2,328	115
SMI Trust Fund			
Premiums	\$ 902	\$ 905	100%
Government Contributions	984	983	100
Benefit Payments	1,645	1,606	98
Administrative Expenses	195	184	94
Interest Income	24	19	79
Fund at End of Year	377	424	112

* Includes transfer from General Fund for military service credits (\$156 million to OASI, \$32 million to DI, and \$22 million to HI).

Table 2
COMPARISON OF BALANCES IN FUND AT END OF
FISCAL YEAR, 1960-69

Fiscal Year	Amount (in millions)		Estimate as Percent of Actual
	Actual	Estimate	
OASI Trust Fund			
1960	\$20,829	\$20,524	98.5%
1961	20,900	20,772	99.4
1962	19,626	19,825	101.0
1963	18,939	18,889	99.7
1964	19,699	19,426	98.6
1965	20,180	19,922	98.7
1966	19,872	18,748	94.3
1967	23,515	23,071	98.1
1968	25,533	25,870	101.3
1969	28,191	28,734	101.9
DI Trust Fund			
1960	\$ 2,167	\$ 2,167	100.0%
1961	2,504	2,486	99.3
1962	2,507	2,544	101.5
1963	2,394	2,401	100.3
1964	2,264	2,247	99.2
1965	2,007	1,968	98.1
1966	1,686	1,591	94.4
1967	2,022	2,012	99.5
1968	2,585	2,592	100.3
1969	3,678	3,740	101.7
HI Trust Fund			
1966	\$ 851	\$ 797	93.7%
1967	1,343	1,444	107.5
1968	1,431	2,168	151.5
1969	2,017	2,328	115.4
SMI Trust Fund			
1967	\$ 486	\$ 260	53.5%
1968	307	348	113.4
1969	377	424	112.5