

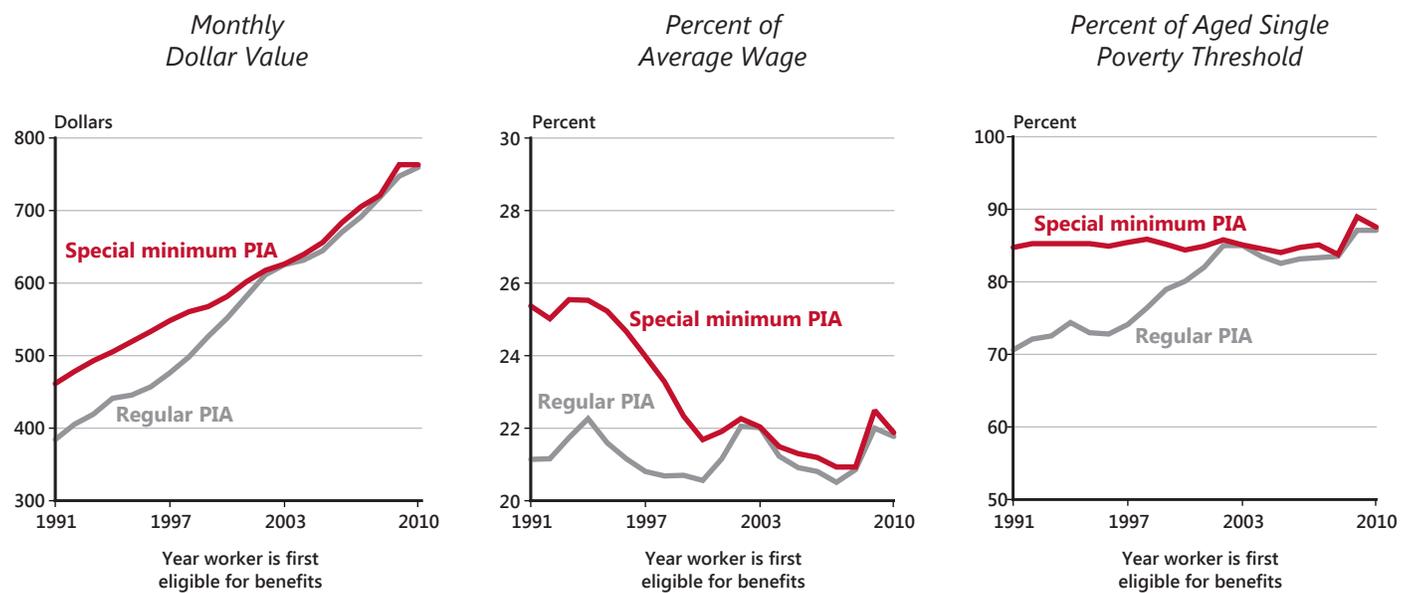


Special Minimum Benefit

DEFINITION: The special minimum benefit is a special minimum primary insurance amount (PIA) enacted in 1972 to provide adequate benefits to long-term low earners. The first full special minimum PIA in 1973 was \$170 per month. Beginning in 1979, its value has increased with price growth and is \$804 per month in 2013.

- The number of beneficiaries receiving the special minimum PIA has declined from about 200,000 in the early 1990s to about 75,000 in 2010.
- Fewer new beneficiaries are receiving the price-indexed special minimum PIA because wage growth typically exceeds price growth, thus, their wage-indexed regular PIA is usually higher.
- 2018 is projected as the last year a new beneficiary could theoretically be awarded a special minimum PIA that is higher than his or her regular PIA, but 1998 is the last year it actually happened.^a
- The value of the regular PIA has held constant while the value of the special minimum PIA has declined relative to the average wage.
- The value of the regular PIA has risen while the value of the special minimum PIA has held constant relative to the poverty threshold.

Regular PIA vs. Special Minimum PIA for a Low Earner with 30 Years of Coverage^b



SOURCE: Author's calculations for workers who earn the exact amount needed each year from age 31 through age 60 to obtain 30 years of coverage, and based on SSA rules for the PIA and special minimum PIA.

a. For more information, see http://www.socialsecurity.gov/oact/NOTES/pdf_notes/note154.pdf. The 2018 estimate is from updated actuarial estimates based on the 2013 Trustees Report Assumptions.

b. To qualify for the full special minimum PIA, a person must have 30 years of coverage (YOC). A person with 11 to 29 YOCs can qualify for a prorated special minimum.

