SOCIAL SECURITY

Office of the Chief Actuary

December 8, 2016

The Honorable Sam Johnson
Subcommittee on Social Security
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Johnson:

I am writing in response to your request for estimates of the financial effects on Social Security of H.R. 6489, the *Social Security Reform Act of 2016*, which you introduced today. The estimates provided here reflect the intermediate assumptions of the 2016 Trustees Report. This Bill (hereafter referred to as the proposal) includes fifteen provisions with direct effects on the Social Security Trust Funds. The estimates and analysis provided here reflect the combined effort of many in the Office of the Chief Actuary, but most particularly Karen Glenn, Christopher Chaplain, Daniel Nickerson, Kyle Burkhalter, Michael Clingman, Anna Kirjusina, Katie Sutton, and Tiffany Bosley.

The enclosed tables provide estimates of the effects of the fifteen provisions on the cost, income, and combined trust fund reserves for the Old Age, Survivors, and Disability Insurance (OASDI) program, as well as estimated effects on retired worker benefit levels for selected hypothetical workers. In addition, tables 1b and 1b.n provide estimates of the federal budget implications of the fifteen provisions. Assuming enactment of the plan, we estimate that the combined OASI and DI Trust Funds would be fully solvent (able to pay all scheduled benefits in full on a timely basis) throughout the 75-year projection period, under the intermediate assumptions of the 2016 Trustees Report. In addition, under this plan the OASDI program would meet the further conditions for sustainable solvency, because projected combined trust fund reserves would be growing as a percentage of the annual cost of the program at the end of the long-range period.

While we estimate that the provisions of this proposal would make the combined OASI and DI Trust Funds solvent throughout the 75-year projection period under the intermediate assumptions of the 2016 Trustees Report, the two trust funds are separate legal entities. Some modification of the allocation of the total payroll tax rate between the OASI Trust Fund and the DI Trust Fund might be necessary to ensure that both trust funds would remain solvent for the next 75 years under these assumptions.

The proposal includes fifteen basic provisions with direct effects on the OASDI program. The following list briefly identifies each provision:

1) *For retired worker and disabled worker beneficiaries becoming initially eligible in January 2023 or later, phase in a new benefit formula (from 2023 to 2032). Replace the existing two PIA bend points with three new bend points and modified benefit formula factors.*

2) *Use an annualized "mini-PIA" formula beginning with retired and disabled worker beneficiaries becoming newly eligible in 2023, phased in over 10 years. The mini-PIA calculation would use a single year's average monthly indexed earnings (mini-AIME) and primary insurance amount (mini-PIA) for each year with taxable earnings.*

3) *Replace the current-law Windfall Elimination Provision (WEP) with a new calculation for most OASI and DI benefits based on covered and non-covered earnings, phased in for beneficiaries becoming newly eligible in 2023 through 2032.*

4) *After the normal retirement age (NRA) reaches 67 for those attaining age 62 in 2022, increase the NRA by 3 months per year starting for those attaining age 62 in 2023 until it reaches 69 for those attaining age 62 in 2030. Increase the age up to which delayed retirement credits may be earned from 70 to 72 on the same schedule.*

5) *Beginning with the December 2018 COLA, provide no COLA for those with modified adjusted gross income (MAGI) above specific thresholds and compute the COLA using the chain-weighted version of the CPI-U (C-CPI-U) for all other beneficiaries.*

6) *For spouses and children of retired workers and disabled workers becoming newly eligible beginning in 2023 and phased in for 2023 through 2032, limit their auxiliary benefit to the amount based on one-half of the PIA of a hypothetical worker with earnings equal to the national average wage index (AWI) each year up to his or her eligibility year, and who has the same eligibility year as the worker.*

7) *Beginning in January 2019, require full time school enrollment as a condition of eligibility for child benefits at age 15 up to 18.*

8) *Provide a new minimum benefit for workers with more than 10 years of covered earnings above a specified level, phased in for retired and disabled worker beneficiaries becoming newly eligible in 2023 through 2032.*

9) *Beginning in January 2019, eliminate the retirement earnings test for all beneficiaries under NRA.*

10) *Eliminate federal income taxation of OASDI benefits that is credited to the OASI and DI Trust Funds for 2054 and later, phased in from 2045 to 2053.*

11) *Provide an option to split the 8-percent delayed retirement credit (DRC) to offer a lump sum benefit at initial entitlement equivalent to 2 of the 8 percent DRC earned, and a 6 percent DRC on subsequent monthly benefits, effective for workers attaining age 62 in 2023 and later.*

12) *Beginning in January 2023, provide an addition to monthly benefits for all beneficiaries who have been eligible for at least 20 years. The additional amount is calculated based on 5 percent of the PIA for a hypothetical worker with earnings equal to the national average wage index each year.*

13) *Beginning in January 2023, for new and current disabled widow(er) beneficiaries, change the requirement that disability must occur no later than 7 years after the worker's death, or after surviving spouse with child-in-care benefits were last payable, to no later than 10 years.*

14) *Beginning in January 2023, for new and current disabled surviving spouse beneficiaries, eliminate the requirement to be age 50 or older for receipt of benefits.*

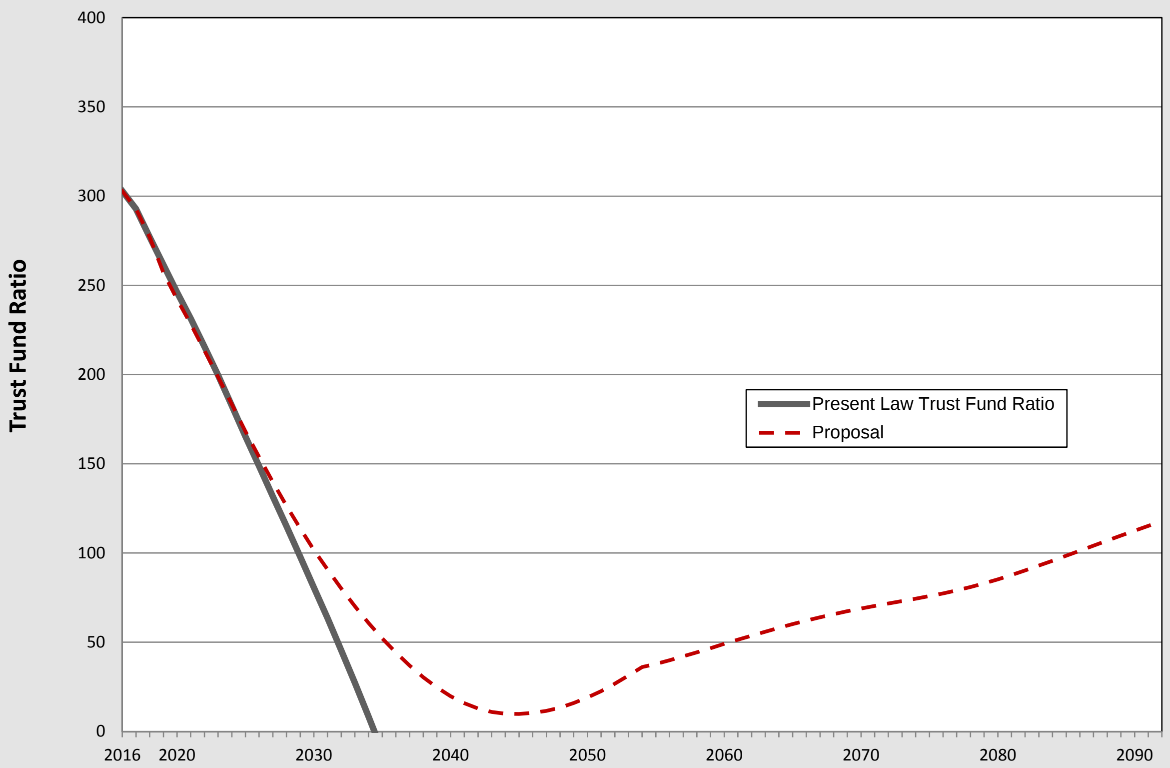
15) *Beginning in January 2023, for new and current beneficiaries, waive the two-year duration of divorce requirement for divorced spouse benefit eligibility in cases where the worker (former spouse) remarries someone other than the claimant before the two-year period has elapsed.*

The balance of this letter provides a summary of the effects of the fifteen provisions on the actuarial status of the OASDI program, our understanding of the specifications and intent of each of the fifteen provisions, and descriptions of our detailed financial estimates for trust fund operations, benefit levels, and implications for the federal budget. See the "Specification for Provisions of the Proposal" section of this letter for a more detailed description of these fifteen provisions.

<u>Summary of Effects of the Proposal on OASDI Actuarial Status</u>

Figure 1 illustrates the projected trust fund ratio through 2090 under present law and assuming enactment of the proposal. The trust fund ratio is defined as the combined Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Fund reserves expressed as a percent of annual program cost. Assuming enactment of the proposal, the combined OASI and DI Trust Funds would be fully solvent throughout the 75-year projection period, under the intermediate assumptions of the 2016 Trustees Report. In addition, because the projected trust fund ratio is increasing at the end of the period, the plan meets the conditions for sustainable solvency. It should be noted, however, that because the projected level of reserves reaches as low as 10 percent of annual program cost around 2045, unexpected fluctuations in the economy or other factors affecting program cost or revenue could require additional temporary measures to maintain solvency through this period.

Figure 1. Present Law and Proposal OASDI Trust Fund Reserves as Percent of Annual Cost: 2016 TR Intermediate Assumptions

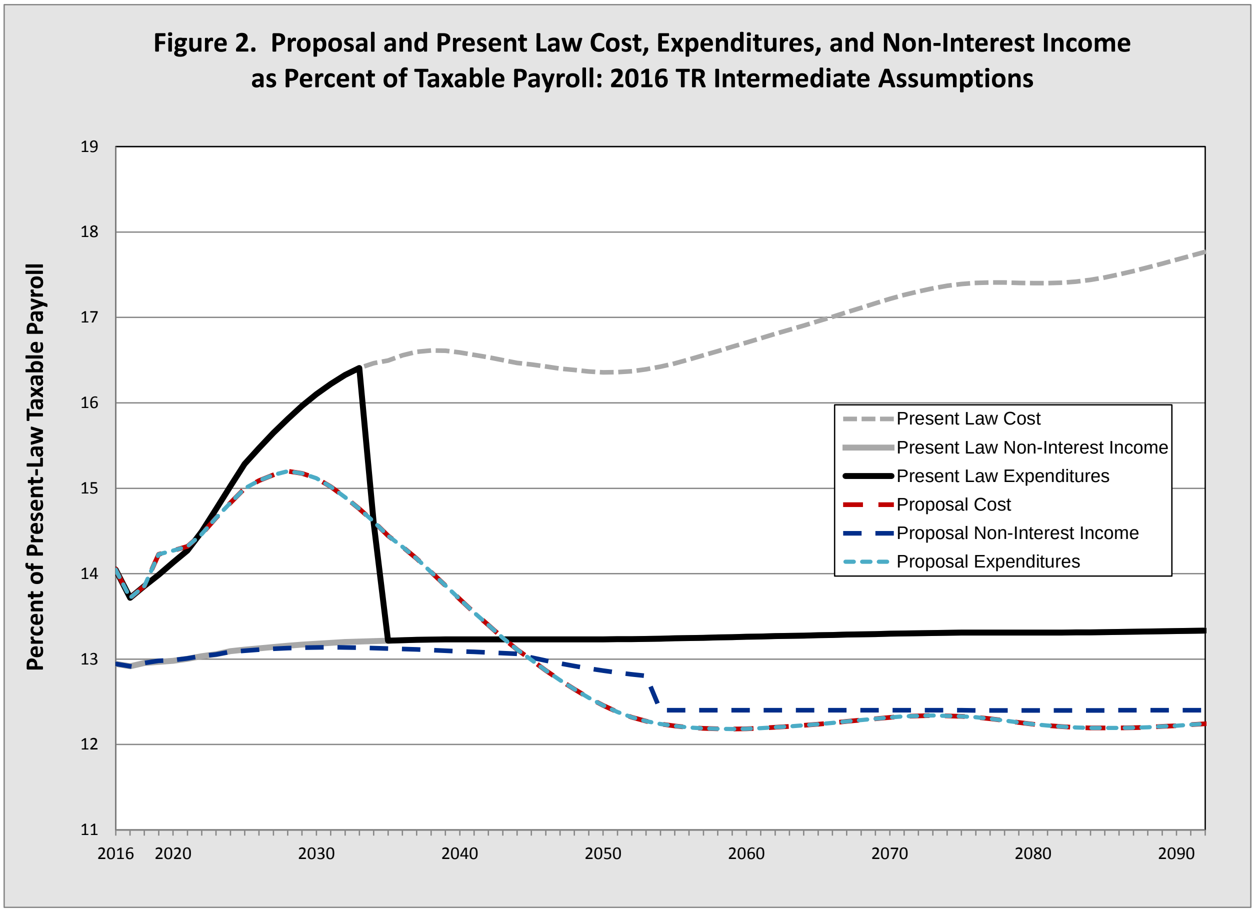


Note: *Trust Fund Ratio* for a given year is the ratio of reserves in the combined OASI and DI Trust Funds at the beginning of the year to the cost of the program for the year.

Under current law, 79 percent of scheduled benefits are projected to be payable on a timely basis in 2034 after depletion of the combined trust fund reserves, with the percentage payable declining to 74 percent for 2090. Under the plan, the OASDI program would be solvent throughout the 75-year projection period, and would have the ability to pay 100 percent of scheduled benefits on a timely basis for the foreseeable future.

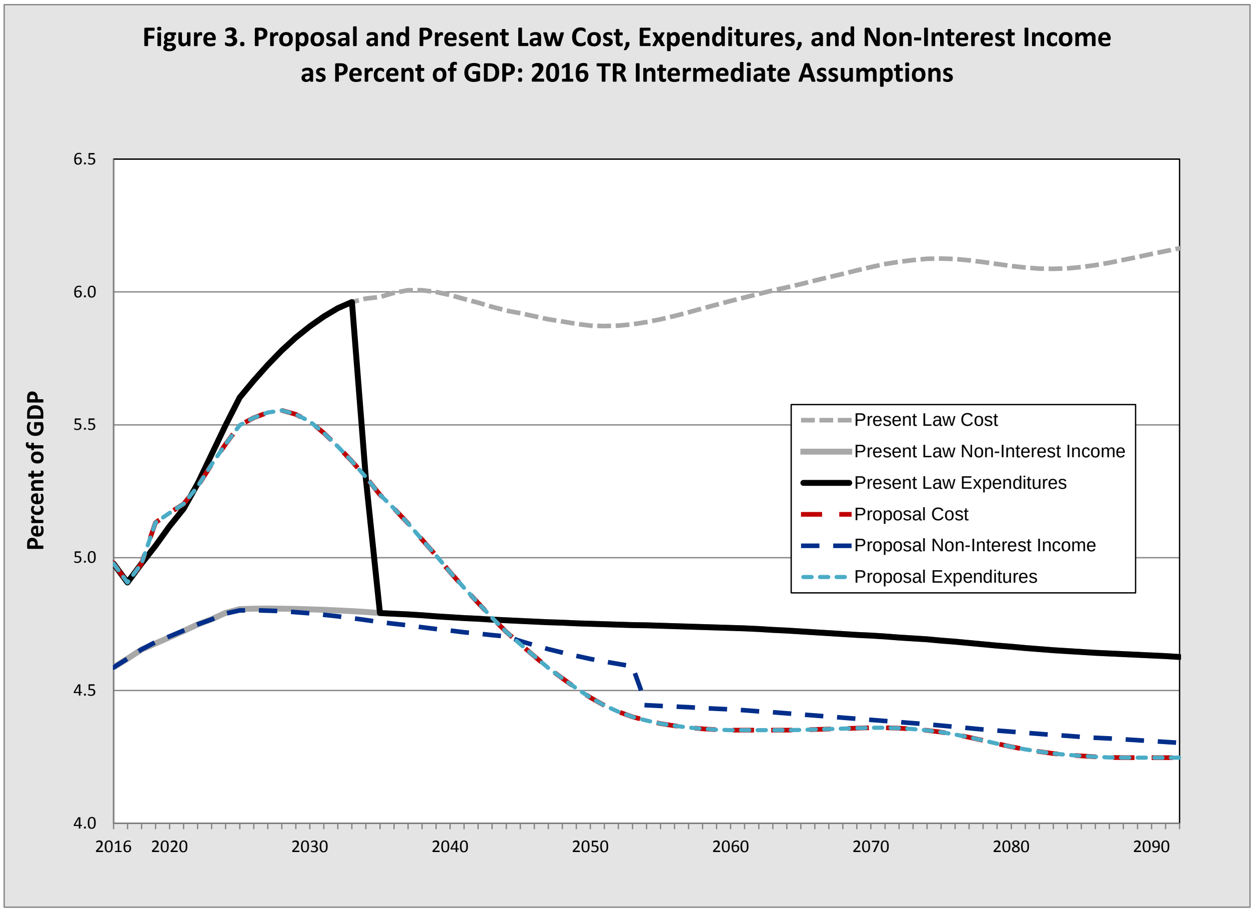
Enactment of the fifteen provisions of this proposal would change the long-range OASDI actuarial deficit from 2.66 percent of taxable payroll under current law to a positive actuarial balance of 0.02 percent of payroll under the proposal.

Figure 2 illustrates annual projected levels of cost, expenditures, and non-interest income as a percent of the current-law taxable payroll. The projected level of cost reflects the full cost of scheduled benefits under both current law and the proposal. Under the proposal, projected expenditures equal the full cost of scheduled benefits throughout the long-range period.



OASDI program annual cost under the proposal is higher than under current law, starting in 2019. This difference decreases and by 2022, annual cost under the proposal is lower than under current law. The reduction in cost grows quickly through 2055, reaching over 4 percent of current-law payroll, and then gradually, reaching about 5.5 percent of current-law payroll for 2090. Beginning in 2019, non-interest income under the proposal is projected to be slightly higher than under current law through 2022. For 2023 and later, non-interest income under the proposal is lower than under current law due to reduced and eventual elimination of revenue from income taxation of benefits, with the difference increasing to 0.9 percent of current-law payroll for 2090. The annual balance (non-interest income minus program cost) under the proposal is slightly worse (more negative) than under current law from 2019 through 2021. For 2022 and later, the proposal improves the annual balance.

It is also useful to consider the projected cost, expenditures, and income for the OASDI program expressed as a percentage of Gross Domestic Product (GDP). Figure 3 illustrates these levels under both current law and the proposal.



Specification for Provisions of the Proposal

1) For retired worker and disabled worker beneficiaries becoming initially eligible in January 2023 or later, phase in a new benefit formula (from 2023 to 2032). Replace the existing two PIA bend points with three new bend points and modified benefit formula factors.

The three new bend points are at 25 percent, 100 percent, and 125 percent of one-twelfth the AWI from two years prior to initial eligibility. The new PIA factors are 95 percent, 27.5 percent, 5 percent, and 2 percent. During the phase-in, those becoming newly eligible for benefits will receive an increasing portion of their benefits based on the new formula, from 10 percent based on the new formula in 2023 to 100 percent based on the new formula for those becoming newly eligible in 2032 and later. This provision applies to all individuals receiving benefits on the account of a retired, disabled, or deceased worker. The new PIA formula would result in slightly higher benefit amounts for workers with average indexed earnings levels below 90 percent of the AWI, and lower benefit levels for those with higher average indexed earnings. Assuming enactment of this provision, we estimate that 51 percent of worker beneficiaries would have a higher PIA than under current law, and 49 percent would have a lower PIA.

We estimate that enactment of this provision alone would reduce the long-range OASDI actuarial deficit by 0.85 percent of taxable payroll and would reduce the annual deficit for the 75th projection year (2090) by 1.53 percent of payroll.

> *2) Use an annualized "mini-PIA" formula beginning with retired and disabled worker beneficiaries becoming newly eligible in 2023, phased in over 10 years. The mini-PIA calculation would use a single year's average monthly indexed earnings (mini-AIME) and primary insurance amount (mini-PIA) for each year with taxable earnings.*

For each year of earnings (indexed as under current law in a monthly equivalent form), for retired workers compute an individual PIA. Sum these individual PIAs for the 35 highest years and divide that total amount by 35 to get the PIA under this provision. For disabled and deceased workers, the number of highest mini-PIA years would equal the number of current-law benefit computation years. Phase-in over ten years, meaning that in 2023, 90 percent of the benefit would be based on the old PIA formula and 10 percent on the new mini-PIA formula, shifting by 10 percentage points each year until 100 percent is based on the new mini-PIA formula for becoming newly eligible in 2032 and later. This provision applies to all individuals receiving benefits on the account of a retired, disabled, or deceased worker.

We estimate that enactment of this provision alone would reduce the long-range OASDI actuarial deficit by 0.34 percent of taxable payroll and would reduce the annual deficit for the 75th projection year (2090) by 0.59 percent of payroll.

> *3) Replace the current-law Windfall Elimination Provision (WEP) with a new calculation for most OASI and DI benefits based on covered and non-covered earnings, phased in for beneficiaries becoming newly eligible in 2023 through 2032.*

For this new approach, compute a PIA based on all past earnings (covered and non-covered), and multiply by the "non-covered earnings ratio." This ratio is equal to the current-law concept of the average indexed monthly earnings computed without non-covered earnings divided by a modified average indexed monthly earnings that includes both covered and non-covered earnings in our records. Another way to describe the new approach is that beneficiaries will receive a benefit that reflects the replacement rate applicable for a worker with the same career earnings, where all earnings had been covered.

In the context of this overall proposal, the new approach under this provision would be applied for each individual year of earnings in order to compute modified mini-PIA amounts.

We estimate that enactment of this provision alone would reduce the long-range OASDI actuarial deficit by 0.03 percent of taxable payroll and would reduce the annual deficit for the 75th projection year (2090) by 0.05 percent of payroll.

> *4) After the normal retirement age (NRA) reaches 67 for those attaining age 62 in 2022, increase the NRA by 3 months per year starting for those attaining age 62 in 2023 until it reaches 69 for those attaining age 62 in 2030. Increase the age up to which delayed retirement credits may be earned from 70 to 72 on the same schedule.*

As the NRA is increased, early entitlement for retired worker and aged spouse benefits may increase by as much as 2 years. The additional reduction to monthly benefits for early entitlement between 5 and 7 years will be at the rate of 4.5 percentage points per year (9/24 percentage point per month). For aged widow(er) benefits, the reduction of 28.5 percent will be retained for new entitlement at age 60 (as well as for disabled widow(er) benefits), and will be phased linearly as under current law to no reduction for age when newly entitled at NRA or above.

In addition to increasing the NRA, increase the age up to which delayed retirement credits may be earned from 70 to 72 on the same schedule. Increase the widow(er) NRA in the same manner. The earliest eligibility age (EEA) for worker and widow(er)'s benefit is unchanged.

We estimate that enactment of this provision alone would reduce the long-range OASDI actuarial deficit by 0.84 percent of taxable payroll and would reduce the annual deficit for the 75th projection year (2090) by 1.33 percent of payroll.

> *5) Beginning with the December 2018 COLA, provide no COLA for those with modified adjusted gross income (MAGI) above specific thresholds and compute the COLA using the chain-weighted version of the CPI-U (C-CPI-U) for all other beneficiaries.*

For single/head-of-household/married-filing-separate taxpayers with MAGI below $85,000 and for joint filers with MAGI below $170,000 for the prior tax year, use the chain-weighted version of the Consumer Price Index for All Urban Consumers (C-CPI-U) to calculate the cost-of-living adjustment (COLA), beginning with the December 2018 COLA. For those beneficiaries whose MAGI is above $85,000 ($170,000 if filed jointly) for the prior tax year, provide no COLA. Index the eligibility income threshold amounts to the CPI-U after December 2018. These thresholds are the Medicare Income Related Monthly Adjustment Amount (IRMAA) and are indexed in the same way.

We estimate that enactment of this provision alone would reduce the long-range OASDI actuarial deficit by 1.25 percent of taxable payroll and would reduce the annual deficit for the 75th projection year (2090) by 2.31 percent of payroll.

> *6) For spouses and children of retired workers and disabled workers becoming newly eligible beginning in 2023 and phased in for 2023 through 2032, limit their auxiliary benefit to the amount based on one-half of the PIA of a hypothetical worker with earnings equal to the national average wage index (AWI) each year up to his or her eligibility year, and who has the same eligibility year as the worker.*

For retired workers, the PIA is calculated as of age 62 and is increased by COLAs thereafter. For disabled workers, the PIA is calculated as of the year of benefit eligibility and is increased by COLAs thereafter.

We estimate that enactment of this provision alone would reduce the long-range OASDI actuarial deficit by 0.07 percent of taxable payroll and would reduce the annual deficit for the 75th projection year (2090) by 0.11 percent of payroll.

> *7) Beginning in January 2019, require full time school enrollment as a condition of eligibility for child benefits at age 15 up to 18.*

Under current law, children of qualifying retired, disabled, or deceased workers can receive benefits on the worker's account regardless of school attendance up to age 18. Children attending elementary, middle, or high school can continue to receive benefits up to age 19. This provision would require full time school enrollment for children age 15 up to age 18 in order to be eligible for benefits. Eligibility for disabled adult child benefits after attaining age 18 would be unchanged.

We estimate that enactment of this provision alone would reduce the long-range OASDI actuarial deficit by 0.01 percent of taxable payroll and would reduce the annual deficit for the 75th projection year (2090) by 0.01 percent of payroll.

> *8) Provide a new minimum benefit for workers with more than 10 years of covered earnings above a specified level, phased in for retired and disabled worker beneficiaries becoming newly eligible in 2023 through 2032.*

Under this provision, the PIA based on any worker's account would be set at the higher of (a) the amount based on the standard PIA computation or (b) a percentage of the AWI from the second year prior to initial eligibility. The percentage under (b) would be set at zero percent of AWI for those with 10 or fewer years of work (YOWs), rising to 15 percent of AWI for those with 15 YOWs, then increasing linearly to 19 percent of AWI for those with 19 YOWs. Then the minimum PIA would jump to 25 percent of AWI for those with 20 YOWs, increasing linearly to 35 percent of AWI for those with 35 or more YOWs. A YOW is equal to earnings at or above $10,875 in 2017 (reflecting a full-time worker earning the federal minimum wage), adjusted thereafter for average wage growth. Scale the YOW requirements for disabled workers, based on years of non-disability. Use the AWI for two years prior to the year of initial eligibility in the minimum PIA calculation with COLA increases after the year of initial eligibility. This provision applies to all individuals receiving benefits on the account of a retired, disabled, or deceased worker.

We estimate that enactment of this provision alone would *increase* the long-range OASDI actuarial deficit by 0.23 percent of taxable payroll and would *increase* the annual deficit for the 75th projection year (2090) by 0.41 percent of payroll.

> *9) Beginning in January 2019, eliminate the retirement earnings test for all beneficiaries under NRA.*

Under this provision, all beneficiaries under NRA would be exempt, including retired workers, aged spouses, aged widow(er)s, young spouses with a child in care, surviving spouses with a child in care, and children. Because beneficiaries at or above NRA are already exempt from the retirement earnings test under current law, this provision would completely eliminate the retirement earnings test for all beneficiaries.

We estimate that enactment of this provision alone would reduce the long-range OASDI actuarial deficit by 0.01 percent of taxable payroll and would reduce the annual deficit for the 75th projection year (2090) by 0.12 percent of payroll.

10) Eliminate federal income taxation of OASDI benefits that is credited to the OASI and DI Trust Funds for 2054 and later, phased in from 2045 to 2053.

Under current law, single tax filers with combined “income” (approximately equal to adjusted gross income plus non-taxable interest income and one-half of their Social Security benefit) greater than $25,000 may have to pay income tax on up to 50 percent of the benefits. If combined “income” exceeds $34,000, up to 85 percent of the benefits may be taxable. The income tax revenue for taxing up to 50 percent of Social Security benefits goes to the OASI and DI Trust Funds. The additional income tax revenue derived from taxing benefits in excess of 50 percent, up to 85 percent, goes to the Hospital Insurance (HI) Trust Fund. The process is similar for joint tax filers, with $32,000 and $44,000 thresholds applying for possible taxation of up to 50 percent or 85 percent of the Social Security benefits, respectively. All threshold levels are fixed amounts and not indexed to price inflation or average wage increase.

Under this provision, the $25,000/$32,000 thresholds would increase from 2045 to 2053, and taxation of OASDI benefits that is credited to the OASI and DI Trust Funds would be completely eliminated starting in 2054. The 2045 to 2053 thresholds for single and joint filers would be as follows:

- 2045: $32,500/$65,000
- 2046: $40,000/$80,000
- 2047: $47,500/$95,000
- 2048: $55,000/$110000
- 2049: $62,500/$125,000
- 2050: $70,000/$140,000
- 2051: $77,500/$155,000
- 2052: $85,000/$170,000
- 2053: $92,500/$185,000.

We estimate that enactment of this provision alone would *increase* the long-range OASDI actuarial deficit by 0.40 percent of taxable payroll and would *increase* the annual deficit for the 75th projection year (2090) by 0.96 percent of payroll. Note that the HI Trust Fund would be held harmless relative to current law, with respect to taxation of benefit revenues.

11) Provide an option to split the 8-percent delayed retirement credit (DRC) to offer a lump sum benefit at initial entitlement equivalent to 2 of the 8 percent DRC earned, and a 6 percent DRC on subsequent monthly benefits, effective for workers attaining age 62 in 2023 and later.

Those attaining age 62 in 2023 or later have the option to split the current-law 8 percent DRC into two parts, a credit and a lump sum. The credit equals 6 percent for each year (0.5 percent for each month) that eligible benefits are not taken within three years after reaching NRA. The lump sum is equal to the present value at the time of selecting the option of the additional future monthly benefits the worker is foregoing by taking the 6 percent rather than the full 8 percent DRC. Widows are held harmless from the lump sum decision, meaning that the full 8 percent will apply for widow benefits, even when the deceased worker had elected to take the lump sum option.

We estimate that the change in the long-range OASDI annual balance and the change in the annual deficit for the 75th projection year (2090) from enactment of this provision alone would be negligible: that is, between -0.005 and 0.005 percent of taxable payroll.

> *12) Beginning in January 2023, provide an addition to monthly benefits for all beneficiaries who have been eligible for at least 20 years. The additional amount is calculated based on 5 percent of the PIA for a hypothetical worker with earnings equal to the national average wage index each year.*

Beginning in January 2023, augment the monthly benefit amount (not the PIA) for those of qualifying age and eligibility duration with an MAGI below $25,000 if single and below $50,000 if married. Use the Medicare IRMAA definition of MAGI (AGI plus tax-exempt interest income). For this provision, these thresholds are indexed for years after 2023 by the increase in the C-CPI-U. The full additional amount is applicable for those born in 1957 and later, once 24 years elapse from initial eligibility. The basic additional amount is calculated as 5 percent of the PIA of for a hypothetical worker with earnings equal to the AWI each year. For those born prior to 1957, the full additional amount is multiplied by the number of years they have been affected by the C-CPI-U, divided by 24.

Beneficiaries will receive 20 percent of their additional amount in their 20th year after initial benefit eligibility, 40 percent in their 21st year after initial eligibility, …, and 100 percent of their additional amount in their 24th and later years after initial benefit eligibility.

Retired and disabled worker beneficiaries, dually entitled spouse beneficiaries, and all survivor beneficiaries receive their addition as described above. Spousal beneficiaries (aged or with a child in care) and child beneficiaries of a living retired or disabled worker receive 50 percent of the additional amount described above. Other beneficiary types (such as parents of deceased workers) will receive the percentage of the flat benefit that is equal to the percentage of the insured worker's PIA that they receive.

The AWI used is for the second year prior to the beneficiary's initial eligibility year, with applicable COLAs applied up to the age when the addition is received. The additional amount is added to the monthly benefit after reductions for early claiming or increases for delayed claiming have been applied.

We estimate that enactment of this provision alone would *increase* the long-range OASDI actuarial deficit by 0.07 percent of taxable payroll and would *increase* the annual deficit for the 75th projection year (2090) by 0.07 percent of payroll.

13) Beginning in January 2023, for new and current disabled widow(er) beneficiaries, change the requirement that disability must occur no later than 7 years after the worker's death, or after surviving spouse with child-in-care benefits were last payable, to no later than 10 years.

We estimate that the change in the long-range OASDI annual balance and the change in the annual deficit for the 75th projection year (2090) from enactment of this provision alone would be negligible: that is, between -0.005 and 0.005 percent of taxable payroll.

14) Beginning in January 2023, for new and current disabled surviving spouse beneficiaries, eliminate the requirement to be age 50 or older for receipt of benefits.

Under current law, widow(er)s must attain age 50 in order to qualify for benefits as widow(er)s on the basis of being disabled. This provision would remove the age-50 requirement.

We estimate that the change in the long-range OASDI annual balance and the change in the annual deficit for the 75th projection year (2090) from enactment of this provision alone would be negligible: that is, between -0.005 and 0.005 percent of taxable payroll.

15) Beginning in January 2023, for new and current beneficiaries, waive the two-year duration of divorce requirement for divorced spouse benefit eligibility in cases where the worker (former spouse) remarries someone other than the claimant before the two-year period has elapsed.

We estimate that the change in the long-range OASDI annual balance and the change in the annual deficit for the 75th projection year (2090) from enactment of this provision alone would be negligible: that is, between -0.005 and 0.005 percent of taxable payroll.

Detailed Financial Results for the Provisions of the Proposal

Summary Results by Provision

Table A provides estimates of the effects on the OASDI long-range actuarial balance for each of the fifteen provisions of the proposal separately and on a combined basis. The table also includes estimates of the effect of each provision on the annual balance (the difference between income rate and the cost rate, expressed as a percent of current-law taxable payroll) for the 75th projection year, 2090. Interaction among individual provisions is reflected only in the total estimates for the combined provisions.

Benefit Illustrations

Tables B1 and B2 provide illustrative examples of the projected change in benefit levels under the fifteen provisions that affect benefit levels for beneficiaries retiring at age 65 in future years at five selected earnings levels, with selected numbers of years of work. The "Maximum-AIME Steady Earner" is assumed to have earnings at ages 22 through 64 that equal the current-law taxable maximum level (equivalent to $118,500 for 2016). **Table B3** provides additional important information on characteristics of retired workers represented by these illustrations.

Table B1 compares the initial scheduled benefit levels, assuming retirement at age 65 under the provisions of the proposal, to both scheduled and payable current-law benefit levels. Benefit amounts scheduled under the proposal are generally lower than those scheduled in current law, because the three provisions included in the table that decrease benefits for most workers (NRA increase, COLA decrease, mini-PIA) generally outweigh the other two provisions included (change the PIA formula, increase the minimum benefit). Note that two of the hypothetical worker examples provided have higher benefits than scheduled under current law because of the minimum benefit provision. The final two columns of this table show the level of scheduled benefits under the proposal as a percentage of current-law scheduled and current-law payable benefits, respectively.

Table B2 compares the change in scheduled benefit levels at ages 65, 75, 85, and 95 under the proposal to scheduled benefits under current law, assuming retirement at age 65. Table B2 shows that projected scheduled benefits under the provisions of the proposal decrease in relation to current-law scheduled benefits between ages 65 and 75 for most earners. The benefit addition increases proposal benefits for ages 85 and 95 above the level scheduled in current-law for several hypothetical lower-earner examples, and diminishes the decrease relative to current-law scheduled benefits for other earners.

The hypothetical workers represented in these tables reflect average career-earnings patterns of workers who started receiving retirement benefits under the Social Security program in recent years. The tables subdivide workers with very low and low career-average earnings levels by their numbers of years of non-zero earnings.

Table B3 provides information helpful in interpreting the benefit illustrations in tables B1 and B2. Percentages in Table B3 are based on tabulations from a 10-percent sample of newly-entitled retired workers in 2007. Table B3 displays the percentages of these newly-entitled retired workers in 2007 that are closest to each of the illustrative examples and are:

1) "Dually Entitled", meaning they received a higher spouse or widow(er) benefit based on the career earnings of their husband or wife,
2) "WEP" (Windfall Elimination Provision), meaning that they received a reduced benefit due to having a pension based on earnings that were not covered under the OASDI program (primarily certain government workers), and they had less than 30 years of substantial earnings that were taxable under the OASDI program,
3) "Foreign Born", meaning that they entered the Social Security coverage area after birth (and generally after entering working ages), and
4) "All Others", meaning they had none of the three characteristics listed above.

The extent to which retired-worker beneficiaries represented by each of the illustrative examples have any of the characteristics listed above (dually entitled, WEP, foreign born) is important because such individuals are less dependent on the OASDI benefit that relates to their own career-average earnings level.

Detailed Tables Containing Annual and Summary Projections

Enclosed with this letter are **tables 1, 1a, 1b, 1b.n, 1c, and 1d,** which provide annual and summary projections for the proposal.

Trust Fund Operations

Table 1 provides projections of the financial operations of the OASDI program under the proposal and shows that the combined OASDI Trust Funds would be fully solvent throughout the 75-year projection period. The OASDI program would also be solvent for the foreseeable future (sustainably solvent), because the OASDI trust fund ratio is projected to rise by the end of the period, 2091. As mentioned earlier, however, the relatively low trust fund ratios projected around 2045 provide only a small contingency reserve for solvency. Unforeseen economic conditions or other events affecting benefits and revenue might require additional measures around that time.

The table shows the annual cost and income rates, annual balances, and trust fund ratios (reserves as percent of annual program cost) for OASDI, as well as the change from current law in these cost rates, income rates, and annual balances. Included at the bottom of this table are summarized rates for the 75-year (long-range) period.

The annual balance (non-interest income minus program cost) under the proposal is slightly worse (more negative) than under current law from 2019 through 2021. For 2022 and later, the proposal improves the annual balance. The improvement in the annual balance increases to 3.7 percent of payroll for 2053, drops to 3.3 for 2054 (due to the full elimination of OASDI taxation of benefits starting in that year), and thereafter increases steadily to 4.5 percent of payroll for 2090. Under the proposal, the annual deficit generally worsens from 1.1 percent of payroll for 2016 to 2.1 percent of payroll for 2028, and then improves until the annual balance turns positive for 2045. The annual balance increases to 0.5 percent of payroll for 2053, drops to 0.2 percent of payroll for 2054, and then stays relatively stable through the end of the long-range period, ultimately reaching 0.2 percent of payroll for 2090. Under current law, the projected annual deficit for 2090 is 4.3 percent of payroll.

The actuarial balance for the OASDI program over the 75-year projection period is improved by 2.67 percent of taxable payroll, from an actuarial deficit of 2.66 percent of payroll under current law to a positive actuarial balance of 0.02 percent of taxable payroll under the proposal.

Program Transfers and Trust Fund Reserves

Column 4 of **Table 1a** provides a projection of the level of reserves for the theoretical combined OASI and DI Trust Funds, assuming enactment of the fifteen Social Security provisions of the proposal. These trust fund reserve amounts are expressed in present value dollars discounted to January 1, 2016. The table indicates that the provisions include no new specified transfers of general revenue to the trust funds. For purpose of comparison, the OASDI Trust Fund reserves, expressed in present value dollars, are also shown for the current-law Social Security program both without and with the added proposal general fund transfers (zero in this case) in columns 6 and 7.

Note that negative values in columns 6 and 7 represent the "unfunded obligation" for the program through the year. The unfunded obligation is the present value of the shortfall of revenue needed to pay full scheduled benefits on a timely basis from the date of trust fund reserve depletion through the end of the indicated year. Gross Domestic Product (GDP), expressed in present value dollars, is shown in column 5 for comparison with other values in the table.

Effect of the Social Security Provisions on the Federal Budget

Table 1b shows the projected effect, in present value discounted dollars, on the federal budget (unified-budget and on-budget) annual cash flows and balances, assuming enactment of the fifteen Social Security provisions of the proposal. Table **1b.n** provides the estimated nominal dollar effect of enactment of the proposal on annual budget balances for years 2016 through 2026. All values in these tables represent the amount of *change* from the level projected under current law. In addition, changes reflect the budget scoring convention that presumes benefits, not payable under the law after depletion of trust fund reserves, would still be paid using revenue provided from the General Fund of the Treasury. The reader should be cautioned that this presumption of payment of benefits beyond the resources of the trust funds is prohibited under current law and is also inconsistent with all past experience under the Social Security program.

We understand that the elimination of taxation of Social Security benefits under provision 10 is intended to hold the Medicare HI Trust Fund harmless. The tables provided here for effects on the budget do not reflect any change based on revenue provided to HI from taxing OASDI benefits.

Column 1 of Table 1b shows the added proposal general fund transfers (zero for this proposal). Column 2 shows the net changes in OASDI cash flow from all provisions of the proposal.

We expect the net effect of the proposal on unified budget cash flow (column 3) to be negative in years 2019 through 2021, and then positive in years 2022 and later, with the decrease in program cost more than offsetting income decreases.

Column 4 of Table 1b indicates that the effect of implementing the proposal is a reduction of the federal debt held by the public, reaching about $11.9 trillion in present value at the end of the 75-year projection period. Column 5 provides the projected effect of the proposal on the annual unified budget balances, including both the cash flow effect in column 3 and the additional interest on the accumulated debt in column 4. Columns 6 and 7 indicate that the provisions of this proposal would have no expected direct effects on the on-budget cash flow, or on the total federal debt, in the future.

It is important to note that we base these estimates on the intermediate assumptions of the 2016 Trustees Report, so these estimates are not consistent with estimates made by the Office of Management and Budget or the Congressional Budget Office based on their assumptions. In particular, all present values are discounted using trust fund yield assumptions under the intermediate assumptions of the 2016 Trustees Report.

Annual Trust Fund Operations as a Percent of GDP

Table 1c provides annual cost, annual expenditures (amount that would be payable), and annual tax income for the OASDI program expressed as a percentage of GDP for both current law and assuming enactment of the fifteen Social Security provisions of the proposal. Showing the annual trust fund cash flows as a percent of GDP provides an additional perspective on these trust fund operations in relation to the total value of goods and services produced in the United States. The relationship between income and cost is similar when expressed as a percent of GDP to that when expressed as a percent of taxable payroll (Table 1).

Effects on Trust Fund Reserves and Unfunded Obligations

Table 1d provides estimates of the changes in trust fund reserves and unfunded obligations on an annual basis. Values in this table are expressed in present value dollars discounted to January 1, 2016.

For the 75-year (long-range) period as a whole, the current-law unfunded obligation of $11.4 trillion is replaced by a positive trust fund reserve of $0.6 trillion in present value assuming enactment of the proposal. This change of $11.9 trillion results from:

- A $2.0 trillion net *decrease* in revenue (column 2), primarily from eliminating OASDI taxation of benefits in 2054 and later, *minus*
- A $13.9 trillion net *decrease* in cost (column 3), primarily from increasing the NRA, reducing (and, for some, eliminating) the COLA, using a “mini-PIA” calculation, and modifying the PIA bend points and factors.

We hope these estimates are helpful. Please let me know if we may provide further assistance.

Sincerely,

Stephen C. Goss

Stephen C. Goss, ASA, MAAA
Chief Actuary

Enclosures

Table A—Estimated Long-Range OASDI Financial Effects of H.R. 6489, the "Social Security Reform Act of 2016," Introduced by Chairman Sam Johnson

Provision	Estimated Change in Long-Range OASDI Actuarial Balance [1] (as a percent of payroll)	Estimated Change in Annual Balance for 75th year [2] (as a percent of payroll)
1) For retired worker and disabled worker beneficiaries becoming initially eligible in January 2023 or later, phase in a new benefit formula (from 2023 to 2032). Replace the existing two primary insurance amount (PIA) bend points with three new bend points as follows: • 25% AWI/12 from 2 years prior to initial eligibility • 100% AWI/12 from 2 years prior to initial eligibility • 125% AWI/12 from 2 years prior to initial eligibility The new PIA factors are 95%, 27.5%, 5% and 2%**.** During the phase in, those becoming newly eligible for benefits will receive an increasing portion of their benefits based on the new formula, reaching 100% of the new formula in 2032...	0.85	1.53
2) Use an annualized "mini-PIA" formula beginning with retired and disabled worker beneficiaries becoming newly eligible in 2023, phased in over 10 years. For each year of earnings (indexed as under current law in a monthly equivalent form), compute a single year's PIA For retired workers, sum these individual PIAs for the 35 highest years of indexed earnings and divide that total amount by 35 to get the PIA under this provision. For disabled workers, the number of highest mini-PIA years would equal the number of current-law benefit computation years. Phase-in over ten years, meaning that in 2023, 90 percent of the benefit would be based on the old PIA formula and 10 percent on the new mini-PIA formula, shifting by 10 percentage points each year until 100 percent is based on the new mini-PIA formula for those becoming newly eligible in 2032 and later..	0.34	0.59
3) Replace the current-law WEP with a new calculation for most OASI and DI benefits based on covered and non-covered earnings, phased in for beneficiaries becoming newly eligible in 2023 to through 2032. For this new approach, compute a PIA based on all past earnings (covered and non-covered), and multiply by the "non-covered earnings ratio." This ratio is equal to the current-law concept of the average indexed monthly earnings computed without non-covered earnings divided by a modified average indexed monthly earnings that includes both covered and non-covered earnings in our records	0.03	0.05

Table A—Estimated Long-Range OASDI Financial Effects of H.R. 6489, the "Social Security Reform Act of 2016," Introduced by Chairman Sam Johnson

Provision	Estimated Change in Long-Range OASDI Actuarial Balance [1] (as a percent of payroll)	Estimated Change in Annual Balance for 75th year [2] (as a percent of payroll)
4) After the normal retirement age (NRA) reaches 67 for those attaining age 62 in 2022, increase the NRA by 3 months per year starting for attaining age 62 in 2023 until it reaches 69 for those attaining age 62 in 2030. Increase the age up to which delayed retirement credits may be earned from 70 to 72 on the same schedule. Increase the widow(er) NRA in the same manner. The earliest eligibility age (EEA) for worker and widow(er)'s benefit is unchanged	0.84	1.33
5) For single/head-of-household/married-filing-separate taxpayers with modified adjusted gross income (MAGI) below $85,000 and for joint filers with MAGI below $170,000 for the prior tax year, use the chain-weighted version of the Consumer Price Index for All Urban Consumers (C-CPI-U) to calculate the cost-of-living adjustment (COLA), beginning with the December 2018 COLA. For those beneficiaries whose MAGI is above the $85,000/$170,000 for the prior tax year, provide no COLA. Index the eligibility income threshold amounts to the CPI-U after December 2018	1.25	2.31
6) For spouses and children of retired and disabled workers becoming newly eligible beginning in 2023 and phased in for 2023 through 2032, limit their auxiliary benefit to one-half of the PIA for a hypothetical worker with earnings equal to the national average wage index (AWI) each year	0.07	0.11
7) Beginning in January 2019, require full time school enrollment as a condition of eligibility for child benefits at age 15 up to 18	0.01	0.01
8) Provide a new minimum benefit for workers with more than 10 years of covered earnings above a specified level, phased in for retired and disabled workers becoming newly eligible in 2023 through 2032. Set the minimum PIA at zero percent of AWI for those with 10 or fewer years of work (YOW) to 15 percent of AWI of those with 15 YOWs, increasing linearly so that it reaches 19 percent for 19 YOWs. Then the minimum PIA would jump up to 25 percent of AWI for those with 20 YOWs, increasing linearly so that it equals 35 percent of AWI for those with 35 or more YOWs. A YOW is equal to earnings at or above $10,875 in 2017 (reflecting a full-time worker earning the federal minimum wage), adjusted thereafter for average wage growth. Scale the YOW requirements for disabled workers, based on years of non-disability. Use the AWI for two years prior to the year of initial eligibility in the minimum PIA calculation with COLA increase after the year of initial eligibility	-0.23	-0.41

Table A—Estimated Long-Range OASDI Financial Effects of H.R. 6489, the "Social Security Reform Act of 2016," Introduced by Chairman Sam Johnson

Provision	Estimated Change in Long-Range OASDI Actuarial Balance [1] (as a percent of payroll)	Estimated Change in Annual Balance for 75th year [2] (as a percent of payroll)
9) Beginning in January 2019, eliminate the retirement earnings test for all beneficiaries under normal retirement age, including retired workers, aged spouses, aged widow(er)s, young spouses with a child in care, young surviving spouses with a child in care, and children......	0.01	0.12
10) Eliminate federal income taxation of OASDI benefits that is credited to the OASI and DI Trust Funds for 2054 and later. Phase out OASDI taxation of benefits by increasing relevant "income" thresholds from 2045 through 2053 as follows, for single/joint tax filers: • 2045 = $32,500/$65,000 • 2046 = 40,000/80,000 • 2047 = 47,500/95,000 • 2048 = 55,000/110000 • 2049 = 62,500/125,000 • 2050 = 70,000/140,000 • 2051 = 77,500/155,000 • 2052 = 85,000/170,000 • 2053 = 92,500/185,000 Taxation of benefits revenues for the Hospital Insurance (HI) Trust Fund would be maintained at the same level as if the current-law computation applied	-0.40	-0.96
11) Provide an option to split the 8-percent delayed retirement credit (DRC) to offer a lump sum benefit at initial entitlement equal to 2 percent of the 8 percent DRC earned, and a 6 percent DRC on subsequent monthly benefits, effective for workers attaining age 62 in 2023 and later. Widows are held harmless from the lump-sum decision..	[3]	[4]

Table A—Estimated Long-Range OASDI Financial Effects of H.R. 6489, the "Social Security Reform Act of 2016," Introduced by Chairman Sam Johnson		
Provision	Estimated Change in Long-Range OASDI Actuarial Balance [1] (as a percent of payroll)	Estimated Change in Annual Balance for 75th year [2] (as a percent of payroll)
12) Beginning in January 2023, provide an addition to monthly benefits for all beneficiaries who have been eligible for at least 20 years, with the following specifications: • Augment benefits (not the PIA) for those of qualifying age and eligibility duration with a MAGI below $25,000 if single and $50,000 if married. MAGI is set to equal the IRMAA definition (AGI plus tax-exempt interest income). Index these thresholds after 2023 by the increase in the C-CPI-U. • The full additional amount is applicable for those born 1957 and later, once 24 years elapse from initial eligibility. The basic additional amount is calculated as 5 percent of the PIA for a hypothetical worker with earnings equal to the AWI each year. • For those born prior to 1957, the full additional amount is multiplied by the number of years they have been affected by the C-CPI-U, divided by 24. • Beneficiaries will receive 20 percent of their additional amount in their 20th year after initial eligibility, 40 percent in their 21st year after initial eligibility,…, and 100 percent of their additional amount in their 24th and later years after benefit eligibility. • Retired and disabled worker beneficiaries, dually entitled spouse beneficiaries, and all survivor beneficiaries received their addition as described above. Spousal beneficiaries (aged or with child in care) and child beneficiaries of a living retired or disabled worker receive 50 percent of the additional amount described above. Other beneficiary types (such as parents of deceased workers) will receive the percentage of the flat benefit that equals the percentage of the insured worker's PIA that they receive. • The AWI used is for the second year prior to the beneficiary's initial eligibility year, with applicable COLAs applied up to the age when the addition is received. • The additional amount is added to the monthly benefit after reductions for early claiming or increases for delayed claiming have been applied..	-0.07	-0.07
13) Beginning in January 2023, for new and current disabled widow(er) beneficiaries, change the requirement that disability must occur no later than 7 years after the worker's death or after surviving spouse with child-in-care benefits were last payable, to no later than 10 years	[3]	[4]

Table A—Estimated Long-Range OASDI Financial Effects of H.R. 6489, the "Social Security Reform Act of 2016," Introduced by Chairman Sam Johnson

Provision	Estimated Change in Long-Range OASDI Actuarial Balance [1] (as a percent of payroll)	Estimated Change in Annual Balance for 75th year [2] (as a percent of payroll)
14) Beginning in January 2023, for new and current disabled surviving spouse beneficiaries, eliminate the requirement to be age 50 or older for receipt of benefits	[3]	[4]
15) Beginning in January 2023, for new and current beneficiaries, waive the two-year duration of divorce requirement for divorced spouse benefit eligibility, in cases where the worker (former spouse) remarries someone other than the claimant before the two-year period has elapsed	[3]	[4]
Total for all provisions, including interaction	**2.67**	**4.53**

[1]Under current law, the estimated long-range OASDI actuarial balance is -2.66 percent of taxable payroll.
[2]Under current law, the estimated 75th year annual balance is -4.35 percent of taxable payroll.
[3]Estimated change in actuarial balance that is negligible; that is, between -0.005 and 0.005 percent of taxable payroll.
[4]Estimated change in 75th year annual balance that is negligible; that is, between -0.005 and 0.005 percent of taxable payroll.

Notes: All estimates are based on the intermediate assumptions of the 2016 OASDI Trustees Report.
Estimates of individual provisions appear on a stand-alone basis relative to current law, unless otherwise stated.

Social Security Administration
Office of the Chief Actuary
December 8, 2016

Table B1. Changes in Benefits for Hypothetical Workers Beginning Benefit Receipt at age 65
H.R. 6489, the "Social Security Reform Act of 2016," Introduced by Chairman Sam Johnson

Year Attain Age 65	Present Law Scheduled Monthly Benefits[3] (Wage-Indexed 2015 Dollars)	(CPI-Indexed 2015 Dollars)	Scheduled Benefit Level Percent Change at age 65 (Percent change): Increase NRA[4]	Reduced COLA[5]	Bend Points PIA Formula Factors[6]	*Incremental* Mini PIA[7]	Minimum Benefit[8]	Total	Proposal Scheduled Benefit Percent of Present Law (Percents): Scheduled	Payable
Very-Low-AIME ($12,280 for 2016[1]) 30-Year Scaled Earner (8.9% of Retirees[2])										
2016	718	718	0.0	0.0	0.0	0.0	0.0	0.0	100	100
2030	660	812	-9.1	-0.9	7.0	-7.0	21.5	8.9	109	109
2050	661	1,036	-13.5	-0.9	14.1	-13.2	43.7	22.1	122	153
2080	665	1,469	-13.5	-0.9	14.1	-13.2	43.7	22.1	122	162
Very-Low-AIME ($12,280 for 2016[1]) 20-Year Scaled Earner (5.2% of Retirees[2])										
2016	718	718	0.0	0.0	0.0	0.0	0.0	0.0	100	100
2030	660	812	-9.1	-0.9	7.0	-16.5	1.0	-18.7	81	81
2050	661	1,036	-13.5	-0.9	14.1	-31.0	15.8	-21.8	78	98
2080	665	1,469	-13.5	-0.9	14.1	-31.0	15.8	-21.8	78	104
Very-Low-AIME ($12,280 for 2016[1]) 14-Year Scaled Earner (4.2% of Retirees[2])										
2016	718	718	0.0	0.0	0.0	0.0	0.0	0.0	100	100
2030	660	812	-9.1	-0.9	7.0	-22.8	0.0	-25.6	74	74
2050	661	1,036	-13.5	-0.9	14.1	-42.9	0.0	-44.1	56	70
2080	665	1,469	-13.5	-0.9	14.1	-42.9	0.0	-44.1	56	74
Low-AIME ($22,105 for 2016[1]) 44-Year Scaled Earner (16.9% of Retirees[2])										
2016	940	940	0.0	0.0	0.0	0.0	0.0	0.0	100	100
2030	863	1,062	-9.1	-0.9	3.7	0.0	11.9	4.5	105	105
2050	865	1,356	-13.5	-0.9	7.4	0.0	19.5	10.1	110	138
2080	869	1,921	-13.5	-0.9	7.5	0.0	19.5	10.1	110	147
Low-AIME ($22,105 for 2016[1]) 30-Year Scaled Earner (4.4% of Retirees[2])										
2016	940	940	0.0	0.0	0.0	0.0	0.0	0.0	100	100
2030	863	1,062	-9.1	-0.9	3.7	-4.4	8.6	-3.0	97	97
2050	865	1,356	-13.5	-0.9	7.4	-8.5	18.1	-0.4	100	125
2080	869	1,921	-13.5	-0.9	7.5	-8.5	18.1	-0.4	100	133
Low-AIME ($22,105 for 2016[1]) 20-Year Scaled Earner (2.0% of Retirees[2])										
2016	940	940	0.0	0.0	0.0	0.0	0.0	0.0	100	100
2030	863	1,062	-9.1	-0.9	3.7	-12.8	0.7	-18.0	82	82
2050	865	1,356	-13.5	-0.9	7.4	-24.7	13.3	-21.4	79	99
2080	869	1,921	-13.5	-0.9	7.5	-24.7	13.3	-21.3	79	105
Medium-AIME ($49,121 for 2016[1]) 44-Year Scaled Earner (29.2% of Retirees[2])										
2016	1,548	1,548	0.0	0.0	0.0	0.0	0.0	0.0	100	100
2030	1,423	1,750	-9.1	-0.9	-0.6	-1.0	0.0	-11.4	89	89
2050	1,425	2,234	-13.5	-0.9	-1.2	-2.0	0.0	-16.9	83	104
2080	1,433	3,166	-13.5	-0.9	-1.2	-2.0	0.0	-16.9	83	111
Medium-AIME ($49,121 for 2016[1]) 30-Year Scaled Earner (3.2% of Retirees[2])										
2016	1,548	1,548	0.0	0.0	0.0	0.0	0.0	0.0	100	100
2030	1,423	1,750	-9.1	-0.9	-0.6	-7.5	0.0	-17.2	83	83
2050	1,425	2,234	-13.5	-0.9	-1.2	-15.1	0.0	-28.1	72	90
2080	1,433	3,166	-13.5	-0.9	-1.2	-15.1	0.0	-28.0	72	96
High-AIME ($78,594 for 2016[1]) 44-Year Scaled Earner (19.8% of Retirees[2])										
2016	2,053	2,053	0.0	0.0	0.0	0.0	0.0	0.0	100	100
2030	1,885	2,319	-9.1	-0.9	-11.1	0.0	0.0	-19.9	80	80
2050	1,888	2,960	-13.5	-0.9	-22.2	0.0	0.0	-33.2	67	84
2080	1,899	4,195	-13.5	-0.9	-22.2	0.0	0.0	-33.2	67	89
Maximum-AIME ($118,500 for 2016[1]) 43-Year Steady Earner (6.3% of Retirees[2])										
2016	2,492	2,492	0.0	0.0	0.0	0.0	0.0	0.0	100	100
2030	2,308	2,839	-9.1	-0.9	-17.0	0.0	0.0	-25.2	75	75
2050	2,309	3,622	-13.5	-0.9	-34.0	0.0	0.0	-43.3	57	71
2080	2,317	5,119	-13.5	-0.9	-33.8	0.0	0.0	-43.2	57	76

1 Average of highest 35 years of earnings wage indexed to 2016.
2 Projected percent of new retired worker awards in 2050 closest to AIME levels and years of work.
3 After the trust fund reserves deplete under present law continuing taxes are expected to be enough to pay about three fourths of scheduled benefits.
4 After NRA reaches 67 in 2022, increase 3 months per year until NRA reaches 69 for those attaining 62 in 2030.
5 Starting Dec 2018, prior to benefit receipt, compute the COLA using the chain-weighted C-CPI-U, producing 0.3% lower annual COLAs on average.
6 Starting in 2023, set BP1 equal to 25% of AWI/12, BP2 equal to AWI/12, BP3 equal to 125% AWI/12 (2 year lag), and change the PIA factors to 95%/27.5%/5%/2%. Phase in the new BP and PIA factors years of initial eligibility 2023-2032.
7 Incremental change due to the mini-PIA approach. Phase in the new benefit formula for those newly eligible in years 2023-2032.
8 Provide a minimum PIA such that a worker with 35/20/19/15/10 years of work would have a PIA of at least 35%/25%/19%/15%/0% of AWI/12. A year of work is equal to $10,875 in 2017, indexed for average wage growth. This provision would take full effect for all worker beneficiaries in 2032 and later, phasing in between 2023 and 2032. The Minimum Benefit Percent change is calculated by applying this provision after after all other provisions.

Note: These tables do not reflect the reduced taxation of OASDI benefits that would go to the Hospital Insurance (HI) Trust Fund assuming enactment of this Bill.
All estimates based on the intermediate assumptions of the 2016 Trustees Report.

Office of the Chief Actuary, Social Security Administration — December 8, 2016

Table B2. Changes in Benefits for Hypothetical Workers Beginning Benefit Receipt at age 65
H.R. 6489, the "Social Security Reform Act of 2016," Introduced by Chairman Sam Johnson

Year Attain Age 65	Age 65	Age 75	Age 85[3]	Age 95[3]
	Proposal Scheduled Benefit as Percent of Present Law Scheduled (Percent)			
Very-Low-AIME ($12,280 for 2016[1]) 30-Year Scaled Earner (8.9% of Retirees[2])				
2016	100.0	97.7	101.8	100.5
2030	108.9	105.8	112.0	111.0
2050	122.1	118.6	124.3	123.0
2080	122.1	118.6	124.4	123.0
Very-Low-AIME ($12,280 for 2016[1]) 20-Year Scaled Earner (5.2% of Retirees[2])				
2016	100.0	97.7	101.8	100.5
2030	81.3	79.0	85.9	85.7
2050	78.2	75.9	82.9	82.8
2080	78.2	76.0	82.9	82.8
Very-Low-AIME ($12,280 for 2016[1]) 14-Year Scaled Earner (4.2% of Retirees[2])				
2016	100.0	97.7	101.8	100.5
2030	74.4	72.2	79.4	79.4
2050	55.9	54.3	61.9	62.4
2080	55.9	54.3	61.9	62.4
Low-AIME ($22,105 for 2016[1]) 44-Year Scaled Earner (16.9% of Retirees[2])				
2016	100.0	97.7	100.2	98.6
2030	104.5	101.5	105.7	104.3
2050	110.1	106.9	110.9	109.4
2080	110.1	106.9	103.9	100.9
Low-AIME ($22,105 for 2016[1]) 30-Year Scaled Earner (4.4% of Retirees[2])				
2016	100.0	97.7	100.2	98.6
2030	97.0	94.2	98.5	97.4
2050	99.6	96.7	101.0	99.8
2080	99.6	96.8	94.0	91.3
Low-AIME ($22,105 for 2016[1]) 20-Year Scaled Earner (2.0% of Retirees[2])				
2016	100.0	97.7	100.2	98.6
2030	82.0	79.7	84.4	83.7
2050	78.6	76.4	81.2	80.6
2080	78.7	76.4	74.2	72.0
Medium-AIME ($49,121 for 2016[1]) 44-Year Scaled Earner (29.2% of Retirees[2])				
2016	100.0	97.7	94.9	92.1
2030	88.6	86.1	83.6	81.2
2050	83.1	80.7	78.3	76.1
2080	83.1	80.7	78.3	76.1
Medium-AIME ($49,121 for 2016[1]) 30-Year Scaled Earner (3.2% of Retirees[2])				
2016	100.0	97.7	94.9	92.1
2030	82.8	80.4	78.1	75.8
2050	71.9	69.9	67.9	65.9
2080	72.0	69.9	67.9	65.9
High-AIME ($78,594 for 2016[1]) 44-Year Scaled Earner (19.8% of Retirees[2])				
2016	100.0	97.7	94.9	92.1
2030	80.1	77.8	75.5	73.4
2050	66.8	51.6	40.0	30.9
2080	66.8	51.7	40.0	30.9
Maximum-AIME ($118,500 for 2016[1]) 43-Year Steady Earner (6.3% of Retirees[2])				
2016	100.0	81.4	63.0	48.7
2030	74.8	57.8	44.7	34.6
2050	56.7	43.8	33.9	26.2
2080	56.8	43.9	34.0	26.3

[1] Average of highest 35 years of earnings wage indexed to 2016.

[2] Projected percent of new retired worker awards in 2050 closest to AIME levels and years of work.

[3] Increase the benefit by 5% of an AWI worker for those with a MAGI below $25,000 if single and $50,000 if married beginning at age 81 and phased in over five years starting in 2023. Index the MAGI thresholds using C-CPI-U.

Note: Starting in 2018, if MAGI is less than $85,000 if single and $170,000 if married, compute the COLA using the chain-weighted C-CPI-U, producing 0.3 percentage point lower annual COLAs on average. If MAGI is above the $85,000 single/$170,000 married threshold, eliminate the COLA. Index the eligibility income threshold amounts using CPI-W.

Other Changes:
- After NRA reaches 67 in 2022, increase 3 months per year until NRA reaches 69 for those attaining 62 in 2030.
- Starting in 2023, set BP1 equal to 25% of AWI/12, BP2 equal to AWI/12, BP3 equal to 125% AWI/12 (2 year lag), and change the PIA factors to 95%/27.5%/5%/2%. Calculate the PIA using the mini-PIA approach. Phase in the new BP, PIA factors, and benefit formula for those newly eligible in years 2023-2032.
- Provide a minimum PIA such that a worker with 35/20/19/15/10 years of work would have a PIA of at least 35%/25%/19%/15%/0% of AWI/12. A year of work is equal to $10,875 in 2017, indexed for average wage growth. This provision would take full effect for all worker beneficiaries in 2032 and later, phasing in between 2023 and 2032.

Note: These tables do not reflect the reduced taxation of OASDI benefits that would go to the Hospital Insurance (HI) Trust Fund assuming enactment of this Bill.
All estimates based on the intermediate assumptions of the 2016 Trustees Report.

Table B3. Important Characteristics of Hypothetical Workers in 2007

Category	Percent of Beneficiaries Within Each Category That Are: Dually Entitled[2]	WEP[3]	Foreign Born	All Others[4]
Very-Low-AIME ($12,280 for 2016[1]):				
30-Year Scaled Earner (9.3% of Retirees)	47	6	11	40
20-Year Scaled Earner (5.8% of Retirees)	38	16	21	31
14-Year Scaled Earner (5.3% of Retirees)	22	21	45	20
Low-AIME ($22,105 for 2016[1]):				
44-Year Scaled Earner (13.1% of Retirees)	15	2	6	78
30-Year Scaled Earner (5.9% of Retirees)	16	9	18	59
20-Year Scaled Earner (3.1% of Retirees)	10	23	35	37
Medium-AIME ($49,121 for 2016[1]):				
44-Year Scaled Earner (23.0% of Retirees)	1	1	5	93
30-Year Scaled Earner (4.4% of Retirees)	1	8	26	67
High-AIME ($78,594 for 2016[1]):				
44-Year Scaled Earner (20.5% of Retirees)	0	0	6	93
Maximum-AIME ($118,500 for 2016[1]):				
Steady Earner (9.4% of Retirees)	0	0	7	93

Note 1:Table B3 displays the percentages of these newly-entitled retired workers in 2007 that are closest to each of the illustrative examples.

Note 2: Percents based on tabulations of a 10-percent sample of newly entitled retired-worker beneficiaries in 2007 (169,725 records). We can be 95 percent confident that each of the values shown above is within 1.4 percentage points of the value we would find using 100 percent of the retirees in 2007.

Note 3: The sum of the percentages for each category (sum across rows) could be greater than 100 percent because some beneficiaries can be classified in more than one of the following groups: dually entitled, WEP, and foreign born.

[1] Average of highest 35 years of earnings wage indexed to 2016.

[2] Under current law, entitled to an additional benefit based on someone else's account. The dually entitled percent is a minimum value. Some beneficiaries that are not currently dually entitled could become dually entitled in the future.

[3] Covered by pension from government employment and are subject to the windfall elimination provision (WEP).

[4] Neither foreign born, subject to WEP, or dually entitled.

Table 1 - OASDI Cost Rate, Income Rate, Annual Balance, and Trust Fund Ratio
H.R. 6489, the "Social Security Reform Act of 2016," Introduced by Chairman Sam Johnson

	Proposal				Change from Present Law		
	Expressed as a percentage of present-law taxable payroll			Trust Fund	Expressed as a percentage of present-law taxable payroll		
Year	Cost Rate	Income Rate	Annual Balance	Ratio 1-1-year	Cost Rate	Income Rate	Annual Balance
2016	14.05	12.94	-1.10	303	0.00	0.00	0.00
2017	13.72	12.92	-0.80	293	0.00	0.00	0.00
2018	13.86	12.96	-0.90	277	0.00	0.00	0.00
2019	14.23	12.98	-1.25	257	0.24	0.01	-0.23
2020	14.27	12.99	-1.28	242	0.14	0.01	-0.13
2021	14.32	13.01	-1.31	228	0.05	0.00	-0.04
2022	14.46	13.04	-1.43	214	-0.03	0.00	0.03
2023	14.65	13.06	-1.60	199	-0.10	0.00	0.10
2024	14.83	13.09	-1.74	183	-0.19	-0.01	0.19
2025	15.00	13.10	-1.90	168	-0.29	-0.01	0.27
2026	15.09	13.11	-1.98	154	-0.38	-0.02	0.36
2027	15.16	13.12	-2.04	140	-0.49	-0.02	0.47
2028	15.20	13.13	-2.07	126	-0.61	-0.03	0.59
2029	15.18	13.13	-2.04	114	-0.79	-0.03	0.76
2030	15.12	13.14	-1.98	102	-0.98	-0.04	0.94
2031	15.02	13.14	-1.88	91	-1.20	-0.05	1.15
2032	14.89	13.14	-1.76	80	-1.43	-0.06	1.37
2033	14.76	13.13	-1.62	70	-1.65	-0.07	1.58
2034	14.61	13.13	-1.48	61	-1.85	-0.08	1.77
2035	14.44	13.12	-1.32	52	-2.05	-0.09	1.96
2036	14.31	13.12	-1.20	44	-2.24	-0.10	2.14
2037	14.18	13.11	-1.06	37	-2.42	-0.11	2.31
2038	14.02	13.11	-0.91	30	-2.59	-0.12	2.47
2039	13.86	13.10	-0.76	25	-2.75	-0.13	2.62
2040	13.70	13.09	-0.61	20	-2.89	-0.14	2.75
2041	13.55	13.08	-0.46	16	-3.02	-0.15	2.87
2042	13.40	13.08	-0.32	13	-3.14	-0.15	2.98
2043	13.25	13.07	-0.18	11	-3.25	-0.16	3.09
2044	13.11	13.06	-0.05	10	-3.36	-0.17	3.19
2045	12.99	13.02	0.03	10	-3.46	-0.21	3.25
2046	12.87	12.98	0.12	10	-3.56	-0.25	3.31
2047	12.75	12.95	0.20	12	-3.65	-0.28	3.37
2048	12.65	12.92	0.27	13	-3.74	-0.31	3.42
2049	12.55	12.89	0.34	16	-3.82	-0.34	3.48
2050	12.46	12.86	0.41	19	-3.90	-0.37	3.53
2051	12.38	12.84	0.46	23	-3.98	-0.39	3.59
2052	12.32	12.82	0.50	27	-4.05	-0.41	3.64
2053	12.27	12.80	0.53	31	-4.12	-0.43	3.69
2054	12.24	12.40	0.16	36	-4.18	-0.84	3.35
2055	12.22	12.40	0.18	38	-4.25	-0.84	3.41
2056	12.20	12.40	0.20	40	-4.31	-0.85	3.46
2057	12.19	12.40	0.21	42	-4.37	-0.85	3.52
2058	12.18	12.40	0.22	44	-4.42	-0.85	3.57
2059	12.18	12.40	0.22	47	-4.48	-0.86	3.62
2060	12.18	12.40	0.22	49	-4.52	-0.86	3.66
2061	12.19	12.40	0.21	51	-4.56	-0.86	3.70
2062	12.20	12.40	0.20	54	-4.60	-0.87	3.74
2063	12.21	12.40	0.19	56	-4.64	-0.87	3.77
2064	12.22	12.40	0.18	58	-4.68	-0.88	3.81
2065	12.24	12.40	0.16	60	-4.72	-0.88	3.84
2066	12.25	12.40	0.15	62	-4.75	-0.88	3.87
2067	12.27	12.40	0.13	64	-4.79	-0.89	3.90
2068	12.29	12.40	0.12	66	-4.83	-0.89	3.94
2069	12.30	12.40	0.10	67	-4.86	-0.89	3.97
2070	12.32	12.40	0.08	69	-4.90	-0.90	4.00
2071	12.33	12.40	0.07	70	-4.93	-0.90	4.04
2072	12.34	12.40	0.06	72	-4.97	-0.90	4.07
2073	12.34	12.40	0.06	73	-5.00	-0.90	4.10
2074	12.34	12.40	0.06	74	-5.03	-0.91	4.13
2075	12.33	12.40	0.07	76	-5.06	-0.91	4.15
2076	12.32	12.40	0.08	77	-5.09	-0.91	4.18
2077	12.30	12.40	0.10	79	-5.11	-0.91	4.20
2078	12.28	12.40	0.12	81	-5.13	-0.91	4.22
2079	12.26	12.40	0.14	83	-5.15	-0.91	4.23
2080	12.24	12.40	0.16	85	-5.16	-0.91	4.25
2081	12.22	12.40	0.18	88	-5.18	-0.91	4.27
2082	12.21	12.40	0.19	90	-5.20	-0.91	4.28
2083	12.20	12.40	0.20	93	-5.22	-0.91	4.31
2084	12.20	12.40	0.20	96	-5.24	-0.91	4.33
2085	12.19	12.40	0.21	98	-5.27	-0.92	4.36
2086	12.19	12.40	0.21	101	-5.31	-0.92	4.39
2087	12.20	12.40	0.20	104	-5.35	-0.92	4.43
2088	12.20	12.40	0.20	107	-5.38	-0.92	4.46
2089	12.21	12.40	0.19	110	-5.42	-0.92	4.50
2090	12.22	12.40	0.18	113	-5.46	-0.93	4.53
2091	12.23	12.40	0.17	115	-5.49	-0.93	4.56

Summarized Rates: OASDI					Summarized Rates: OASDI		
	Cost Rate	Income Rate	Actuarial Balance	Year of reserve depletion[1]	Change in Cost rate	Change in Income Rate	Change in Actuarial Balance
2016 - 2090	13.39%	13.41%	0.02%	N/A	-3.11%	-0.44%	2.67%

Based on Intermediate Assumptions of the 2016 Trustees Report.
[1]Under present law the year of combined Trust Fund reserve depletion is 2034.

Office of the Chief Actuary
Social Security Administration
December 8, 2016

Table 1a - General Fund Transfers, OASDI Trust Fund Reserves, and Theoretical OASDI Reserves
H.R. 6489, the "Social Security Reform Act of 2016," Introduced by Chairman Sam Johnson

	Proposal General Fund Transfers			*Present Value in Billions as of 1-1-2016*			
		Present Value in Billions as of 1-1- 2016		Proposal Total OASDI Trust Fund		Theoretical Social Security[1] with Borrowing Authority — Net OASDI Trust Fund Reserves at End of Year	
Calendar Year	Percentage of Payroll (1)	Annual Amounts (2)	Accumulated as of End of Year (3)	Reserves at End of Year (4)	Gross Domestic Product (5)	Without General Fund Transfers (6)	With Plan General Fund Transfers (7)
2016	0.0	0.0	0.0	2,741.0	18,368.5	2,741.0	2,741.0
2017	0.0	0.0	0.0	2,687.5	18,780.3	2,687.5	2,687.5
2018	0.0	0.0	0.0	2,625.9	19,199.4	2,625.9	2,625.9
2019	0.0	0.0	0.0	2,538.4	19,590.0	2,554.4	2,554.4
2020	0.0	0.0	0.0	2,446.3	19,948.3	2,471.7	2,471.7
2021	0.0	0.0	0.0	2,350.2	20,275.2	2,378.9	2,378.9
2022	0.0	0.0	0.0	2,244.0	20,546.2	2,270.6	2,270.6
2023	0.0	0.0	0.0	2,123.5	20,765.2	2,142.4	2,142.4
2024	0.0	0.0	0.0	1,990.4	20,965.2	1,994.9	1,994.9
2025	0.0	0.0	0.0	1,844.0	21,141.0	1,827.2	1,827.2
2026	0.0	0.0	0.0	1,690.7	21,283.5	1,645.4	1,645.4
2027	0.0	0.0	0.0	1,532.5	21,355.9	1,450.6	1,450.6
2028	0.0	0.0	0.0	1,372.1	21,346.6	1,244.3	1,244.3
2029	0.0	0.0	0.0	1,214.9	21,259.6	1,028.4	1,028.4
2030	0.0	0.0	0.0	1,063.8	21,099.1	804.8	804.8
2031	0.0	0.0	0.0	922.0	20,898.2	575.3	575.3
2032	0.0	0.0	0.0	790.9	20,696.5	341.0	341.0
2033	0.0	0.0	0.0	671.1	20,500.4	103.7	103.7
2034	0.0	0.0	0.0	563.2	20,306.0	-134.7	-134.7
2035	0.0	0.0	0.0	467.9	20,116.5	-372.8	-372.8
2036	0.0	0.0	0.0	382.7	19,925.6	-612.3	-612.3
2037	0.0	0.0	0.0	308.0	19,743.3	-852.1	-852.1
2038	0.0	0.0	0.0	244.5	19,571.8	-1,090.4	-1,090.4
2039	0.0	0.0	0.0	192.1	19,401.7	-1,326.1	-1,326.1
2040	0.0	0.0	0.0	150.8	19,234.9	-1,558.1	-1,558.1
2041	0.0	0.0	0.0	120.2	19,071.7	-1,786.1	-1,786.1
2042	0.0	0.0	0.0	99.4	18,908.8	-2,010.0	-2,010.0
2043	0.0	0.0	0.0	88.3	18,751.3	-2,229.8	-2,229.8
2044	0.0	0.0	0.0	86.1	18,594.5	-2,445.4	-2,445.4
2045	0.0	0.0	0.0	89.1	18,429.9	-2,657.8	-2,657.8
2046	0.0	0.0	0.0	97.7	18,269.6	-2,866.7	-2,866.7
2047	0.0	0.0	0.0	111.5	18,107.9	-3,072.2	-3,072.2
2048	0.0	0.0	0.0	129.9	17,944.3	-3,274.5	-3,274.5
2049	0.0	0.0	0.0	152.6	17,781.3	-3,473.9	-3,473.9
2050	0.0	0.0	0.0	179.2	17,618.6	-3,670.6	-3,670.6
2051	0.0	0.0	0.0	208.9	17,454.0	-3,865.4	-3,865.4
2052	0.0	0.0	0.0	240.9	17,289.8	-4,059.0	-4,059.0
2053	0.0	0.0	0.0	274.2	17,125.7	-4,251.9	-4,251.9
2054	0.0	0.0	0.0	284.7	16,960.9	-4,444.5	-4,444.5
2055	0.0	0.0	0.0	296.5	16,796.5	-4,637.2	-4,637.2
2056	0.0	0.0	0.0	309.2	16,631.9	-4,830.5	-4,830.5
2057	0.0	0.0	0.0	322.3	16,467.6	-5,024.3	-5,024.3
2058	0.0	0.0	0.0	335.7	16,304.7	-5,218.8	-5,218.8
2059	0.0	0.0	0.0	349.1	16,142.6	-5,413.9	-5,413.9
2060	0.0	0.0	0.0	362.1	15,981.3	-5,609.6	-5,609.6
2061	0.0	0.0	0.0	374.5	15,821.7	-5,805.8	-5,805.8
2062	0.0	0.0	0.0	386.2	15,664.2	-6,002.5	-6,002.5
2063	0.0	0.0	0.0	397.2	15,508.7	-6,199.6	-6,199.6
2064	0.0	0.0	0.0	407.5	15,355.7	-6,397.1	-6,397.1
2065	0.0	0.0	0.0	417.0	15,204.5	-6,595.0	-6,595.0
2066	0.0	0.0	0.0	425.5	15,055.3	-6,793.3	-6,793.3
2067	0.0	0.0	0.0	433.0	14,907.9	-6,992.1	-6,992.1
2068	0.0	0.0	0.0	439.6	14,762.2	-7,191.4	-7,191.4
2069	0.0	0.0	0.0	445.3	14,618.0	-7,391.0	-7,391.0
2070	0.0	0.0	0.0	450.1	14,476.2	-7,591.0	-7,591.0
2071	0.0	0.0	0.0	454.2	14,336.4	-7,791.2	-7,791.2
2072	0.0	0.0	0.0	458.1	14,198.6	-7,991.1	-7,991.1
2073	0.0	0.0	0.0	461.7	14,062.2	-8,190.5	-8,190.5
2074	0.0	0.0	0.0	465.4	13,927.2	-8,389.1	-8,389.1
2075	0.0	0.0	0.0	469.4	13,793.7	-8,586.7	-8,586.7
2076	0.0	0.0	0.0	473.8	13,661.5	-8,782.6	-8,782.6
2077	0.0	0.0	0.0	479.0	13,530.3	-8,976.7	-8,976.7
2078	0.0	0.0	0.0	485.1	13,399.9	-9,168.8	-9,168.8
2079	0.0	0.0	0.0	492.1	13,271.0	-9,358.6	-9,358.6
2080	0.0	0.0	0.0	500.1	13,143.2	-9,546.2	-9,546.2
2081	0.0	0.0	0.0	508.7	13,016.0	-9,731.8	-9,731.8
2082	0.0	0.0	0.0	517.8	12,889.1	-9,915.6	-9,915.6
2083	0.0	0.0	0.0	527.2	12,762.3	-10,098.0	-10,098.0
2084	0.0	0.0	0.0	536.7	12,635.6	-10,279.3	-10,279.3
2085	0.0	0.0	0.0	546.1	12,509.3	-10,459.9	-10,459.9
2086	0.0	0.0	0.0	555.6	12,383.5	-10,639.8	-10,639.8
2087	0.0	0.0	0.0	564.8	12,258.4	-10,819.4	-10,819.4
2088	0.0	0.0	0.0	573.7	12,134.0	-10,998.8	-10,998.8
2089	0.0	0.0	0.0	582.1	12,010.4	-11,177.9	-11,177.9
2090	0.0	0.0	0.0	590.0	11,887.6	-11,356.8	-11,356.8
2091	0.0	0.0	0.0	597.4	11,765.8	-11,535.6	-11,535.6
Total 2016-2090		0.0					

Based on the Intermediate Assumptions of the 2016 Trustees Report.
Ultimate Real Trust Fund Yield of 2.7%.

[1] Theoretical Social Security is the current Social Security program with the assumption that the law is modified to permit borrowing from the General Fund of the Treasury.

Office of the Chief Actuary
Social Security Administration
December 8, 2016

Table 1b - OASDI Changes & Implications for Federal Budget and Debt of Specified Plan Provision Effects on OASDI[1] (Present Value Dollars)
H.R. 6489, the "Social Security Reform Act of 2016," Introduced by Chairman Sam Johnson

Billions of Present Value Dollars as of 1-1-2016

Year	Specified General Fund Transfers	Basic Changes in OASDI Cash Flow	Change in Annual Unified Budget Cash Flow	Change in Debt Held by Public at End of Year	Change in Annual Unified Budget Balance	Change in Total Federal Debt End Of Year	Change in Annual On Budget Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2016	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2017	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2018	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2019	0.0	-16.0	-16.0	16.0	-16.0	0.0	0.0
2020	0.0	-9.4	-9.4	25.4	-9.9	0.0	0.0
2021	0.0	-3.3	-3.3	28.7	-4.1	0.0	0.0
2022	0.0	2.2	2.2	26.6	1.3	0.0	0.0
2023	0.0	7.7	7.7	18.9	6.8	0.0	0.0
2024	0.0	14.4	14.4	4.5	13.7	0.0	0.0
2025	0.0	21.3	21.3	-16.8	21.1	0.0	0.0
2026	0.0	28.4	28.4	-45.2	29.1	0.0	0.0
2027	0.0	36.7	36.7	-81.9	38.5	0.0	0.0
2028	0.0	45.9	45.9	-127.8	49.5	0.0	0.0
2029	0.0	58.8	58.8	-186.5	64.8	0.0	0.0
2030	0.0	72.5	72.5	-259.0	82.0	0.0	0.0
2031	0.0	87.7	87.7	-346.7	100.9	0.0	0.0
2032	0.0	103.2	103.2	-449.9	120.8	0.0	0.0
2033	0.0	117.5	117.5	-567.3	140.4	0.0	0.0
2034	0.0	130.6	130.6	-697.9	159.5	0.0	0.0
2035	0.0	142.9	142.9	-840.8	178.4	0.0	0.0
2036	0.0	154.3	154.3	-995.1	197.1	0.0	0.0
2037	0.0	165.0	165.0	-1,160.1	215.8	0.0	0.0
2038	0.0	174.8	174.8	-1,334.9	233.9	0.0	0.0
2039	0.0	183.3	183.3	-1,518.2	251.3	0.0	0.0
2040	0.0	190.8	190.8	-1,709.0	268.2	0.0	0.0
2041	0.0	197.3	197.3	-1,906.3	284.4	0.0	0.0
2042	0.0	203.2	203.2	-2,109.4	300.3	0.0	0.0
2043	0.0	208.6	208.6	-2,318.0	316.1	0.0	0.0
2044	0.0	213.5	213.5	-2,531.5	331.6	0.0	0.0
2045	0.0	215.4	215.4	-2,747.0	344.5	0.0	0.0
2046	0.0	217.5	217.5	-2,964.4	357.5	0.0	0.0
2047	0.0	219.2	219.2	-3,183.6	370.3	0.0	0.0
2048	0.0	220.8	220.8	-3,404.4	383.0	0.0	0.0
2049	0.0	222.1	222.1	-3,626.5	395.7	0.0	0.0
2050	0.0	223.3	223.3	-3,849.9	408.2	0.0	0.0
2051	0.0	224.5	224.5	-4,074.4	420.7	0.0	0.0
2052	0.0	225.5	225.5	-4,299.9	433.1	0.0	0.0
2053	0.0	226.2	226.2	-4,526.1	445.4	0.0	0.0
2054	0.0	203.1	203.1	-4,729.2	433.8	0.0	0.0
2055	0.0	204.6	204.6	-4,933.7	445.6	0.0	0.0
2056	0.0	205.9	205.9	-5,139.6	457.4	0.0	0.0
2057	0.0	207.0	207.0	-5,346.7	469.0	0.0	0.0
2058	0.0	207.9	207.9	-5,554.5	480.4	0.0	0.0
2059	0.0	208.4	208.4	-5,763.0	491.5	0.0	0.0
2060	0.0	208.7	208.7	-5,971.7	502.4	0.0	0.0
2061	0.0	208.6	208.6	-6,180.3	513.0	0.0	0.0
2062	0.0	208.4	208.4	-6,388.7	523.4	0.0	0.0
2063	0.0	208.1	208.1	-6,596.8	533.7	0.0	0.0
2064	0.0	207.8	207.8	-6,804.6	544.0	0.0	0.0
2065	0.0	207.4	207.4	-7,011.9	554.2	0.0	0.0
2066	0.0	206.8	206.8	-7,218.7	564.2	0.0	0.0
2067	0.0	206.3	206.3	-7,425.1	574.2	0.0	0.0
2068	0.0	205.9	205.9	-7,630.9	584.3	0.0	0.0
2069	0.0	205.4	205.4	-7,836.3	594.3	0.0	0.0
2070	0.0	204.8	204.8	-8,041.1	604.2	0.0	0.0
2071	0.0	204.3	204.3	-8,245.4	614.1	0.0	0.0
2072	0.0	203.7	203.7	-8,449.1	623.9	0.0	0.0
2073	0.0	203.0	203.0	-8,652.2	633.7	0.0	0.0
2074	0.0	202.4	202.4	-8,854.6	643.4	0.0	0.0
2075	0.0	201.5	201.5	-9,056.0	652.8	0.0	0.0
2076	0.0	200.4	200.4	-9,256.5	662.0	0.0	0.0
2077	0.0	199.3	199.3	-9,455.8	671.0	0.0	0.0
2078	0.0	198.1	198.1	-9,653.8	680.0	0.0	0.0
2079	0.0	196.8	196.8	-9,850.7	688.9	0.0	0.0
2080	0.0	195.6	195.6	-10,046.3	697.6	0.0	0.0
2081	0.0	194.2	194.2	-10,240.4	706.2	0.0	0.0
2082	0.0	192.9	192.9	-10,433.4	714.8	0.0	0.0
2083	0.0	191.8	191.8	-10,625.2	723.5	0.0	0.0
2084	0.0	190.8	190.8	-10,816.0	732.4	0.0	0.0
2085	0.0	190.0	190.0	-11,006.0	741.2	0.0	0.0
2086	0.0	189.4	189.4	-11,195.4	750.3	0.0	0.0
2087	0.0	188.8	188.8	-11,384.2	759.4	0.0	0.0
2088	0.0	188.2	188.2	-11,572.4	768.4	0.0	0.0
2089	0.0	187.5	187.5	-11,760.0	777.3	0.0	0.0
2090	0.0	186.9	186.9	-11,946.9	786.2	0.0	0.0
Total 2016-2090	0.0	11,946.9	11,946.9				

Based on Intermediate Assumptions of the 2016 Trustees Report.
Ultimate Real Trust Fund Yield of 2.7%.
Note: Changes reflect the budget scoring convention that presumes benefits not payable after reserve depletion would nonetheless be paid, based on transfers from the General Fund of the Treasury resulting in additional borrowing from the public.
[1] Effects of tax provisions on the On-Budget are not reflected in this table.

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Table 1b.n - OASDI Changes & Implications for Federal Budget and Debt of Specified Plan Provision Effects on OASDI[1] (Nominal Dollars)
H.R. 6489, the "Social Security Reform Act of 2016," Introduced by Chairman Sam Johnson

	Billions of Nominal Dollars						
Year	Specified General Fund Transfers	Basic Changes in OASDI Cash Flow	Change in Annual Unified Budget Cash Flow	Change in Debt Held by Public at End of Year	Change in Annual Unified Budget Balance	Change in Total Federal Debt End of Year	Change in Annual On Budget Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2016	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2017	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2018	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2019	0.0	-17.9	-17.9	18.1	-18.1	0.0	0.0
2020	0.0	-10.8	-10.8	29.7	-11.6	0.0	0.0
2021	0.0	-3.9	-3.9	34.6	-4.9	0.0	0.0
2022	0.0	2.7	2.7	32.9	1.7	0.0	0.0
2023	0.0	9.7	9.7	24.0	9.0	0.0	0.0
2024	0.0	18.8	18.8	5.4	18.5	0.0	0.0
2025	0.0	28.9	28.9	-24.1	29.5	0.0	0.0
2026	0.0	40.1	40.1	-66.2	42.1	0.0	0.0

Based on Intermediate Assumptions of the 2016 Trustees Report.
Note: Changes reflect the budget scoring convention that presumes benefits not payable after reserve depletion would nonetheless be paid, based on transfers from the General Fund of the Treasury resulting in additional borrowing from the public.
[1] Effects of tax provisions on the On-Budget are not reflected in this table.

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Table 1c - Present Law and Proposal Cost, Expenditures, and Income: As Percent of Gross Domestic Product
H.R. 6489, the "Social Security Reform Act of 2016," Introduced by Chairman Sam Johnson

	Present Law OASDI			Proposal OASDI		
Calendar Year	Cost (1)	Expenditures (Payable) (2)	Non-Interest Income (3)	Cost (4)	Expenditures (Payable) (5)	Non-Interest Income (6)
2016	4.98	4.98	4.59	4.98	4.98	4.59
2017	4.91	4.91	4.62	4.91	4.91	4.62
2018	4.98	4.98	4.65	4.98	4.98	4.65
2019	5.05	5.05	4.68	5.13	5.13	4.68
2020	5.12	5.12	4.70	5.17	5.17	4.70
2021	5.18	5.18	4.72	5.20	5.20	4.73
2022	5.28	5.28	4.75	5.27	5.27	4.75
2023	5.39	5.39	4.77	5.35	5.35	4.77
2024	5.50	5.50	4.79	5.43	5.43	4.79
2025	5.60	5.60	4.81	5.50	5.50	4.80
2026	5.67	5.67	4.81	5.53	5.53	4.80
2027	5.73	5.73	4.81	5.55	5.55	4.80
2028	5.78	5.78	4.81	5.55	5.55	4.80
2029	5.83	5.83	4.81	5.54	5.54	4.79
2030	5.87	5.87	4.81	5.51	5.51	4.79
2031	5.91	5.91	4.80	5.47	5.47	4.79
2032	5.94	5.94	4.80	5.42	5.42	4.78
2033	5.96	5.96	4.80	5.36	5.36	4.77
2034	5.98	5.29	4.80	5.30	5.30	4.77
2035	5.98	4.79	4.79	5.24	5.24	4.76
2036	6.00	4.79	4.79	5.18	5.18	4.75
2037	6.01	4.79	4.79	5.13	5.13	4.75
2038	6.01	4.78	4.78	5.07	5.07	4.74
2039	6.00	4.78	4.78	5.01	5.01	4.73
2040	5.99	4.78	4.78	4.95	4.95	4.73
2041	5.97	4.77	4.77	4.89	4.89	4.72
2042	5.96	4.77	4.77	4.83	4.83	4.71
2043	5.94	4.77	4.77	4.77	4.77	4.71
2044	5.93	4.76	4.76	4.72	4.72	4.70
2045	5.92	4.76	4.76	4.67	4.67	4.69
2046	5.91	4.76	4.76	4.63	4.63	4.67
2047	5.90	4.76	4.76	4.59	4.59	4.66
2048	5.89	4.76	4.76	4.55	4.55	4.64
2049	5.88	4.75	4.75	4.51	4.51	4.63
2050	5.87	4.75	4.75	4.47	4.47	4.62
2051	5.87	4.75	4.75	4.44	4.44	4.61
2052	5.87	4.75	4.75	4.42	4.42	4.60
2053	5.88	4.75	4.75	4.40	4.40	4.59
2054	5.89	4.75	4.75	4.39	4.39	4.44
2055	5.90	4.74	4.74	4.38	4.38	4.44
2056	5.91	4.74	4.74	4.37	4.37	4.44
2057	5.92	4.74	4.74	4.36	4.36	4.44
2058	5.94	4.74	4.74	4.36	4.36	4.43
2059	5.95	4.74	4.74	4.35	4.35	4.43
2060	5.97	4.74	4.74	4.35	4.35	4.43
2061	5.98	4.73	4.73	4.35	4.35	4.43
2062	5.99	4.73	4.73	4.35	4.35	4.42
2063	6.01	4.73	4.73	4.35	4.35	4.42
2064	6.02	4.73	4.73	4.35	4.35	4.41
2065	6.03	4.72	4.72	4.35	4.35	4.41
2066	6.04	4.72	4.72	4.35	4.35	4.41
2067	6.06	4.72	4.72	4.36	4.36	4.40
2068	6.07	4.71	4.71	4.36	4.36	4.40
2069	6.08	4.71	4.71	4.36	4.36	4.39
2070	6.09	4.71	4.71	4.36	4.36	4.39
2071	6.10	4.70	4.70	4.36	4.36	4.39
2072	6.11	4.70	4.70	4.36	4.36	4.38
2073	6.12	4.70	4.70	4.36	4.36	4.38
2074	6.12	4.69	4.69	4.35	4.35	4.37
2075	6.13	4.69	4.69	4.34	4.34	4.37
2076	6.12	4.68	4.68	4.33	4.33	4.36
2077	6.12	4.68	4.68	4.32	4.32	4.36
2078	6.11	4.67	4.67	4.31	4.31	4.35
2079	6.11	4.67	4.67	4.30	4.30	4.35
2080	6.10	4.66	4.66	4.29	4.29	4.34
2081	6.09	4.66	4.66	4.28	4.28	4.34
2082	6.09	4.66	4.66	4.27	4.27	4.34
2083	6.09	4.65	4.65	4.26	4.26	4.33
2084	6.09	4.65	4.65	4.26	4.26	4.33
2085	6.09	4.64	4.64	4.25	4.25	4.33
2086	6.10	4.64	4.64	4.25	4.25	4.32
2087	6.11	4.64	4.64	4.25	4.25	4.32
2088	6.12	4.64	4.64	4.25	4.25	4.32
2089	6.13	4.63	4.63	4.25	4.25	4.31
2090	6.14	4.63	4.63	4.25	4.25	4.31

Based on Intermediate Assumptions of the 2016 Trustees Report.

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Table 1d - Change in Long-Range Trust Fund Reserves / Unfunded Obligation
H.R. 6489, the "Social Security Reform Act of 2016," Introduced by Chairman Sam Johnson

(Billions of Dollars, Present Value on 1-1-2016)

Year	Present Law OASDI Trust Fund Reserves / Unfunded Obligation Through End of Year (1)	Changes in OASDI Income (2)	Changes in OASDI Cost (3)	Basic Changes in OASDI Cash Flow (4) = (2)-(3)	Total Change Through End of Year (5) = cumulative sum(4)	Proposal OASDI Trust Fund Reserves / Unfunded Obligation Through End of Year (6) = (1)+(5)
2016	2,741.0	0.0	0.0	0.0	0.0	2,741.0
2017	2,687.5	0.0	0.0	0.0	0.0	2,687.5
2018	2,625.9	0.0	0.0	0.0	0.0	2,625.9
2019	2,554.4	0.9	16.9	-16.0	-16.0	2,538.4
2020	2,471.7	0.6	10.0	-9.4	-25.4	2,446.3
2021	2,378.9	0.3	3.6	-3.3	-28.7	2,350.2
2022	2,270.6	0.1	-2.1	2.2	-26.6	2,244.0
2023	2,142.4	-0.2	-7.9	7.7	-18.9	2,123.5
2024	1,994.9	-0.5	-14.9	14.4	-4.5	1,990.4
2025	1,827.2	-0.9	-22.2	21.3	16.8	1,844.0
2026	1,645.4	-1.3	-29.7	28.4	45.2	1,690.7
2027	1,450.6	-1.7	-38.3	36.7	81.9	1,532.5
2028	1,244.3	-2.1	-47.9	45.9	127.8	1,372.1
2029	1,028.4	-2.7	-61.4	58.8	186.5	1,214.9
2030	804.8	-3.3	-75.8	72.5	259.0	1,063.8
2031	575.3	-4.0	-91.7	87.7	346.7	922.0
2032	341.0	-4.7	-107.9	103.2	449.9	790.9
2033	103.7	-5.4	-122.9	117.5	567.3	671.1
2034	-134.7	-6.1	-136.7	130.6	697.9	563.2
2035	-372.8	-6.8	-149.6	142.9	840.8	467.9
2036	-612.3	-7.5	-161.8	154.3	995.1	382.7
2037	-852.1	-8.2	-173.2	165.0	1,160.1	308.0
2038	-1,090.4	-8.8	-183.6	174.8	1,334.9	244.5
2039	-1,326.1	-9.3	-192.6	183.3	1,518.2	192.1
2040	-1,558.1	-9.8	-200.6	190.8	1,709.0	150.8
2041	-1,786.1	-10.2	-207.5	197.3	1,906.3	120.2
2042	-2,010.0	-10.6	-213.8	203.2	2,109.4	99.4
2043	-2,229.8	-11.0	-219.6	208.6	2,318.0	88.3
2044	-2,445.4	-11.3	-224.8	213.5	2,531.5	86.1
2045	-2,657.8	-14.1	-229.5	215.4	2,747.0	89.1
2046	-2,866.7	-16.3	-233.8	217.5	2,964.4	97.7
2047	-3,072.2	-18.4	-237.6	219.2	3,183.6	111.5
2048	-3,274.5	-20.3	-241.1	220.8	3,404.4	129.9
2049	-3,473.9	-22.0	-244.1	222.1	3,626.5	152.6
2050	-3,670.6	-23.4	-246.8	223.3	3,849.9	179.2
2051	-3,865.4	-24.7	-249.2	224.5	4,074.4	208.9
2052	-4,059.0	-25.8	-251.3	225.5	4,299.9	240.9
2053	-4,251.9	-26.8	-253.0	226.2	4,526.1	274.2
2054	-4,444.5	-51.4	-254.4	203.1	4,729.2	284.7
2055	-4,637.2	-51.0	-255.6	204.6	4,933.7	296.5
2056	-4,830.5	-50.7	-256.6	205.9	5,139.6	309.2
2057	-5,024.3	-50.4	-257.4	207.0	5,346.7	322.3
2058	-5,218.8	-50.1	-257.9	207.9	5,554.5	335.7
2059	-5,413.9	-49.8	-258.2	208.4	5,763.0	349.1
2060	-5,609.6	-49.5	-258.2	208.7	5,971.7	362.1
2061	-5,805.8	-49.1	-257.7	208.6	6,180.3	374.5
2062	-6,002.5	-48.8	-257.2	208.4	6,388.7	386.2
2063	-6,199.6	-48.5	-256.6	208.1	6,596.8	397.2
2064	-6,397.1	-48.2	-255.9	207.8	6,804.6	407.5
2065	-6,595.0	-47.8	-255.2	207.4	7,011.9	417.0
2066	-6,793.3	-47.5	-254.3	206.8	7,218.7	425.5
2067	-6,992.1	-47.2	-253.5	206.3	7,425.1	433.0
2068	-7,191.4	-46.9	-252.8	205.9	7,630.9	439.6
2069	-7,391.0	-46.6	-251.9	205.4	7,836.3	445.3
2070	-7,591.0	-46.2	-251.1	204.8	8,041.1	450.1
2071	-7,791.2	-45.9	-250.2	204.3	8,245.4	454.2
2072	-7,991.1	-45.6	-249.3	203.7	8,449.1	458.1
2073	-8,190.5	-45.2	-248.2	203.0	8,652.2	461.7
2074	-8,389.1	-44.8	-247.2	202.4	8,854.6	465.4
2075	-8,586.7	-44.5	-246.0	201.5	9,056.0	469.4
2076	-8,782.6	-44.1	-244.5	200.4	9,256.5	473.8
2077	-8,976.7	-43.7	-243.0	199.3	9,455.8	479.0
2078	-9,168.8	-43.2	-241.3	198.1	9,653.8	485.1
2079	-9,358.6	-42.8	-239.6	196.8	9,850.7	492.1
2080	-9,546.2	-42.3	-237.9	195.6	10,046.3	500.1
2081	-9,731.8	-41.9	-236.0	194.2	10,240.4	508.7
2082	-9,915.6	-41.4	-234.3	192.9	10,433.4	517.8
2083	-10,098.0	-41.0	-232.8	191.8	10,625.2	527.2
2084	-10,279.3	-40.6	-231.4	190.8	10,816.0	536.7
2085	-10,459.9	-40.2	-230.2	190.0	11,006.0	546.1
2086	-10,639.8	-39.9	-229.3	189.4	11,195.4	555.6
2087	-10,819.4	-39.5	-228.3	188.8	11,384.2	564.8
2088	-10,998.8	-39.2	-227.4	188.2	11,572.4	573.7
2089	-11,177.9	-38.9	-226.4	187.5	11,760.0	582.1
2090	-11,356.8	-38.6	-225.4	186.9	11,946.9	590.0
Total 2016-2090		-1989.1	-13936.0	11946.9		

Based on Intermediate Assumptions of the 2016 Trustees Report.

Ultimate Real Trust Fund Yield of 2.7%.

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