



SOCIAL SECURITY

Office of the Chief Actuary

September 12, 2012

The Honorable Kay Bailey Hutchison
United States Senate
Washington, D.C. 20510

Dear Senator Hutchison:

We are writing in response to your request on August 1, 2012 for estimates of the financial effects on Social Security of a proposal to restore 75-year solvency for Social Security. We have worked closely with Ashley Fingarson of your staff in the development of the proposal. The estimates provided here reflect our understanding of the intent. All estimates are based on the intermediate assumptions of the 2012 Trustees Report. The estimates presented reflect the combined efforts of many in our office, but particularly Dan Nickerson, Jason Schultz, Tiffany Bosley, Michael Clingman, Katie Kraft, and Kyle Burkhalter.

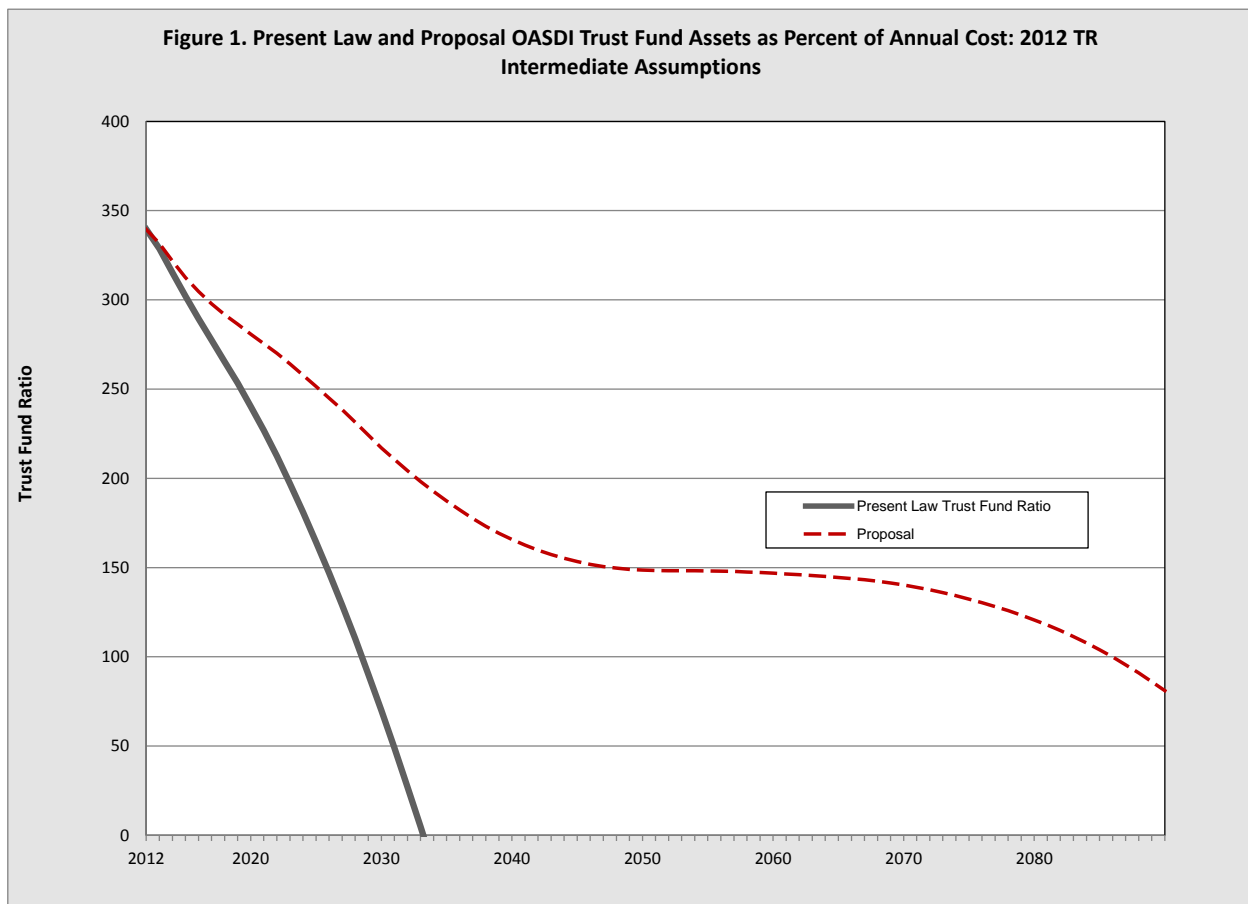
The proposal includes the following two provisions:

- The Normal Retirement Age (NRA) will increase 3 months each year starting with individuals reaching age 62 in 2016 and stop when the NRA reaches age 70 for individuals reaching age 62 in 2031 and later. The Earliest Eligibility Age (EEA) will increase by 3 months per year starting with individuals reaching age 62 in 2016 and will stop when the EEA reaches age 64 for individuals reaching age 62 in 2023 and later.
- The annual cost-of-living adjustment (COLA) for all OASDI benefits will be computed for each year starting December 2012 exactly as specified in current law and will then be reduced by 1 percentage point, but not to less than zero. When the COLA is reduced by less than one percentage point for any year, the remaining potential reduction will not be carried over to a subsequent year.

The balance of this letter provides a summary of the estimated effects of enacting this proposal on the actuarial status of the OASDI program, a description of our understanding of the intent of the proposal, and detailed estimates of the effects of enactment.

Summary of Effects on Actuarial Status

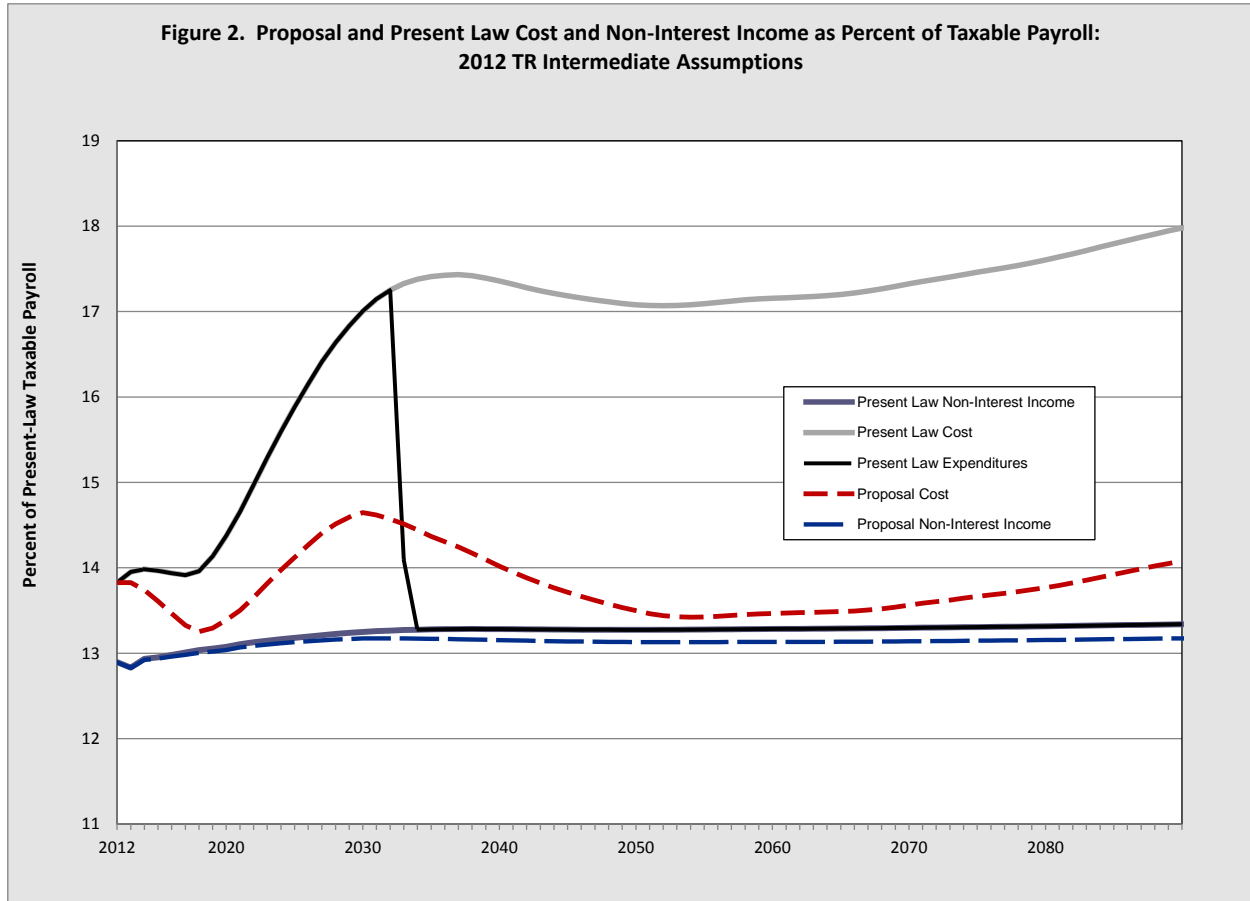
Figure 1 below illustrates the expected change in the combined Old Age, Survivors Insurance (OASI) and Disability Insurance (DI) Trust Fund assets, expressed as a percent of annual program cost, with enactment of this proposal. Assuming enactment, the OASDI program would be expected to be solvent for the next 75 years, under the intermediate assumptions of the 2012 Trustees Report. The level of assets for the theoretical combined OASI and DI Trust Funds would remain positive through 2086, permitting full payment of scheduled benefits on a timely basis. The level of Trust Fund assets expressed as a percentage of annual program cost would decline gradually, but steadily, from 340 percent at the beginning of 2012 to 96 percent of annual cost at the beginning of 2087. At the end of the 75-year period, assets in the combined trust funds would be declining by 4 percentage points per year relative to annual program cost. With enactment of the proposal, the OASDI program would therefore be projected to be solvent for the next 75 years but would not meet the requirements of sustainable solvency, which additionally requires that trust fund assets be stable or rising as a percent of annual program cost at the end of the 75-year period.



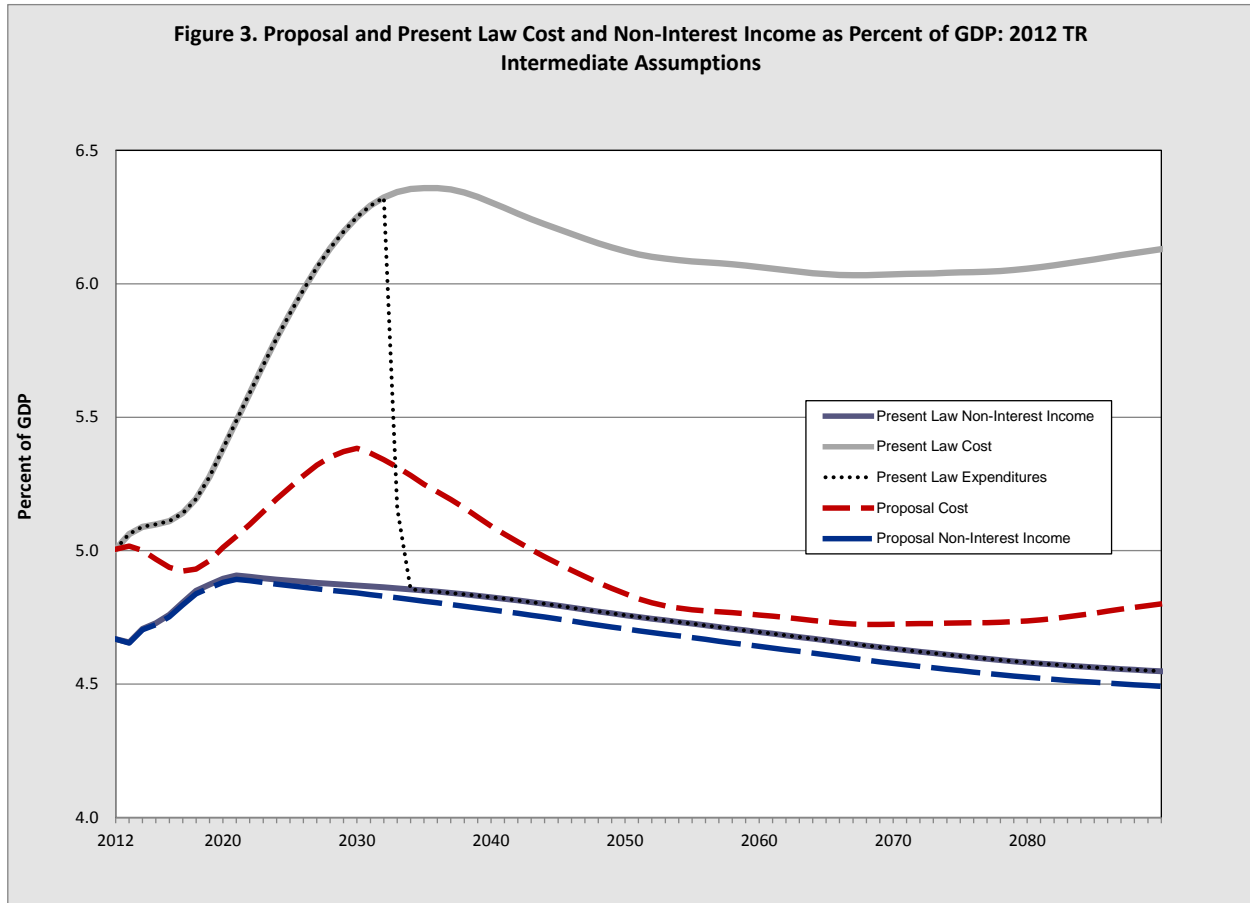
Note: *Trust Fund Ratio* for a given year is the ratio of assets in the combined OASI and DI Trust Fund assets at the beginning of the year to the cost of the program during the year.

Enactment of the proposal would improve the long-range OASDI actuarial balance by 2.66 percent of taxable payroll, reducing the actuarial deficit of 2.67 percent of taxable payroll under current law with an actuarial deficit of 0.01 percent of payroll.

Figure 2 below illustrates annual projected levels of cost and income as a percent of taxable payroll under current law. The projected levels of cost are shown for present-law scheduled and payable benefits (when less than the cost for scheduled benefits) and for benefits under this proposal. Under this proposal, the combined OASI and DI Trust Funds do not exhaust and, thus, payable benefits (expenditures) equal scheduled benefits over the 75-year projection period.



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



Plan Specification for Provisions of the Hutchison Proposal

(1) Increase the Normal Retirement Age and Earliest Eligibility Age

Under current law, the normal retirement age (NRA) will increase 2 months per year beginning with individuals attaining age 62 in 2017 until it reaches age 67. Thus, the NRA for individuals attaining age 62 in 2022 and later is age 67. Individuals who delay receipt of benefits until after reaching their NRA receive increases in their benefits (delayed retirement credits) at a rate of 8 percent for each delayed year up to age 70. The earliest eligibility age (EEA) under current law does not change in the future; it remains at age 62.

This provision would increase the NRA by 3 months per year beginning with individuals attaining age 62 in 2016 until the NRA reaches age 70. Thus, the NRA for individuals attaining age 62 in 2031 and later would be age 70.

This provision also changes the earliest eligibility age (EEA) for retirement benefits from age 62 to age 64. The EEA would increase 3 months per year starting with individuals attaining age 62 in 2016 and stopping with individuals attaining age 62 in 2023. For individuals attaining age 62 after 2023, the EEA would be age 64. We assume that increasing the EEA would increase the indexing year (for both PIA bend points and AIME) and the earnings computation period used for the AIME. Thus, earnings used in calculating an individual's average indexed monthly earnings (AIME) would continue to be indexed to the second year before the individual's year of initial eligibility. However, we assume no change in the requirements for fully insured status. Disabled worker benefits would continue to be payable from the Disability Insurance Trust Fund until conversion to retired worker status at NRA.

This provision alone would reduce the long-range OASDI actuarial deficit by an estimated 1.20 percent of taxable payroll and would reduce the annual deficit for the 75th projection year (2086) by 1.84 percent of payroll.

(2) Modify the Annual Cost-of-Living Adjustment (COLA)

Under current law, the level of OASDI benefits for individuals eligible for each December are increased based on the increase in the Consumer Price Index for Urban Wage earners and Clerical Workers (CPI-W). The computation quarter for a December COLA is the average level of the CPI-W for the third calendar quarter of that year. The COLA is equal to the increase in the CPI-W, if any, from the computation quarter used for the last COLA to the current year computation quarter. If the increase rounds to zero, or the CPI-W decreased over this period, then there is no COLA.

Under this provision, the COLA would be computed for each December in a two-step process. First, a preliminary COLA would be computed exactly as if this provision in this proposal had never been enacted. Second, the preliminary COLA would be reduced by 1 percentage point, but

not to less than zero. In years when the preliminary COLA is computed as less than 1.0 percent, the final COLA would be zero, and the unused portion of the 1-percentage-point reduction will not be retained and carried over to any subsequent COLA. Based on this specification we estimate that the average reduction to COLAs in the future will be about 0.937 percentage point.

This provision alone would reduce the long-range OASDI actuarial deficit by 1.62 percent of taxable payroll and would reduce the annual deficit for the 75th projection year (2086) by 2.14 percent of payroll.

Detailed Financial Results

Summary Results by Provision

Table A provides estimates of the effects on the OASDI long-range actuarial balance for each provision of the proposal separately, and on a combined basis. Summary estimates are also provided for the effect on the annual balance (the difference between income rate and the cost rate, expressed as a percent of present-law taxable payroll) for the 75th projection year, 2086.

Benefit Illustrations

Tables B1 and B2 provide illustrative examples of the projected change in benefit levels under this proposal for beneficiaries retiring at age 65 in future years at various earnings levels. Table B1 compares the changes in initial benefit levels to both scheduled and payable present-law benefits. Table B2 compares the changes in benefit levels at ages 65, 75, 85, and 95 to scheduled benefits under present law. Table B2 shows that benefit levels under the proposal, relative to present law scheduled levels, would be reduced on an accumulating basis for retirees after their age of initial eligibility as a result of the reductions to the COLA. Reductions in the COLA apply to all benefit levels after 2012, including benefits for retirees who attain 65 in 2012 and would therefore have become initially eligible for retirement benefits in 2009.

In addition, Table B3 provides an indication of various factors for the individuals represented in each of the 10 groups, based on data from 2007. This distribution is useful in understanding the nature of the individuals who have the various levels of career-average earnings achieved with varying numbers of years with non-zero earnings.

Trust Fund Operations

Table 1 shows the annual cost and income rates, annual balances, and trust fund ratios for OASDI assuming enactment of the proposal. This table also shows the change from present law in these cost rates, income rates, and balances. Included at the bottom of this table are summarized rates for the 75-year long-range period and the expected year of trust fund exhaustion under this proposal.

Table 1 indicates that the OASDI program is projected to be solvent throughout the 75-year projection period assuming enactment of the proposal. After 2012, the trust fund ratio is

projected to decline slowly but steadily, reaching a projected level of 96 percent of the next year's annual program cost at the beginning of 2087. Because the ratio of trust fund assets to annual program cost would be declining by 4 percentage points per year at the end of the 75-year period, the proposal does not meet the requirements for sustainable solvency. The actuarial deficit for the OASDI program over the 75-year projection period would be improved by an estimated 2.66 percent of taxable payroll, from an actuarial deficit of 2.67 percent of payroll projected under current law to an actuarial deficit of 0.01 percent of payroll under the proposal.

The annual balance for the OASDI program (non-interest income minus cost) would be improved for all years after 2012. The projected annual deficits for years after 2012 would be substantially smaller than under current law. The annual deficit for 2086 would be 0.79 percent of payroll, or 3.71 percent of payroll less than under current law.

Program Transfers and Assets

Column 5 of **table 1a** provides a projection of asset level for the combined OASI and DI Trust Funds under the proposal, expressed in present value January 1, 2012 dollars, using projected Trust Fund interest rates. For purpose of comparison, the net OASDI Trust Fund assets, expressed in present-value dollars, are also shown for a theoretical Social Security program where borrowing authority is assumed for the Trust Funds. Columns 1 through 3 are all zeros because no General Fund transfers are specified in this proposal. Gross Domestic Product, expressed in present value dollars, is shown in column 5 for comparison with other values in the table.

Effect on the Federal Budget and Debt

Table 1b shows the projected effects of enactment of this proposal, in present value discounted dollars, on (1) the Federal unified budget and on-budget annual balances, and (2) the levels of publicly held debt and total Federal debt. Table 1b.n provides the estimated nominal-dollar effects of enactment of the proposal for years 2012 through 2022. All values in these tables represent the amount of the *change* that would be expected due to enactment of the proposal, from the level that would be projected under current law.

The OASDI program is accounted for on an off-budget basis in the Federal Budget and therefore does not directly affect the on-budget expenditures or balances. In addition, the OASDI program has no direct net effect on the total Federal debt liability, which is comprised of publicly held debt plus debt owed to the Federal trust funds. Any accumulated assets in the trust funds, which are liabilities of the U.S. Treasury, would instead be borrowed from and owed to the public if the trust funds had not run net surpluses over past years. Any changes in OASDI cash flow from this or other OASDI legislation do not directly affect total Federal debt, or on-budget annual balances. The exception would be a provision that provides specified transfers from the General Fund of the Treasury to the trust funds. Such transfers would represent a decrease in the on-budget balance and an increase in the total Federal Debt. As there are no such transfers specified in this proposal, values in columns (6) and (7) of tables 1b and 1b.n are zero for this proposal.

However, when the on-budget and off-budget operations are considered on a “unified” basis, as is often the case, any changes in OASDI cash flow (non-interest income and cost) generally translate directly into cash-flow effects on the unified budget, and accumulated effects on that portion of total Federal debt that is borrowed from the public. The extent to which OASDI annual cash-flow surpluses and deficits influence other federal spending and tax levels is speculative and is not addressed in this analysis.

The effect of the plan on OASDI program cash flow (column 2) and on unified budget cash flow (column 3) is expected to be positive throughout the long-range period. Column 4 provides the projected effect of implementing the plan on the Federal debt held by the public. Column 5 provides the projected effect on the annual unified budget balances, including both the cash flow effect in column 3 and the additional interest on the accumulated debt indicated in column 4.

The projected reduction in publicly held debt under this proposal, \$9.0 trillion in present value by the end of 2086, is exactly equal to the change shown in table 1a, from an OASDI unfunded obligation of \$8.6 trillion through 2086 to a projected positive OASDI Trust Fund asset level of \$0.4 trillion at the end of 2086. Thus, under budget scoring convention (which assumes the OASDI Trust Funds can and would borrow \$8.6 trillion from the General Fund of the Treasury through 2086, even though this is not allowed under the law), the total federal debt would be unaffected by the proposal. The \$9.0 trillion of debt owed to the public would be replaced by a net increase in the amount owed to the trust funds of \$9.0 trillion. It is important to note that these estimates are based on the intermediate assumptions of the 2012 Trustees Report and thus are not consistent with estimates made by the OMB or the CBO based on their assumptions.

Annual Trust Fund Operations as a Percent of GDP

Table 1c provides annual cost, annual expenditures (on a payable basis), and annual non-interest income, for the OASDI program expressed as a percentage of GDP. These values are shown for both present-law and assuming enactment of the proposal. Showing the annual trust fund 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.

Effects on Trust Fund Assets and Unfunded Obligations

Table 1d provides estimates of the changes due to the proposal in the level of projected trust fund assets under present law and, for years after trust fund exhaustion, the level of unfunded obligations under present law. All values in the table are expressed in present-value discounted dollars. For the 75-year long-range period as a whole, the present-law unfunded obligation of \$8.6 trillion in present value is replaced with a positive trust fund balance of \$0.4 trillion in present value through the end of the period. This change is the combination of the following:

- A \$0.4 trillion net decrease in income from the two provisions of the proposal (column 2). Revenue from taxation of Social Security benefits is reduced due to diminished benefit levels under the proposal provisions. However, this reduction is partially offset by expected increased payroll tax revenue from raising the EEA and NRA (individuals working more at older ages).

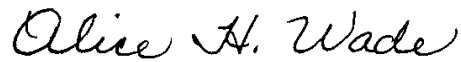
- A \$9.3 trillion decrease in cost from the two provisions of the proposal that affect OASDI benefits (column 3).

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

Sincerely,



Stephen C. Goss, Chief Actuary



Alice H. Wade, Deputy Chief Actuary



Christopher J. Chaplain, Supervisory Actuary

Enclosures

Table A--Estimated Long-Range OASDI Financial Effects of the Hutchison Proposal

<u>Provision</u>	<u>Estimated Change in Long-Range OASDI Actuarial Balance ^{1/} (as a percent of payroll)</u>	<u>Estimated Change in Annual Balance in 75th year ^{2/} (as a percent of payroll)</u>
1) Increase retirement ages: a) increase the earliest eligibility age (EEA) for retired worker and aged spouse beneficiaries by 3 months per year starting with individuals attaining age 62 in 2016 until it reaches 64 for those attaining age 62 in 2023 and later, and b) increase the normal retirement age (NRA) by 3 months per year starting with individuals attaining age 62 in 2016 until the NRA reaches 70 for those attaining age 62 in 2031 and later	1.20	1.84
2) Reduce the annual cost of living adjustment (COLA) by 1 percentage point beginning December 2012, but not to less than zero. In cases where the unreduced COLA is less than 1 percentage point, do not carry over the unused reduction into future years.....	1.62	2.14
Total for provisions 1-2	2.66	3.71

^{1/} Under current law, the long-range OASDI actuarial balance is estimated at -2.67 percent of taxable payroll.

^{2/} Under current law, the estimated 75th year annual balance is -4.50 percent of taxable payroll.

Notes: All estimates are based on the intermediate assumptions of the 2012 OASDI Trustees Report.
Estimates of individual provisions appear on a stand-alone basis relative to current law, unless otherwise stated.

**Table B1. Changes in Benefits for Hypothetical Workers Beginning Benefit Receipt at age 65
Hutchison Proposal**

Year Attain Age 65	<u>Present Law Scheduled</u>		<u>Scheduled Benefit Level Percent Change at age 65</u>			<u>Proposal Scheduled Benefit</u>	
	<u>Monthly Benefits³</u>		<u>NRA Increase</u>	<u>Reduced</u>	<u>Total</u>	<u>Percent of Present Law:</u>	
	<u>(Wage-Indexed</u> <u>2012 Dollars)</u>	<u>(CPI-Indexed</u> <u>2012 Dollars)</u>	<u>3 Mth/ Yr</u> <u>Until Age 70⁴</u>	<u>COLA⁵</u> <u>(Percent change)</u>		<u>Scheduled</u>	<u>Payable</u>
Very-Low-AIME (\$11,161 for 2012¹) 30-Year Scaled Earner (8.1% of Retirees²)							
2012	678	678	0.0	0.0	0.0	100	100
2030	602	790	-13.5	-2.7	-15.8	84	84
2050	602	989	-19.2	-2.7	-21.4	79	103
2080	602	1,361	-19.2	-2.7	-21.4	79	106
Very-Low-AIME (\$11,161 for 2012¹) 20-Year Scaled Earner (6.0% of Retirees²)							
2012	678	678	0.0	0.0	0.0	100	100
2030	602	790	-13.5	-2.7	-15.8	84	84
2050	602	989	-19.2	-2.7	-21.4	79	103
2080	602	1,361	-19.2	-2.7	-21.4	79	106
Very-Low-AIME (\$11,161 for 2012¹) 14-Year Scaled Earner (5.2% of Retirees²)							
2012	678	678	0.0	0.0	0.0	100	100
2030	602	790	-13.5	-2.7	-15.8	84	84
2050	602	989	-19.2	-2.7	-21.4	79	103
2080	602	1,361	-19.2	-2.7	-21.4	79	106
Low-AIME (\$20,090 for 2012¹) 44-Year Scaled Earner (13.5% of Retirees²)							
2012	886	886	0.0	0.0	0.0	100	100
2030	787	1,034	-13.5	-2.7	-15.8	84	84
2050	788	1,294	-19.2	-2.7	-21.4	79	103
2080	788	1,781	-19.2	-2.7	-21.4	79	106
Low-AIME (\$20,090 for 2012¹) 30-Year Scaled Earner (6.7% of Retirees²)							
2012	886	886	0.0	0.0	0.0	100	100
2030	787	1,034	-13.5	-2.7	-15.8	84	84
2050	788	1,294	-19.2	-2.7	-21.4	79	103
2080	788	1,781	-19.2	-2.7	-21.4	79	106
Low-AIME (\$20,090 for 2012¹) 20-Year Scaled Earner (2.8% of Retirees²)							
2012	886	886	0.0	0.0	0.0	100	100
2030	787	1,034	-13.5	-2.7	-15.8	84	84
2050	788	1,294	-19.2	-2.7	-21.4	79	103
2080	788	1,781	-19.2	-2.7	-21.4	79	106
Medium-AIME (\$44,644 for 2012¹) 44-Year Scaled Earner (27.2% of Retirees²)							
2012	1,460	1,460	0.0	0.0	0.0	100	100
2030	1,297	1,704	-13.5	-2.7	-15.8	84	84
2050	1,299	2,133	-19.2	-2.7	-21.4	79	103
2080	1,299	2,934	-19.2	-2.7	-21.4	79	106
Medium-AIME (\$44,644 for 2012¹) 30-Year Scaled Earner (4.2% of Retirees²)							
2012	1,460	1,460	0.0	0.0	0.0	100	100
2030	1,297	1,704	-13.5	-2.7	-15.8	84	84
2050	1,299	2,133	-19.2	-2.7	-21.4	79	103
2080	1,299	2,934	-19.2	-2.7	-21.4	79	106
High-AIME (\$71,430 for 2012¹) 44-Year Scaled Earner (20.9% of Retirees²)							
2012	1,936	1,936	0.0	0.0	0.0	100	100
2030	1,719	2,258	-13.5	-2.7	-15.8	84	84
2050	1,721	2,827	-19.2	-2.7	-21.4	79	103
2080	1,721	3,888	-19.2	-2.7	-21.4	79	106
Maximum-AIME (\$110,100 for 2012¹) 43-Year Steady Earner (5.4% of Retirees²)							
2012	2,311	2,311	0.0	0.0	0.0	100	100
2030	2,102	2,761	-13.5	-2.7	-15.8	84	84
2050	2,102	3,453	-19.2	-2.7	-21.4	79	103
2080	2,098	4,740	-19.2	-2.7	-21.4	79	106

¹ Average of highest 35 years of earnings wage indexed to 2012.

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

³ After trust fund exhaustion under present law continuing taxes are expected to be enough to pay about three fourths of scheduled benefits.

⁴ For those age 62 in 2016, increase the NRA by 3 months per year until NRA is 70 in 2031.

⁵ Starting Dec 2012, reduce annual COLA by 1.0 percentage point, but not to less than zero. The expected average reduction of 0.937 percentage point is reflected in these estimates.

The EEA increases under this proposal. For these illustrations, we assume the indexing year and the computation period remain as in current law - the indexing year is the year the worker reaches age 60 and the computation period is 35 years.

All estimates based on the intermediate assumptions of the 2012 Trustees Report.

**Table B2. Changes in Benefits for Hypothetical Workers Beginning Benefit Receipt at age 65
Hutchison Proposal**

Proposal Scheduled Benefit as Percent of Present Law Scheduled

<u>Year Attain Age 65</u>	<u>Age 65</u>	<u>Age 75</u>	<u>Age 85</u>	<u>Age 95</u>
		(Percent)		
		Very-Low-AIME (\$11,161 for 2012¹) 30-Year Scaled Earner (8.1% of Retirees²)		
2012	100.0	91.2	83.2	76.0
2030	84.2	76.8	70.1	64.0
2050	78.6	71.7	65.4	59.7
2080	78.6	71.7	65.4	59.7
		Very-Low-AIME (\$11,161 for 2012¹) 20-Year Scaled Earner (6.0% of Retirees²)		
2012	100.0	91.2	83.2	76.0
2030	84.2	76.8	70.1	64.0
2050	78.6	71.7	65.4	59.7
2080	78.6	71.7	65.4	59.7
		Very-Low-AIME (\$11,161 for 2012¹) 14-Year Scaled Earner (5.2% of Retirees²)		
2012	100.0	91.2	83.2	76.0
2030	84.2	76.8	70.1	64.0
2050	78.6	71.7	65.4	59.7
2080	78.6	71.7	65.4	59.7
		Low-AIME (\$20,090 for 2012¹) 44-Year Scaled Earner (13.5% of Retirees²)		
2012	100.0	91.2	83.2	76.0
2030	84.2	76.8	70.1	64.0
2050	78.6	71.7	65.4	59.7
2080	78.6	71.7	65.4	59.7
		Low-AIME (\$20,090 for 2012¹) 30-Year Scaled Earner (6.7% of Retirees²)		
2012	100.0	91.2	83.2	76.0
2030	84.2	76.8	70.1	64.0
2050	78.6	71.7	65.4	59.7
2080	78.6	71.7	65.4	59.7
		Low-AIME (\$20,090 for 2012¹) 20-Year Scaled Earner (2.8% of Retirees²)		
2012	100.0	91.2	83.2	76.0
2030	84.2	76.8	70.1	64.0
2050	78.6	71.7	65.4	59.7
2080	78.6	71.7	65.4	59.7
		Medium-AIME (\$44,644 for 2012¹) 44-Year Scaled Earner (27.2% of Retirees²)		
2012	100.0	91.2	83.2	76.0
2030	84.2	76.8	70.1	64.0
2050	78.6	71.7	65.4	59.7
2080	78.6	71.7	65.4	59.7
		Medium-AIME (\$44,644 for 2012¹) 30-Year Scaled Earner (4.2% of Retirees²)		
2012	100.0	91.2	83.2	76.0
2030	84.2	76.8	70.1	64.0
2050	78.6	71.7	65.4	59.7
2080	78.6	71.7	65.4	59.7
		High-AIME (\$71,430 for 2012¹) 44-Year Scaled Earner (20.9% of Retirees²)		
2012	100.0	91.2	83.2	76.0
2030	84.2	76.8	70.1	64.0
2050	78.6	71.7	65.4	59.7
2080	78.6	71.7	65.4	59.7
		Maximum-AIME (\$110,100 for 2012¹) 43-Year Steady Earner (5.4% of Retirees²)		
2012	100.0	91.2	83.2	76.0
2030	84.2	76.8	70.1	64.0
2050	78.6	71.7	65.4	59.7
2080	78.6	71.7	65.4	59.7

¹ Average of highest 35 years of earnings wage indexed to 2012.

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

Note: Starting Dec 2012, reduce annual COLA by 1.0 percentage point, but not to less than zero. The expected average reduction of 0.937 percentage point is reflected in these estimates.

Other Changes:

- For those age 62 in 2016, increase the NRA by 3 months per year until NRA is 70 in 2031.

The EEA increases under this proposal. For these illustrations, we assume the indexing year and the computation period remain as in current law - the indexing year is the year the worker reaches age 60 and the computation period is 35 years.

All estimates based on the intermediate assumptions of the 2012 Trustees Report.

Table B3. Important Characteristics of Hypothetical Workers in 2007

Percent of Beneficiaries Within Each Category That Are:

<u>Category</u>	<u>Dually Entitled²</u>	<u>WEP³</u>	<u>Foreign Born</u>	<u>All Others⁴</u>
Very-Low-AIME (\$11,161 for 2012¹):				
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 (\$20,090 for 2012¹):				
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 (\$44,644 for 2012¹):				
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 (\$71,430 for 2012¹):				
44-Year Scaled Earner (20.5% of Retirees)	0	0	6	93
Maximum-AIME (\$110,100 for 2012¹):				
Steady Earner (9.4% of Retirees)	0	0	7	93

Note 1: 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 2: 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 2012.

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
Senator Hutchison Proposal**

Year	Proposal			Trust Fund Ratio 1-1-year	Change from Present Law		
	Expressed as a percentage of present-law taxable payroll				Expressed as a percentage of present-law taxable payroll		
	Cost Rate	Income Rate	Annual Balance		Cost Rate	Income Rate	Annual Balance
2012	13.83	12.89	-0.93	340	0.00	0.00	0.00
2013	13.83	12.83	-1.00	332	-0.12	0.00	0.12
2014	13.74	12.92	-0.82	322	-0.24	-0.01	0.23
2015	13.61	12.94	-0.67	313	-0.36	-0.02	0.34
2016	13.47	12.96	-0.51	305	-0.47	-0.02	0.45
2017	13.33	12.98	-0.35	298	-0.59	-0.03	0.56
2018	13.25	13.01	-0.25	292	-0.71	-0.03	0.68
2019	13.29	13.02	-0.27	286	-0.84	-0.03	0.81
2020	13.39	13.04	-0.35	281	-0.99	-0.04	0.95
2021	13.50	13.07	-0.43	276	-1.15	-0.04	1.12
2022	13.65	13.09	-0.57	270	-1.32	-0.04	1.28
2023	13.81	13.10	-0.71	264	-1.47	-0.04	1.43
2024	13.97	13.12	-0.86	258	-1.62	-0.05	1.57
2025	14.12	13.13	-0.99	252	-1.76	-0.05	1.71
2026	14.27	13.14	-1.13	245	-1.88	-0.06	1.83
2027	14.41	13.15	-1.25	238	-2.01	-0.06	1.95
2028	14.51	13.16	-1.35	231	-2.12	-0.07	2.06
2029	14.59	13.17	-1.43	224	-2.24	-0.07	2.17
2030	14.65	13.17	-1.48	217	-2.36	-0.08	2.28
2031	14.62	13.17	-1.44	211	-2.53	-0.08	2.44
2032	14.57	13.17	-1.40	204	-2.68	-0.09	2.59
2033	14.51	13.17	-1.34	198	-2.82	-0.10	2.72
2034	14.44	13.17	-1.27	193	-2.94	-0.10	2.83
2035	14.37	13.17	-1.20	187	-3.04	-0.11	2.93
2036	14.31	13.17	-1.14	182	-3.12	-0.11	3.01
2037	14.24	13.16	-1.08	178	-3.19	-0.12	3.07
2038	14.17	13.16	-1.01	173	-3.25	-0.12	3.13
2039	14.09	13.16	-0.94	169	-3.30	-0.13	3.17
2040	14.02	13.15	-0.86	166	-3.34	-0.13	3.21
2041	13.95	13.15	-0.80	163	-3.37	-0.13	3.24
2042	13.88	13.15	-0.74	160	-3.40	-0.13	3.26
2043	13.82	13.14	-0.68	157	-3.42	-0.13	3.29
2044	13.76	13.14	-0.62	155	-3.45	-0.14	3.31
2045	13.71	13.14	-0.57	153	-3.47	-0.14	3.33
2046	13.66	13.14	-0.53	152	-3.50	-0.14	3.36
2047	13.62	13.13	-0.48	151	-3.52	-0.14	3.38
2048	13.58	13.13	-0.44	150	-3.54	-0.14	3.40
2049	13.54	13.13	-0.40	149	-3.56	-0.14	3.42
2050	13.50	13.13	-0.37	149	-3.58	-0.14	3.44
2051	13.46	13.13	-0.33	148	-3.61	-0.14	3.46
2052	13.44	13.13	-0.31	148	-3.63	-0.15	3.48
2053	13.43	13.13	-0.30	148	-3.65	-0.15	3.50
2054	13.42	13.13	-0.29	148	-3.66	-0.15	3.51
2055	13.42	13.13	-0.29	148	-3.67	-0.15	3.52
2056	13.43	13.13	-0.30	148	-3.68	-0.15	3.53
2057	13.44	13.13	-0.31	148	-3.68	-0.15	3.53
2058	13.45	13.13	-0.32	148	-3.68	-0.15	3.53
2059	13.46	13.13	-0.33	147	-3.69	-0.15	3.54
2060	13.46	13.13	-0.33	147	-3.69	-0.15	3.54
2061	13.47	13.13	-0.34	146	-3.69	-0.15	3.54
2062	13.48	13.13	-0.34	146	-3.69	-0.15	3.54
2063	13.48	13.13	-0.35	146	-3.70	-0.15	3.54
2064	13.48	13.13	-0.35	145	-3.70	-0.15	3.55
2065	13.49	13.13	-0.35	144	-3.71	-0.15	3.56
2066	13.49	13.13	-0.36	144	-3.72	-0.16	3.57
2067	13.51	13.14	-0.37	143	-3.73	-0.16	3.58
2068	13.52	13.14	-0.38	142	-3.75	-0.16	3.59
2069	13.54	13.14	-0.40	141	-3.76	-0.16	3.60
2070	13.56	13.14	-0.42	140	-3.76	-0.16	3.61
2071	13.58	13.14	-0.44	139	-3.77	-0.16	3.61
2072	13.60	13.14	-0.46	138	-3.77	-0.16	3.62
2073	13.62	13.14	-0.48	136	-3.78	-0.16	3.62
2074	13.64	13.15	-0.50	134	-3.79	-0.16	3.63
2075	13.67	13.15	-0.52	132	-3.80	-0.16	3.64
2076	13.68	13.15	-0.54	130	-3.80	-0.16	3.64
2077	13.70	13.15	-0.55	128	-3.81	-0.16	3.65
2078	13.72	13.15	-0.57	126	-3.82	-0.16	3.66
2079	13.74	13.15	-0.59	123	-3.83	-0.16	3.67
2080	13.77	13.15	-0.61	121	-3.84	-0.16	3.68
2081	13.79	13.16	-0.64	118	-3.85	-0.16	3.68
2082	13.82	13.16	-0.66	115	-3.85	-0.16	3.69
2083	13.85	13.16	-0.69	111	-3.86	-0.16	3.70
2084	13.89	13.16	-0.73	108	-3.87	-0.16	3.71
2085	13.92	13.16	-0.76	104	-3.87	-0.16	3.71
2086	13.96	13.17	-0.79	100	-3.88	-0.16	3.71
2087	13.99	13.17	-0.82	96	-3.88	-0.16	3.72

Summarized Rates: OASDI			
	Cost Rate	Income Rate	Actuarial Balance
2012 - 2086	13.92%	13.91%	-0.01%
			Year of Reserve Depletion ¹
			N/A

Summarized Rates: OASDI		
Change in Cost rate	Change in Income Rate	Change in Actuarial Balance
-2.77%	-0.11%	2.66%

Based on Intermediate Assumptions of the 2012 Trustees Report
¹ Under present law the year of Trust Fund reserve depletion is 2033

Table 1a - General Fund Transfers, OASDI Trust Fund Assets, and Theoretical OASDI Assets
Senator Hutchison Proposal

Calendar Year	Proposal General Fund Transfers			Present Value in Billions as of 1-1-2012			
	Percentage of Payroll (1)	Present Value in Billions as of 1-1- 2012		Proposal Total OASDI Trust Fund Assets at End of Year (4)	Gross Domestic Product (5)	Theoretical Social Security ¹ with Borrowing Authority	
		Annual Amounts (2)	Accumulated as of End of Year (3)			Without General Fund Transfers (6)	With Plan General Fund Transfers (7)
2012	0.0	0.0	0.0	2,626.1	15,439.4	2,626.1	2,626.1
2013	0.0	0.0	0.0	2,570.2	15,479.7	2,563.5	2,563.5
2014	0.0	0.0	0.0	2,524.1	15,668.0	2,504.0	2,504.0
2015	0.0	0.0	0.0	2,485.5	15,946.3	2,445.4	2,445.4
2016	0.0	0.0	0.0	2,455.9	16,203.4	2,389.0	2,389.0
2017	0.0	0.0	0.0	2,435.5	16,420.0	2,334.6	2,334.6
2018	0.0	0.0	0.0	2,420.7	16,593.0	2,278.0	2,278.0
2019	0.0	0.0	0.0	2,404.4	16,683.5	2,211.2	2,211.2
2020	0.0	0.0	0.0	2,383.1	16,728.5	2,130.5	2,130.5
2021	0.0	0.0	0.0	2,356.8	16,749.9	2,034.1	2,034.1
2022	0.0	0.0	0.0	2,322.2	16,737.3	1,919.6	1,919.6
2023	0.0	0.0	0.0	2,278.7	16,689.8	1,787.1	1,787.1
2024	0.0	0.0	0.0	2,226.6	16,605.5	1,637.9	1,637.9
2025	0.0	0.0	0.0	2,166.9	16,481.0	1,473.7	1,473.7
2026	0.0	0.0	0.0	2,099.8	16,309.8	1,296.2	1,296.2
2027	0.0	0.0	0.0	2,026.0	16,115.0	1,106.7	1,106.7
2028	0.0	0.0	0.0	1,947.4	15,930.5	907.3	907.3
2029	0.0	0.0	0.0	1,865.7	15,741.8	700.0	700.0
2030	0.0	0.0	0.0	1,782.3	15,549.2	486.3	486.3
2031	0.0	0.0	0.0	1,701.8	15,364.4	268.0	268.0
2032	0.0	0.0	0.0	1,625.0	15,192.0	47.0	47.0
2033	0.0	0.0	0.0	1,552.2	15,025.3	-175.3	-175.3
2034	0.0	0.0	0.0	1,484.0	14,863.7	-397.4	-397.4
2035	0.0	0.0	0.0	1,420.5	14,704.0	-618.4	-618.4
2036	0.0	0.0	0.0	1,360.9	14,544.1	-837.5	-837.5
2037	0.0	0.0	0.0	1,305.1	14,387.6	-1,054.2	-1,054.2
2038	0.0	0.0	0.0	1,253.5	14,234.9	-1,267.7	-1,267.7
2039	0.0	0.0	0.0	1,206.3	14,084.3	-1,477.4	-1,477.4
2040	0.0	0.0	0.0	1,163.4	13,932.5	-1,682.8	-1,682.8
2041	0.0	0.0	0.0	1,124.2	13,781.3	-1,883.9	-1,883.9
2042	0.0	0.0	0.0	1,088.6	13,632.3	-2,080.7	-2,080.7
2043	0.0	0.0	0.0	1,056.3	13,484.0	-2,273.4	-2,273.4
2044	0.0	0.0	0.0	1,027.0	13,337.1	-2,462.4	-2,462.4
2045	0.0	0.0	0.0	1,000.4	13,192.0	-2,647.8	-2,647.8
2046	0.0	0.0	0.0	976.4	13,045.1	-2,829.7	-2,829.7
2047	0.0	0.0	0.0	954.6	12,896.0	-3,008.1	-3,008.1
2048	0.0	0.0	0.0	935.1	12,748.1	-3,183.3	-3,183.3
2049	0.0	0.0	0.0	917.6	12,599.8	-3,355.4	-3,355.4
2050	0.0	0.0	0.0	901.9	12,452.8	-3,524.5	-3,524.5
2051	0.0	0.0	0.0	887.9	12,305.9	-3,691.0	-3,691.0
2052	0.0	0.0	0.0	875.1	12,160.4	-3,855.2	-3,855.2
2053	0.0	0.0	0.0	863.0	12,016.5	-4,017.4	-4,017.4
2054	0.0	0.0	0.0	851.3	11,873.9	-4,177.7	-4,177.7
2055	0.0	0.0	0.0	839.7	11,733.4	-4,336.3	-4,336.3
2056	0.0	0.0	0.0	828.0	11,593.6	-4,493.3	-4,493.3
2057	0.0	0.0	0.0	816.0	11,455.7	-4,648.9	-4,648.9
2058	0.0	0.0	0.0	803.7	11,319.5	-4,802.8	-4,802.8
2059	0.0	0.0	0.0	791.4	11,184.5	-4,955.1	-4,955.1
2060	0.0	0.0	0.0	779.1	11,052.2	-5,105.7	-5,105.7
2061	0.0	0.0	0.0	766.7	10,922.0	-5,254.5	-5,254.5
2062	0.0	0.0	0.0	754.2	10,793.9	-5,401.5	-5,401.5
2063	0.0	0.0	0.0	741.9	10,667.4	-5,546.9	-5,546.9
2064	0.0	0.0	0.0	729.5	10,541.9	-5,690.7	-5,690.7
2065	0.0	0.0	0.0	717.2	10,417.7	-5,833.1	-5,833.1
2066	0.0	0.0	0.0	704.8	10,295.2	-5,974.2	-5,974.2
2067	0.0	0.0	0.0	692.2	10,174.1	-6,114.2	-6,114.2
2068	0.0	0.0	0.0	679.4	10,053.7	-6,253.2	-6,253.2
2069	0.0	0.0	0.0	666.0	9,934.5	-6,391.2	-6,391.2
2070	0.0	0.0	0.0	652.1	9,816.3	-6,528.4	-6,528.4
2071	0.0	0.0	0.0	637.7	9,699.8	-6,664.6	-6,664.6
2072	0.0	0.0	0.0	622.9	9,584.7	-6,799.8	-6,799.8
2073	0.0	0.0	0.0	607.7	9,470.3	-6,934.1	-6,934.1
2074	0.0	0.0	0.0	592.0	9,356.9	-7,067.4	-7,067.4
2075	0.0	0.0	0.0	576.0	9,244.2	-7,199.8	-7,199.8
2076	0.0	0.0	0.0	559.6	9,133.4	-7,331.2	-7,331.2
2077	0.0	0.0	0.0	542.9	9,023.5	-7,461.5	-7,461.5
2078	0.0	0.0	0.0	525.8	8,914.1	-7,591.0	-7,591.0
2079	0.0	0.0	0.0	508.3	8,805.8	-7,719.6	-7,719.6
2080	0.0	0.0	0.0	490.4	8,698.5	-7,847.5	-7,847.5
2081	0.0	0.0	0.0	472.1	8,592.2	-7,974.6	-7,974.6
2082	0.0	0.0	0.0	453.2	8,486.7	-8,101.1	-8,101.1
2083	0.0	0.0	0.0	433.7	8,381.9	-8,226.9	-8,226.9
2084	0.0	0.0	0.0	413.6	8,278.3	-8,352.1	-8,352.1
2085	0.0	0.0	0.0	392.8	8,175.6	-8,476.6	-8,476.6
2086	0.0	0.0	0.0	371.5	8,074.3	-8,600.6	-8,600.6
2087	0.0	0.0	0.0	349.6	7,974.3	-8,723.8	-8,723.8
Total 2012-2086		0.0					

Based on the Intermediate Assumptions of the 2012 Trustees Report
 Ultimate Real Trust Fund Yield of 2.9%

Office of the Chief Actuary
 Social Security Administration
 September 12, 2012

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.

Table 1b - OASDI Changes & Implications for Federal Budget and Debt of Specified Plan Provision Effects on OASDI¹ (Present Value Dollars)
Senator Hutchison Proposal

Billions of Present Value Dollars as of 1-1-2012

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)
2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	6.7	6.7	-6.7	6.7	0.0	0.0
2014	0.0	13.4	13.4	-20.1	13.6	0.0	0.0
2015	0.0	20.0	20.0	-40.0	20.7	0.0	0.0
2016	0.0	26.8	26.8	-66.9	28.4	0.0	0.0
2017	0.0	34.1	34.1	-100.9	36.7	0.0	0.0
2018	0.0	41.8	41.8	-142.7	45.9	0.0	0.0
2019	0.0	50.4	50.4	-193.1	56.3	0.0	0.0
2020	0.0	59.5	59.5	-252.7	67.6	0.0	0.0
2021	0.0	70.0	70.0	-322.7	80.8	0.0	0.0
2022	0.0	79.9	79.9	-402.6	94.4	0.0	0.0
2023	0.0	89.0	89.0	-491.6	108.0	0.0	0.0
2024	0.0	97.2	97.2	-588.7	121.6	0.0	0.0
2025	0.0	104.5	104.5	-693.2	135.2	0.0	0.0
2026	0.0	110.4	110.4	-803.6	148.3	0.0	0.0
2027	0.0	115.8	115.8	-919.4	159.7	0.0	0.0
2028	0.0	120.8	120.8	-1,040.2	171.0	0.0	0.0
2029	0.0	125.6	125.6	-1,165.7	182.4	0.0	0.0
2030	0.0	130.3	130.3	-1,296.1	194.1	0.0	0.0
2031	0.0	137.8	137.8	-1,433.8	208.6	0.0	0.0
2032	0.0	144.2	144.2	-1,578.0	222.5	0.0	0.0
2033	0.0	149.5	149.5	-1,727.5	235.7	0.0	0.0
2034	0.0	153.9	153.9	-1,881.4	248.3	0.0	0.0
2035	0.0	157.4	157.4	-2,038.8	260.2	0.0	0.0
2036	0.0	159.5	159.5	-2,198.3	270.9	0.0	0.0
2037	0.0	161.0	161.0	-2,359.3	281.1	0.0	0.0
2038	0.0	161.9	161.9	-2,521.3	290.9	0.0	0.0
2039	0.0	162.4	162.4	-2,683.7	300.2	0.0	0.0
2040	0.0	162.5	162.5	-2,846.2	309.1	0.0	0.0
2041	0.0	161.9	161.9	-3,008.0	317.4	0.0	0.0
2042	0.0	161.2	161.2	-3,169.2	325.6	0.0	0.0
2043	0.0	160.5	160.5	-3,329.7	333.7	0.0	0.0
2044	0.0	159.7	159.7	-3,489.4	341.7	0.0	0.0
2045	0.0	158.8	158.8	-3,648.2	349.5	0.0	0.0
2046	0.0	157.8	157.8	-3,806.0	357.2	0.0	0.0
2047	0.0	156.7	156.7	-3,962.8	364.7	0.0	0.0
2048	0.0	155.7	155.7	-4,118.4	372.2	0.0	0.0
2049	0.0	154.5	154.5	-4,273.0	379.6	0.0	0.0
2050	0.0	153.4	153.4	-4,426.4	386.9	0.0	0.0
2051	0.0	152.5	152.5	-4,578.9	394.4	0.0	0.0
2052	0.0	151.4	151.4	-4,730.3	401.6	0.0	0.0
2053	0.0	150.1	150.1	-4,880.3	408.6	0.0	0.0
2054	0.0	148.6	148.6	-5,028.9	415.3	0.0	0.0
2055	0.0	147.0	147.0	-5,176.0	421.9	0.0	0.0
2056	0.0	145.3	145.3	-5,321.3	428.2	0.0	0.0
2057	0.0	143.5	143.5	-5,464.8	434.4	0.0	0.0
2058	0.0	141.7	141.7	-5,606.6	440.4	0.0	0.0
2059	0.0	140.0	140.0	-5,746.5	446.4	0.0	0.0
2060	0.0	138.2	138.2	-5,884.8	452.3	0.0	0.0
2061	0.0	136.4	136.4	-6,021.1	458.0	0.0	0.0
2062	0.0	134.6	134.6	-6,155.8	463.7	0.0	0.0
2063	0.0	133.0	133.0	-6,288.8	469.5	0.0	0.0
2064	0.0	131.5	131.5	-6,420.3	475.2	0.0	0.0
2065	0.0	130.0	130.0	-6,550.3	480.9	0.0	0.0
2066	0.0	128.7	128.7	-6,679.0	486.7	0.0	0.0
2067	0.0	127.4	127.4	-6,806.4	492.4	0.0	0.0
2068	0.0	126.1	126.1	-6,932.5	498.1	0.0	0.0
2069	0.0	124.7	124.7	-7,057.2	503.6	0.0	0.0
2070	0.0	123.3	123.3	-7,180.5	509.0	0.0	0.0
2071	0.0	121.8	121.8	-7,302.3	514.3	0.0	0.0
2072	0.0	120.4	120.4	-7,422.7	519.5	0.0	0.0
2073	0.0	119.0	119.0	-7,541.8	524.7	0.0	0.0
2074	0.0	117.7	117.7	-7,659.4	529.9	0.0	0.0
2075	0.0	116.3	116.3	-7,775.8	534.9	0.0	0.0
2076	0.0	115.0	115.0	-7,890.8	539.9	0.0	0.0
2077	0.0	113.7	113.7	-8,004.4	544.9	0.0	0.0
2078	0.0	112.4	112.4	-8,116.8	549.9	0.0	0.0
2079	0.0	111.2	111.2	-8,228.0	554.8	0.0	0.0
2080	0.0	110.0	110.0	-8,337.9	559.6	0.0	0.0
2081	0.0	108.8	108.8	-8,446.7	564.5	0.0	0.0
2082	0.0	107.6	107.6	-8,554.3	569.2	0.0	0.0
2083	0.0	106.3	106.3	-8,660.6	573.8	0.0	0.0
2084	0.0	105.1	105.1	-8,765.7	578.4	0.0	0.0
2085	0.0	103.8	103.8	-8,869.5	582.9	0.0	0.0
2086	0.0	102.6	102.6	-8,972.0	587.3	0.0	0.0
Total 2012-86	0.0	8,972.0	8,972.0				

Based on Intermediate Assumptions of the 2012 Trustees Report.
 Ultimate Real Trust Fund Yield of 2.9%

Office of the Chief Actuary
 Social Security Administration
 September 12, 2012

¹ Effects of tax provisions on the On-Budget are not reflected in this table.

Table 1b.n - OASDI Changes & Implications for Federal Budget and Debt of Specified Plan Provision Effects on OASDI¹ (Nominal Dollars)
Senator Hutchison Proposal

Billions of Nominal Dollars

<u>Year</u>	Specified General Fund Transfers (1)	Basic Changes in OASDI Cash Flow (2)	Change in Annual Unified Budget Cash Flow (3)	Change in Debt Held by Public at End of Year (4)	Change in Annual Unified Budget Balance (5)	Change in Total Federal Debt End of Year (6)	Change in Annual On Budget Balance (7)
2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	7.1	7.1	-7.2	7.2	0.0	0.0
2014	0.0	14.8	14.8	-22.6	15.3	0.0	0.0
2015	0.0	22.9	22.9	-46.8	24.3	0.0	0.0
2016	0.0	32.0	32.0	-81.3	34.5	0.0	0.0
2017	0.0	42.3	42.3	-127.8	46.4	0.0	0.0
2018	0.0	54.1	54.1	-188.2	60.4	0.0	0.0
2019	0.0	67.9	67.9	-265.4	77.2	0.0	0.0
2020	0.0	83.7	83.7	-362.3	96.9	0.0	0.0
2021	0.0	102.8	102.8	-483.3	121.0	0.0	0.0
2022	0.0	122.7	122.7	-630.5	147.2	0.0	0.0

Based on Intermediate Assumptions of the 2012 Trustees Report.

Office of the Chief Actuary
 Social Security Administration
 September 12, 2012

¹ Effects of tax provisions on the On-Budget are not reflected in this table.

**Table 1c - Present Law and Proposal Cost, Expenditures, and Income: As Percent of Gross Domestic Product
 Senator Hutchison Proposal**

Calendar Year	Present Law OASDI			Proposal OASDI		
	Cost (1)	Expenditures (Payable) (2)	Non-Interest Income (3)	Cost (4)	Expenditures (Payable) (5)	Non-Interest Income (6)
2012	5.01	5.01	4.67	5.01	5.01	4.67
2013	5.06	5.06	4.66	5.02	5.02	4.65
2014	5.09	5.09	4.71	5.00	5.00	4.70
2015	5.10	5.10	4.73	4.97	4.97	4.72
2016	5.11	5.11	4.76	4.94	4.94	4.75
2017	5.14	5.14	4.81	4.92	4.92	4.80
2018	5.19	5.19	4.85	4.93	4.93	4.84
2019	5.28	5.28	4.87	4.96	4.96	4.86
2020	5.38	5.38	4.89	5.01	5.01	4.88
2021	5.49	5.49	4.91	5.05	5.05	4.89
2022	5.59	5.59	4.90	5.10	5.10	4.89
2023	5.70	5.70	4.90	5.15	5.15	4.88
2024	5.80	5.80	4.89	5.19	5.19	4.87
2025	5.89	5.89	4.89	5.24	5.24	4.87
2026	5.98	5.98	4.88	5.28	5.28	4.86
2027	6.06	6.06	4.88	5.32	5.32	4.86
2028	6.13	6.13	4.88	5.35	5.35	4.85
2029	6.20	6.20	4.87	5.37	5.37	4.85
2030	6.25	6.25	4.87	5.38	5.38	4.84
2031	6.29	6.29	4.87	5.37	5.37	4.84
2032	6.32	6.32	4.86	5.34	5.34	4.83
2033	6.34	5.16	4.86	5.31	5.31	4.82
2034	6.36	4.85	4.85	5.28	5.28	4.82
2035	6.36	4.85	4.85	5.25	5.25	4.81
2036	6.36	4.85	4.85	5.22	5.22	4.80
2037	6.35	4.84	4.84	5.19	5.19	4.80
2038	6.34	4.84	4.84	5.16	5.16	4.79
2039	6.33	4.83	4.83	5.13	5.13	4.79
2040	6.31	4.83	4.83	5.09	5.09	4.78
2041	6.28	4.82	4.82	5.06	5.06	4.77
2042	6.26	4.81	4.81	5.03	5.03	4.77
2043	6.24	4.81	4.81	5.00	5.00	4.76
2044	6.22	4.80	4.80	4.98	4.98	4.75
2045	6.21	4.79	4.79	4.95	4.95	4.74
2046	6.19	4.79	4.79	4.93	4.93	4.74
2047	6.17	4.78	4.78	4.90	4.90	4.73
2048	6.15	4.77	4.77	4.88	4.88	4.72
2049	6.14	4.76	4.76	4.86	4.86	4.71
2050	6.12	4.76	4.76	4.84	4.84	4.71
2051	6.11	4.75	4.75	4.82	4.82	4.70
2052	6.10	4.75	4.75	4.80	4.80	4.69
2053	6.09	4.74	4.74	4.79	4.79	4.69
2054	6.09	4.73	4.73	4.78	4.78	4.68
2055	6.08	4.73	4.73	4.78	4.78	4.67
2056	6.08	4.72	4.72	4.77	4.77	4.67
2057	6.08	4.71	4.71	4.77	4.77	4.66
2058	6.07	4.71	4.71	4.77	4.77	4.65
2059	6.07	4.70	4.70	4.76	4.76	4.65
2060	6.06	4.69	4.69	4.76	4.76	4.64
2061	6.06	4.69	4.69	4.75	4.75	4.63
2062	6.05	4.68	4.68	4.75	4.75	4.63
2063	6.05	4.68	4.68	4.74	4.74	4.62
2064	6.04	4.67	4.67	4.74	4.74	4.62
2065	6.04	4.66	4.66	4.73	4.73	4.61
2066	6.03	4.66	4.66	4.73	4.73	4.60
2067	6.03	4.65	4.65	4.73	4.73	4.60
2068	6.03	4.64	4.64	4.72	4.72	4.59
2069	6.03	4.64	4.64	4.72	4.72	4.58
2070	6.04	4.63	4.63	4.72	4.72	4.58
2071	6.04	4.63	4.63	4.73	4.73	4.57
2072	6.04	4.62	4.62	4.73	4.73	4.57
2073	6.04	4.62	4.62	4.73	4.73	4.56
2074	6.04	4.61	4.61	4.73	4.73	4.56
2075	6.04	4.61	4.61	4.73	4.73	4.55
2076	6.04	4.60	4.60	4.73	4.73	4.54
2077	6.05	4.59	4.59	4.73	4.73	4.54
2078	6.05	4.59	4.59	4.73	4.73	4.53
2079	6.05	4.59	4.59	4.73	4.73	4.53
2080	6.06	4.58	4.58	4.74	4.74	4.53
2081	6.06	4.58	4.58	4.74	4.74	4.52
2082	6.07	4.57	4.57	4.75	4.75	4.52
2083	6.08	4.57	4.57	4.75	4.75	4.51
2084	6.08	4.57	4.57	4.76	4.76	4.51
2085	6.09	4.56	4.56	4.77	4.77	4.51
2086	6.10	4.56	4.56	4.77	4.77	4.50

Based on Intermediate Assumptions of the 2012 Trustees Report.

Office of the Chief Actuary
 Social Security Administration
 September 12, 2012

Table 1d - Change in Long-Range Trust Fund Assets / Unfunded Obligation
Senator Hutchison Proposal

(Billions of Dollars, Present Value on 1-1-2012)

Year	Present Law OASDI Trust Fund Assets / 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 Assets / Unfunded Obligation Through End of Year (6) = (1)+(5)
2012	2,626.1	0.0	0.0	0.0	0.0	2,626.1
2013	2,563.5	-0.3	-7.0	6.7	6.7	2,570.2
2014	2,504.0	-0.6	-13.9	13.4	20.1	2,524.1
2015	2,445.4	-0.9	-20.9	20.0	40.0	2,485.5
2016	2,389.0	-1.2	-28.0	26.8	66.9	2,455.9
2017	2,334.6	-1.6	-35.7	34.1	100.9	2,435.5
2018	2,278.0	-1.8	-43.7	41.8	142.7	2,420.7
2019	2,211.2	-2.1	-52.5	50.4	193.1	2,404.4
2020	2,130.5	-2.3	-61.8	59.5	252.7	2,383.1
2021	2,034.1	-2.4	-72.4	70.0	322.7	2,356.8
2022	1,919.6	-2.5	-82.4	79.9	402.6	2,322.2
2023	1,787.1	-2.7	-91.6	89.0	491.6	2,278.7
2024	1,637.9	-2.9	-100.0	97.2	588.7	2,226.6
2025	1,473.7	-3.1	-107.6	104.5	693.2	2,166.9
2026	1,296.2	-3.4	-113.7	110.4	803.6	2,099.8
2027	1,106.7	-3.7	-119.4	115.8	919.4	2,026.0
2028	907.3	-3.9	-124.7	120.8	1,040.2	1,947.4
2029	700.0	-4.2	-129.8	125.6	1,165.7	1,865.7
2030	486.3	-4.5	-134.8	130.3	1,296.1	1,782.3
2031	268.0	-4.8	-142.6	137.8	1,433.8	1,701.8
2032	47.0	-5.2	-149.3	144.2	1,578.0	1,625.0
2033	-175.3	-5.4	-154.9	149.5	1,727.5	1,552.2
2034	-397.4	-5.7	-159.6	153.9	1,881.4	1,484.0
2035	-618.4	-5.9	-163.4	157.4	2,038.8	1,420.5
2036	-837.5	-6.1	-165.6	159.5	2,198.3	1,360.9
2037	-1,054.2	-6.3	-167.3	161.0	2,359.3	1,305.1
2038	-1,267.7	-6.4	-168.4	161.9	2,521.3	1,253.5
2039	-1,477.4	-6.5	-168.9	162.4	2,683.7	1,206.3
2040	-1,682.8	-6.6	-169.1	162.5	2,846.2	1,163.4
2041	-1,883.9	-6.6	-168.5	161.9	3,008.0	1,124.2
2042	-2,080.7	-6.6	-167.8	161.2	3,169.2	1,088.6
2043	-2,273.4	-6.6	-167.1	160.5	3,329.7	1,056.3
2044	-2,462.4	-6.6	-166.3	159.7	3,489.4	1,027.0
2045	-2,647.8	-6.6	-165.5	158.8	3,648.2	1,000.4
2046	-2,829.7	-6.6	-164.4	157.8	3,806.0	976.4
2047	-3,008.1	-6.6	-163.3	156.7	3,962.8	954.6
2048	-3,183.3	-6.5	-162.2	155.7	4,118.4	935.1
2049	-3,355.4	-6.5	-161.0	154.5	4,273.0	917.6
2050	-3,524.5	-6.5	-159.9	153.4	4,426.4	901.9
2051	-3,691.0	-6.4	-158.9	152.5	4,578.9	887.9
2052	-3,855.2	-6.4	-157.8	151.4	4,730.3	875.1
2053	-4,017.4	-6.3	-156.4	150.1	4,880.3	863.0
2054	-4,177.7	-6.3	-154.9	148.6	5,028.9	851.3
2055	-4,336.3	-6.2	-153.3	147.0	5,176.0	839.7
2056	-4,493.3	-6.2	-151.5	145.3	5,321.3	828.0
2057	-4,648.9	-6.1	-149.7	143.5	5,464.8	816.0
2058	-4,802.8	-6.1	-147.8	141.7	5,606.6	803.7
2059	-4,955.1	-6.0	-146.0	140.0	5,746.5	791.4
2060	-5,105.7	-6.0	-144.2	138.2	5,884.8	779.1
2061	-5,254.5	-5.9	-142.3	136.4	6,021.1	766.7
2062	-5,401.5	-5.9	-140.5	134.6	6,155.8	754.2
2063	-5,546.9	-5.8	-138.8	133.0	6,288.8	741.9
2064	-5,690.7	-5.8	-137.3	131.5	6,420.3	729.5
2065	-5,833.1	-5.7	-135.8	130.0	6,550.3	717.2
2066	-5,974.2	-5.7	-134.4	128.7	6,679.0	704.8
2067	-6,114.2	-5.6	-133.0	127.4	6,806.4	692.2
2068	-6,253.2	-5.6	-131.6	126.1	6,932.5	679.4
2069	-6,391.2	-5.5	-130.2	124.7	7,057.2	666.0
2070	-6,528.4	-5.4	-128.8	123.3	7,180.5	652.1
2071	-6,664.6	-5.4	-127.2	121.8	7,302.3	637.7
2072	-6,799.8	-5.3	-125.7	120.4	7,422.7	622.9
2073	-6,934.1	-5.3	-124.3	119.0	7,541.8	607.7
2074	-7,067.4	-5.2	-122.9	117.7	7,659.4	592.0
2075	-7,199.8	-5.2	-121.5	116.3	7,775.8	576.0
2076	-7,331.2	-5.1	-120.1	115.0	7,890.8	559.6
2077	-7,461.5	-5.0	-118.7	113.7	8,004.4	542.9
2078	-7,591.0	-5.0	-117.4	112.4	8,116.8	525.8
2079	-7,719.6	-4.9	-116.1	111.2	8,228.0	508.3
2080	-7,847.5	-4.9	-114.8	110.0	8,337.9	490.4
2081	-7,974.6	-4.8	-113.6	108.8	8,446.7	472.1
2082	-8,101.1	-4.8	-112.3	107.6	8,554.3	453.2
2083	-8,226.9	-4.7	-111.0	106.3	8,660.6	433.7
2084	-8,352.1	-4.7	-109.7	105.1	8,765.7	413.6
2085	-8,476.6	-4.6	-108.4	103.8	8,869.5	392.8
2086	-8,600.6	-4.6	-107.1	102.6	8,972.0	371.5
Total 2012-2086		-367.0	-9339.1	8972.0		

Based on Intermediate Assumptions of the 2012 Trustees Report.

Ultimate Real Trust Fund Yield of 2.9%.

Office of the Chief Actuary
 Social Security Administration
 September 12, 2012

United States Senate

WASHINGTON, DC 20510-4304

August 1, 2012

Mr. Stephen C. Goss
Chief Actuary
Office of the Chief Actuary
Social Security Administration
Altmeyer Building
6401 Security Boulevard, Room 700
Baltimore, MD 21235

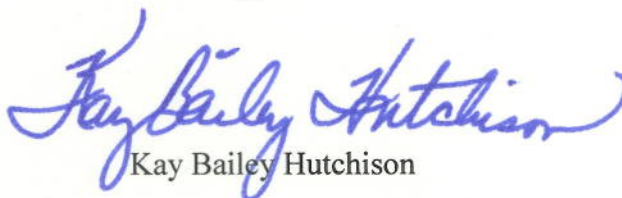
Dear Mr. Goss:

Please provide a formal cost estimate of the impact on the Social Security trust fund 75-year deficit and exhaustion date, using the Social Security Board of Trustees 2012 Report intermediate assumptions as the baseline, from the following program changes:

- Increase the EEA by 3 months a year starting immediately in 2016 until it reaches 64 (by 2023);
- Increase the NRA by 3 months a year starting immediately in 2016 until it reaches 70 (by 2031);
- Decrease the annual cost of living adjustment (starting December 31, 2012) by 1 percent with no carryover of unused portion.

Thank you for your attention to this request. Please contact Ashley Fingarson of my staff at (202) 224-4095 should you have any questions.

Sincerely,



Kay Bailey Hutchison