



SOCIAL SECURITY

Office of the Chief Actuary

April 12, 2018

The Honorable Ron Wyden
United States Senate
Washington, D.C. 20510

Dear Senator Wyden:

Enactment of S. 2653, the “Elder Poverty Relief Act,” which was introduced today with Senators Brown and Casey, would provide an additional monthly benefit amount for selected Social Security (OASDI) beneficiaries and Supplemental Security Income (SSI) recipients, effective for benefits paid for 2019 and later. The additional monthly benefit amount would be about \$85 for 2019 and would increase with the national average wage indexing series thereafter.

We estimate that this proposal would increase (worsen) the long-range OASDI actuarial deficit by 0.27 percent of taxable payroll, and would increase the annual deficit for the OASDI program by about 0.36 percent of payroll for 2091. The year of projected combined OASDI Trust Fund reserve depletion would be 2034, the same as under current law. Table 1, enclosed, presents projected annual and 75-year-summarized cost rates, income rates, and balances for the OASDI program assuming enactment of the proposal, and changes in these values from those projected under current law. In addition, the proposal would increase Federal SSI payments from the General Fund of the Treasury by an estimated \$10.3 billion for the period 2019 through 2027.

The estimates presented here are based on the intermediate assumptions of the 2017 Trustees Report and the assumptions of the 2017 SSI Annual Report. These estimates reflect the combined effort of many in the Office of the Chief Actuary, but most particularly Karen Glenn, Chris Chaplain, Daniel Nickerson, Michael Stephens, and Chelsea Shudtz.

Proposal Specifications

Under this proposal, qualifying Social Security beneficiaries and SSI recipients would receive an additional monthly benefit (the “poverty relief benefit”) for any qualifying month in a year equal to 1/12th of 2 percent of the national average wage index (AWI) for the second prior year. The poverty relief benefit amount would be the same for all qualifying individuals in a month, would be paid in addition to the Social Security benefit or SSI payment for that month, and would not be counted as income or earnings as an offset against the Social Security or SSI amount. The estimated monthly poverty relief benefit for 2019 is \$85, based on the projected level of the AWI of \$51,314.31 for 2017 in the 2017 Trustees Report. This monthly poverty relief benefit amount

would be recomputed each year for all qualifying individuals, reflecting the newly determined AWI value for the second prior year.

Individuals would qualify for the monthly poverty relief benefit under any of the following four sets of requirements:

1. Social Security beneficiaries who have attained age 82.
2. Social Security beneficiaries who have attained normal retirement age (66 and 6 months for those attaining age 62 in 2019, rising under current law to 67 for those attaining age 62 in 2022 or later), and who have both:
 - a. Average monthly indexed earnings at or below the PIA first bend point used for computing their benefit (estimated at \$944 for 2019 initial eligibility); and
 - b. At least 11 “years of coverage”, that is, at least 11 years with earnings above the specified level used for determinations under the Windfall Elimination Provision (estimated at \$25,200 for 2019). This dollar level is increased annually by changes in the AWI.
3. SSI recipients who have attained the Social Security normal retirement age.
4. Individuals who have received Social Security benefits and/or SSI payments for at least 240 distinct months after attaining age 19. Any combination of Social Security benefits and SSI payments may be used to reach the 240-month threshold.

The poverty relief benefit would be paid from the applicable Social Security OASI or DI Trust Fund for any qualifying month for which the individual is in receipt of a Social Security benefit. The poverty relief benefit would be paid from the General Fund of the Treasury for any qualifying month in which the individual is in receipt of an SSI monthly payment but not in receipt of any Social Security monthly benefit.

Proposal Effects

Enactment of the proposal would increase the OASDI actuarial deficit by an estimated 0.27 percent of payroll and would increase the annual deficit for the OASDI program by about 0.36 percent of payroll for 2091. Current-law Social Security benefits and SSI payments are increased annually by COLAs (based on the CPI) after initial eligibility, while the poverty relief benefit would increase annually by changes in the AWI. Because the AWI is projected to increase about 1.2 percent faster than the CPI in the future, the poverty relief benefit would generally become a larger share of an individual’s total Social Security benefit or SSI payment in years after the year of initial entitlement for the poverty relief benefit.

We estimate that approximately 96 percent of the Social Security area population age 82 and older would receive the poverty relief benefit. For 2019, we estimate that approximately 0.9 million of those qualifying for the poverty relief benefit would qualify as SSI-only recipients. The table below shows estimated total additional payments from the General Fund of the Treasury for this group for years 2019 through 2027:

Calendar year	Total Poverty Relief Benefits Paid from the General Fund of the Treasury (billions)
2019	\$0.9
2020	1.0
2021	1.0
2022	1.1
2023	1.1
2024	1.2
2025	1.3
2026	1.3
2027	<u>1.4</u>
Total, 2019-27	\$10.3

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

Sincerely,



Stephen C. Goss, ASA, MAAA
Chief Actuary

Enclosure

Table 1 - OASDI Cost Rate, Income Rate, Annual Balance, and Trust Fund Ratio

S. 2653, the "Elder Poverty Relief Act"

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
2017	13.41	13.03	-0.38	298	0.00	0.00	0.00
2018	13.49	12.93	-0.56	287	0.00	0.00	0.00
2019	13.85	12.95	-0.90	270	0.15	0.01	-0.15
2020	14.01	12.97	-1.04	255	0.16	0.01	-0.15
2021	14.18	13.00	-1.18	240	0.16	0.01	-0.15
2022	14.42	13.03	-1.39	225	0.17	0.01	-0.16
2023	14.72	13.06	-1.66	208	0.17	0.01	-0.16
2024	15.00	13.09	-1.91	192	0.18	0.01	-0.17
2025	15.28	13.11	-2.17	174	0.19	0.01	-0.18
2026	15.56	13.14	-2.42	156	0.19	0.01	-0.18
2027	15.81	13.16	-2.65	138	0.20	0.01	-0.19
2028	16.06	13.18	-2.88	120	0.20	0.01	-0.19
2029	16.28	13.19	-3.09	101	0.21	0.01	-0.20
2030	16.49	13.21	-3.28	82	0.22	0.01	-0.21
2031	16.68	13.22	-3.46	62	0.23	0.01	-0.22
2032	16.85	13.23	-3.62	42	0.24	0.01	-0.23
2033	16.99	13.24	-3.75	21	0.25	0.01	-0.23
2034	17.10	13.25	-3.85	0	0.25	0.01	-0.24
2035	17.19	13.25	-3.93	----	0.26	0.01	-0.25
2036	17.25	13.26	-3.99	----	0.26	0.01	-0.25
2037	17.29	13.26	-4.03	----	0.27	0.01	-0.26
2038	17.30	13.26	-4.04	----	0.28	0.01	-0.26
2039	17.28	13.26	-4.02	----	0.28	0.02	-0.27
2040	17.25	13.26	-3.99	----	0.29	0.02	-0.27
2041	17.21	13.26	-3.95	----	0.30	0.02	-0.28
2042	17.16	13.26	-3.90	----	0.30	0.02	-0.29
2043	17.11	13.26	-3.86	----	0.31	0.02	-0.29
2044	17.07	13.26	-3.81	----	0.31	0.02	-0.29
2045	17.03	13.25	-3.78	----	0.32	0.02	-0.30
2046	17.00	13.25	-3.75	----	0.32	0.02	-0.30
2047	16.97	13.25	-3.72	----	0.32	0.02	-0.30
2048	16.94	13.25	-3.69	----	0.32	0.02	-0.30
2049	16.91	13.25	-3.66	----	0.32	0.02	-0.30
2050	16.89	13.25	-3.64	----	0.32	0.02	-0.30
2051	16.88	13.25	-3.63	----	0.32	0.02	-0.30
2052	16.88	13.25	-3.63	----	0.32	0.02	-0.30
2053	16.89	13.25	-3.64	----	0.32	0.02	-0.31
2054	16.91	13.25	-3.66	----	0.32	0.02	-0.30
2055	16.94	13.25	-3.69	----	0.32	0.02	-0.30
2056	16.97	13.26	-3.72	----	0.32	0.02	-0.30
2057	17.01	13.26	-3.75	----	0.32	0.02	-0.30
2058	17.06	13.26	-3.79	----	0.32	0.02	-0.30
2059	17.10	13.27	-3.83	----	0.32	0.02	-0.30
2060	17.15	13.27	-3.88	----	0.32	0.02	-0.30
2061	17.19	13.27	-3.92	----	0.32	0.02	-0.30
2062	17.24	13.28	-3.96	----	0.32	0.02	-0.30
2063	17.29	13.28	-4.01	----	0.32	0.02	-0.30
2064	17.34	13.28	-4.06	----	0.32	0.02	-0.31
2065	17.39	13.29	-4.11	----	0.33	0.02	-0.31
2066	17.45	13.29	-4.16	----	0.33	0.02	-0.31
2067	17.50	13.29	-4.21	----	0.33	0.02	-0.31
2068	17.56	13.30	-4.26	----	0.33	0.02	-0.32
2069	17.61	13.30	-4.31	----	0.34	0.02	-0.32
2070	17.67	13.30	-4.36	----	0.34	0.02	-0.32
2071	17.72	13.31	-4.41	----	0.34	0.02	-0.33
2072	17.76	13.31	-4.45	----	0.35	0.02	-0.33
2073	17.80	13.31	-4.49	----	0.35	0.02	-0.33
2074	17.84	13.31	-4.52	----	0.36	0.02	-0.34
2075	17.86	13.32	-4.55	----	0.36	0.02	-0.34
2076	17.88	13.32	-4.56	----	0.36	0.02	-0.34
2077	17.89	13.32	-4.57	----	0.36	0.02	-0.34
2078	17.89	13.32	-4.57	----	0.37	0.02	-0.35
2079	17.88	13.32	-4.57	----	0.37	0.02	-0.35
2080	17.88	13.32	-4.56	----	0.37	0.02	-0.35
2081	17.87	13.32	-4.56	----	0.37	0.02	-0.35
2082	17.88	13.32	-4.56	----	0.37	0.02	-0.35
2083	17.88	13.32	-4.57	----	0.37	0.02	-0.35
2084	17.90	13.32	-4.58	----	0.37	0.02	-0.35
2085	17.92	13.32	-4.60	----	0.37	0.02	-0.35
2086	17.96	13.32	-4.63	----	0.37	0.02	-0.35
2087	17.99	13.32	-4.67	----	0.38	0.02	-0.35
2088	18.03	13.33	-4.71	----	0.38	0.02	-0.36
2089	18.08	13.33	-4.75	----	0.38	0.02	-0.36
2090	18.13	13.33	-4.80	----	0.38	0.02	-0.36
2091	18.18	13.34	-4.84	----	0.38	0.02	-0.36
2092	18.23	13.34	-4.89	----	0.38	0.02	-0.36

Summarized Rates: OASDI				
	Cost Rate	Income Rate	Actuarial Balance	Year of reserve depletion ¹
2017 - 2091	16.95%	13.85%	-3.10%	2034

Summarized Rates: OASDI		
Change in Cost rate	Change in Income Rate	Change in Actuarial Balance
0.29%	0.02%	-0.27%

Based on Intermediate Assumptions of the 2017 Trustees Report.

¹ Under present law the year of combined Trust Fund reserve depletion is 2034.