SOCIAL SECURITY
Office of the Chief Actuary

November 17, 2010

Ms. Alice M. Rivlin, Co-Chair
Mr. Pete Domenici, Co-Chair
Debt Reduction Task Force
Bipartisan Policy Center
1225 Eye Street NW, Suite 1000
Washington, D.C. 20005

Dear Ms. Rivlin and Mr. Domenici:

I am writing in response to your request for estimates of the financial effects on Social Security of the Bipartisan Policy Center's Debt Reduction Task Force plan that is released today. We have worked closely with Chuck Konigsberg, Shai Akabas, Loren Adler, Paul Cullinan, Eric Toder, and other members of your team to gain an understanding of the provisions and implications of the plan. The plan would make numerous changes to the Social Security Act and to a broad range of general tax provisions that have implications for the financial status of the OASDI program.

In the analysis presented below and in the enclosed tables we are providing estimates of the effects of these provisions on the cost, income, and trust fund assets for the OASDI program, as well as the estimated effects on retired worker benefit levels for selected hypothetical worker cases. While Task Force plan provisions are reflected to the extent that they would have significant implications for the OASDI program, not all effects of these provisions on the unified budget are reflected in our analysis. This is specifically the case for tables 1b and 1b.n, which reflect implications for the unified budget of only the specified plan provisions as they affect the actuarial status of the OASDI program. For example, the direct revenue effects for the on-budget of the various tax provisions are not reflected in this analysis. All estimates are based on the intermediate assumptions of the 2010 Trustees Report.

The estimates provided here reflect extraordinary effort by many in the Office of the Chief Actuary under substantial time pressure, but most particularly Christopher Chaplain, Daniel Nickerson, Tiffany Bosley, Michael Clingman, and Alice Wade.

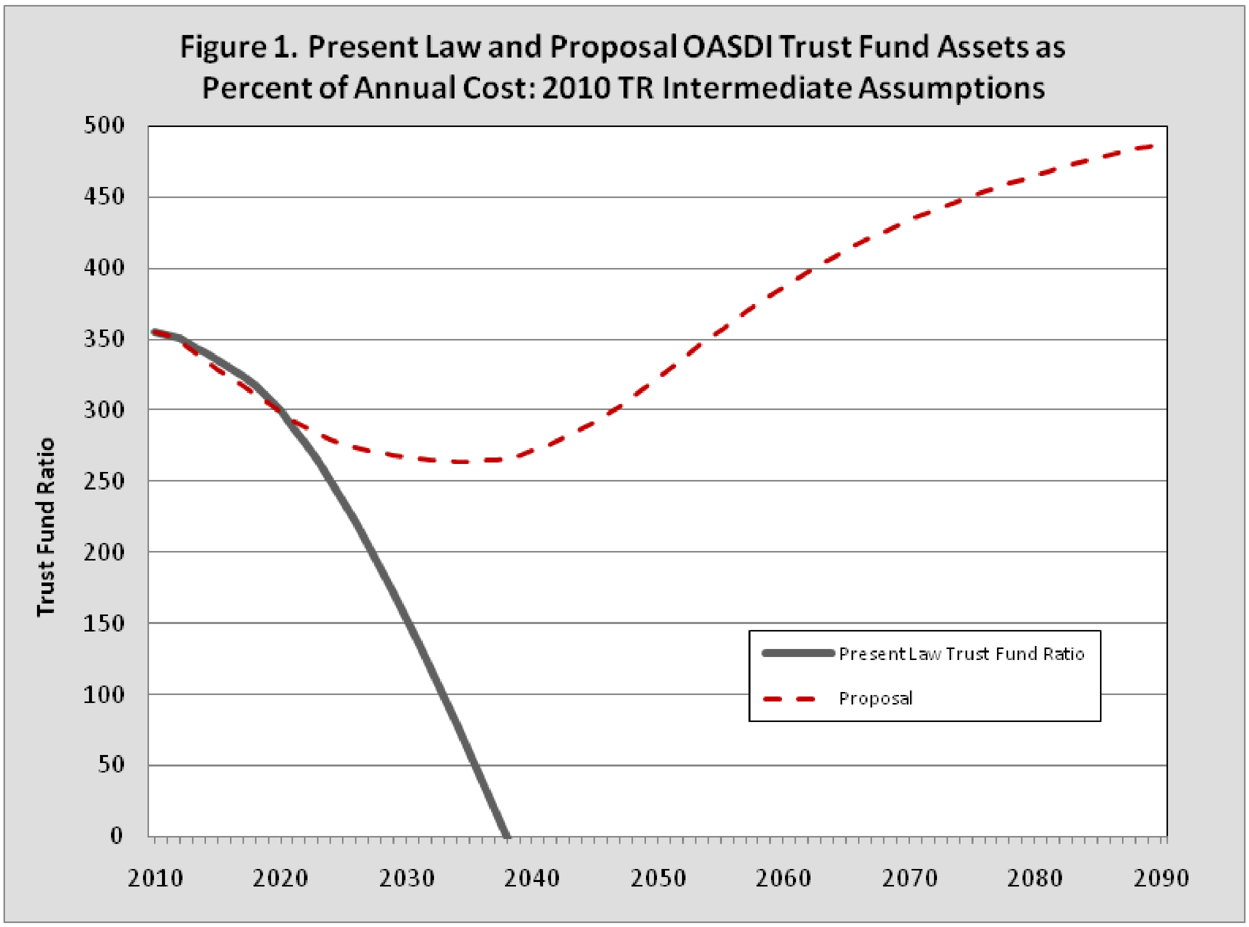
The Task Force plan includes the following eleven provisions that have significant effects on the OASDI program financial operations and actuarial status:

1) Increase the OASDI contribution and benefit base over 38 years starting in 2012, so that 90 percent of covered earnings will be taxable for 2049 and later.
2) Change the OASDI cost of living adjustment (COLA) to be based on a chained version of the Consumer Price Index for Urban Wage and Clerical Workers (CPI-W) starting for December 2012.
3) Cover earnings of all State and local government employees hired in 2020 and later under OASDI.
4) Eliminate the excise tax on premiums for employer sponsored group health insurance and make all such premiums subject to OASDI payroll tax, phased in between 2018 and 2028.
5) Reduce the 15-percent PIA formula factor to 10 percent, phased in gradually between 2023 and 2052.
6) Starting in 2012, enhance the special minimum benefit to provide a PIA level at benefit eligibility equivalent to 133 percent of the 2009 Federal Aged Poverty threshold for individuals with earnings of at least 20 percent of the "old-law taxable maximum" in at least 30 years. The minimum would be reduced for fewer qualifying years, to zero for less than 20 years. The target poverty level would be wage indexed from the 2009 level to 2 years before the year of initial benefit eligibility. Up to 8 child-care creditable years would be allowed if caring for a child under age 6. The earnings requirement and number of child care creditable years allowed would be scaled for workers becoming disabled or dying before attaining age 62.
7) Subject contributions to all voluntary salary reduction plans to OASDI payroll tax in the same manner as for 401(k)s.
8) Index the PIA formula for OASI benefits to longevity by reducing the factors starting in 2023 by the change in the ratio of (a) the period life expectancy at 67 for 2018 to (b) the period life expectancy at 67 for the 4^{th} year before initial benefit eligibility. For disabled workers at conversion to retirement at NRA, the reductions would apply based on the proportion of years not disabled from 22 to 61.
9) Increase benefits gradually between ages 81 and 85 reflecting an increase in PIA equal to 5 percent of the average retired worker PIA in the year age 80 is reached.
10) Tax Reform for Business: Establish a value added tax (VAT) of 3.0 percent for 2012 and 6.5 percent for 2013 and later. Reduce the corporate income tax from 35 to 27 percent.
11) Tax Reform for Individuals: Modify the personal income tax to make 2 brackets with marginal rates of 15 and 27 percent. OASDI benefits are included as regular income with no thresholds. Capital gains are included as regular income. A non-refundable credit for low income tax filers age 65 and older is established. A non-refundable credit of 7.5 percent of OASDI benefit is established. Thus, revenue to OASDHI is based on 7.5 and 19.5 percent marginal rates on all OASDI benefits.

The balance of this letter provides a summary of the effects of the plan on the actuarial status of the OASDI program, our understanding of the specifications of each plan provision, the estimated effects on OASDI actuarial status, and a description of our detailed financial results.

Summary of Effects on Actuarial Status

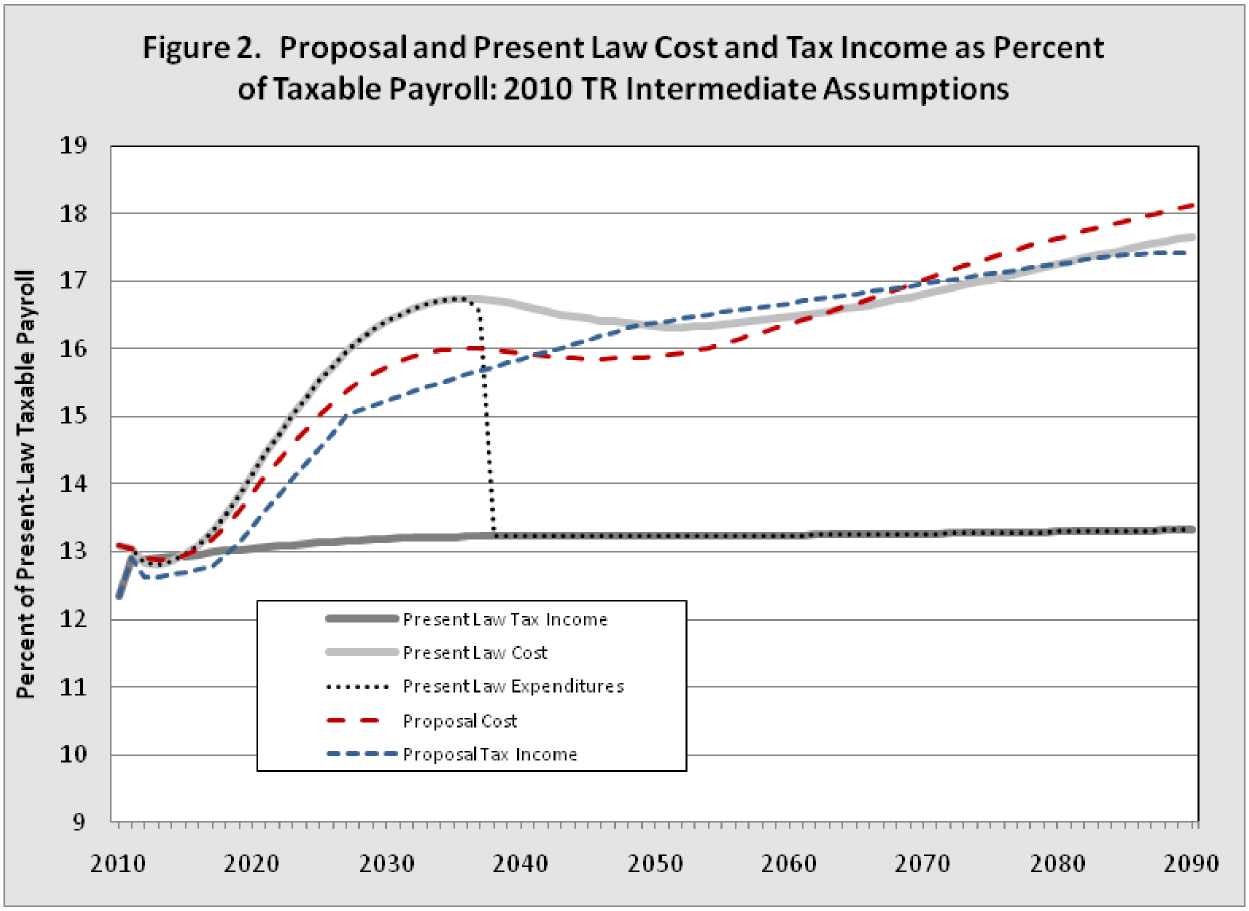
Figure 1 below illustrates the expected change in the combined Old Age, Survivors Insurance (OASI) and Disability Insurance (DI) Trust Fund assets, expressed as a percent of annual program cost, assuming enactment of all provisions of the plan. Assuming enactment, the OASDI program would be expected to be solvent for the next 75 years, under the intermediate assumptions of the 2010 Trustees Report. The level of assets for the theoretical combined OASI and DI Trust Funds would rise after 2040, reaching over 450 percent of annual program cost by 2080. The combined assets would be rising slightly as a percentage of the annual cost of the program at the end of the period. Thus, the OASDI program would meet the requirements of sustainable solvency under the intermediate assumptions for the 2010 Trustees Report with enactment of all provisions of the Task Force plan.



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 all provisions of the plan would eliminate the long-range OASDI actuarial deficit of 1.92 percent of taxable payroll under current law, and would result in a positive OASDI actuarial balance of 0.56 percent of payroll for the long-range period.

Figure 2 below illustrates annual projected levels of cost, expenditures, and tax income as a percent of the current-law level of taxable payroll. The projected levels of cost reflect the full cost of present-law scheduled benefits. Projected expenditures under current law include only amounts payable when less than the cost after trust fund exhaustion. Under the proposed plan, the combined OASI and DI Trust Funds do not exhaust and, thus, payable benefits (expenditures) equal scheduled benefits over the 75-year projection period.

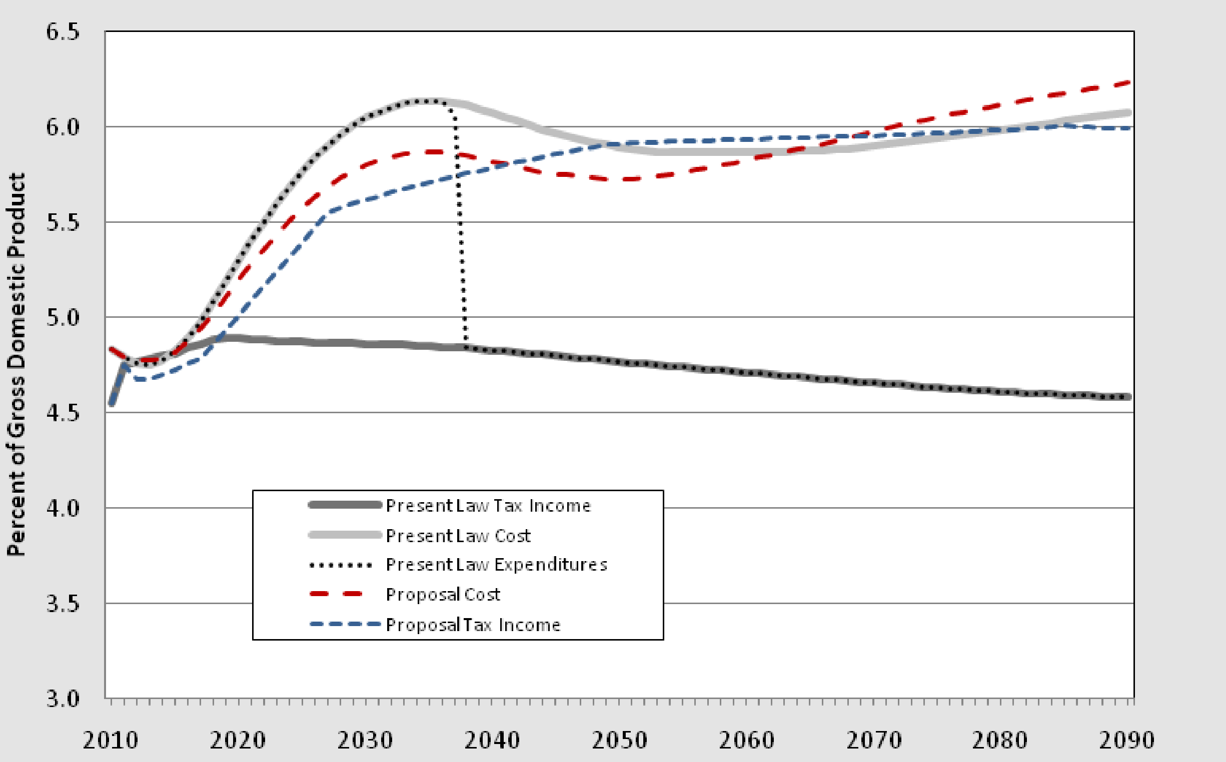


Under the Task Force plan, projected OASDI cost exceeds tax income after about 2070, and yet the combined trust fund assets continue to grow as a percent of annual program cost. This occurs because the assumed interest rate on trust fund assets exceeds the rate of growth in the cost of the program under the plan, and thus, not all interest on assets is needed to maintain a stable ratio of assets to program cost. The interest in excess of the amount needed to maintain the trust fund asset level in relation to annual cost is used, in part, to augment tax income in covering the annual cost of the program after 2070.

While aggregate OASDI program cost is reduced under the proposed plan through 2063, it is actually higher than under current law thereafter. This suggests an interpretation that the plan achieves sustainable solvency for OASDI solely with increased revenue and without benefit reduction. In present value terms (see Table 1d) about 90 percent of the improvement in the actuarial status of the OASDI Trust Funds through 2084 is due to increased tax revenue, and about 10 percent of the improvement is due to a ***net*** reduction in benefit cost. However, the relatively small net reduction in benefit cost results from largely offsetting effects on benefits from provisions that (a) generally reduce benefit levels (such as changes in the PIA formula and in COLAs), and (b) increase total benefits based on the expansion of the payroll tax base (such as increasing the taxable maximum, eliminating exclusion of salary reduction plan contributions and ESI premiums, and covering all State and local government employment). If provisions that expand the payroll tax base are considered as changes in revenue based on their net effect, then the overall change in the long-range actuarial balance is about 30 percent from provisions that directly affect benefit levels, and about 70 percent from the net effects of provisions intended to increase the payroll tax base. By the end of the 75-year period, 2084, just over one half of the change in the annual balance for the OASDI program is accomplished under the plan with provisions that directly affect benefit levels.

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 proposed plan.

Figure 3. Proposal and Present Law Cost and Tax Income as Percent of Gross Domestic Product: 2010 TR Intermediate Assumptions



<u>Plan Specification for Provisions Affecting the Social Security Actuarial Status</u>

(1) Increase the OASDI Taxable Maximum Earnings Amount

Under current law, the OASDI contribution and benefit base (taxable maximum) is $106,800 for 2010 earnings in OASDI covered employment, and will be indexed to the growth rate in the average economy-wide wage level (AWI) in the future. The percentage of covered earnings that is below the base was 90 percent in 1983, was about 85 percent in 2009, and is projected to be 82.5 percent for 2019 and later under the intermediate assumptions of the 2010 Trustees Report. This provision would, beginning with 2012, increase the taxable maximum by an additional 2 percent over the increase in the AWI each year until 90 percent of covered earnings are once again below the maximum and are subject to the payroll tax. Thereafter, the maximum would be increased at the rate needed to maintain 90 percent of covered earnings taxable. We estimate that the additional 2 percent increase will be needed for 38 years, so that the goal of taxing 90 percent of covered earnings would be achieved for 2049 and later. All earnings subject to the payroll tax under this provision would be fully credited to the earnings records of workers and used in computing the average indexed monthly earnings (AIME) on which the basic benefit (PIA) is based. This provision alone is estimated to reduce the long-range OASDI actuarial deficit by 0.60 percent of taxable payroll, and the annual deficit for the 75^{th} projection year (2084) by 0.68 percent of payroll.

(2) Base the COLA on a Chain-Weighted CPI

The OASDI automatic cost of living adjustment that applies for benefit increases after the year of initial benefit eligibility is currently based on the increase in the Consumer Price Index for Urban Wage and Clerical Workers (CPI-W). The CPI-W was the only CPI series produced by the Bureau of Labor Statistics (BLS) when the COLA was enacted into law in 1972. The CPI-W computes price increases for a broad market basket of goods and services from month to month, with revisions to the weights in the market basket every two years. Thus, monthly increases in the CPI-W represent a pure measure of increase in price levels without reflecting the effects of shifts that tend to occur across broad strata of different classes of goods and services, when their price levels rise at different rates. Historical data show that for all consumers in the economy in aggregate, the relative quantity of goods and services tends to increase for strata where prices have risen less, and relative quantity tends to decrease for strata where prices have risen more.

The BLS has developed a chain-weighted formula to estimate the effects of the changes in the distribution of consumer purchases in real time, and to reflect this phenomenon in lower overall increases in the price level for the variable market basket. This formula has been implemented for the Consumer Price Index for All Urban Consumers (CPI-U) since 2000 and this alternative chain-weighted version has had the average effect of lowering measured price increases by about 0.3 percentage point per year on average.

This provision would apply a chain-weighted approach for the CPI-W in computing the COLA for 2012 and later. We estimate that this change would reduce the size of future COLAs by 0.3 percentage point on average. This provision alone is estimated to reduce the long-range OASDI actuarial deficit by 0.49 percent of taxable payroll, and the annual deficit for the 75^{th} projection year (2084) by 0.70 percent of payroll.

(3) Cover State and Local Government Employment

Currently, earnings of about 25 percent of State and local government employees are not covered under the OASDI program. This represents about 4 percent of the total U.S. workforce. This provision would cover earnings of all State and local government employees hired in 2020 and later under OASDI. This provision alone is estimated to reduce the long-range OASDI actuarial deficit by 0.16 percent of taxable payroll, and to *increase* the annual deficit for the 75th projection year (2084) by 0.12 percent of payroll.

(4) Apply OASDI Payroll Tax to Premiums for Employer Sponsored Group Health Insurance

Currently, premiums for employer sponsored group health insurance (ESI) are generally not included in earnings subject to the OASDI payroll tax. This provision would make the total premium for ESI, including the portion paid directly by the employer and the portion paid by the employee (through a section 125 plan or otherwise), included in earnings subject to the payroll tax for both employer and employee. This provision would eliminate the excise tax on ESI premiums that was enacted in the Affordable Care Act. For 2018, the maximum exclusion of ESI premium would be the premium at the 75th percentile of premiums for all ESI. The exclusion limit would then be reduced by 10 percent of the 2018 amount each year until no exclusion would be provided for 2028 and later. This provision alone is estimated to reduce the long-range OASDI actuarial deficit by 0.93 percent of taxable payroll, and the annual deficit for the 75th projection year (2084) by 1.06 percent of payroll.

(5) Reduce the Top PIA Factor from 15 to 10 Percent

The primary insurance formula (PIA) produces the basic benefit level for all beneficiaries based on the career average indexed earnings (AIME) of the insured worker. For workers with career average earnings above about $57,000 on an annual basis, wage indexed to 2010 dollars, the applicable PIA factor for average-earnings replacement above this level is currently 15 percent. This provision would gradually reduce this factor by one third (to 10 percent without interaction with any other provision) for those becoming newly eligible for benefits over the 30-year period, between 2023 and 2052. This provision alone is estimated to reduce the long-range OASDI actuarial deficit by 0.07 percent of taxable payroll, and the annual deficit for the 75th projection year (2084) by 0.20 percent of payroll.

(6) Enhance the Special Minimum Benefit for Long-Career Low Earners

The current-law special minimum benefit has little effect currently because the level of benefit provided has been indexed from one generation of new beneficiaries to the next by increases in the CPI. Starting in 2012, this provision would enhance the special minimum benefit to provide a PIA level at benefit eligibility equivalent to 133 percent of the 2009 Federal Aged Poverty threshold for individuals with earnings of at least 20 percent of the “old-law taxable maximum” in at least 30 years. (For 2009, the “old-law taxable maximum was $79,200, and so 20 percent of that level is $15,840. This amount is automatically indexed to the AWI increase under current law.)

The minimum benefit (PIA) would be reduced for fewer than 30 of these qualifying years, reaching a zero amount for workers with less than 20 years of earnings at or above the 20 percent level. The target poverty level would be wage indexed from the 2009 aged individual poverty threshold to 2 years before the year of initial benefit eligibility. Up to 8 child-care credit years (not includable based on earnings) would be allowed to increase the total number of years. The required number of years with earnings at the 20 percent level, and the number of child-care years allowed, would be scaled (lowered based on years from ages 22 to 61 alive and not disabled) for workers becoming disabled or dying before attaining age 62. This provision alone is estimated to *increase* the long-range OASDI actuarial deficit by 0.09 percent of taxable payroll, and the annual deficit for the 75th projection year (2084) by 0.14 percent of payroll.

(7) Tax all Voluntary Salary Reduction Plans

Currently, employee contributions to several voluntary salary reduction plan arrangements are excluded from OASDI earnings subject to the payroll tax. These contributions include amounts spent through Section 125 (Cafeteria) plans and Flexible Spending Accounts (FSAs). This provision would eliminate this exclusion, making such contributions subject to inclusion in covered earnings for potential payroll tax in the same manner as currently applies for contributions to 401(k) plans. This provision alone is estimated to reduce the long-range OASDI actuarial deficit by 0.22 percent of taxable payroll, and the annual deficit for the 75th projection year (2084) by 0.13 percent of payroll.

(8) Index OASI Benefit Level to Longevity Increase

Under current law, the normal retirement age (NRA) will increase to 67 for those attaining 62 in 2022 and later. No further change in program parameters to reflect continuing increases in longevity is currently scheduled in the law. This provision would index the PIA formula factors (currently 90, 32, and 15) for OASI benefits to longevity by reducing the factors starting in 2023 to reflect changes in the ratio of (a) the period unisex life expectancy at 67 for 2018 to (b) the period unisex life expectancy at 67 for the 4th year before initial benefit eligibility. This change in life expectancy is projected to result in an average annual reduction in benefit levels of about 0.3 percent per year (multiplying by 0.997 on average, each year) under the intermediate assumptions of the 2010 Trustees Report.

This reduction in PIA factors is closely equivalent to the projected effect of increasing the NRA itself after 2022 to maintain a constant ratio of (a) the life expectancy at NRA to (b) the quantity NRA-20 (the potential number of work years before NRA). Thus, this adjustment for longevity increase is sufficient to offset the effects of increasing longevity at older ages on the cost of the OASI program as a percent of taxable payroll.

This provision would also apply for disabled workers at the time of conversion to retired worker status, at NRA, in proportion to the percentage of years not disabled from ages 22 to 61. This provision alone is estimated to reduce the long-range OASDI actuarial deficit by 0.48 percent of taxable payroll, and the annual deficit for the 75th projection year (2084) by 1.75 percent of payroll.

(9) Increase Benefits at Ages 81 to 85 and Thereafter

This provision would provide for a gradual increase in benefits at ages 81 through 85. The increase would apply for all beneficiaries who are 85 or older at the beginning of 2012, or will reach age 85 at any time thereafter. For qualifying beneficiaries, the PIA upon which their benefit is based will be increased gradually by 5 percent of the average PIA amount for all retired workers in payment status at the end of 2011, or at the end of the year in which the beneficiary attains age 80, whichever is later. That dollar amount is indexed by the COLA for each beneficiary after it is initially determined. One fifth of the amount is added to the PIA for benefits payable in the year age 81 is attained, a second fifth is added to the PIA for benefits payable in the year age 82 is attained, and so on, until the entire amount (with COLAs) is added to the PIA for benefits payable in the year age 85 is attained. The increment for age 85 is retained for benefits payable at all higher ages. This provision alone is estimated to *increase* the long-range OASDI actuarial deficit by 0.13 percent of taxable payroll, and the annual deficit for the 75th projection year (2084) by 0.18 percent of payroll.

(10) Tax Reform for Business

This provision would alter the way business activity is taxed by the Federal government. A new value added tax (VAT) would be established and applied to the net product (value added) at each stage of production. The rate would be 3.0 percent for 2012 and 6.5 percent for 2013 and later. In addition, this provision would reduce corporate income tax from 35 to 27 percent starting in 2012. We do not project that there will be any change in gross domestic product (GDP) as a result of this and other tax reform provisions.

However, we do project that there will be a change in the distribution of income as a result of the change in the incidence of tax. Based on the addition of a VAT, combined with the reduction in the corporate income tax rate, we estimate that the growth in the dollar level of wages will be reduced by a total of 4 percent in 2012 and 2013. Net self-employment income would be expected to be reduced similarly. This provision alone is estimated to *increase* the long-range OASDI actuarial deficit by 0.03 percent of taxable payroll, but to *decrease* the annual deficit for the 75th projection year (2084) by 0.16 percent of current law taxable payroll.

(11) Tax Reform for Individuals

The federal personal income tax structure would be broadened with a significant reduction in the top marginal rate starting in 2012. Personal income tax would apply with 2 brackets with marginal rates of 15 and 27 percent. The separation would be at an income level of about $51,000 for 2012, and this amount would be indexed by chain-weighted CPI thereafter. OASDI benefits would be taxable as regular income with no thresholds. Capital gains would be taxed as regular income. A non-refundable credit for low income tax filers age 65 and older would be provided. A non-refundable credit of 7.5 percent of the OASDI benefit would be provided. Revenue to OASDI and HI programs would thus be based on 7.5 and 19.5 percent marginal rates on all OASDI benefits, without regard to the non-refundable credit for those over age 65, and with benefits considered as last income, and thus at the marginal rate for each filer. Revenue would be split 60 percent for OASDI and 40 percent for HI. This provision alone is estimated to *increase* the long-range OASDI actuarial deficit by 0.01 percent of taxable payroll, and the annual deficit for the 75th projection year (2084) by 0.06 percent of current law taxable 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 proposed plan 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, 2084.

Benefit Illustrations

Tables B1 and B2 provide illustrative examples of the projected change in benefit levels under this proposed plan for beneficiaries retiring at age 65 in future years at various earnings levels. Table B1 compares the initial benefit levels under the proposed plan to both scheduled and payable present-law benefit levels. Table B1 illustrates that benefits projected for those retiring after 2037 are higher under the proposed plan than are projected to be payable under current law.

Table B2 compares the change in benefit levels at ages 65, 75, 85, and 95 to scheduled benefits under present law. Table B2 shows that projected benefits under the proposed plan tend to decline in relation to present-law scheduled benefits between ages 65 and 75, and also between 85 and 95 because of the provision to use the chain-weighted CPI for the COLA. Between 75 and 85 the benefit under the proposed plan grows faster than the current law benefit because the increase for age 85 is more than the reduction in the COLA between 75 and 85.

It must be noted that the illustrations in Tables B1 and B2 do not reflect the implications of the various tax changes in the overall Task Force plan. The effects of these tax provisions are complex and difficult to model at the individual level. For example, while the elimination of the exclusion of premiums for ESI and voluntary salary reduction plans would tend to increase average earnings levels on average, the provision to establish a VAT is expected to reduce the dollar level of earnings. The net effect on both earnings levels of hypothetical earners presented here and on the level of the average wage indexing series (AWI) is not entirely clear. The effects of these tax provisions are, however, reflected in the projections of aggregate cost and income for the OASDI program.

Trust Fund Operations

Table 1 shows the annual cost and income rates, annual balances, and trust fund ratios (assets as percent of annual program cost) for OASDI assuming enactment of all of the provisions of the plan. 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.

Table 1 indicates that the OASDI program is projected to be solvent throughout the 75-year projection period assuming enactment of the plan provisions. After 2036, the trust fund ratio is projected to rise steadily, reaching 478 percent of the next year’s annual program cost at the end of the 75-year projection period. The actuarial deficit for the OASDI program over the 75-year projection period would be eliminated and replaced by a positive actuarial balance estimated at 0.56 percent of taxable payroll.

Annual balances are projected to be small negative amounts starting in 2069, with current program cost exceeding current program tax revenue. However, as explained earlier, the interest earnings on the trust fund assets exceed the amount needed to maintain a stable trust fund ratio and the excess is more than adequate to augment current tax income for the payment of scheduled benefits under the Task Force plan.

Program Transfers and Assets

Column 4 of **Table 1a** provides a projection of the asset level for the combined OASI and DI Trust Funds under the proposed plan, expressed in present value dollars discounted to January 1, 2010. The table indicates that the plan includes no new specified transfers of general revenue to the trust funds. 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. Under current law, no such borrowing authority exists. Gross Domestic Product (GDP), expressed in present value dollars, is shown in column 5 for comparison with other values in the table.

Effect of ***Specified Plan Provisions*** on the Federal Unified Budget

Table 1b shows the projected effect, in present value discounted dollars, on the Federal unified budget cash flows and balances assuming enactment of the provisions of the plan that we have specifically scored as having significant effects on the OASDI program actuarial status. Note that the specified “payroll tax holiday” for 2011, which would be fully financed from the general Fund of the Treasury, is not reflected here because there would be no net effect on the OASDI Trust Funds. Similarly, the effects on the on-budget from the tax-reform provisions and the plan provisions affecting health spending are not reflected in these estimates. Table 1b.n provides the estimated nominal dollar effect of enactment of the specified provisions of the plan on the annual unified budget balances for years 2010 through 2019. All values in these tables represent the amount of the *change* from the level that would be projected under current law that would be expected due to enactment of the specified provisions.

The effect of the specified plan provisions on unified budget cash flow (column 3) is expected to be negative for years 2012 through 2017, largely due to the projected reduction in earnings levels in 2012 and 2013 as a result of the VAT. It is important to note that the revenue to the General Fund of the Treasury from the VAT, and changes in corporate and personal income tax (other than those directly affecting OASDI through revenue from taxation of benefits), are not reflected in these tables. Thus the unified budget effects are by no means a complete indication of the effects of the overall plan.

The remaining specified provisions of the plan rapidly result in substantial positive net changes in unified budget cash flow after 2017. Column 4 of Table 1b indicates that the projected effect of implementing the specified plan provisions on the Federal debt held by the public is a large reduction starting in 2021. Column 5 provides the projected effect of specified plan provisions 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. It is important to note that these estimates are based on the intermediate assumptions of the 2010 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 tax income for the OASDI program expressed as a percentage of GDP. These values are shown for both present-law and assuming enactment of the Task Force plan. 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. 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 (see Table 1).

Effects on Trust Fund Assets and Unfunded Obligations

Table 1d provides estimates of the changes due to the Task Force plan in the level of projected trust fund assets under present law and, for years after trust fund exhaustion under present law, the level of unfunded obligations. 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 $5.4 trillion in present value is replaced with a positive trust fund balance of $2.2 trillion in present value through the end of the period. This change is the combination of the following:

- A $6.7 trillion increase in revenue (column 2), plus
- A $0.8 trillion reduction in cost (column 3).

As noted earlier, the relatively small reduction in aggregate cost under the specified plan provisions occurs because additional OASDI benefits from provisions that expand the payroll tax base substantially offset the direct reductions in OASDI benefits from modifications in the benefit formula and the COLA.

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

Sincerely,

Stephen C. Goss

Stephen C. Goss
Chief Actuary

Enclosures

Table A--Estimated Long-Range OASDI Financial Effects of the Bipartisan Policy Center's Debt Reduction Task Force Plan

Provision	Estimated Change in Long-Range OASDI Actuarial Balance [1] (as a percent of payroll)	Estimated Change in Annual Balance in 75th year [2] (as a percent of payroll)
1) Increase contribution and benefit base ("taxable maximum") by an additional 2 percent per year beginning in 2012 until taxable earnings are equal to 90 percent of covered earnings. Additional taxable earnings would be credited for the purpose of computing benefits	0.60	0.68
2) Starting with the December 2012 cost-of-living adjustment (COLA), compute the COLA using a chain-weighted version of the consumer price index for urban wage earners and clerical workers (CPI-W). This new computation is estimated to result in an annual COLA that is 0.3 percentage point less, on average	0.49	0.70
3) Cover newly hired state and local government employees beginning in 2020	0.16	-0.12
4) Phase out the income and payroll tax exclusion for employer-sponsored group health insurance (ESI) beginning in 2018. Set the exclusion at the 75th percentile of premium distribution in 2018, with amounts above that subject to tax. Reduce the exclusion level by 10 percent annually, with exclusion fully eliminated in 2028. Eliminate the excise tax on ESI	0.93	1.06
5) Reduce the upper 15-percent PIA formula factor to 10 percent over a 30-year period from 2023 and through 2052. Affects OASI and DI benefit computations	0.07	0.20
6) Reconfigure the special minimum benefit to ensure that an individual with at least 30 creditable years of earnings (equal to at least 20% of the "old law taxable maximum") would receive a PIA of 133 percent of the Aged Federal poverty level, with the formula phased linearly from zero for workers with 19 creditable years to 133 percent of poverty for those with 30 creditable years. Up to 8 years with own child under the age of 6 could be used as creditable years, if not otherwise counted as a creditable year. Scale the creditable year requirements and number of child-care years for disabled workers and workers dying under age 62 based on the proportion of years from 22 through 61 alive and not disabled. This provision is effective for individuals newly eligible for benefits in 2012 and later. Wage-index the poverty level from 2009 up to 2 years prior to benefit eligibility	-0.09	-0.14
7) Tax all voluntary salary reduction plan contributions (such as Cafeteria 125 plans and FSAs) like 401(k)s for OASDI payroll tax purposes, effective 2012	0.22	0.13

Table A--Estimated Long-Range OASDI Financial Effects of the Bipartisan Policy Center's Debt Reduction Task Force Plan

Provision	Estimated Change in Long-Range OASDI Actuarial Balance [1] (as a percent of payroll)	Estimated Change in Annual Balance in 75th year [2] (as a percent of payroll)
8) For OASI beneficiaries becoming eligible for benefits in 2023 and later, multiply the PIA factors by the ratio of life expectancy at 67 for 2018 to the life expectancy at age 67 for the 4th year prior to the year of initial benefit eligibility. Unisex life expectancies, based on period life tables as computed by SSA's Office of the Chief Actuary, would be used in determining the ratio. Disability benefits are not affected by the proposal. Disabled worker beneficiaries, upon attaining normal retirement age, would be subject to a proportional reduction in benefits based on the proportion of years at ages 22 through 61 not disabled	0.48	1.75
9) Provide an increase in the benefit level of any beneficiary who is 85 or older at the beginning of 2012 or who reaches their 85th birthday after the beginning of 2012. The beneficiary's PIA would be increased based on an amount equal to the average retired-worker PIA at the end of 2011, or at the end of the year age 80 if later. The beneficiary's PIA would be increased by 5 percent of this amount for those older than 85 at the beginning of 2012 and by 5 percent of this amount at age 85 for others, phased in at 1 percent per year for ages 81-85	-0.13	-0.18
10) Tax Reform for Business: Establish a value added tax (VAT) of 3.0 percent for 2012 and 6.5 percent for 2013 and later. Lower the corporate income tax rate from 35 to 27 percent starting 2012	-0.03	0.16
11) Tax Reform for Individuals: For personal income tax, establish in 2012 a 2-bracket approach with marginal rates of 15 and 27 percent separated at $51,000 (CPI indexed) for 2012 and later, with a non-refundable credit for low-income tax filers age 65 and older. Capital gains would be treated as regular income. All Social Security benefits would be taxed starting 2012 at the applicable marginal rate (15 or 27) less a non-refundable credit of 7.5 percent. Revenue to OASDHI would be based on the net marginal rates of 7.5 and 19.5 percent, with 40 percent of revenue dedicated to HI.......	-0.01	-0.06
Total for all provisions, including interaction	**2.48**	**3.64**

[1]Under current law, the long-range OASDI actuarial balance is estimated at -1.92 percent of taxable payroll.
[2]Under current law, the estimated 75th year annual balance is -4.12 percent of taxable payroll.

Notes: All estimates are based on the intermediate assumptions of the 2010 OASDI Trustees Report.
Estimates of individual provisions appear on a stand-alone basis relative to current law, unless otherwise stated.

Social Security Administration
SSA/Office of the Chief Actuary
November 17, 2010

Table B1. Changes in Benefits for Hypothetical Workers Retiring (Stop Working) at age 65
Bipartisan Policy Center's Debt Reduction Task Force Plan

Year Attain Age 65	Present Law Scheduled Monthly Benefits[3] (Wage Indexed 2010 Dollars)	(Constant 2010 Dollars)	Scheduled Benefit Level Percent Change at age 65[2]: Reduced COLA[4]	Longevity[5]	PIA Formula[6]	Minimum Benefit[7]	Total	Proposal Scheduled Benefit Percent of Present Law: Scheduled	Payable
			(Percent change)					(Percents)	
Scaled Very Low Earner ($10,771 for 2010[1])									
2010	648	648							
2020	611	717	-0.9	0.0	0.0	0.0	-0.9	99	99
2030	579	758	-0.9	-1.7	0.0	0.0	-2.5	97	97
2040	578	852	-0.9	-5.0	0.0	0.0	-5.8	94	120
2050	580	959	-0.9	-8.0	0.0	0.0	-8.8	91	114
2060	580	1,074	-0.9	-10.6	0.0	0.0	-11.4	89	112
2070	580	1,200	-0.9	-13.0	0.0	0.0	-13.7	86	111
2080	580	1,341	-0.9	-15.1	0.0	0.0	-15.8	84	111
Scaled Low Earner ($19,388 for 2010[1])									
2010	848	848							
2020	800	938	-0.9	0.0	0.0	22.2	21.2	121	121
2030	758	992	-0.9	-1.7	0.0	24.3	21.2	121	121
2040	756	1,115	-0.9	-5.0	0.0	28.7	21.2	121	155
2050	758	1,255	-0.9	-8.0	0.0	32.8	21.2	121	152
2060	759	1,404	-0.9	-10.6	0.0	36.8	21.2	121	153
2070	759	1,569	-0.9	-13.0	0.0	40.5	21.2	121	156
2080	758	1,754	-0.9	-15.1	0.0	44.0	21.2	121	160
Scaled Medium Earner ($43,084 for 2010[1])									
2010	1,397	1,397							
2020	1,318	1,546	-0.9	0.0	0.0	0.0	-0.9	99	99
2030	1,248	1,634	-0.9	-1.7	0.0	0.0	-2.5	97	97
2040	1,245	1,838	-0.9	-5.0	0.0	0.0	-5.8	94	120
2050	1,249	2,068	-0.9	-8.0	0.0	0.0	-8.8	91	114
2060	1,251	2,314	-0.9	-10.6	0.0	0.0	-11.4	89	112
2070	1,251	2,586	-0.9	-13.0	0.0	0.0	-13.7	86	111
2080	1,249	2,889	-0.9	-15.1	0.0	0.0	-15.8	84	111
Scaled High Earner ($68,934 for 2010[1])									
2010	1,851	1,851							
2020	1,747	2,048	-0.9	0.0	0.0	0.0	-0.9	99	99
2030	1,654	2,166	-0.9	-1.7	-0.4	0.0	-2.9	97	97
2040	1,651	2,435	-0.9	-5.0	-1.1	0.0	-6.9	93	119
2050	1,656	2,740	-0.9	-8.0	-1.9	0.0	-10.5	89	112
2060	1,658	3,067	-0.9	-10.6	-2.3	0.0	-13.4	87	109
2070	1,658	3,427	-0.9	-13.0	-2.3	0.0	-15.7	84	108
2080	1,656	3,829	-0.9	-15.1	-2.3	0.0	-17.8	82	108
Steady Maximum Earner ($106,800 for 2010[1])									
2010	2,192	2,192							
2020	2,126	2,493	-0.9	0.0	0.0	0.0	-0.9	99	99
2030	2,021	2,646	-0.9	-1.7	-1.3	0.0	-3.8	96	96
2040	2,016	2,974	-0.9	-5.0	-4.0	0.0	-9.6	90	115
2050	2,020	3,343	-0.9	-8.0	-6.6	0.0	-14.8	85	107
2060	2,021	3,738	-0.9	-10.6	-7.9	0.0	-18.4	82	103
2070	2,021	4,177	-0.9	-13.0	-7.9	0.0	-20.5	79	102
2080	2,019	4,668	-0.9	-15.1	-7.9	0.0	-22.5	78	102

[1] Average of highest 35 years of earnings wage indexed to 2010.

[2] Changes for each category are relative to current law, individually, with the exception of the minimum benefit which reflects interaction with the other categories.

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

[4] Starting Dec 2012, compute the COLA using a chained CPI-W, producing 0.3 percentage point lower annual COLAs on average.

[5] Starting with those newly eligible in 2023, multiply by the ratio of life expectancy at 67 for 2018 to the life expectancy at age 67 for the 4th year prior to the year of benefit eligibilty.

[6] Reduce the 15% PIA Factors to 10% phased in 2023 through 2052.

[7] Increase the PIA to a level such that a worker with 30 years of earnings equal to at least 20% of the "old law" tax max would receive an adjusted PIA equal to 133% of 2009 Federal Poverty level, wage-indexed after 2009 to 2 years prior to benefit eligibility. This provision would take full effect for all newly eligible workers in 2012.

Notes: The hypothetical worker's earnings patterns were not altered to reflect effects on wages and earnings as a result of any changes to tax provisions, including personal and corporate income tax, VAT, and taxing ESI premiums.
All estimates are based on the intermediate assumptions of the 2010 Trustees Report.

Office of the Chief Actuary
Social Security Administration
November 17, 2010

Table B2. Changes in Benefits for Hypothetical Workers Retiring (Stop Working) at age 65
Bipartisan Policy Center's Debt Reduction Task Force Plan

Year Attain Age 65	Age 65	Age 75	Age 85[2]	Age 95
	Proposal Benefit as Percent of Present Law Scheduled			
		(Percents)		
		Scaled Very Low Earner ($10,771 for 2010 [1])		
2010				
2020	99.1	96.3	103.7	100.7
2030	97.5	94.6	102.5	99.5
2040	94.2	91.5	99.3	96.5
2050	91.2	88.6	96.5	93.7
2060	88.6	86.1	94.0	91.3
2070	86.3	83.8	91.8	89.2
2080	84.2	81.7	89.9	87.3
		Scaled Low Earner ($19,388 for 2010 [1])		
2010				
2020	121.2	117.7	122.0	118.5
2030	121.2	117.7	122.4	118.9
2040	121.2	117.7	122.3	118.8
2050	121.2	117.7	122.3	118.8
2060	121.2	117.7	122.3	118.8
2070	121.2	117.7	122.3	118.8
2080	121.2	117.7	122.3	118.8
		Scaled Medium Earner ($43,084 for 2010 [1])		
2010				
2020	99.1	96.3	98.2	95.4
2030	97.5	94.6	96.8	94.0
2040	94.2	91.4	93.7	91.0
2050	91.2	88.6	90.9	88.3
2060	88.6	86.1	88.4	85.9
2070	86.3	83.8	86.2	83.7
2080	84.2	81.7	84.2	81.8
		Scaled High Earner ($68,934 for 2010 [1])		
2010				
2020	99.1	96.3	97.1	94.3
2030	97.1	94.3	95.3	92.5
2040	93.1	90.4	91.5	88.8
2050	89.5	86.9	88.1	85.5
2060	86.6	84.1	85.3	82.9
2070	84.3	81.9	83.2	80.8
2080	82.2	79.9	81.2	78.9
		Steady Maximum Earner ($106,800 for 2010 [1])		
2010				
2020	99.1	96.3	96.4	93.6
2030	96.2	93.4	93.7	91.0
2040	90.4	87.8	88.3	85.8
2050	85.2	82.8	83.4	81.0
2060	81.6	79.3	80.0	77.7
2070	79.5	77.2	78.0	75.7
2080	77.5	75.3	76.1	74.0

[1] Average of highest 35 years of earnings wage indexed to 2010.

[2] Beginning in 2012, increase the benefit at each age 81- 85 based on 1% of the average retired worker PIA in the prior year.

Note: Starting Dec 2012, compute the COLA using a chained CPI-W, producing 0.3 percentage point lower annual COLAs on average.

Other changes: Starting with those newly eligible in 2023, multiply by the ratio of life expectancy at 67 for 2018 to the life expectancy age 67 for the 4th year prior to the year of benefit eligibilty

Reduce the 15% PIA Factors to 10% phased in 2023 through 2052.

Increase the PIA to a level such that a worker with 30 years of earnings equal to at least 20% of the "old law" tax max would receive an adjusted PIA equal to 133% of 2009 Federal Poverty level, wage-indexed after 2009 to 2 years prior to benefit eligibility. This provision would take full effect for all newly eligible workers in 2012.

The hypothetical worker's earnings patterns were not altered to reflect effects on wages and earnings as a result of any changes to tax provisions, including personal and corporate income tax, VAT, and taxing ESI premiums.

All estimates based on the intermediate assumptions of the 2010 Trustees Report.

Office of the Chief Actuary
Social Security Administration
November 17, 2010

Table 1 - OASDI Cost Rate, Income Rate, Annual Balance, and Trust Fund Ratio
Bipartisan Policy Center's Debt Reduction Task Force Plan

	Proposal				Change in 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
2010	13.09	12.33	-0.76	355	0.00	0.00	0.00
2011	13.04	12.91	-0.12	353	0.00	0.00	0.00
2012	12.90	12.62	-0.29	349	0.06	-0.26	-0.32
2013	12.89	12.63	-0.26	341	0.07	-0.27	-0.34
2014	12.89	12.66	-0.23	335	0.03	-0.26	-0.29
2015	12.96	12.70	-0.26	329	-0.01	-0.23	-0.22
2016	13.04	12.75	-0.30	323	-0.06	-0.22	-0.15
2017	13.19	12.79	-0.40	317	-0.11	-0.20	-0.09
2018	13.38	12.96	-0.42	311	-0.16	-0.05	0.11
2019	13.61	13.14	-0.47	305	-0.22	0.12	0.34
2020	13.87	13.37	-0.49	299	-0.28	0.33	0.61
2021	14.12	13.61	-0.51	293	-0.33	0.54	0.87
2022	14.36	13.84	-0.53	288	-0.38	0.75	1.14
2023	14.60	14.07	-0.52	284	-0.43	0.97	1.40
2024	14.81	14.30	-0.51	280	-0.48	1.19	1.66
2025	15.02	14.54	-0.48	276	-0.52	1.40	1.92
2026	15.20	14.77	-0.43	273	-0.56	1.63	2.18
2027	15.36	15.01	-0.35	271	-0.59	1.85	2.44
2028	15.51	15.09	-0.42	270	-0.62	1.92	2.54
2029	15.64	15.17	-0.47	269	-0.65	1.99	2.63
2030	15.73	15.24	-0.50	268	-0.67	2.05	2.72
2031	15.82	15.31	-0.51	266	-0.69	2.11	2.80
2032	15.88	15.37	-0.51	265	-0.71	2.16	2.87
2033	15.94	15.44	-0.50	265	-0.72	2.22	2.94
2034	15.97	15.50	-0.47	264	-0.73	2.28	3.01
2035	15.99	15.56	-0.43	264	-0.73	2.34	3.07
2036	16.00	15.62	-0.38	264	-0.73	2.39	3.13
2037	16.01	15.68	-0.33	265	-0.73	2.45	3.18
2038	15.99	15.74	-0.25	267	-0.72	2.51	3.23
2039	15.97	15.79	-0.18	269	-0.71	2.56	3.28
2040	15.94	15.85	-0.10	271	-0.70	2.62	3.32
2041	15.92	15.90	-0.01	274	-0.68	2.68	3.36
2042	15.89	15.96	0.07	278	-0.66	2.73	3.39
2043	15.87	16.02	0.15	282	-0.64	2.79	3.43
2044	15.86	16.07	0.22	287	-0.62	2.85	3.47
2045	15.85	16.13	0.28	292	-0.59	2.90	3.50
2046	15.85	16.19	0.33	297	-0.56	2.96	3.53
2047	15.86	16.24	0.38	303	-0.54	3.02	3.56
2048	15.87	16.30	0.44	309	-0.51	3.08	3.59
2049	15.87	16.36	0.49	316	-0.48	3.13	3.62
2050	15.88	16.39	0.51	323	-0.45	3.16	3.62
2051	15.90	16.42	0.52	330	-0.42	3.19	3.61
2052	15.93	16.45	0.51	337	-0.39	3.22	3.61
2053	15.97	16.48	0.51	343	-0.36	3.25	3.61
2054	16.02	16.51	0.49	350	-0.33	3.28	3.61
2055	16.07	16.54	0.47	357	-0.29	3.31	3.60
2056	16.13	16.57	0.43	363	-0.26	3.33	3.59
2057	16.19	16.59	0.40	369	-0.22	3.36	3.58
2058	16.25	16.62	0.37	375	-0.19	3.38	3.57
2059	16.30	16.65	0.35	381	-0.16	3.41	3.57
2060	16.36	16.68	0.31	387	-0.12	3.43	3.55
2061	16.43	16.70	0.28	392	-0.08	3.46	3.54
2062	16.49	16.73	0.24	397	-0.04	3.49	3.53
2063	16.55	16.76	0.21	403	-0.01	3.51	3.52
2064	16.61	16.79	0.18	408	0.03	3.54	3.51
2065	16.68	16.82	0.14	412	0.06	3.56	3.50
2066	16.74	16.85	0.10	417	0.09	3.59	3.50
2067	16.81	16.87	0.06	421	0.13	3.62	3.49
2068	16.88	16.90	0.02	426	0.16	3.64	3.49
2069	16.95	16.93	-0.02	430	0.18	3.67	3.49
2070	17.02	16.96	-0.06	434	0.21	3.69	3.48
2071	17.09	16.99	-0.09	437	0.24	3.72	3.48
2072	17.15	17.02	-0.13	441	0.26	3.75	3.49
2073	17.22	17.05	-0.17	444	0.28	3.77	3.49
2074	17.29	17.08	-0.21	447	0.30	3.80	3.50
2075	17.35	17.11	-0.24	451	0.32	3.82	3.50
2076	17.41	17.14	-0.27	454	0.34	3.85	3.52
2077	17.47	17.17	-0.30	457	0.35	3.88	3.53
2078	17.53	17.19	-0.33	459	0.36	3.90	3.54
2079	17.58	17.22	-0.36	462	0.38	3.93	3.56
2080	17.63	17.25	-0.38	465	0.38	3.96	3.57
2081	17.69	17.28	-0.40	468	0.39	3.98	3.59
2082	17.74	17.31	-0.43	470	0.40	4.01	3.61
2083	17.79	17.34	-0.45	473	0.41	4.04	3.63
2084	17.84	17.37	-0.47	475	0.42	4.06	3.64
2085	17.89	17.40	-0.49	478	0.42	4.09	3.67

Summarized Rates: OASDI

	Cost Rate	Income Rate	Actuarial Balance	Year of Exhaustion[1]
2010 - 2084	15.66%	16.22%	0.56%	N/A

Summarized Rates: OASDI

Change in Cost rate	Change in Income Rate	Change in Actuarial Balance
-0.27%	2.21%	2.48%

Based on Intermediate Assumptions of the 2010 Trustees Report
[1] Under present law the year of exhaustion is 2037

Office of the Chief Actuary
Social Security Administration
November 17, 2010

Table 1a - General Fund Transfers, OASDI Trust Fund Assets, and Theoretical OASDI Assets
Bipartisan Policy Center's Debt Reduction Task Force Plan

	Proposal General Fund Transfers			*Present Value in Billions as of 1-1-2010*			
		Present Value in Billions as of 1-1-2010		Proposal Total OASDI Trust Fund		Theoretical Social Security[1] with Borrowing Authority Net OASDI Trust Fund Assets at End of Year	
Calendar Year	Percentage of Payroll (1)	Annual Amounts (2)	Accumulated as of End of Year (3)	Assets at End of Year (4)	Gross Domestic Product (5)	Without General Fund Transfers (6)	With Plan General Fund Transfers (7)
2010	0.0	0.0	0.0	2,500.1	14,440.7	2,500.1	2,500.1
2011	0.0	0.0	0.0	2,493.9	14,447.1	2,493.9	2,493.9
2012	0.0	0.0	0.0	2,478.7	14,629.9	2,495.8	2,495.8
2013	0.0	0.0	0.0	2,464.9	14,850.2	2,500.7	2,500.7
2014	0.0	0.0	0.0	2,452.6	15,008.0	2,504.4	2,504.4
2015	0.0	0.0	0.0	2,438.5	15,093.9	2,502.6	2,502.6
2016	0.0	0.0	0.0	2,422.4	15,113.0	2,495.2	2,495.2
2017	0.0	0.0	0.0	2,400.3	15,084.7	2,478.0	2,478.0
2018	0.0	0.0	0.0	2,377.4	14,993.3	2,448.8	2,448.8
2019	0.0	0.0	0.0	2,351.9	14,866.6	2,404.4	2,404.4
2020	0.0	0.0	0.0	2,325.3	14,744.5	2,344.3	2,344.3
2021	0.0	0.0	0.0	2,298.0	14,612.8	2,269.2	2,269.2
2022	0.0	0.0	0.0	2,270.4	14,470.7	2,180.2	2,180.2
2023	0.0	0.0	0.0	2,243.3	14,322.0	2,078.2	2,078.2
2024	0.0	0.0	0.0	2,217.5	14,168.7	1,964.7	1,964.7
2025	0.0	0.0	0.0	2,193.5	14,006.1	1,840.6	1,840.6
2026	0.0	0.0	0.0	2,172.5	13,848.9	1,707.4	1,707.4
2027	0.0	0.0	0.0	2,155.5	13,695.6	1,566.5	1,566.5
2028	0.0	0.0	0.0	2,135.7	13,543.6	1,419.1	1,419.1
2029	0.0	0.0	0.0	2,113.5	13,388.7	1,266.6	1,266.6
2030	0.0	0.0	0.0	2,090.2	13,238.7	1,110.6	1,110.6
2031	0.0	0.0	0.0	2,066.5	13,096.4	951.9	951.9
2032	0.0	0.0	0.0	2,043.0	12,955.3	791.4	791.4
2033	0.0	0.0	0.0	2,020.2	12,814.6	629.9	629.9
2034	0.0	0.0	0.0	1,999.0	12,675.9	468.5	468.5
2035	0.0	0.0	0.0	1,979.9	12,539.7	308.0	308.0
2036	0.0	0.0	0.0	1,963.2	12,408.4	149.0	149.0
2037	0.0	0.0	0.0	1,949.4	12,278.7	-7.9	-7.9
2038	0.0	0.0	0.0	1,938.9	12,153.7	-162.2	-162.2
2039	0.0	0.0	0.0	1,932.1	12,027.7	-313.2	-313.2
2040	0.0	0.0	0.0	1,928.8	11,899.8	-460.7	-460.7
2041	0.0	0.0	0.0	1,929.1	11,774.2	-604.7	-604.7
2042	0.0	0.0	0.0	1,932.9	11,649.7	-745.2	-745.2
2043	0.0	0.0	0.0	1,939.9	11,526.1	-882.3	-882.3
2044	0.0	0.0	0.0	1,949.8	11,403.5	-1,016.3	-1,016.3
2045	0.0	0.0	0.0	1,962.0	11,281.3	-1,147.4	-1,147.4
2046	0.0	0.0	0.0	1,976.4	11,159.4	-1,275.9	-1,275.9
2047	0.0	0.0	0.0	1,992.5	11,036.6	-1,402.0	-1,402.0
2048	0.0	0.0	0.0	2,010.6	10,914.9	-1,525.6	-1,525.6
2049	0.0	0.0	0.0	2,030.5	10,794.6	-1,646.9	-1,646.9
2050	0.0	0.0	0.0	2,050.9	10,674.1	-1,766.0	-1,766.0
2051	0.0	0.0	0.0	2,071.2	10,553.6	-1,883.2	-1,883.2
2052	0.0	0.0	0.0	2,091.3	10,434.0	-1,998.8	-1,998.8
2053	0.0	0.0	0.0	2,110.8	10,314.8	-2,113.3	-2,113.3
2054	0.0	0.0	0.0	2,129.7	10,196.3	-2,226.7	-2,226.7
2055	0.0	0.0	0.0	2,147.2	10,078.9	-2,339.4	-2,339.4
2056	0.0	0.0	0.0	2,163.4	9,963.1	-2,451.4	-2,451.4
2057	0.0	0.0	0.0	2,178.2	9,849.3	-2,562.8	-2,562.8
2058	0.0	0.0	0.0	2,191.8	9,737.3	-2,673.5	-2,673.5
2059	0.0	0.0	0.0	2,204.4	9,627.1	-2,783.4	-2,783.4
2060	0.0	0.0	0.0	2,215.7	9,517.7	-2,892.6	-2,892.6
2061	0.0	0.0	0.0	2,225.7	9,409.2	-3,001.2	-3,001.2
2062	0.0	0.0	0.0	2,234.4	9,301.9	-3,109.2	-3,109.2
2063	0.0	0.0	0.0	2,241.9	9,196.0	-3,216.6	-3,216.6
2064	0.0	0.0	0.0	2,248.3	9,091.8	-3,323.4	-3,323.4
2065	0.0	0.0	0.0	2,253.5	8,988.7	-3,429.7	-3,429.7
2066	0.0	0.0	0.0	2,257.3	8,886.5	-3,535.7	-3,535.7
2067	0.0	0.0	0.0	2,259.9	8,785.3	-3,641.3	-3,641.3
2068	0.0	0.0	0.0	2,261.3	8,685.0	-3,746.7	-3,746.7
2069	0.0	0.0	0.0	2,261.5	8,585.5	-3,851.9	-3,851.9
2070	0.0	0.0	0.0	2,260.5	8,487.0	-3,956.9	-3,956.9
2071	0.0	0.0	0.0	2,258.3	8,388.8	-4,061.7	-4,061.7
2072	0.0	0.0	0.0	2,255.0	8,292.1	-4,166.3	-4,166.3
2073	0.0	0.0	0.0	2,250.7	8,196.2	-4,270.8	-4,270.8
2074	0.0	0.0	0.0	2,245.4	8,101.5	-4,375.1	-4,375.1
2075	0.0	0.0	0.0	2,239.3	8,007.1	-4,479.3	-4,479.3
2076	0.0	0.0	0.0	2,232.4	7,913.4	-4,583.2	-4,583.2
2077	0.0	0.0	0.0	2,224.8	7,820.3	-4,687.0	-4,687.0
2078	0.0	0.0	0.0	2,216.5	7,727.4	-4,790.5	-4,790.5
2079	0.0	0.0	0.0	2,207.6	7,635.8	-4,893.8	-4,893.8
2080	0.0	0.0	0.0	2,198.2	7,545.2	-4,996.8	-4,996.8
2081	0.0	0.0	0.0	2,188.3	7,455.5	-5,099.6	-5,099.6
2082	0.0	0.0	0.0	2,177.9	7,366.6	-5,202.1	-5,202.1
2083	0.0	0.0	0.0	2,167.1	7,278.4	-5,304.4	-5,304.4
2084	0.0	0.0	0.0	2,155.8	7,191.1	-5,406.3	-5,406.3
Total 2010-2084	0.0						

Based on the Intermediate Assumptions of the 2010 Trustees Report
Ultimate Real Trust Fund Yield of 2.9%

Office of the Chief Actuary
Social Security Administration
November 17, 2010

[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 & Unified Budget Implications of Specified Plan Provision Effects on OASDI[1] (Present Value Dollars)
Bipartisan Policy Center's Debt Reduction Task Force Plan

Billions of Present Value Dollars as of 1-1-2010

Year	Specified General Fund Transfers (1)	Basic Changes in OASDI Cash Flow (2)	Change in Annual Unified Budget Cash Flow (3) = (1)+(2)	Change in Debt Held by Public at End of Year (4)	Change in Annual Unified Budget Balance (5)
2010	0.0	0.0	0.0	0.0	0.0
2011	0.0	0.0	0.0	0.0	0.0
2012	0.0	-17.2	-17.2	17.2	-17.2
2013	0.0	-18.6	-18.6	35.8	-19.4
2014	0.0	-16.0	-16.0	51.8	-17.7
2015	0.0	-12.3	-12.3	64.1	-14.8
2016	0.0	-8.7	-8.7	72.8	-11.8
2017	0.0	-4.9	-4.9	77.8	-8.6
2018	0.0	6.4	6.4	71.4	2.4
2019	0.0	18.9	18.9	52.5	15.2
2020	0.0	33.5	33.5	19.0	30.8
2021	0.0	47.8	47.8	-28.8	46.8
2022	0.0	61.4	61.4	-90.2	63.0
2023	0.0	74.8	74.8	-165.1	79.7
2024	0.0	87.7	87.7	-252.8	96.8
2025	0.0	100.1	100.1	-352.9	113.9
2026	0.0	112.2	112.2	-465.1	131.5
2027	0.0	123.9	123.9	-589.0	149.3
2028	0.0	127.5	127.5	-716.5	159.7
2029	0.0	130.3	130.3	-846.8	169.5
2030	0.0	132.8	132.8	-979.6	179.0
2031	0.0	135.0	135.0	-1,114.6	188.6
2032	0.0	137.0	137.0	-1,251.6	197.9
2033	0.0	138.7	138.7	-1,390.3	207.1
2034	0.0	140.2	140.2	-1,530.5	216.2
2035	0.0	141.4	141.4	-1,671.9	225.0
2036	0.0	142.3	142.3	-1,814.2	233.7
2037	0.0	143.1	143.1	-1,957.3	242.3
2038	0.0	143.8	143.8	-2,101.1	250.7
2039	0.0	144.2	144.2	-2,245.2	259.0
2040	0.0	144.3	144.3	-2,389.5	267.0
2041	0.0	144.3	144.3	-2,533.9	274.9
2042	0.0	144.2	144.2	-2,678.1	282.7
2043	0.0	144.1	144.1	-2,822.2	290.4
2044	0.0	143.9	143.9	-2,966.0	298.1
2045	0.0	143.4	143.4	-3,109.4	305.5
2046	0.0	142.8	142.8	-3,252.2	312.8
2047	0.0	142.3	142.3	-3,394.5	320.0
2048	0.0	141.7	141.7	-3,536.2	327.2
2049	0.0	141.2	141.2	-3,677.4	334.5
2050	0.0	139.4	139.4	-3,816.8	340.4
2051	0.0	137.6	137.6	-3,954.4	346.2
2052	0.0	135.8	135.8	-4,090.2	351.9
2053	0.0	134.0	134.0	-4,224.1	357.5
2054	0.0	132.3	132.3	-4,356.4	363.1
2055	0.0	130.2	130.2	-4,486.6	368.3
2056	0.0	128.2	128.2	-4,614.8	373.4
2057	0.0	126.2	126.2	-4,741.0	378.4
2058	0.0	124.3	124.3	-4,865.3	383.4
2059	0.0	122.5	122.5	-4,987.8	388.4
2060	0.0	120.6	120.6	-5,108.3	393.1
2061	0.0	118.6	118.6	-5,226.9	397.8
2062	0.0	116.7	116.7	-5,343.6	402.4
2063	0.0	114.9	114.9	-5,458.5	406.9
2064	0.0	113.2	113.2	-5,571.7	411.5
2065	0.0	111.5	111.5	-5,683.2	416.0
2066	0.0	109.8	109.8	-5,793.0	420.4
2067	0.0	108.3	108.3	-5,901.3	424.9
2068	0.0	106.8	106.8	-6,008.0	429.3
2069	0.0	105.3	105.3	-6,113.4	433.7
2070	0.0	104.0	104.0	-6,217.3	438.1
2071	0.0	102.6	102.6	-6,320.0	442.4
2072	0.0	101.4	101.4	-6,421.3	446.8
2073	0.0	100.2	100.2	-6,521.5	451.1
2074	0.0	99.1	99.1	-6,620.5	455.5
2075	0.0	98.0	98.0	-6,718.6	459.9
2076	0.0	97.1	97.1	-6,815.6	464.2
2077	0.0	96.1	96.1	-6,911.7	468.6
2078	0.0	95.2	95.2	-7,007.0	473.0
2079	0.0	94.4	94.4	-7,101.4	477.3
2080	0.0	93.6	93.6	-7,195.0	481.7
2081	0.0	92.9	92.9	-7,287.9	486.1
2082	0.0	92.1	92.1	-7,380.0	490.4
2083	0.0	91.4	91.4	-7,471.4	494.7
2084	0.0	90.7	90.7	-7,562.1	499.0
Total 2010-84	0.0	7,562.1	7,562.1		

Based on Intermediate Assumptions of the 2010 Trustees Report.
Ultimate Real Trust Fund Yield of 2.9%

Office of the Chief Actuary
Social Security Administration
November 17, 2010

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

Table 1b.n - OASDI Changes & Unified Budget Implications of Specified Plan Provision Effects on OASDI[1] (Nominal Dollars)
Bipartisan Policy Center's Debt Reduction Task Force Plan

		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
	(1)	(2)	(3) = (1)+(2)	(4)	(5)
2010	0.00	0.0	0.0	0.0	0.0
2011	0.00	0.0	0.0	0.0	0.0
2012	0.00	-19.3	-19.3	19.7	-19.7
2013	0.00	-21.9	-21.9	43.0	-23.3
2014	0.00	-19.7	-19.7	65.2	-22.2
2015	0.00	-15.9	-15.9	84.7	-19.5
2016	0.00	-11.8	-11.8	101.0	-16.3
2017	0.00	-7.0	-7.0	113.4	-12.4
2018	0.00	9.5	9.5	109.6	3.8
2019	0.00	29.9	29.9	84.8	24.8

Based on Intermediate Assumptions of the 2010 Trustees Report.

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

Office of the Chief Actuary
Social Security Administration
November 17, 2010

Table 1c - Present Law and Proposal Cost, Expenditures, and Income: As Percent of Gross Domestic Product
Bipartisan Policy Center's Debt Reduction Task Force Plan

	Present Law OASDI			Proposal OASDI		
Calendar Year	Cost (1)	Expenditures (Payable) (2)	Tax Income (3)	Cost (4)	Expenditures (Payable) (5)	Tax Income (6)
2010	4.84	4.84	4.56	4.84	4.84	4.56
2011	4.80	4.80	4.75	4.80	4.80	4.75
2012	4.76	4.76	4.77	4.78	4.78	4.67
2013	4.75	4.75	4.78	4.78	4.78	4.68
2014	4.78	4.78	4.80	4.79	4.79	4.70
2015	4.83	4.83	4.81	4.82	4.82	4.73
2016	4.90	4.90	4.84	4.87	4.87	4.76
2017	4.98	4.98	4.86	4.94	4.94	4.79
2018	5.08	5.08	4.88	5.02	5.02	4.86
2019	5.20	5.20	4.89	5.11	5.11	4.94
2020	5.30	5.30	4.89	5.20	5.20	5.01
2021	5.41	5.41	4.89	5.28	5.28	5.09
2022	5.51	5.51	4.88	5.36	5.36	5.17
2023	5.60	5.60	4.88	5.44	5.44	5.24
2024	5.68	5.68	4.88	5.51	5.51	5.32
2025	5.77	5.77	4.87	5.57	5.57	5.40
2026	5.84	5.84	4.87	5.63	5.63	5.47
2027	5.90	5.90	4.87	5.69	5.69	5.55
2028	5.96	5.96	4.87	5.73	5.73	5.58
2029	6.01	6.01	4.87	5.77	5.77	5.60
2030	6.05	6.05	4.86	5.80	5.80	5.62
2031	6.08	6.08	4.86	5.83	5.83	5.64
2032	6.10	6.10	4.86	5.84	5.84	5.66
2033	6.12	6.12	4.86	5.86	5.86	5.67
2034	6.13	6.13	4.85	5.87	5.87	5.69
2035	6.14	6.14	4.85	5.87	5.87	5.71
2036	6.14	6.14	4.85	5.87	5.87	5.73
2037	6.13	6.06	4.84	5.86	5.86	5.74
2038	6.11	4.84	4.84	5.85	5.85	5.76
2039	6.10	4.84	4.84	5.84	5.84	5.77
2040	6.08	4.83	4.83	5.82	5.82	5.79
2041	6.05	4.83	4.83	5.81	5.81	5.80
2042	6.03	4.82	4.82	5.79	5.79	5.82
2043	6.01	4.81	4.81	5.78	5.78	5.83
2044	5.99	4.81	4.81	5.76	5.76	5.84
2045	5.97	4.80	4.80	5.75	5.75	5.86
2046	5.95	4.79	4.79	5.75	5.75	5.87
2047	5.94	4.79	4.79	5.74	5.74	5.88
2048	5.92	4.78	4.78	5.74	5.74	5.89
2049	5.91	4.78	4.78	5.73	5.73	5.91
2050	5.89	4.77	4.77	5.73	5.73	5.91
2051	5.88	4.76	4.76	5.73	5.73	5.91
2052	5.87	4.76	4.76	5.73	5.73	5.92
2053	5.87	4.75	4.75	5.74	5.74	5.92
2054	5.87	4.75	4.75	5.75	5.75	5.93
2055	5.87	4.74	4.74	5.76	5.76	5.93
2056	5.87	4.74	4.74	5.77	5.77	5.93
2057	5.87	4.73	4.73	5.79	5.79	5.93
2058	5.87	4.73	4.73	5.80	5.80	5.93
2059	5.87	4.72	4.72	5.81	5.81	5.93
2060	5.87	4.71	4.71	5.83	5.83	5.94
2061	5.87	4.71	4.71	5.84	5.84	5.94
2062	5.87	4.70	4.70	5.85	5.85	5.94
2063	5.87	4.70	4.70	5.87	5.87	5.94
2064	5.87	4.69	4.69	5.88	5.88	5.94
2065	5.88	4.69	4.69	5.90	5.90	5.95
2066	5.88	4.68	4.68	5.91	5.91	5.95
2067	5.88	4.67	4.67	5.93	5.93	5.95
2068	5.89	4.67	4.67	5.94	5.94	5.95
2069	5.89	4.66	4.66	5.96	5.96	5.95
2070	5.90	4.66	4.66	5.97	5.97	5.96
2071	5.91	4.65	4.65	5.99	5.99	5.96
2072	5.92	4.65	4.65	6.01	6.01	5.96
2073	5.92	4.64	4.64	6.02	6.02	5.96
2074	5.93	4.64	4.64	6.04	6.04	5.97
2075	5.94	4.63	4.63	6.05	6.05	5.97
2076	5.95	4.63	4.63	6.07	6.07	5.97
2077	5.96	4.62	4.62	6.08	6.08	5.97
2078	5.97	4.62	4.62	6.09	6.09	5.98
2079	5.97	4.62	4.62	6.11	6.11	5.98
2080	5.98	4.61	4.61	6.12	6.12	5.98
2081	5.99	4.61	4.61	6.13	6.13	5.99
2082	6.00	4.61	4.61	6.14	6.14	5.99
2083	6.01	4.60	4.60	6.15	6.15	6.00
2084	6.02	4.60	4.60	6.17	6.17	6.00

Based on Intermediate Assumptions of the 2010 Trustees Report.

Office of the Chief Actuary
Social Security Administration
November 17, 2010

Table 1d - Change in Long-Range Trust Fund Assets / Unfunded Obligation
Bipartisan Policy Center's Debt Reduction Task Force Plan

(Billions of Dollars, Present Value on 1-1-2010)

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)
2010	2,500.1	0.0	0.0	0.0	0.0	2,500.1
2011	2,493.9	0.0	0.0	0.0	0.0	2,493.9
2012	2,495.8	-13.8	3.4	-17.2	-17.2	2,478.7
2013	2,500.7	-15.0	3.7	-18.6	-35.8	2,464.9
2014	2,504.4	-14.3	1.7	-16.0	-51.8	2,452.6
2015	2,502.6	-13.1	-0.8	-12.3	-64.1	2,438.5
2016	2,495.2	-12.2	-3.5	-8.7	-72.8	2,422.4
2017	2,478.0	-11.2	-6.2	-4.9	-77.8	2,400.3
2018	2,448.8	-2.9	-9.3	6.4	-71.4	2,377.4
2019	2,404.4	6.5	-12.4	18.9	-52.5	2,351.9
2020	2,344.3	18.1	-15.4	33.5	-19.0	2,325.3
2021	2,269.2	29.6	-18.2	47.8	28.8	2,298.0
2022	2,180.2	40.7	-20.7	61.4	90.2	2,270.4
2023	2,078.2	51.8	-23.0	74.8	165.1	2,243.3
2024	1,964.7	62.6	-25.1	87.7	252.8	2,217.5
2025	1,840.6	73.1	-27.0	100.1	352.9	2,193.5
2026	1,707.4	83.6	-28.6	112.2	465.1	2,172.5
2027	1,566.5	93.9	-30.0	123.9	589.0	2,155.5
2028	1,419.1	96.4	-31.1	127.5	716.5	2,135.7
2029	1,266.6	98.2	-32.1	130.3	846.8	2,113.5
2030	1,110.6	100.0	-32.8	132.8	979.6	2,090.2
2031	951.9	101.7	-33.3	135.0	1,114.6	2,066.5
2032	791.4	103.3	-33.7	137.0	1,251.6	2,043.0
2033	629.9	104.8	-33.9	138.7	1,390.3	2,020.2
2034	468.5	106.3	-33.9	140.2	1,530.5	1,999.0
2035	308.0	107.6	-33.7	141.4	1,671.9	1,979.9
2036	149.0	109.0	-33.3	142.3	1,814.2	1,963.2
2037	-7.9	110.3	-32.8	143.1	1,957.3	1,949.4
2038	-162.2	111.6	-32.2	143.8	2,101.1	1,938.9
2039	-313.2	112.8	-31.4	144.2	2,245.2	1,932.1
2040	-460.7	113.9	-30.4	144.3	2,389.5	1,928.8
2041	-604.7	115.1	-29.3	144.3	2,533.9	1,929.1
2042	-745.2	116.1	-28.1	144.2	2,678.1	1,932.9
2043	-882.3	117.2	-26.9	144.1	2,822.2	1,939.9
2044	-1,016.3	118.2	-25.7	143.9	2,966.0	1,949.8
2045	-1,147.4	119.1	-24.3	143.4	3,109.4	1,962.0
2046	-1,275.9	120.0	-22.8	142.8	3,252.2	1,976.4
2047	-1,402.0	120.8	-21.5	142.3	3,394.5	1,992.5
2048	-1,525.6	121.6	-20.1	141.7	3,536.2	2,010.6
2049	-1,646.9	122.3	-18.9	141.2	3,677.4	2,030.5
2050	-1,766.0	121.9	-17.5	139.4	3,816.8	2,050.9
2051	-1,883.2	121.5	-16.0	137.6	3,954.4	2,071.2
2052	-1,998.8	121.1	-14.7	135.8	4,090.2	2,091.3
2053	-2,113.3	120.6	-13.3	134.0	4,224.1	2,110.8
2054	-2,226.7	120.2	-12.1	132.3	4,356.4	2,129.7
2055	-2,339.4	119.6	-10.7	130.2	4,486.6	2,147.2
2056	-2,451.4	118.9	-9.2	128.2	4,614.8	2,163.4
2057	-2,562.8	118.3	-7.9	126.2	4,741.0	2,178.2
2058	-2,673.5	117.7	-6.6	124.3	4,865.3	2,191.8
2059	-2,783.4	117.1	-5.4	122.5	4,987.8	2,204.4
2060	-2,892.6	116.5	-4.1	120.6	5,108.3	2,215.7
2061	-3,001.2	115.9	-2.7	118.6	5,226.9	2,225.7
2062	-3,109.2	115.3	-1.4	116.7	5,343.6	2,234.4
2063	-3,216.6	114.6	-0.3	114.9	5,458.5	2,241.9
2064	-3,323.4	114.0	0.8	113.2	5,571.7	2,248.3
2065	-3,429.7	113.4	1.9	111.5	5,683.2	2,253.5
2066	-3,535.7	112.8	2.9	109.8	5,793.0	2,257.3
2067	-3,641.3	112.1	3.9	108.3	5,901.3	2,259.9
2068	-3,746.7	111.5	4.8	106.8	6,008.0	2,261.3
2069	-3,851.9	110.9	5.5	105.3	6,113.4	2,261.5
2070	-3,956.9	110.2	6.3	104.0	6,217.3	2,260.5
2071	-4,061.7	109.6	7.0	102.6	6,320.0	2,258.3
2072	-4,166.3	108.9	7.6	101.4	6,421.3	2,255.0
2073	-4,270.8	108.3	8.1	100.2	6,521.5	2,250.7
2074	-4,375.1	107.6	8.6	99.1	6,620.5	2,245.4
2075	-4,479.3	107.0	9.0	98.0	6,718.6	2,239.3
2076	-4,583.2	106.3	9.3	97.1	6,815.6	2,232.4
2077	-4,687.0	105.7	9.5	96.1	6,911.7	2,224.8
2078	-4,790.5	105.0	9.8	95.2	7,007.0	2,216.5
2079	-4,893.8	104.4	10.0	94.4	7,101.4	2,207.6
2080	-4,996.8	103.7	10.1	93.6	7,195.0	2,198.2
2081	-5,099.6	103.0	10.2	92.9	7,287.9	2,188.3
2082	-5,202.1	102.4	10.2	92.1	7,380.0	2,177.9
2083	-5,304.4	101.7	10.3	91.4	7,471.4	2,167.1
2084	-5,406.3	101.0	10.4	90.7	7,562.1	2,155.8
Total 2010-2084		6,742.7	-819.4	7,562.1		

Based on Intermediate Assumptions of the 2010 Trustees Report.

Ultimate Real Trust Fund Yield of 2.9%.

Office of the Chief Actuary
Social Security Administration
November 17, 2010