

Proposal	Average deficit over 75 years, as a % of payroll		Deficit <u>in</u> 75th year, as % of payroll	
		1.89		5.91
	Estimated Change in Long-Range OASDI Actuarial Balance (as a percent of payroll)	% of problem solved, <u>average over 75 years</u>	Estimated Change in Annual Balance in 75th year (as a percent of payroll)	% of problem solved, <u>in the 75th year</u>
Reduce the COLA for OASDI benefits by 0.5 percentage points beginning December 2005	0.79	41.8%	1.25	21.2%
Reduce the COLA for OASDI benefits by 1 percentage point beginning December 2005	1.51	79.9%	2.39	40.4%
Increase the number of years used to calculate benefits for retirees and survivors (but not for disabled workers) from 35 to 38 (phased in 2005-2009); i.e., 36 for 2005-06, 37 for 2007-08, and 38 for 2009 and later	0.26	13.8%	0.4	6.8%
Increase the number of years used to calculate benefits for retirees and survivors (but not for disabled workers) from 35 to 40 (phased in 2005-2013); i.e., 36 for 2005-06, 37 for 2007-08, 38 for 2009-10, 39 for 2011-12, and 40 for 2013 and later	0.42	22.2%	0.67	11.3%
For each year from 2005-2035, multiply the 32 and 15 percent benefit formula factors by 0.987, reducing the factors to 21 and 10 percent respectively, for new eligibles in 2035 and later	1.61	85.2%	3.36	56.9%
Reduce benefits across the board by 3 percent for those newly eligible for benefits in 2005 and later	0.37	19.6%	0.55	9.3%
Reduce benefits across the board by 5 percent for those newly eligible for benefits in 2005 and later	0.61	32.3%	0.91	15.4%

Eliminate the hiatus in the normal retirement age (speed up the increase to age 67)	0.14	7.4%	0	0.0%
Eliminate the hiatus in the normal retirement age (speed up the increase to age 67) and then index the normal retirement age (by 1 month every 2 years) until the NRA reaches age 68	0.52	27.5%	0.79	13.4%
Eliminate the hiatus in the normal retirement age (speed up the increase to age 67) and then index the normal retirement age (by 1 month every 2 years) until the NRA reaches age 70	0.68	36.0%	1.73	29.3%
Raise payroll tax rates (for employees and employers combined) by 2.0 percentage points in 2005 and later	1.96	103.7%	2	33.8%
Raise payroll tax rates (for employees and employers combined) by 2.1 percentage points in 2020-2049 and by an additional 2.1 percentage points in 2050	1.97	104.2%	4.21	71.2%
Tax Social Security benefits in a manner similar to private pension income beginning in 2005. Phase out the lower-income thresholds during 2005-2014	0.33	17.5%	0.27	4.6%
Make all earnings subject to the payroll tax (but retain the cap for benefit calculations) beginning in 2005	2.2	116.4%	2.93	49.6%
Make all earnings subject to the payroll tax and credit them for benefit purposes beginning in 2005	1.75	92.6%	1.95	33.0%
Make 90% of the earnings subject to the payroll tax and credit them for benefit purposes (phased in 2005-2014)	0.75	39.7%	0.85	14.4%
Cover newly hired State and local government employees beginning in 2005	0.21	11.1%	0.01	0.2%
Invest 40% of the Trust Funds in equities (phased in 2005-2019), assuming a 6.5-percent real rate of return on equities (standard assumption)	0.91	48.1%	0	0.0%

Source: Office of the Chief Actuary

Invest 40% of the Trust Funds in equities
(phased in 2005-2019), assuming a 5.5-
percent real rate of return on equities

0.66	34.9%	0	0.0%
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Invest 40% of the Trust Funds in equities
(phased in 2005-2019), assuming an
ultimate 3 percent real rate of return on
equities, the same as expected yield on
Treasury bonds.

0	0.0%	0	0.0%
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