H.R. 1374 "Social Security Enhancement and Protection Act of 2013"

Introduced March 21, 2013 by **Rep. Gwen Moore** (D-WI)

Provisions and their individual impact on the Trust Fund:

- Increase the special minimum PIA beginning for workers who become newly eligible for retirement or disability or die after 2014. The minimum PIA for workers with 30 or more YOWs is 100% of the annual DHHS poverty level for the prior year divided by 12. The percent is reduced by 3 1/3 percentage points for each YOW less than 30 years with no minimum benefit for 10 or less YOCs. A worker's number of YOWs is determined as the number of earned quarters of coverage divided by 4 (ignoring any fraction), plus up to 5 years with a child under age 6 living with worker.
  - Increases long-range OASDI actuarial deficit by 0.02% of taxable payroll with negligible difference in the 75th projection year (2086).
- Effective 2015 and later, provide a 5% uniform PIA increase after 16% years of eligibility. Full benefit increase is 5% of the PIA of a worker having career-average earnings equal to SSA's AWI in years up through the year before initial eligibility. The benefit increase phases in at 1% per year beginning 16 years after initial benefit eligibility and fully phased in at 5% beginning 20 years after initial eligibility. Early retirement factors continue to apply to PIA increases for those who claim benefits before NRA.
  - Increases long-range OASDI actuarial deficit by 0.23% of taxable payroll and increases annual deficit in 75th projection year (2086) by 0.31% of payroll.
- Extend benefit eligibility for children of disabled or deceased workers age 22 beginning in 2015. This provision applies if the child is in high school, college, or vocational school.
  - Increases the long-range OASDI actuarial deficit by 0.06% of taxable payroll and to increase the annual deficit for the 75th projection year (2086) by 0.06%.
- Eliminate the tax max fully effective in 2024 phased in over 10 years at a rate of 1.24% in 2015, 2.48% in 2016….12.4% in 2024 and later. Additional benefit credits given by a change in PIA formula: a) add new bend point at current law tax max (without regard for this provision) for the second year prior to eligibility divided by 12; and b) apply a 3% PIA factor to AIME above the new bend point.
  - Reduces the long-range OASDI actuarial deficit by 1.92% of taxable payroll and reduces annual deficit in 2086 by 2.18% of payroll.
- Increase the payroll tax rate to 13% fully effective in 2020 phased in starting 2015 using 0.1% increments.
  - Reduces long-range OASDI actuarial deficit by 0.53% of taxable payroll and reduces annual deficit in 2086 by 0.60% of taxable payroll.

Overall Fiscal Impact: The entire proposal is projected to result in the OASDI program to be fully solvent for an additional 35 years (compared to 2012 Trustees report). Trust Fund reserves are expected to be depleted in 2068 at which time the program would be able to pay about 91% of scheduled benefits. By 2086, 89% of benefits scheduled under proposal would be payable. Enactment would eliminate almost 84% of long-range OASDI actuarial deficit to 0.44% of taxable payroll.