H.R. 1391 "Social Security 2100 Act"

Introduced March 17, 2015 by **Rep. John Larson** (D-CT)

Provisions and their individual impact on the Trust Fund:

- Increase the PIA formula factor from 90% to 93% for all eligible beneficiaries beginning in 2016.
  - Increases long-range OASDI actuarial deficit by 0.24% of taxable payroll and increases annual deficit of the 75th projection year (2088) by 0.27% of payroll.

- Use CPI-E to calculate COLA effect for December, 2016 COLA. The projected increase in COLA is 0.2% per year.
  - Increases long-range OASDI actuarial deficit by 0.38% and increases annual deficit in 2088 by 0.54%.
- Increase the special minimum PIA for lifetime low earners based on years in the workforce. For beneficiaries newly eligible in 2016, the minimum initial PIA for workers with 30 or more YOCs is 125% of annual poverty guideline divided by 12. For beneficiaries newly eligible after 2016, the minimum initial PIA increases by the growth in the SSA AWI.
  - Increases long-range OASDI actuarial deficit by 0.17% and increases annual deficit in 2088 by 0.27%.
- Increase the gross income threshold for taxation of SS benefits from $25,000 to $50,000 for single taxpayers and from $32,000 to $100,000 for married taxpayers filing jointly beginning in 2016. Revised thresholds would be fixed and not indexed for inflation or AWI. The HI Trust Fund would continue to be held harmless.
  - Increases long-range OASDI actuarial deficit by 0.12% and increases annual deficit in 2088 by 0.01%.
- Impose the employment tax on all wage income above $400,000 effective in 2016. Requires incremental increases, up to 15.3% in 2084, in the employment and self-employment taxes. Additional earnings credits determined as follows: a) Calculate a second AIME reflecting only additional taxed earnings to create second PIA component; b) Apply 2% factor on newly computed AIME to develop second component of PIA; and c) Add second PIA component to first PIA component.
  - Reduces long-range OASDI actuarial deficit by 1.73% and reduces annual deficit in 2088 by 2.35%.
- Increase OASDI payroll tax to 14.8% fully effective in 2041, and then to 15.3% fully effective in 2084. The combined rate is increased by 0.1% each year starting in 2018 and ending in 2041, then restarting in 2080 and ending in 2084. The payroll tax rate is reallocated between DI and OASI Trust Funds with the intent to roughly equalize the actuarial status of the two funds.
  - Reduces long-range OASDI actuarial deficit by 1.73% and reduces annual deficit in 2088 by 2.85%. This provision specifies a reallocation of payroll taxes between the OASI and DI Trust Funds with the intent to roughly equalize the actuarial status of the two funds. The reallocation would extend the solvency of the DI program well beyond the projected date of reserve depletion under current law (2016). However, further technical adjustments to this specified reallocation would be required to fully equalize the actuarial status of the funds. These technical adjustments would have no material effect on the other projections provided here.

Overall Fiscal Impact: The entire proposal is projected to result in the combined OASI and DI Trust Funds remaining solvent over the long-range 75-year projection period. The level of reserves as a percentage of program costs is projected to be 143% in 2088. The ratio of trust fund reserves to annual program costs is projected to remain positive and gradually increase after the long-range period. The long-range OASDI actuarial deficit would change from 2.88% to a positive actuarial balance of 0.06% of payroll.