S. 731 "Social Security Expansion Act"

Introduced March 12, 2015 by **Sen. Bernie Sanders** (I-VT)

Provisions and their individual impact on the Trust Fund:

- Increase the first PIA bend point for beneficiaries newly eligible after 2020. Phase in an ultimate 15% increase in the first bend point by raising it 1% above the current level for beneficiaries newly eligible in 2021, 2% for beneficiaries newly eligible in 2022, etc. until it reaches 15% for beneficiaries newly eligible in 2035 and later.
  - Increases long-range OASDI actuarial deficit by 0.37% of taxable payroll and would increase the annual deficit for the 75th projection year (2088) by 0.72% of payroll.
- Use CPI-E to calculate COLA beginning December, 2016. The projected increase in COLA is 0.2% per year.
  - Increases long-range OASDI actuarial deficit by 0.38% of taxable payroll and would increase annual deficit for the 75th projection year (2088) by 0.54% of payroll.
- Increase the special minimum PIA for workers who die or become newly eligible for retirement or disability benefits in 2016 or later. For those newly eligible in 2016, the minimum initial PIA for workers with 30 or more YOCs is 125% of the annual poverty guideline for a single individual, as published by the DHHS for 2015 divided by 12. For those 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% of taxable payroll and increases the annual deficit for the 75th projection year (2088) by 0.27%.
- Apply the combined OASDI payroll tax rate on earnings above $250,000 effective 2016 and later. Tax all earnings once the current law tax max exceeds $250,000. Do not credit additional taxed earnings for benefit purposes.
  - Reduces long-range OASDI actuarial deficit by 2.14% of taxable payroll and reduces annual deficit in 2088 by 2.47% of payroll.
- Apply a separate 6.2% tax on investment income as defined in the ACA with un-indexed thresholds as in the ACA effective 2016 and later, which are $200,000 for a single filer and $250,000 for a married couple filing jointly. Under this provision, there is no limit on the amount taxed.
  - Reduces long-range OASDI actuarial deficit by 0.94% of taxable payroll and reduces annual deficit in 2088 by 1.19%.

Overall Fiscal Impact: The entire proposal is projected to extend the combined OASI and DI Trust Fund reserve depletion to 2065, at which point 88% of scheduled benefits would be payable, declining to 86% in 2088. The proposal improves the annual balance by 2.6% of payroll for 2033 with the improvement declining to 2.2% of payroll for 2088. The annual deficit is projected to be 2.7% in 2088, compared to 4.9% under current law. Enactment would reduce the long-range OASDI actuarial deficit of 2.88% of taxable payroll under current law to 0.69% of payroll for the long-range period.