



SOCIAL SECURITY

Office of the Chief Actuary

February 24, 2016

The Honorable Sherrod Brown
United States Senate
Washington, D.C. 20515

Dear Senator Brown:

I am writing in response to your request for estimates of the financial effects on Social Security of S. 1651, *The Social Security Fairness Act of 2015*, which you introduced on June 23, 2015 along with other members of the Senate. This Bill (hereafter referred to as the proposal) would eliminate the Government Pension Offset (GPO) and Windfall Elimination Provision (WEP) from the Social Security Act. We have enjoyed working closely with Gideon Bragin of your staff in evaluating this proposal.

The enclosed table provides estimates of the effects of this provision on the cost, income, and combined trust fund reserves for the Old Age, Survivors, and Disability Insurance (OASDI) program. Assuming enactment of the proposal effective for all benefits payable for entitlement in January 2017 and later (without regard for when the beneficiary became initially entitled), we estimate the increase in benefit obligations for the OASDI program would reduce the OASDI long-range actuarial balance by 0.13 percent of taxable payroll and would change the projected year of reserve depletion for the combined OASI and DI Trust Funds from 2034 under current law to 2033 under the proposal. These estimates are based on the intermediate assumptions of the 2015 Trustees Report.

The GPO and WEP provisions reduce OASI and DI benefits for most workers who receive a pension based on earnings in employment that was not covered under the Social Security program. About one fourth of State and Local government employees are currently not covered under Social Security. Most federal government employees who were hired before 1984 were also not covered. Workers not covered incur no OASDI payroll tax liability and also earn no credit toward benefits under the program from the non-covered earnings. In addition, employers of workers not covered also pay no OASDI payroll tax based on their earnings.

As shown in the enclosed table, the cost of benefits under the OASDI program would be increased by 0.14 percent of taxable payroll over the next 75 years. This additional cost would be partly offset by increased federal income tax on OASDI benefits dedicated to the trust funds in the amount of 0.01 percent of payroll over the 75-year period.

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The estimates and analysis provided here reflect the combined effort of many in the Office of the Chief Actuary, but most particularly Jacqueline Walsh, Christopher Chaplain, Eugene Yang, Karen Glenn, Eli Donkar, and Tim Zayatz.

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

Sincerely,

A handwritten signature in black ink that reads "Stephen C. Goss". The signature is written in a cursive style with a large, sweeping initial 'S'.

Stephen C. Goss
Chief Actuary

Enclosure

Table 1 - OASDI Annual and Summarized Cost Rate, Income Rate, Balance, and Annual Trust Fund Ratio

Senator Brown S. 1651 "Social Security Fairness Act of 2015" to Eliminate Windfall Elimination Provision and Government Pension Offset for Benefits, Effective January 2017

Year	Proposal			Trust Fund Ratio 1-1-year	Change from Present Law		
	Expressed as a percentage of present-law taxable payroll				Expressed as a percentage of present-law taxable payroll		
	Cost Rate	Income Rate	Annual Balance		Cost Rate	Income Rate	Annual Balance
2015	14.13	12.82	-1.31	308	0.00	0.00	0.00
2016	13.88	12.88	-1.00	298	0.00	0.00	0.00
2017	14.04	12.92	-1.12	277	0.14	0.01	-0.14
2018	14.12	12.94	-1.17	260	0.15	0.01	-0.14
2019	14.24	12.96	-1.28	244	0.15	0.01	-0.14
2020	14.38	12.97	-1.41	228	0.15	0.01	-0.14
2021	14.50	12.99	-1.51	213	0.15	0.01	-0.15
2022	14.68	13.02	-1.66	197	0.16	0.01	-0.15
2023	14.88	13.04	-1.85	181	0.16	0.01	-0.15
2024	15.12	13.07	-2.05	165	0.16	0.01	-0.16
2025	15.33	13.09	-2.24	149	0.17	0.01	-0.16
2026	15.53	13.10	-2.42	132	0.17	0.01	-0.16
2027	15.72	13.12	-2.60	116	0.16	0.01	-0.16
2028	15.91	13.14	-2.78	99	0.16	0.01	-0.16
2029	16.09	13.15	-2.94	82	0.16	0.01	-0.15
2030	16.26	13.16	-3.09	65	0.16	0.01	-0.15
2031	16.40	13.17	-3.23	46	0.16	0.01	-0.15
2032	16.53	13.18	-3.35	27	0.16	0.01	-0.15
2033	16.63	13.19	-3.44	8	0.15	0.01	-0.15
2034	16.70	13.20	-3.50	----	0.15	0.01	-0.14
2035	16.77	13.21	-3.56	----	0.15	0.01	-0.14
2036	16.83	13.21	-3.62	----	0.15	0.01	-0.14
2037	16.87	13.22	-3.65	----	0.15	0.01	-0.14
2038	16.88	13.22	-3.66	----	0.15	0.01	-0.14
2039	16.87	13.22	-3.65	----	0.14	0.01	-0.14
2040	16.86	13.22	-3.63	----	0.14	0.01	-0.14
2041	16.83	13.22	-3.61	----	0.14	0.01	-0.13
2042	16.81	13.22	-3.58	----	0.14	0.01	-0.13
2043	16.78	13.22	-3.56	----	0.14	0.01	-0.13
2044	16.75	13.22	-3.53	----	0.14	0.01	-0.13
2045	16.73	13.22	-3.51	----	0.14	0.01	-0.13
2046	16.71	13.22	-3.49	----	0.14	0.01	-0.13
2047	16.69	13.22	-3.47	----	0.14	0.01	-0.13
2048	16.68	13.22	-3.46	----	0.13	0.01	-0.13
2049	16.67	13.23	-3.45	----	0.13	0.01	-0.13
2050	16.67	13.23	-3.45	----	0.13	0.01	-0.13
2051	16.69	13.23	-3.46	----	0.13	0.01	-0.13
2052	16.71	13.23	-3.48	----	0.13	0.01	-0.13
2053	16.74	13.23	-3.50	----	0.13	0.01	-0.13
2054	16.78	13.24	-3.54	----	0.13	0.01	-0.13
2055	16.82	13.24	-3.58	----	0.13	0.01	-0.13
2056	16.87	13.24	-3.63	----	0.13	0.01	-0.13
2057	16.93	13.25	-3.68	----	0.13	0.01	-0.13
2058	16.98	13.25	-3.73	----	0.13	0.01	-0.13
2059	17.03	13.26	-3.78	----	0.13	0.01	-0.13
2060	17.09	13.26	-3.83	----	0.13	0.01	-0.13
2061	17.14	13.26	-3.88	----	0.13	0.01	-0.13
2062	17.19	13.27	-3.93	----	0.14	0.01	-0.13
2063	17.25	13.27	-3.98	----	0.14	0.01	-0.13
2064	17.30	13.27	-4.02	----	0.14	0.01	-0.13
2065	17.35	13.28	-4.08	----	0.14	0.01	-0.13
2066	17.41	13.28	-4.13	----	0.14	0.01	-0.13
2067	17.47	13.28	-4.18	----	0.14	0.01	-0.13
2068	17.53	13.29	-4.24	----	0.14	0.01	-0.13
2069	17.58	13.29	-4.29	----	0.14	0.01	-0.13
2070	17.64	13.30	-4.35	----	0.14	0.01	-0.13
2071	17.69	13.30	-4.39	----	0.14	0.01	-0.13
2072	17.74	13.30	-4.43	----	0.14	0.01	-0.13
2073	17.77	13.30	-4.47	----	0.14	0.01	-0.13
2074	17.80	13.31	-4.50	----	0.14	0.01	-0.13
2075	17.82	13.31	-4.52	----	0.14	0.01	-0.13
2076	17.84	13.31	-4.53	----	0.14	0.01	-0.13
2077	17.84	13.31	-4.53	----	0.14	0.01	-0.13
2078	17.85	13.31	-4.54	----	0.14	0.01	-0.13
2079	17.85	13.31	-4.54	----	0.14	0.01	-0.13
2080	17.85	13.31	-4.54	----	0.14	0.01	-0.13
2081	17.86	13.31	-4.54	----	0.14	0.01	-0.13
2082	17.87	13.31	-4.56	----	0.14	0.01	-0.13
2083	17.89	13.31	-4.58	----	0.14	0.01	-0.13
2084	17.92	13.31	-4.60	----	0.14	0.01	-0.13
2085	17.95	13.32	-4.63	----	0.14	0.01	-0.13
2086	17.99	13.32	-4.67	----	0.14	0.01	-0.13
2087	18.03	13.32	-4.71	----	0.14	0.01	-0.13
2088	18.07	13.32	-4.75	----	0.14	0.01	-0.13
2089	18.11	13.33	-4.79	----	0.14	0.01	-0.14
2090	18.16	13.33	-4.83	----	0.14	0.01	-0.14

Summarized Rates: OASDI				
	Cost Rate	Income Rate	Actuarial Balance	Year of reserve depletion ¹
2015 - 2089	16.69%	13.87%	-2.82%	2033

Summarized Rates: OASDI		
Change in Cost rate	Change in Income Rate	Change in Actuarial Balance
0.14%	0.01%	-0.13%

Based on Intermediate Assumptions of the 2015 Trustees Report

¹ Under present law the year of Trust Fund reserve depletion is 2034