

Summary Measures and Graphs

Category of Change: Level of Monthly Benefits (PIA)

Proposed Provision: Progressive price indexing of PIA formula factors beginning with individuals newly eligible for OASI benefits in 2012. Create new bend point at the 30th percentile of earners. Maintain current-law benefits for earners at the 30th percentile and below and reduce upper 2 formula factors (32% and 15%) such that maximum worker benefit grows by inflation rather than the growth in average wages. Disability benefits are not affected by the proposal. Disabled worker beneficiaries, upon attaining normal retirement age, would be subject to a proportional reduction in benefits based on the worker's years of disability. In addition, the reduction to the upper 2 formula factors is suspended for any year in which sustainable solvency over the next 75 years is expected. With this provision taken alone, suspension is not expected within the next 75 years.

Present Law		Change From Present Law in		Results with this provision	
Long-Range Actuarial Balance	Annual Balance in 75th Year	Long-Range Actuarial Balance	Annual Balance in 75th Year	Long-Range Actuarial Balance	Annual Balance in 75th Year
-1.70%	-4.20%	1.31%	3.71%	-0.39%	-0.49%

