



SOCIAL SECURITY

Office of the Chief Actuary

September 25, 2024

The Honorable Peter Welch
United States Senate
Washington, D.C. 20510

Dear Senator Welch:

I am writing in response to your request for our estimate of the financial effects on the Social Security Trust Funds of the “Social Security Survivor Benefits Equity Act,” which you introduced today. This Bill (hereafter referred to as the proposal) includes one provision with direct effects on the Social Security trust funds. Enactment of this proposal would increase the amount of the Social Security lump-sum death payment from \$255 under current law to \$2,900 for deaths in 2025, with that new amount CPI-indexed for deaths after 2025. We have enjoyed working with Jahnessa Ryea and Thifeen Deen of your staff in developing this analysis. Our analysis and estimates provided for this proposal reflect the efforts of many in the Office of the Chief Actuary, but particularly Daniel Nickerson, Chris Chaplain, Kyle Burkhalter, Zhongde Li, Mike Stephens, and Karen Glenn.

The balance of this letter provides our understanding of the intent of the one provision of the proposal with direct effects on Social Security program cost, followed by estimates of the OASDI program cost effects assuming enactment of the proposal in January 2025. Over the period 2024 through 2033, we estimate the net program benefit cost for the OASDI program would be increased by \$39.8 billion. We note that under current law, the lump-sum payment at death of an insured worker is not subject to income tax, and so does not result in any transfer of income tax to the OASI and DI Trust Funds. We estimate that enactment of the proposal would result in a decrease (worsening) in the OASDI actuarial balance of 0.03 percent of taxable payroll over the 75-year projection period as a whole. All estimates reflect the intermediate assumptions of the 2024 Trustees Report.

Specification for and Effects of the Proposal

Under current law, the Social Security Administration pays a one-time lump-sum death payment of \$255 to a widow or widower who was living with the worker at time of the death or to a widow, widower, or child who would otherwise be eligible for monthly benefits. The deceased person must be fully insured or currently insured at the time of death. The \$255 amount has not

changed since 1954¹ and is not indexed for inflation. In 2022, roughly 900,000 lump-sum death payments were provided, compared to 3.36 million deaths in the United States. We estimate that 48 percent of those who died in 2022 were insured and had an eligible surviving spouse or child. Of these deaths that were eligible for a lump-sum death benefit, about 57 percent resulted in a payment.

Upon enactment of this proposal, the one-time lump-sum death payment amount would be increased from \$255 to \$2,900 for deaths in 2025. The eligibility requirements for the lump-sum death benefit would not change. That new amount of \$2,900 would then be CPI-indexed for deaths after 2025. We assume that the higher payment amount would cause more eligible recipients to apply for the payment; specifically, we assume that lump-sum death payments would be paid out for 90 percent of all eligible deaths in years 2025 and later.

OASDI Program Cost Effects

Enactment of the proposal would result in net increased program cost starting in 2025. The net increase in OASDI program benefit cost is estimated to be \$39.8 billion in total for calendar years 2024 through 2033.

Over the long-range projection period, the net effect of enacting the proposal on the 75-year actuarial balance would be a decrease of 0.03 of taxable payroll. Table 1, attached, indicates that the net effect of the changes in the proposal would decrease (worsen) annual balances for the OASDI program from 2025 through the end of the 75-year projection period, decreasing the annual balance for the 75th projection year (2098) by 0.02 percent of taxable payroll. These estimates do not reflect the implications of any change in administrative expenses necessary to implement the proposal. Tables 1b and 1b.n show the effects of enacting the proposal in present value dollar and nominal dollar amounts, respectively.

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

Sincerely,



Stephen C. Goss, ASA, MAAA
Chief Actuary

Enclosures

¹ In 1954, the lump-sum death payment was set at 3 times the Primary Insurance Amount (PIA), with a maximum of \$255. As a result, the lump-sum payment amount has effectively been set at \$255 since before 1981 and will remain at \$255 for future payments under current law.

Table 1 - OASDI Cost Rate, Income Rate, Annual Balance, and Trust Fund Ratio
"Social Security Survivor Benefits Equity Act", Introduced by Senator Welch

Year	Proposal			Trust Fund Ratio 1-1-year	Change from Current Law		
	Expressed as a percentage of current-law taxable payroll				Expressed as a percentage of current-law taxable payroll		
	Cost Rate	Income Rate	Annual Balance		Cost Rate	Income Rate	Annual Balance
2024	14.71	13.03	-1.68	188	0.00	0.00	0.00
2025	15.04	12.89	-2.15	170	0.04	0.00	-0.04
2026	15.24	13.07	-2.17	152	0.04	0.00	-0.04
2027	15.40	13.11	-2.29	134	0.04	0.00	-0.04
2028	15.45	13.13	-2.32	116	0.04	0.00	-0.04
2029	15.50	13.16	-2.34	100	0.03	0.00	-0.03
2030	15.56	13.18	-2.38	83	0.03	0.00	-0.03
2031	15.61	13.20	-2.41	67	0.03	0.00	-0.03
2032	15.64	13.22	-2.42	51	0.03	0.00	-0.03
2033	15.69	13.26	-2.43	36	0.03	0.00	-0.03
2034	15.81	13.28	-2.53	20	0.03	0.00	-0.03
2035	15.92	13.29	-2.63	5	0.03	0.00	-0.03
2036	16.02	13.30	-2.73	—	0.03	0.00	-0.03
2037	16.13	13.30	-2.82	—	0.03	0.00	-0.03
2038	16.21	13.31	-2.90	—	0.03	0.00	-0.03
2039	16.28	13.32	-2.97	—	0.03	0.00	-0.03
2040	16.35	13.32	-3.03	—	0.03	0.00	-0.03
2041	16.42	13.33	-3.09	—	0.03	0.00	-0.03
2042	16.47	13.33	-3.13	—	0.03	0.00	-0.03
2043	16.51	13.34	-3.18	—	0.03	0.00	-0.03
2044	16.55	13.34	-3.21	—	0.03	0.00	-0.03
2045	16.58	13.34	-3.24	—	0.03	0.00	-0.03
2046	16.62	13.35	-3.27	—	0.03	0.00	-0.03
2047	16.66	13.35	-3.31	—	0.03	0.00	-0.03
2048	16.70	13.36	-3.34	—	0.03	0.00	-0.03
2049	16.74	13.36	-3.38	—	0.03	0.00	-0.03
2050	16.79	13.36	-3.43	—	0.03	0.00	-0.03
2051	16.84	13.37	-3.47	—	0.03	0.00	-0.03
2052	16.90	13.37	-3.53	—	0.03	0.00	-0.03
2053	16.96	13.38	-3.58	—	0.03	0.00	-0.03
2054	17.03	13.38	-3.65	—	0.03	0.00	-0.03
2055	17.11	13.39	-3.72	—	0.03	0.00	-0.03
2056	17.19	13.40	-3.79	—	0.03	0.00	-0.03
2057	17.27	13.40	-3.87	—	0.03	0.00	-0.03
2058	17.36	13.41	-3.95	—	0.03	0.00	-0.03
2059	17.44	13.42	-4.03	—	0.03	0.00	-0.03
2060	17.53	13.42	-4.11	—	0.03	0.00	-0.03
2061	17.61	13.43	-4.18	—	0.03	0.00	-0.03
2062	17.68	13.44	-4.24	—	0.03	0.00	-0.03
2063	17.75	13.44	-4.31	—	0.03	0.00	-0.03
2064	17.81	13.45	-4.37	—	0.03	0.00	-0.03
2065	17.88	13.45	-4.43	—	0.03	0.00	-0.03
2066	17.94	13.46	-4.48	—	0.03	0.00	-0.03
2067	18.01	13.46	-4.54	—	0.03	0.00	-0.03
2068	18.07	13.47	-4.60	—	0.03	0.00	-0.03
2069	18.14	13.47	-4.67	—	0.02	0.00	-0.02
2070	18.21	13.48	-4.73	—	0.02	0.00	-0.02
2071	18.28	13.48	-4.79	—	0.02	0.00	-0.02
2072	18.34	13.49	-4.85	—	0.02	0.00	-0.02
2073	18.40	13.49	-4.90	—	0.02	0.00	-0.02
2074	18.46	13.50	-4.96	—	0.02	0.00	-0.02
2075	18.51	13.50	-5.00	—	0.02	0.00	-0.02
2076	18.55	13.51	-5.04	—	0.02	0.00	-0.02
2077	18.58	13.51	-5.07	—	0.02	0.00	-0.02
2078	18.61	13.51	-5.09	—	0.02	0.00	-0.02
2079	18.62	13.51	-5.10	—	0.02	0.00	-0.02
2080	18.62	13.51	-5.10	—	0.02	0.00	-0.02
2081	18.61	13.51	-5.10	—	0.02	0.00	-0.02
2082	18.59	13.51	-5.08	—	0.02	0.00	-0.02
2083	18.57	13.51	-5.05	—	0.02	0.00	-0.02
2084	18.53	13.51	-5.02	—	0.02	0.00	-0.02
2085	18.49	13.51	-4.98	—	0.02	0.00	-0.02
2086	18.44	13.51	-4.93	—	0.02	0.00	-0.02
2087	18.38	13.50	-4.88	—	0.02	0.00	-0.02
2088	18.32	13.50	-4.82	—	0.02	0.00	-0.02
2089	18.26	13.50	-4.77	—	0.02	0.00	-0.02
2090	18.21	13.49	-4.72	—	0.02	0.00	-0.02
2091	18.16	13.49	-4.67	—	0.02	0.00	-0.02
2092	18.12	13.49	-4.64	—	0.02	0.00	-0.02
2093	18.10	13.48	-4.61	—	0.02	0.00	-0.02
2094	18.09	13.48	-4.60	—	0.02	0.00	-0.02
2095	18.08	13.48	-4.60	—	0.02	0.00	-0.02
2096	18.09	13.48	-4.61	—	0.02	0.00	-0.02
2097	18.11	13.49	-4.63	—	0.02	0.00	-0.02
2098	18.14	13.49	-4.65	—	0.02	0.00	-0.02
2099	18.18	13.49	-4.69	—	0.02	0.00	-0.02

Summarized Rates: OASDI				
	Cost Rate	Income Rate	Actuarial Balance	Year of reserve depletion ¹
2024 - 2098	17.33%	13.80%	-3.53%	2035

Summarized Rates: OASDI			Change in Actuarial Balance
Change in Cost rate	Change in Income Rate		
0.03%	0.00%		-0.03%

Note: Based on Intermediate Assumptions of the 2024 Trustees Report.
¹Under current law the year of combined Trust Fund reserve depletion is 2035.

**Table 1b - OASDI Changes & Implications for Federal Budget Scoring¹ and Federal Debt of Specified Plan Provision Effects on OASDI (Present Value Dollars)
 "Social Security Survivor Benefits Equity Act", Introduced by Senator Welch**

Billions of Present Value Dollars as of 1-1-2024

Year	Specified General Fund Transfers	Basic Changes in OASDI Cash Flow	Change in Annual Unified Budget Cash Flow ²	Change in Debt Held by Public at End of Year ³	Change in Annual Unified Budget Balance	Change in Annual On Budget Cash Flow	Change in Total Federal Debt Subject to Limit End Of Year	Change in Annual On Budget Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2024	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2025	0.0	-3.6	-3.6	3.6	-3.6	0.0	0.0	0.0
2026	0.0	-3.7	-3.7	7.3	-3.8	0.0	0.0	0.0
2027	0.0	-3.7	-3.7	11.0	-3.9	0.0	0.0	0.0
2028	0.0	-3.8	-3.8	14.7	-4.1	0.0	0.0	0.0
2029	0.0	-3.8	-3.8	18.5	-4.2	0.0	0.0	0.0
2030	0.0	-3.8	-3.8	22.3	-4.4	0.0	0.0	0.0
2031	0.0	-3.9	-3.9	26.2	-4.6	0.0	0.0	0.0
2032	0.0	-3.9	-3.9	30.1	-4.8	0.0	0.0	0.0
2033	0.0	-3.9	-3.9	34.0	-5.0	0.0	0.0	0.0
2034	0.0	-3.9	-3.9	37.9	-5.3	0.0	0.0	0.0
2035	0.0	-3.9	-3.9	41.7	-5.4	0.0	0.0	0.0
2036	0.0	-3.9	-3.9	45.6	-5.6	0.0	0.0	0.0
2037	0.0	-3.8	-3.8	49.4	-5.8	0.0	0.0	0.0
2038	0.0	-3.8	-3.8	53.2	-6.0	0.0	0.0	0.0
2039	0.0	-3.8	-3.8	57.0	-6.1	0.0	0.0	0.0
2040	0.0	-3.7	-3.7	60.7	-6.3	0.0	0.0	0.0
2041	0.0	-3.7	-3.7	64.4	-6.4	0.0	0.0	0.0
2042	0.0	-3.6	-3.6	68.0	-6.5	0.0	0.0	0.0
2043	0.0	-3.6	-3.6	71.6	-6.6	0.0	0.0	0.0
2044	0.0	-3.5	-3.5	75.1	-6.7	0.0	0.0	0.0
2045	0.0	-3.4	-3.4	78.5	-6.8	0.0	0.0	0.0
2046	0.0	-3.4	-3.4	81.9	-6.9	0.0	0.0	0.0
2047	0.0	-3.3	-3.3	85.2	-7.0	0.0	0.0	0.0
2048	0.0	-3.2	-3.2	88.5	-7.1	0.0	0.0	0.0
2049	0.0	-3.2	-3.2	91.7	-7.2	0.0	0.0	0.0
2050	0.0	-3.1	-3.1	94.8	-7.3	0.0	0.0	0.0
2051	0.0	-3.0	-3.0	97.8	-7.3	0.0	0.0	0.0
2052	0.0	-3.0	-3.0	100.8	-7.4	0.0	0.0	0.0
2053	0.0	-2.9	-2.9	103.7	-7.5	0.0	0.0	0.0
2054	0.0	-2.8	-2.8	106.5	-7.5	0.0	0.0	0.0
2055	0.0	-2.8	-2.8	109.3	-7.6	0.0	0.0	0.0
2056	0.0	-2.7	-2.7	112.0	-7.7	0.0	0.0	0.0
2057	0.0	-2.7	-2.7	114.7	-7.7	0.0	0.0	0.0
2058	0.0	-2.6	-2.6	117.3	-7.8	0.0	0.0	0.0
2059	0.0	-2.5	-2.5	119.8	-7.9	0.0	0.0	0.0
2060	0.0	-2.5	-2.5	122.3	-7.9	0.0	0.0	0.0
2061	0.0	-2.4	-2.4	124.7	-8.0	0.0	0.0	0.0
2062	0.0	-2.4	-2.4	127.1	-8.1	0.0	0.0	0.0
2063	0.0	-2.4	-2.4	129.5	-8.1	0.0	0.0	0.0
2064	0.0	-2.3	-2.3	131.8	-8.2	0.0	0.0	0.0
2065	0.0	-2.3	-2.3	134.1	-8.3	0.0	0.0	0.0
2066	0.0	-2.2	-2.2	136.3	-8.3	0.0	0.0	0.0
2067	0.0	-2.2	-2.2	138.5	-8.4	0.0	0.0	0.0
2068	0.0	-2.2	-2.2	140.6	-8.4	0.0	0.0	0.0
2069	0.0	-2.1	-2.1	142.7	-8.5	0.0	0.0	0.0
2070	0.0	-2.1	-2.1	144.8	-8.6	0.0	0.0	0.0
2071	0.0	-2.0	-2.0	146.9	-8.6	0.0	0.0	0.0
2072	0.0	-2.0	-2.0	148.9	-8.7	0.0	0.0	0.0
2073	0.0	-2.0	-2.0	150.8	-8.7	0.0	0.0	0.0
2074	0.0	-1.9	-1.9	152.8	-8.8	0.0	0.0	0.0
2075	0.0	-1.9	-1.9	154.7	-8.8	0.0	0.0	0.0
2076	0.0	-1.9	-1.9	156.5	-8.9	0.0	0.0	0.0
2077	0.0	-1.8	-1.8	158.4	-8.9	0.0	0.0	0.0
2078	0.0	-1.8	-1.8	160.2	-9.0	0.0	0.0	0.0
2079	0.0	-1.8	-1.8	161.9	-9.0	0.0	0.0	0.0
2080	0.0	-1.7	-1.7	163.7	-9.1	0.0	0.0	0.0
2081	0.0	-1.7	-1.7	165.3	-9.1	0.0	0.0	0.0
2082	0.0	-1.7	-1.7	167.0	-9.2	0.0	0.0	0.0
2083	0.0	-1.6	-1.6	168.6	-9.2	0.0	0.0	0.0
2084	0.0	-1.6	-1.6	170.2	-9.2	0.0	0.0	0.0
2085	0.0	-1.6	-1.6	171.8	-9.3	0.0	0.0	0.0
2086	0.0	-1.5	-1.5	173.3	-9.3	0.0	0.0	0.0
2087	0.0	-1.5	-1.5	174.8	-9.4	0.0	0.0	0.0
2088	0.0	-1.5	-1.5	176.2	-9.4	0.0	0.0	0.0
2089	0.0	-1.4	-1.4	177.7	-9.4	0.0	0.0	0.0
2090	0.0	-1.4	-1.4	179.1	-9.5	0.0	0.0	0.0
2091	0.0	-1.4	-1.4	180.4	-9.5	0.0	0.0	0.0
2092	0.0	-1.3	-1.3	181.8	-9.5	0.0	0.0	0.0
2093	0.0	-1.3	-1.3	183.1	-9.6	0.0	0.0	0.0
2094	0.0	-1.3	-1.3	184.3	-9.6	0.0	0.0	0.0
2095	0.0	-1.3	-1.3	185.6	-9.6	0.0	0.0	0.0
2096	0.0	-1.2	-1.2	186.8	-9.6	0.0	0.0	0.0
2097	0.0	-1.2	-1.2	188.0	-9.7	0.0	0.0	0.0
2098	0.0	-1.2	-1.2	189.2	-9.7	0.0	0.0	0.0
Total 2024-2098	0.0	-189.2	-189.2					

Notes: Based on Intermediate Assumptions of the 2024 Trustees Report.
 Ultimate Real Trust Fund Yield of 2.3%.

¹ Changes reflect the budget scoring convention that presumes benefits not payable after reserve depletion would nonetheless be paid, based on transfers from the General Fund of the Treasury resulting in additional borrowing from the public.

² On-budget cash flows reflect reimbursement from the General Fund of the Treasury to the OASI and DI Trust Funds making up for the elimination of taxation of Social Security benefits. Effects for the Hospital Insurance Trust Fund are not reflected in this table.

³ New revenues from the proposal reduce theoretical debt held by the public.

Office of the Chief Actuary
 Social Security Administration
 September 25, 2024

**Table 1b.n - OASDI Changes & Implications for Federal Budget Scoring¹ and Federal Debt of Specified Plan Provision Effects on OASDI (Nominal Dollars)
"Social Security Survivor Benefits Equity Act", Introduced by Senator Welch**

<i>Billions of Nominal Dollars</i>									
<u>Year</u>	Specified General Fund Transfers	Basic Changes in OASDI Cash Flow	Change in Annual Unified Budget Cash Flow ²	Change in Debt Held by Public at End of Year ^{3,4}	Change in Annual Unified Budget Balance ¹	Change in Annual On Budget Cash Flow	Change in Total Federal Debt Subject to Limit End of Year ¹	Change in Annual On Budget Balance ¹	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
2024	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
2025	0.0	-3.7	-3.7	3.8	-3.8	0.0	0.0	0.0	
2026	0.0	-3.9	-3.9	7.8	-4.0	0.0	0.0	0.0	
2027	0.0	-4.1	-4.1	12.2	-4.3	0.0	0.0	0.0	
2028	0.0	-4.2	-4.2	16.8	-4.6	0.0	0.0	0.0	
2029	0.0	-4.4	-4.4	21.8	-5.0	0.0	0.0	0.0	
2030	0.0	-4.6	-4.6	27.1	-5.3	0.0	0.0	0.0	
2031	0.0	-4.8	-4.8	32.8	-5.7	0.0	0.0	0.0	
2032	0.0	-5.0	-5.0	38.9	-6.1	0.0	0.0	0.0	
2033	<u>0.0</u>	<u>-5.2</u>	<u>-5.2</u>	45.5	-6.6	<u>0.0</u>	0.0	0.0	
Total 2024-2033	0	-39.8	-39.8			0.0			

Notes: Based on Intermediate Assumptions of the 2024 Trustees Report.

¹ Changes reflect the budget scoring convention that presumes benefits not payable after reserve depletion would nonetheless be paid, based on transfers from the General Fund of the Treasury resulting in additional borrowing from the public.

² On-budget cash flows reflect reimbursement from the General Fund of the Treasury to the OASI and DI Trust Funds making up for the elimination of taxation of Social Security benefits. Effects for the Hospital Insurance Trust Fund are not reflected in this table.

³ New revenues from the proposal reduce theoretical debt held by the public.

⁴ Includes the accumulated effect of interest income.

Office of the Chief Actuary
Social Security Administration
September 25, 2024