

# Options to Protect Social Security



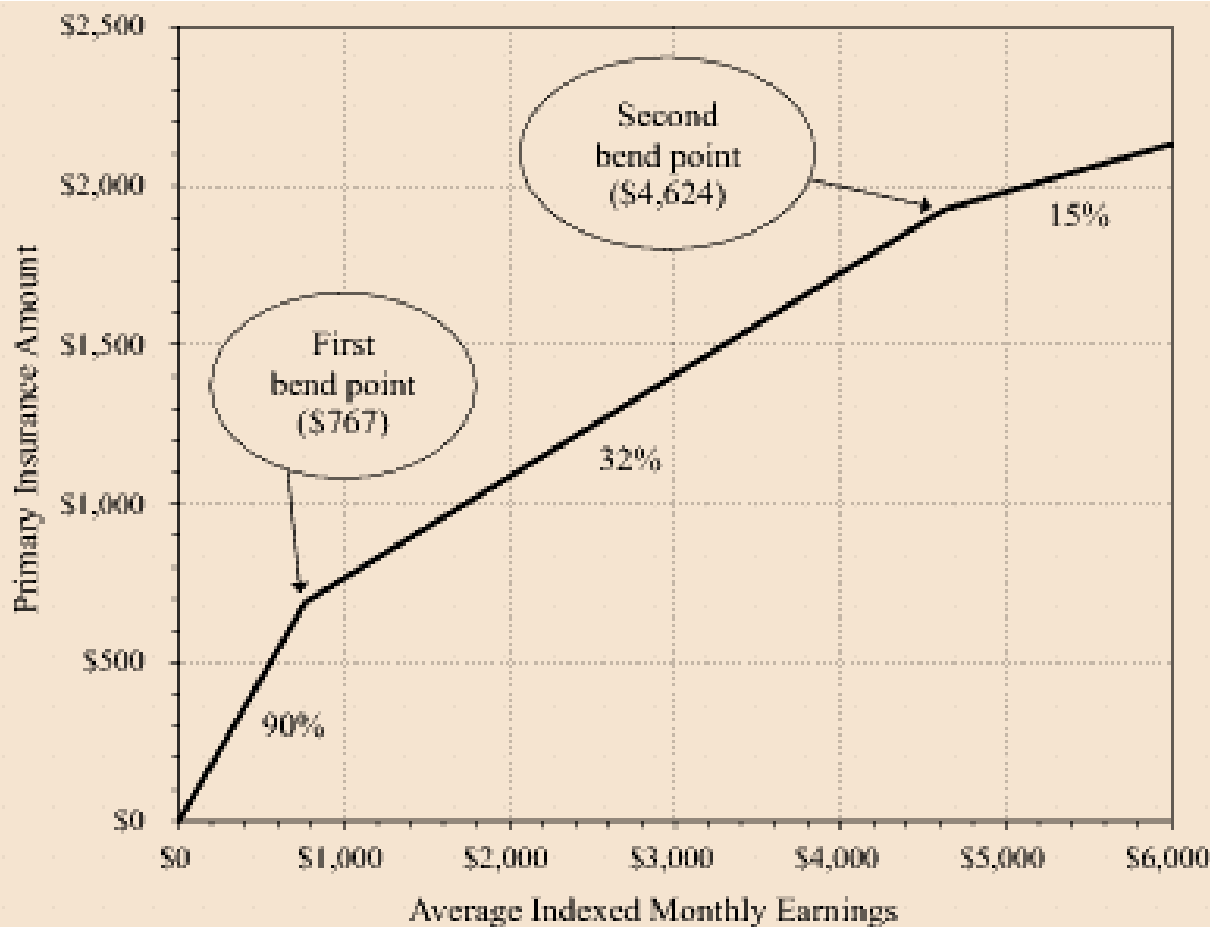
# We Have A Choice

- **Raise Scheduled Revenue**
  - Increase payroll tax
  - **Increase taxable maximum**
  - Increase revenue from taxation of benefits
  - Find other sources of revenue, expand coverage
- **Lower Scheduled Benefits**
  - **Change benefit formula**
  - Reduce benefits for dependents
  - Reduce cost of living adjustments
  - Increase retirement age
- **Benefit Adequacy**
  - **Increase benefits for lower income by establishing a minimum benefit**
  - Increase benefits for widows and widowers, childcare credits, student benefits, increase benefits for oldest
- *Enacting Change Relatively Soon*
  - More advance notice
  - Gradual change
  - More options

# Raise Scheduled Revenues: Provisions Affecting OASDI Contribution and Benefit Base

- These provisions modify the OASDI contribution and benefit base (taxable maximum). The OASDI contribution and benefit base serves the following two purposes:
  - As a contribution base, it establishes the maximum annual amount of covered earnings subject to OASDI payroll taxes.
  - As a benefit base, it establishes the maximum amount of earnings creditable for the purpose of benefit computation.
- \$110,100 in 2012

# Adjusting the benefit formula: formula shown for those newly eligible in 2012



**Can  
change  
bend  
points or  
formula  
factors**

# Benefit Adequacy: Introducing a Minimum Primary Insurance Amount (PIA)

- **Beginning in 2012, establish a minimum benefit for a 30-year worker:**
  - A year of work equals one in which 4 quarters of coverage are earned (about \$4,520 in 2012).
  - Minimum PIA equals about \$1,128 at start.
- **For workers with less than 30 years:**
  - PIA for each year of coverage over 10 equals \$56.40.
  - $\$56.40 * (30-10) = \$1,128$

# What You Can Do

Learn more about the current program & the future financial challenges at:



<http://www.ssa.gov/OACT/solvency/provisions/index.html>