

Proposals to Expand Benefits

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Expanding Benefits

1. Expand the population covered by Social Security
 - Example: Cover all State and Local Government Employees
2. Increase benefits for those already covered by Social Security
 - Focus of this presentation

Increasing Benefits (Examples)

- Increase the Special Minimum Benefit
- Extend student benefits
- Increase all benefits by 5%
- Increase benefits for beneficiaries 85+
- Childcare Credits

Special Minimum Benefit

The special minimum benefit is a special minimum primary insurance amount (PIA) enacted in 1972 to provide adequate benefits to long-term low earners. The first full special minimum PIA in 1973 was \$170 per month. Beginning in 1979, its value has increased with price growth and is about \$875 per month in 2018.

Special Minimum Benefit Effective December 2018

Number of years of coverage	Primary Insurance Amount
11	\$41.90
12	\$85.60
13	\$129.40
14	\$173.00
15	\$216.30
16	\$260.30
17	\$304.00
18	\$347.70
19	\$391.40
20	\$435.30
21	\$479.00
22	\$522.40
23	\$566.90
24	\$610.50
25	\$653.80
26	\$698.30
27	\$741.40
28	\$785.10
29	\$828.90
30	\$872.50

Increase the Special Minimum Benefit

One option is to increase Social Security's special minimum benefit to pay 125% of the poverty level at full retirement age for someone who has worked 30 years or more.

- The poverty level is currently \$12,490 a year for one person, so the new full special minimum PIA would be about \$1,300, roughly 50% higher than current-law
- The Special Minimum PIA would be wage-indexed going forward
- Year of coverage would be re-defined from \$14,805 in 2019 to \$5,440
- Targets benefit increases for lower wage workers
- Increases the financing gap by 6%

Extend Student Benefits

Extend student benefits until age 22 for children of deceased or disabled workers if the child is in college or vocational school.

- Currently, a “student beneficiary” refers to an 18-year old child of a retired, disabled, or deceased worker who is enrolled in secondary school or below
- From 1965 through 1981, these benefits continued until age 22 if the child was in college or vocational school
- This change alone increases the financing gap by 2%

Increase all Benefits

One option is to increase the monthly benefit amount for all beneficiaries now and in the future by 5%.

- 5% of the average retired worker benefit would be about \$73 a month in 2019
- Dollar increase based on own benefit level
- Increases the financing gap by 28%
- Alternatively, could apply same dollar increase to all beneficiaries

Increase Benefits for Older Beneficiaries

One option is to increase the monthly benefit amount for all beneficiaries aged 85 and older now and in the future by 5% of the average retired worker benefit.

- Same dollar increase applied to all beneficiaries eligible based on age
- Older ages targeted due to increased risk of inadequate benefit levels
- Further insurance against longevity
- Increases the financing gap by 4%

Childcare Credits

Provide Social Security earnings credits for up to 5 years to parents with young children under 6 years of age.

- The amount of the earnings credit would be half of the Social Security Average Wage (\$25,161 in 2017)
- Under current law, retired worker benefits are calculated using highest 35 years of earnings
- Would replace as many as the 5 lowest earning years in which one has a child under age 6
- Increases the financing gap by 8%