

# **Proposals to Expand Benefits**

**NASI 2017 Summer Academy for Interns  
August 10, 2017**

**Daniel Nickerson  
Office of the Chief Actuary  
Social Security Administration**



# 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
- Reinstate 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 \$832 per month in 2016.

## Special Minimum Benefit Effective December 2016

Number of years of coverage	Primary Insurance Amount
11	\$40.00
12	\$81.70
13	\$123.50
14	\$165.00
15	\$206.40
16	\$248.40
17	\$290.00
18	\$331.70
19	\$373.40
20	\$415.20
21	\$456.90
22	\$498.30
23	\$540.70
24	\$582.30
25	\$623.60
26	\$666.00
27	\$707.20
28	\$748.90
29	\$790.60
30	\$832.20

# 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 about \$12,000 a year for one person, so the new full special minimum PIA would be about \$1,250, roughly 50% higher than current-law
- The Special Minimum PIA would be wage-indexed going forward
- Year of coverage would be re-defined from \$14,175 in 2017 to \$5,200
- Targets benefit increases for lower wage workers
- Increases the financing gap by 5%

# Reinstate Student Benefits

Reinstate 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% of the average SS benefit.

- 5% of the average SS benefit would be about \$65 a month in 2017
- Same dollar increase applied to all beneficiaries
- Increases the financing gap by 27%



# 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 (\$24,049 in 2015)
- 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%