

7.65% Solution

a Social Security reform proposal

A Detailed Look at the

7.65% Solution

Introduction

The following tables demonstrate the projected impact of eight specific policies on Social Security and Medicare receipts, outlays, and accumulated funds. For simplicity and consistency all figures are represented as a percent of either the 2006 Social Security Administration (SSA) intermediate projection of Gross Domestic Product (GDP) (column 2) or the author's projection of GDP (column 3). The following analysis is broken down into three steps. In step one, reform policy effects on receipts are calculated. In step two, reform policy effects on outlays are calculated and in step three the overall effect of debt financing on accumulated funds is determined.

Step One: Calculate Policy Effects on Receipts (See chart to right)

Columns 4 through 9 contain forecasts of system receipts provided by the Social Security Administration. Columns 10 through 16 encompass the calculation of policy effects on receipts as described below.

POLICY A • Collect Employer's Portion of the Payroll Tax (Column 10)

Policy A eliminates the worker's portion of the payroll tax and allows workers to save their portion of the tax and build a nest egg in a protected personal account.

POLICY B • System On-Budget Transfers (Column 11)

Policy B continues on-budget transfers to the Social Security trust fund at the 2007 Social Security Administration forecast.

POLICY C • Capture Growth Generated Receipts (Columns 12-14)

Policy C specifically requires the government to use the greater tax receipts generated through the legislation's impact on GDP growth to help finance the transition to the new system. Column 12 shows federal tax receipts in absence of reform. Column 13 shows federal tax receipts when reform is adopted and greater GDP growth is achieved. The difference between columns 12 and 13 is shown in column 14 and represents captured growth. Column 14 is combined with columns 10 and 11 to calculate total receipts as shown in column 16. In comparing projected receipts without the new policies (column 15) with the receipts after the new policies, a significant difference is apparent. In the first few years column 15 is much larger than column 16. However, greater growth in GDP aids the new system in quickly outpacing the old program.

Model Assumptions

1. The model assumes the average annual federal tax revenue, after personal accounts are adopted, can be expressed as 15.55% of GDP.
2. When making the initial benefit calculation using the Consumer Price Index-Urban Wage Earners (CPI-U) instead of the wage index the model assumes the average difference to be 1.1%.
3. In calculating savings by changing the cost of living adjustment (COLA) to the C-CPI-U instead of the CPI-U, the model assumes the difference to be approximately .6 of a percent.
4. When projecting the time for which the current system would need to remain intact the model assumes the average life expectancy of a 65-year-old is 18 years.
5. The model assumes that Disability Insurance (DI) outlays are represented as .53% of GDP.
6. All other forecasts for Social Security outlays and receipts come from actuarial projections published by either the Social Security Administration (SSA) or the Department of Health and Human Services (HHS).

Calculations based on SSA 2006 Intermediate GDP Projection and 7.65% Solution 2006 Endogenous Growth Estimates

Year	GDP Projections		Payroll Tax Receipts		Other Medicare Receipts				Policy A	Policy B	Policy C			Receipt Comparison	
	SSA	7.65% Solution	OASDI	HI	Benefit Taxes	Premiums	State Transfers	General Revenue Transfers	Collect only employer's 7.65%	Eliminate on-budget transfers	Capture growth generated receipts to fund the transitions			Without Policies	With Policies
	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
2007	\$ 13,886,000	\$ 14,062,759	4.8%	1.4%	0.1%	0.4%	0.1%	1.5%	\$ 435,242	\$ 208,290	\$ 2,159,273	\$ 2,186,759	\$ 27,486	\$ 1,138,652	\$ 671,018
2008	\$ 14,620,000	\$ 14,994,544	4.9%	1.4%	0.1%	0.4%	0.1%	1.4%	\$ 467,830	\$ 219,300	\$ 2,273,410	\$ 2,331,652	\$ 58,242	\$ 1,209,074	\$ 745,371
2009	\$ 15,366,000	\$ 15,960,582	4.9%	1.4%	0.1%	0.5%	0.1%	1.5%	\$ 498,768	\$ 230,490	\$ 2,389,413	\$ 2,481,871	\$ 92,458	\$ 1,289,207	\$ 821,716
2010	\$ 16,141,000	\$ 16,979,442	4.9%	1.4%	0.1%	0.4%	0.1%	1.4%	\$ 531,457	\$ 242,115	\$ 2,509,926	\$ 2,640,303	\$ 130,378	\$ 1,325,176	\$ 903,949
2011	\$ 16,937,000	\$ 18,044,315	4.9%	1.4%	0.1%	0.5%	0.1%	1.5%	\$ 566,591	\$ 254,055	\$ 2,633,704	\$ 2,805,891	\$ 172,187	\$ 1,419,321	\$ 992,834
2012	\$ 17,748,000	\$ 19,150,131	4.9%	1.4%	0.1%	0.5%	0.1%	1.5%	\$ 601,314	\$ 266,220	\$ 2,759,814	\$ 2,977,845	\$ 218,031	\$ 1,499,706	\$ 1,085,565
2013	\$ 18,544,000	\$ 20,265,628	4.9%	1.4%	0.1%	0.5%	0.1%	1.6%	\$ 637,354	\$ 278,160	\$ 2,883,592	\$ 3,151,305	\$ 267,713	\$ 1,583,658	\$ 1,183,227
2014	\$ 19,378,000	\$ 21,448,616	4.9%	1.4%	0.1%	0.5%	0.1%	1.6%	\$ 673,487	\$ 290,670	\$ 3,013,279	\$ 3,335,260	\$ 321,981	\$ 1,668,446	\$ 1,286,137
2015	\$ 20,274,000	\$ 22,727,769	4.9%	1.4%	0.1%	0.5%	0.1%	1.7%	\$ 712,516	\$ 304,110	\$ 3,152,607	\$ 3,534,168	\$ 381,561	\$ 1,755,728	\$ 1,398,187
2016	\$ 21,216,000	\$ 24,088,331	4.9%	1.4%	0.1%	0.5%	0.1%	1.7%	\$ 755,169	\$ 318,240	\$ 3,299,088	\$ 3,745,736	\$ 446,648	\$ 1,850,035	\$ 1,520,057
2017	\$ 22,190,000	\$ 25,516,980	4.9%	1.4%	0.1%	0.5%	0.1%	1.8%	\$ 799,957	\$ 332,850	\$ 3,450,545	\$ 3,967,890	\$ 517,345	\$ 1,961,596	\$ 1,650,153
2018	\$ 23,204,000	\$ 27,024,938	4.9%	1.4%	0.2%	0.6%	0.1%	1.9%	\$ 845,881	\$ 348,060	\$ 3,608,222	\$ 4,202,378	\$ 594,156	\$ 2,069,797	\$ 1,788,096
2019	\$ 24,262,000	\$ 28,619,290	4.9%	1.4%	0.2%	0.6%	0.1%	2.0%	\$ 895,784	\$ 363,930	\$ 3,772,741	\$ 4,450,300	\$ 677,559	\$ 2,186,006	\$ 1,937,272
2020	\$ 25,369,000	\$ 30,308,599	4.9%	1.4%	0.2%	0.6%	0.1%	2.0%	\$ 947,144	\$ 380,535	\$ 3,944,880	\$ 4,712,987	\$ 768,108	\$ 2,308,579	\$ 2,095,786
2021	\$ 26,507,000	\$ 32,074,314	4.9%	1.4%	0.2%	0.6%	0.1%	2.1%	\$ 1,002,322	\$ 397,605	\$ 4,121,839	\$ 4,987,556	\$ 865,717	\$ 2,438,644	\$ 2,265,645
2022	\$ 27,696,000	\$ 33,942,838	4.9%	1.4%	0.2%	0.6%	0.1%	2.2%	\$ 1,059,017	\$ 415,440	\$ 4,306,728	\$ 5,278,111	\$ 971,383	\$ 2,455,728	\$ 2,445,840
2023	\$ 28,926,000	\$ 35,905,098	4.9%	1.4%	0.2%	0.7%	0.1%	2.3%	\$ 1,120,239	\$ 433,890	\$ 4,497,993	\$ 5,583,243	\$ 1,365,310	\$ 2,721,937	\$ 2,919,439
2024	\$ 30,211,000	\$ 37,981,264	4.9%	1.4%	0.2%	0.7%	0.1%	2.3%	\$ 1,185,015	\$ 453,165	\$ 4,697,811	\$ 5,906,087	\$ 1,800,784	\$ 2,876,087	\$ 3,438,964
2025	\$ 31,536,000	\$ 40,156,003	4.9%	1.4%	0.2%	0.7%	0.1%	2.4%	\$ 1,250,859	\$ 473,000	\$ 4,903,848	\$ 6,244,258	\$ 1,966,844	\$ 3,036,917	\$ 3,690,744
2026	\$ 32,918,000	\$ 42,453,847	4.9%	1.4%	0.2%	0.7%	0.1%	2.5%	\$ 1,322,437	\$ 493,770	\$ 5,118,749	\$ 6,601,573	\$ 2,144,043	\$ 3,202,921	\$ 3,960,250
2027	\$ 34,362,000	\$ 44,885,033	4.9%	1.3%	0.2%	0.7%	0.1%	2.6%	\$ 1,395,925	\$ 515,430	\$ 5,343,291	\$ 6,979,623	\$ 2,335,416	\$ 3,377,785	\$ 4,246,771
2028	\$ 35,879,000	\$ 47,468,060	4.9%	1.3%	0.2%	0.8%	0.1%	2.7%	\$ 1,473,883	\$ 538,185	\$ 5,579,185	\$ 7,381,283	\$ 2,540,227	\$ 3,566,373	\$ 4,552,295
2029	\$ 37,466,000	\$ 50,203,739	4.9%	1.3%	0.2%	0.8%	0.1%	2.7%	\$ 1,558,826	\$ 561,990	\$ 5,825,963	\$ 7,806,681	\$ 2,760,131	\$ 3,765,333	\$ 4,880,948
2030	\$ 39,112,000	\$ 53,082,078	4.9%	1.3%	0.2%	0.8%	0.1%	2.8%	\$ 1,648,199	\$ 586,680	\$ 6,081,916	\$ 8,254,263	\$ 2,996,446	\$ 3,969,868	\$ 5,231,325
2031	\$ 40,829,000	\$ 56,123,658	4.9%	1.3%	0.2%	0.8%	0.1%	2.9%	\$ 1,737,027	\$ 612,435	\$ 6,348,910	\$ 8,727,229	\$ 3,249,639	\$ 4,176,807	\$ 5,599,101
2032	\$ 42,634,000	\$ 59,356,874	4.9%	1.3%	0.2%	0.9%	0.1%	3.0%	\$ 1,837,095	\$ 639,510	\$ 6,629,587	\$ 9,229,994	\$ 3,518,954	\$ 4,404,092	\$ 5,995,560
2033	\$ 44,535,000	\$ 63,594,291	4.9%	1.3%	0.2%	0.9%	0.1%	3.0%	\$ 1,965,064	\$ 668,025	\$ 6,925,193	\$ 9,888,912	\$ 3,947,841	\$ 4,631,640	\$ 6,580,930
2034	\$ 46,526,000	\$ 68,141,691	4.9%	1.3%	0.2%	0.9%	0.1%	3.1%	\$ -	\$ 697,890	\$ 7,234,793	\$ 10,596,033	\$ 4,414,029	\$ 4,875,925	\$ 5,111,919
2035	\$ 48,593,000	\$ 72,995,203	4.8%	1.3%	0.2%	0.9%	0.1%	3.1%	\$ -	\$ 728,895	\$ 7,556,212	\$ 11,350,754	\$ 4,922,318	\$ 5,126,562	\$ 5,651,213
2036	\$ 50,739,000	\$ 78,175,143	4.8%	1.3%	0.2%	0.9%	0.2%	3.2%	\$ -	\$ 761,085	\$ 7,889,915	\$ 12,156,235	\$ 5,470,217	\$ 5,393,556	\$ 6,231,302
2037	\$ 52,988,000	\$ 83,735,340	4.8%	1.3%	0.2%	1.0%	0.2%	3.3%	\$ -	\$ 794,820	\$ 8,239,634	\$ 13,020,845	\$ 6,068,642	\$ 5,675,015	\$ 6,863,462
2038	\$ 55,358,000	\$ 89,724,687	4.8%	1.3%	0.2%	1.0%	0.2%	3.3%	\$ -	\$ 830,370	\$ 8,608,169	\$ 13,952,189	\$ 6,723,537	\$ 5,956,521	\$ 7,553,907
2039	\$ 57,840,000	\$ 96,152,154	4.8%	1.3%	0.2%	1.0%	0.2%	3.3%	\$ -	\$ 867,600	\$ 8,994,120	\$ 14,951,680	\$ 7,433,476	\$ 6,246,720	\$ 8,301,076
2040	\$ 60,423,000	\$ 103,022,964	4.8%	1.3%	0.2%	1.0%	0.2%	3.4%	\$ -	\$ 906,345	\$ 9,395,777	\$ 16,020,071	\$ 8,200,546	\$ 6,549,853	\$ 9,106,891
2041	\$ 63,115,000	\$ 110,373,917	4.8%	1.3%	0.2%	1.0%	0.2%	3.4%	\$ -	\$ 946,725	\$ 9,814,383	\$ 17,163,144	\$ 9,034,723	\$ 6,879,535	\$ 9,981,448
2042	\$ 65,936,000	\$ 118,265,231	4.8%	1.3%	0.2%	1.0%	0.2%	3.5%	\$ -	\$ 989,040	\$ 10,253,048	\$ 18,390,243	\$ 9,943,697	\$ 7,219,992	\$ 10,932,737
2043	\$ 68,891,000	\$ 126,734,936	4.8%	1.3%	0.2%	1.0%	0.2%	3.5%	\$ -	\$ 1,033,365	\$ 10,712,551	\$ 19,707,283	\$ 10,927,440	\$ 7,571,121	\$ 11,960,805
2044	\$ 71,971,000	\$ 135,797,537	4.8%	1.3%	0.2%	1.0%	0.2%	3.5%	\$ -	\$ 1,079,565	\$ 11,191,491	\$ 21,116,517	\$ 11,992,544	\$ 7,931,204	\$ 13,072,109
2045	\$ 75,174,000	\$ 145,480,449	4.8%	1.3%	0.2%	1.1%	0.2%	3.6%	\$ -	\$ 1,127,610	\$ 11,689,557	\$ 22,622,210	\$ 13,140,319	\$ 8,321,762	\$ 14,267,929
2046	\$ 78,501,000	\$ 155,817,901	4.8%	1.3%	0.2%	1.1%	0.2%	3.6%	\$ -	\$ 1,177,515	\$ 12,206,906	\$ 24,229,684	\$ 14,383,419	\$ 8,745,011	\$ 15,560,934
2047	\$ 81,972,000	\$ 166,883,464	4.8%	1.3%	0.2%	1.1%	0.2%	3.7%	\$ -	\$ 1,229,580	\$ 12,746,646	\$ 25,950,379	\$ 15,732,017	\$ 9,164,470	\$ 16,961,597
2048	\$ 85,600,000	\$ 178,742,039	4.7%	1.3%	0.2%	1.1%	0.2%	3.7%	\$ -	\$ 1,284,000	\$ 13,310,800	\$ 27,794,387	\$ 17,187,060	\$ 9,595,760	\$ 18,471,060
2049	\$ 89,387,000	\$ 191,439,990	4.7%	1.3%	0.2%	1.1%	0.2%	3.7%	\$ -	\$ 1,340,805	\$ 13,899,679	\$ 29,768,918	\$ 18,755,198	\$ 10,047,099	\$ 20,096,003
2050	\$ 93,329,000	\$ 205,013,157	4.7%	1.3%	0.2%	1.1%	0.2%	3.8%	\$ -	\$ 1,399,935	\$ 14,512,660	\$ 31,879,546	\$ 20,452,334	\$ 10,527,511	\$ 21,852,269
2051	\$ 97,429,000	\$ 219,513,863	4.7%	1.3%	0.2%	1.1%	0.2%	3.8%	\$ -	\$ 1,461,435	\$ 15,150,210	\$ 34,134,406	\$ 22,282,392	\$ 11,028,963	\$ 23,743,827
2052	\$ 101,707,000	\$ 235,035,446	4.7%	1.3%	0.2%	1.1%	0.2%	3.8%	\$ -	\$ 1,525,605	\$ 15,815,439	\$ 36,548,012	\$ 24,263,981	\$ 11,553,915	\$ 25,789,586
2053	\$ 106,185,000	\$ 251,682,639	4.7%	1.3%	0.2%	1.2%	0.2%	3.9%	\$ -	\$ 1,592,775	\$ 16,511,768	\$ 39,136,650	\$ 26,400,122	\$ 12,083,853	\$ 27,992,897
2054	\$ 110,872,000	\$ 269,536,991	4.7%	1.3%	0.2%	1.2%	0.2%	3.9%	\$ -	\$ 1,663,080	\$ 17,240,596	\$ 41,913,002	\$ 28,701,984	\$ 12,661,582	\$ 30,365,064
2055	\$ 115,752,000	\$ 288,624,177	4.7%	1.3%	0.2%	1.2%	0.2%	3.9%	\$ -	\$ 1,736,280	\$ 17,999,436	\$ 44,881,060	\$ 31,189,339	\$ 13,276,754	\$ 32,925,619
2056	\$ 120,832,000	\$ 309,026,135	4.7%	1.3%	0.2%	1.2%	0.2%	4.0%	\$ -	\$ 1,812,480	\$ 18,789,376	\$ 48,053,564	\$ 33,876,403	\$ 13,907,763	\$ 35,688,883
2057	\$ 126,147,000	\$ 330,901,073													

Real Outlay Comparison Using SSA 2006 intermediate Estimates

Step Two:
Calculate Policy Effects on Outlays

Columns 20 and 21 in this table show the effects policies D through H have on program outlays. In order to calculate the current liabilities of Social Security and Medicare, the programs are broken into separate liability sources and displayed as a percent of the 7.65% Solution's forecast of GDP in columns 2 and 3.

POLICY D • Calculate Initial Benefit Level Using Price Index (Columns 5-6)

Policy D changes the way initial retirement benefits are calculated. Rather than use a wage index, a price index is used. The resulting difference between a wage indexed initial benefit and a price indexed initial benefit can be seen by comparing columns 5 and 6.

POLICY E • Discount OASI Benefits During Transition (Columns 7-12)

Policy E drives the transition to the new system. Future OASI benefits for workers who have had the opportunity to invest their portion of the payroll tax in a Protected Personal Account will be gradually discounted. The discount is calculated according to the number of years they have accumulated funds in their account until, after 25 years, the transition will be complete.

POLICY F • Switch from CPI-U to C-CPI-U (Columns 13-15)

In December of 1999 a new price index was started to more accurately project increases in the cost of living. Policy F changes the price index used to calculate annual cost of living adjustments to the new index.

Calculations based on SSA 2006 Intermediate Assumptions and 7.65% Solution Endogenous Growth Assumptions			7.65% Solution Outlays from OASI		Policy D		Policy E					Policy F			Policy G			Policy H		Outlay Comparison							
Year	SSA Outlay Projections		4	5	6	7	8	9	10	12	13	14	15	16	17	18	19	20	21	Without Policies	With Policies						
	OASDI	Medicare																		Currently Projected Outlays	7.65% Solution Projected Outlays						
				Wage Indexed Benefit	Price Indexed Benefit	Discount Rate	New Role OASI Benefits	Discount Savings	Accumulated Savings	OASI Outlays After Savings	CPI-U COLA increase	C-CPI-U COLA Increase	OASI Outlays After New Index	Current Co-pay Amount	Increase Schedule	Medicare Outlays (HI, SMI (B), SMI (D))	DI Outlays										
2007	4.26%	3.29%	\$	524,541	\$	36,056	\$	35,660	98%	\$	34,946	\$	713	\$	713	\$	523,828	3.2%	2.6%	\$	390,945	\$	73,596	\$	1,048,393	\$	985,225
2008	4.24%	3.39%	\$	556,298	\$	40,751	\$	40,302	96%	\$	38,690	\$	1,612	\$	2,325	\$	553,972	3.2%	2.6%	\$	428,844	\$	77,486	\$	1,115,506	\$	1,056,978
2009	4.27%	3.47%	\$	596,926	\$	42,309	\$	41,843	94%	\$	39,333	\$	2,511	\$	4,836	\$	592,090	3.2%	2.6%	\$	464,453	\$	81,440	\$	1,189,328	\$	1,134,430
2010	4.32%	3.53%	\$	643,521	\$	44,515	\$	44,025	92%	\$	40,503	\$	3,522	\$	8,358	\$	631,352	3.2%	2.6%	\$	512,779	\$	85,547	\$	1,267,069	\$	1,229,678
2011	4.36%	3.60%	\$	691,097	\$	49,292	\$	48,750	90%	\$	43,875	\$	4,875	\$	13,233	\$	677,864	3.2%	2.6%	\$	550,352	\$	89,766	\$	1,348,185	\$	1,313,915
2012	4.44%	3.69%	\$	748,770	\$	63,166	\$	62,471	87%	\$	54,350	\$	8,121	\$	21,354	\$	727,416	3.2%	2.6%	\$	597,484	\$	94,064	\$	1,442,912	\$	1,414,600
2013	4.54%	3.80%	\$	812,652	\$	86,572	\$	85,840	84%	\$	65,306	\$	10,534	\$	31,889	\$	780,763	3.2%	2.6%	\$	648,500	\$	98,283	\$	1,546,570	\$	1,522,862
2014	4.64%	3.90%	\$	881,538	\$	99,274	\$	98,512	81%	\$	85,495	\$	13,017	\$	44,906	\$	836,632	3.2%	2.6%	\$	703,515	\$	102,703	\$	1,654,881	\$	1,637,831
2015	4.74%	4.01%	\$	956,839	\$	113,322	\$	112,493	78%	\$	105,105	\$	16,389	\$	61,294	\$	895,545	3.2%	2.6%	\$	768,199	\$	107,452	\$	1,773,975	\$	1,765,822
2016	4.84%	4.13%	\$	1,038,207	\$	138,923	\$	138,055	75%	\$	125,541	\$	19,514	\$	80,808	\$	957,399	3.2%	2.6%	\$	838,274	\$	112,445	\$	1,903,075	\$	1,902,373
2017	4.95%	4.25%	\$	1,127,851	\$	158,877	\$	158,833	71%	\$	142,302	\$	24,630	\$	105,438	\$	1,022,412	3.2%	2.6%	\$	913,508	\$	117,607	\$	2,041,480	\$	2,047,392
2018	5.06%	4.38%	\$	1,224,230	\$	180,908	\$	180,855	67%	\$	161,630	\$	30,355	\$	135,793	\$	1,088,436	3.2%	2.6%	\$	994,518	\$	122,981	\$	2,190,458	\$	2,199,405
2019	5.16%	4.52%	\$	1,325,073	\$	203,210	\$	203,107	63%	\$	172,438	\$	36,670	\$	172,463	\$	1,152,610	3.2%	2.6%	\$	1,087,533	\$	128,589	\$	2,348,562	\$	2,361,816
2020	5.27%	4.67%	\$	1,436,628	\$	226,819	\$	226,716	59%	\$	183,081	\$	44,531	\$	216,994	\$	1,219,634	3.2%	2.6%	\$	1,191,128	\$	134,456	\$	2,521,679	\$	2,537,900
2021	5.38%	4.83%	\$	1,555,604	\$	250,106	\$	250,003	55%	\$	193,612	\$	51,228	\$	268,222	\$	1,287,383	3.2%	2.6%	\$	1,302,217	\$	140,487	\$	2,706,365	\$	2,722,363
2022	5.48%	5.00%	\$	1,680,170	\$	273,572	\$	273,469	50%	\$	204,107	\$	61,107	\$	329,328	\$	1,350,842	3.2%	2.6%	\$	1,428,993	\$	146,789	\$	2,902,541	\$	2,918,519
2023	5.58%	5.17%	\$	1,813,207	\$	297,037	\$	296,934	45%	\$	215,679	\$	71,719	\$	401,047	\$	1,412,161	3.2%	2.6%	\$	1,561,872	\$	153,308	\$	3,109,545	\$	3,118,867
2024	5.68%	5.35%	\$	1,956,035	\$	321,134	\$	321,031	40%	\$	226,646	\$	81,969	\$	483,015	\$	1,414,099	3.2%	2.6%	\$	1,712,955	\$	160,118	\$	3,332,273	\$	3,278,688
2025	5.78%	5.54%	\$	2,108,190	\$	345,814	\$	345,711	35%	\$	237,672	\$	93,308	\$	579,323	\$	1,406,558	3.2%	2.6%	\$	1,871,270	\$	167,141	\$	3,569,875	\$	3,436,529
2026	5.88%	5.73%	\$	2,271,281	\$	370,090	\$	370,000	30%	\$	250,718	\$	106,676	\$	686,000	\$	1,395,047	3.2%	2.6%	\$	2,050,521	\$	174,465	\$	3,821,780	\$	3,611,663
2027	5.97%	5.92%	\$	2,441,746	\$	394,946	\$	394,856	24%	\$	263,965	\$	120,222	\$	806,221	\$	1,373,841	3.2%	2.6%	\$	2,244,252	\$	182,119	\$	4,085,642	\$	3,791,968
2028	6.05%	6.10%	\$	2,620,237	\$	419,875	\$	419,785	18%	\$	277,070	\$	135,332	\$	941,553	\$	1,342,947	3.2%	2.6%	\$	2,439,858	\$	190,159	\$	4,359,299	\$	3,964,906
2029	6.12%	6.29%	\$	2,806,389	\$	445,070	\$	444,980	12%	\$	290,777	\$	152,367	\$	1,093,920	\$	1,301,476	3.2%	2.6%	\$	2,665,819	\$	198,570	\$	4,649,531	\$	4,158,056
2030	6.18%	6.48%	\$	2,999,137	\$	470,550	\$	470,460	6%	\$	303,714	\$	167,850	\$	1,261,770	\$	1,250,904	3.2%	2.6%	\$	2,908,898	\$	207,294	\$	4,951,579	\$	4,359,590
2031	6.24%	6.66%	\$	3,204,661	\$	495,310	\$	495,220	0%	\$	316,348	\$	176,348	\$	1,438,119	\$	1,201,249	3.2%	2.6%	\$	3,159,762	\$	216,394	\$	5,266,941	\$	4,570,197
2032	6.28%	6.83%	\$	3,413,026	\$	520,401	\$	520,311	0%	\$	329,394	\$	180,394	\$	1,618,513	\$	1,148,485	3.2%	2.6%	\$	3,317,313	\$	225,960	\$	5,589,317	\$	4,684,867
2033	6.32%	6.99%	\$	3,682,109	\$	555,492	\$	555,402	0%	\$	342,214	\$	192,214	\$	1,810,727	\$	1,122,829	3.2%	2.6%	\$	3,506,958	\$	236,036	\$	5,927,609	\$	4,859,086
2034	6.35%	7.15%	\$	3,965,846	\$	590,583	\$	590,493	0%	\$	355,099	\$	202,026	\$	2,020,328	\$	1,089,491	3.2%	2.6%	\$	3,700,639	\$	246,588	\$	6,281,010	\$	5,030,181
2035	6.36%	7.32%	\$	4,255,620	\$	625,271	\$	625,181	0%	\$	367,672	\$	225,398	\$	2,253,968	\$	1,040,844	3.2%	2.6%	\$	3,875,783	\$	257,543	\$	6,647,522	\$	5,167,924
2036	6.37%	7.48%	\$	4,565,428	\$	660,036	\$	660,000	0%	\$	380,330	\$	249,327	\$	2,497,327	\$	992,688	3.2%	2.6%	\$	4,040,216	\$	268,917	\$	7,027,352	\$	5,295,866
2037	6.38%	7.62%	\$	4,898,517	\$	695,499	\$	695,463	0%	\$	392,765	\$	274,022	\$	2,743,022	\$	948,387	3.2%	2.6%	\$	4,161,889	\$	280,836	\$	7,418,320	\$	5,385,422
2038	6.38%	7.75%	\$	5,248,894	\$	730,233	\$	730,197	0%	\$	405,437	\$	299,529	\$	2,994,529	\$	901,746	3.2%	2.6%	\$	4,266,297	\$	293,397	\$	7,822,085	\$	5,456,030
2039	6.37%	7.86%	\$	5,615,286	\$	765,056	\$	765,020	0%	\$	418,129	\$	325,658	\$	3,257,658	\$	848,746	3.2%	2.6%	\$	4,429,453	\$	306,552	\$	8,230,632	\$	5,443,659
2040	6.36%	7.98%	\$	6,006,239	\$	800,119	\$	800,083	0%	\$	430,928	\$	354,586	\$	3,544,586	\$	787,729	3.2%	2.6%	\$	4,308,946	\$	320,242	\$	8,664,658	\$	5,412,190
2041	6.35%	8.09%	\$	6,423,762	\$	835,661	\$	835,625	0%	\$	443,299	\$	384,884	\$	3,846,884	\$	721,526	3.2%	2.6%	\$	4,263,115	\$	334,510	\$	9,113,806	\$	5,314,821
2042	6.34%	8.19%	\$	6,871,210	\$	870,956	\$	870,920	0%	\$	456,315	\$	417,199	\$	4,174,199	\$	647,283	3.2%	2.6%	\$	4,134,115	\$	349,461	\$	9,580,501	\$	5,126,975
2043	6.33%	8.29%	\$	7,350,626	\$	906,108	\$	906,072	0%	\$	469,136	\$	451,335	\$	4,513,335	\$	563,858	3.2%	2.6%	\$	3,912,789	\$	365,122	\$	10,071,864	\$	4,838,387
2044	6.32%	8.40%	\$	7,862,677	\$	941,784	\$	941,748	0%	\$	481,430	\$	492,765	\$	4,922,765	\$	470,386	3.2%	2.6%	\$	3,629,597	\$	381,446	\$	10,594,131	\$	4,478,607
2045	6.30%	8.50%	\$	8,394,222	\$	978,463	\$	978,427	0%	\$	493,639	\$	535,405	\$	5,354,405	\$	364,538	3.2%	2.6%	\$	3,216,209	\$	398,422	\$	11,125,752	\$	3,976,982
2046	6.29%	8.61%	\$	8,975,111	\$	1,015,506	\$	1,015,470	0%	\$	505,320	\$	582,724	\$	5,827,724	\$	252,191	3.2%	2.6%	\$	2,694,395	\$	416,055	\$	11,696,649	\$	3,361,128
2047	6.29%	8.71%	\$	9,612,488	\$	1,052,417	\$	1,052,381	0%	\$	517,945	\$	631,669	\$	6,316,669	\$	131,913	3.2%	2.6%	\$	1,982,567	\$	434,452	\$	12,295,800	\$	2,548,140
2048	6.28%	8.79%	\$	10,277,667	\$	1,089,535	\$	1,089,500	0%	\$	530,721	\$	683,391	\$	6,833,391	\$	-	3.2%	2.6%	\$	1,107,137	\$	453,680	\$	12,899,920	\$	1,560,817
2049	6.27%	8.87%	\$	10,988,855	\$	1,127,165	\$	1,127,129	0%	\$	543,014	\$	739,405	\$	7,394,405	\$	-	3.2%	2.6%	\$	-	\$	473,751	\$	13,533,192	\$	473,751
2050	6.26%	8.95%	\$	11,747,254	\$	1,165,040	\$	1,165,004	0%	\$	555,254	\$	799,417	\$	7,994,417	\$	-	3.2%	2.6%	\$	494,644	\$	494,644	\$	14,195,341	\$	494,644
2051	6.26%	9.03%	\$	12,578,144	\$	1,202,907	\$	1,202,871	0%	\$	567,144	\$	859,989	\$	8,594,989	\$											

Real Receipt Comparison Using SSA 2006 Intermediate Estimates

Year	Receipt Comparison		Outlay Comparison		Trust Fund Balance Before Interest	Interest Calculation			Projected Fund Comparison		Impact on National Debt	
	Currently Projected Receipts	7.65% Solution Projected Receipts	Currently Projected Outlays	7.65% Solution Projected Outlays		Net Trust Fund Impact	New Interest	Interest	Currently Projected Fund Balance	7.65% Solution Projected Fund Balance	Currently Forecasted National Debt	Adjusted National Debt
1	2	3	4	5	6	7	8	9	10	11	12	13
2007	\$ 1,138,652	\$ 671,018	\$ 1,048,393	\$ 985,225	\$ 1,721,093	\$ (314,207)	\$ 34,422	\$ 68,844	\$ 2,125,559	\$ 1,789,937	\$ (9,295,438)	\$ (9,295,438)
2008	\$ 1,209,074	\$ 745,371	\$ 1,115,506	\$ 1,056,978	\$ 1,409,486	\$ (311,607)	\$ 28,190	\$ 71,597	\$ 2,128,868	\$ 1,578,117	\$ (9,865,335)	\$ (9,865,335)
2009	\$ 1,289,207	\$ 821,716	\$ 1,189,328	\$ 1,134,430	\$ 1,096,772	\$ (312,714)	\$ 21,935	\$ 63,125	\$ 2,135,179	\$ 1,350,463	\$ (10,436,944)	\$ (10,436,944)
2010	\$ 1,325,176	\$ 903,949	\$ 1,267,069	\$ 1,229,678	\$ 771,043	\$ (325,729)	\$ 15,421	\$ 54,019	\$ 2,093,408	\$ 1,094,173	\$ (10,982,658)	\$ (10,982,658)
2011	\$ 1,419,321	\$ 992,834	\$ 1,348,185	\$ 1,313,915	\$ 449,962	\$ (321,081)	\$ 8,999	\$ 43,767	\$ 2,106,435	\$ 825,858	\$ (11,536,685)	\$ (11,536,685)
2012	\$ 1,499,706	\$ 1,085,565	\$ 1,442,912	\$ 1,414,600	\$ 120,927	\$ (329,035)	\$ 2,419	\$ 33,034	\$ 2,092,094	\$ 532,277	\$ (12,118,660)	\$ (12,118,660)
2013	\$ 1,583,658	\$ 1,183,227	\$ 1,546,570	\$ 1,522,862	\$ (218,707)	\$ (339,635)	\$ (4,374)	\$ 21,291	\$ 2,072,388	\$ 209,559	\$ (12,729,994)	\$ (12,729,994)
2014	\$ 1,668,446	\$ 1,286,137	\$ 1,654,881	\$ 1,637,831	\$ (570,401)	\$ (351,693)	\$ (11,408)	\$ 8,382	\$ 2,048,865	\$ (145,160)	\$ (13,372,166)	\$ (13,372,166)
2015	\$ 1,755,728	\$ 1,398,187	\$ 1,773,975	\$ 1,765,822	\$ (938,036)	\$ (367,636)	\$ (18,761)	\$ (5,806)	\$ 2,017,053	\$ (537,363)	\$ (14,046,733)	\$ (14,046,733)
2016	\$ 1,850,035	\$ 1,520,373	\$ 1,903,075	\$ 1,902,373	\$ (1,320,353)	\$ (382,317)	\$ (26,407)	\$ (21,495)	\$ 1,982,260	\$ (967,581)	\$ (14,755,329)	\$ (14,755,329)
2017	\$ 1,961,596	\$ 1,650,153	\$ 2,041,480	\$ 2,047,392	\$ (1,717,593)	\$ (397,240)	\$ (34,352)	\$ (38,703)	\$ 1,955,416	\$ (1,437,876)	\$ (15,499,671)	\$ (15,499,671)
2018	\$ 2,069,797	\$ 1,788,096	\$ 2,190,458	\$ 2,199,405	\$ (2,128,901)	\$ (411,308)	\$ (42,578)	\$ (57,515)	\$ 1,914,639	\$ (1,949,277)	\$ (16,281,562)	\$ (16,281,562)
2019	\$ 2,186,006	\$ 1,937,272	\$ 2,348,562	\$ 2,361,816	\$ (2,553,444)	\$ (424,543)	\$ (51,069)	\$ (77,971)	\$ 1,872,745	\$ (2,502,860)	\$ (17,102,895)	\$ (17,102,895)
2020	\$ 2,308,579	\$ 2,095,786	\$ 2,521,679	\$ 2,537,900	\$ (2,995,557)	\$ (442,113)	\$ (59,911)	\$ (100,114)	\$ 1,822,200	\$ (3,104,999)	\$ (17,965,661)	\$ (17,965,661)
2021	\$ 2,438,644	\$ 2,265,645	\$ 2,722,363	\$ 2,722,363	\$ (3,452,275)	\$ (466,718)	\$ (69,046)	\$ (124,200)	\$ 1,767,579	\$ (3,754,962)	\$ (18,871,950)	\$ (18,871,950)
2022	\$ 2,575,728	\$ 2,445,840	\$ 2,902,541	\$ 2,918,519	\$ (3,924,955)	\$ (472,680)	\$ (78,499)	\$ (150,198)	\$ 1,708,487	\$ (4,456,340)	\$ (19,823,958)	\$ (19,823,958)
2023	\$ 2,721,937	\$ 2,919,439	\$ 3,109,545	\$ 3,118,867	\$ (4,124,384)	\$ (499,429)	\$ (82,488)	\$ (178,254)	\$ 1,647,692	\$ (4,916,510)	\$ (20,823,989)	\$ (20,823,989)
2024	\$ 2,876,087	\$ 3,438,964	\$ 3,332,273	\$ 3,278,688	\$ (3,964,107)	\$ 160,277	\$ (79,282)	\$ (196,660)	\$ 1,579,114	\$ (5,032,176)	\$ (21,874,468)	\$ (21,874,468)
2025	\$ 3,036,917	\$ 3,690,744	\$ 3,569,875	\$ 3,436,529	\$ (3,709,893)	\$ 254,215	\$ (74,198)	\$ (201,287)	\$ 1,502,342	\$ (5,053,446)	\$ (22,977,940)	\$ (22,977,940)
2026	\$ 3,202,921	\$ 3,960,250	\$ 3,821,760	\$ 3,611,663	\$ (3,361,306)	\$ 348,587	\$ (67,226)	\$ (202,138)	\$ 1,416,442	\$ (4,974,223)	\$ (24,137,076)	\$ (24,137,076)
2027	\$ 3,377,785	\$ 4,246,771	\$ 4,085,642	\$ 3,791,968	\$ (2,906,503)	\$ 454,803	\$ (58,130)	\$ (198,969)	\$ 1,327,443	\$ (4,776,519)	\$ (25,354,686)	\$ (25,354,686)
2028	\$ 3,566,373	\$ 4,552,295	\$ 4,359,299	\$ 3,964,906	\$ (2,319,114)	\$ 587,389	\$ (46,382)	\$ (191,061)	\$ 1,242,374	\$ (4,426,573)	\$ (26,633,719)	\$ (26,633,719)
2029	\$ 3,765,333	\$ 4,880,948	\$ 4,649,531	\$ 4,158,056	\$ (1,596,222)	\$ 722,892	\$ (31,924)	\$ (177,063)	\$ 1,151,102	\$ (3,912,669)	\$ (27,977,273)	\$ (27,977,273)
2030	\$ 3,969,868	\$ 5,231,325	\$ 4,951,579	\$ 4,359,590	\$ (724,487)	\$ 871,735	\$ (14,490)	\$ (156,507)	\$ 1,053,589	\$ (3,211,931)	\$ (29,388,604)	\$ (29,388,604)
2031	\$ 4,176,807	\$ 5,599,141	\$ 5,266,941	\$ 4,570,197	\$ 304,417	\$ 1,028,904	\$ 6,088	\$ (128,477)	\$ 945,166	\$ (2,305,415)	\$ (30,871,130)	\$ (30,871,130)
2032	\$ 4,404,092	\$ 5,995,560	\$ 5,589,317	\$ 4,684,867	\$ 1,615,110	\$ 1,310,693	\$ 32,302	\$ (92,217)	\$ 850,075	\$ (1,054,637)	\$ (32,428,444)	\$ (32,428,444)
2033	\$ 4,631,640	\$ 6,580,930	\$ 5,927,609	\$ 4,859,086	\$ 3,336,954	\$ 1,721,844	\$ 66,739	\$ (42,185)	\$ 739,332	\$ 691,761	\$ (34,064,317)	\$ (34,064,317)
2034	\$ 4,875,925	\$ 7,111,919	\$ 6,281,010	\$ 5,030,181	\$ 3,418,692	\$ 81,738	\$ 68,374	\$ 27,670	\$ 630,215	\$ 869,543	\$ (35,782,712)	\$ (35,782,712)
2035	\$ 5,126,562	\$ 7,651,213	\$ 6,647,522	\$ 5,167,924	\$ 3,901,981	\$ 483,289	\$ 78,040	\$ 34,782	\$ 514,339	\$ 1,465,654	\$ (37,587,793)	\$ (37,587,793)
2036	\$ 5,393,556	\$ 8,201,302	\$ 7,027,352	\$ 5,295,866	\$ 4,837,418	\$ 935,457	\$ 96,748	\$ 58,626	\$ 401,504	\$ 2,556,465	\$ (39,483,933)	\$ (39,483,933)
2037	\$ 5,675,015	\$ 8,863,462	\$ 7,418,320	\$ 5,385,422	\$ 6,315,458	\$ 1,478,040	\$ 126,309	\$ 102,259	\$ 291,995	\$ 4,263,073	\$ (41,475,724)	\$ (41,475,724)
2038	\$ 5,956,521	\$ 9,552,907	\$ 7,822,085	\$ 5,456,030	\$ 8,413,335	\$ 2,097,877	\$ 168,267	\$ 170,523	\$ 169,735	\$ 5,199,739	\$ (43,567,993)	\$ (43,567,993)
2039	\$ 6,246,720	\$ 10,246,720	\$ 8,301,076	\$ 6,246,720	\$ 11,270,752	\$ 2,857,417	\$ 225,415	\$ 207,990	\$ 51,388	\$ 5,090,561	\$ (45,765,808)	\$ (45,765,808)
2040	\$ 6,549,853	\$ 10,969,853	\$ 8,664,658	\$ 6,549,853	\$ 14,965,452	\$ 3,694,700	\$ 299,309	\$ 203,622	\$ (79,505)	\$ 5,088,192	\$ (48,074,492)	\$ (48,074,492)
2041	\$ 6,879,535	\$ 11,719,535	\$ 9,081,448	\$ 6,879,535	\$ 19,632,079	\$ 4,666,627	\$ 392,642	\$ 203,528	\$ (198,971)	\$ 5,050,988	\$ (50,499,640)	\$ (50,499,640)
2042	\$ 7,219,992	\$ 12,469,992	\$ 9,580,501	\$ 7,219,992	\$ 25,437,841	\$ 5,805,762	\$ 508,757	\$ 202,040	\$ (325,209)	\$ 5,067,547	\$ (53,047,125)	\$ (53,047,125)
2043	\$ 7,571,121	\$ 13,219,121	\$ 10,071,864	\$ 7,571,121	\$ 32,560,259	\$ 7,122,418	\$ 651,205	\$ 202,702	\$ (465,443)	\$ 5,043,872	\$ (55,723,121)	\$ (55,723,121)
2044	\$ 7,931,204	\$ 14,069,204	\$ 10,594,131	\$ 7,931,204	\$ 41,153,762	\$ 8,593,502	\$ 823,075	\$ 201,755	\$ (627,627)	\$ 5,662,205	\$ (58,534,108)	\$ (58,534,108)
2045	\$ 8,321,762	\$ 14,919,762	\$ 11,125,752	\$ 8,321,762	\$ 51,444,708	\$ 10,290,947	\$ 1,028,894	\$ 226,488	\$ (768,690)	\$ 7,208,534	\$ (61,486,897)	\$ (61,486,897)
2046	\$ 8,745,011	\$ 15,769,011	\$ 11,696,649	\$ 8,745,011	\$ 63,644,514	\$ 12,199,806	\$ 1,272,890	\$ 288,341	\$ (916,338)	\$ 9,969,571	\$ (64,588,642)	\$ (64,588,642)
2047	\$ 9,164,470	\$ 16,618,470	\$ 12,295,800	\$ 9,164,470	\$ 78,057,971	\$ 14,413,457	\$ 1,561,159	\$ 398,783	\$ (1,096,030)	\$ 15,720,035	\$ (67,846,856)	\$ (67,846,856)
2048	\$ 9,595,760	\$ 17,469,760	\$ 12,899,920	\$ 9,595,760	\$ 94,968,214	\$ 16,910,243	\$ 1,899,364	\$ 628,801	\$ (1,268,860)	\$ 35,158,444	\$ (71,269,433)	\$ (71,269,433)
2049	\$ 10,047,099	\$ 18,321,099	\$ 13,533,192	\$ 10,047,099	\$ 114,590,466	\$ 19,622,252	\$ 2,291,809	\$ 1,406,338	\$ (1,450,793)	\$ 58,478,842	\$ (74,864,664)	\$ (74,864,664)
2050	\$ 10,527,511	\$ 19,174,511	\$ 14,195,341	\$ 10,527,511	\$ 135,948,092	\$ 21,357,626	\$ 2,718,962	\$ 2,339,154	\$ (1,632,530)	\$ 84,894,584	\$ (78,641,258)	\$ (78,641,258)
2051	\$ 11,028,963	\$ 20,028,963	\$ 14,896,894	\$ 11,028,963	\$ 159,175,545	\$ 23,227,453	\$ 3,183,511	\$ 3,395,783	\$ (1,832,631)	\$ 114,701,331	\$ (82,608,365)	\$ (82,608,365)
2052	\$ 11,553,915	\$ 20,983,915	\$ 15,632,366	\$ 11,553,915	\$ 184,426,084	\$ 25,250,539	\$ 3,688,522	\$ 4,588,053	\$ (2,043,151)	\$ 148,228,445	\$ (86,775,596)	\$ (86,775,596)
2053	\$ 12,083,853	\$ 21,937,853	\$ 16,394,964	\$ 12,083,853	\$ 211,856,201	\$ 27,430,117	\$ 4,237,124	\$ 5,929,138	\$ (2,275,811)	\$ 185,824,824	\$ (91,153,044)	\$ (91,153,044)
2054	\$ 12,661,582	\$ 22,893,582	\$ 17,196,247	\$ 12,661,582	\$ 241,633,643	\$ 29,777,443	\$ 4,832,673	\$ 7,432,993	\$ (2,499,365)	\$ 227,867,932	\$ (95,751,316)	\$ (95,751,316)
2055	\$ 13,276,754	\$ 23,846,754	\$ 18,057,312	\$ 13,276,754	\$ 273,945,777	\$ 32,312,134	\$ 5,478,916	\$ 9,114,717	\$ (2,745,258)	\$ 274,773,699	\$ (100,581,551)	\$ (100,581,551)
2056	\$ 13,907,763	\$ 24,801,763	\$ 18,958,883	\$ 13,907,763	\$ 308,994,250	\$ 35,048,473	\$ 6,179,885	\$ 10,990,948	\$ (3,015,478)	\$ 326,993,005	\$ (105,655,450)	\$ (105,655,450)
2057	\$ 14,557,364	\$ 25,751,364	\$ 19,905,997	\$ 14,557,364	\$ 346,987,561	\$ 37,993,310	\$ 6,939,751	\$ 13,079,720	\$ (3,313,333)	\$ 385,005,786	\$ (110,985,304)	\$ (110,985,304)
2058	\$ 15,251,323	\$ 26,696,323	\$ 20,888,254	\$ 15,251,323	\$ 388,147,959	\$ 41,160,398	\$ 7,762,959	\$ 15,400,231	\$ (3,601,631)	\$ 449,329,375	\$ (116,584,027)	\$ (116,584,027)
2059	\$ 15,990,901	\$ 27,636,901	\$ 21,917,022	\$ 15,990,901	\$ 432,727,036	\$ 44,579,077	\$ 8,654,541	\$ 17,973,175	\$ (3,890,821)	\$ 520,536,168	\$ (122,465,181)	\$ (122,465,181)
2060	\$ 16,750,418	\$ 28,576,418	\$ 22,994,147	\$ 16,750,418	\$ 480,995,400	\$ 48,268,365	\$ 9,619,908	\$ 20,821,447	\$ (4,208,429)	\$ 599,245,887	\$ (128,643,013)	\$ (128,643,013)
2061	\$ 17,530,461	\$ 29,511,461	\$ 24,108,130	\$ 17,530,461	\$ 533,225,594	\$ 52,230,194	\$ 10,664,512	\$ 23,969,835	\$ (4,542,369)	\$ 686,110,429	\$ (135,132,489)	\$ (135,132,489)
2062	\$ 18,347,245	\$ 30,441,245	\$ 25,291,982	\$ 18,347,245	\$ 589,723,095	\$ 56,497,501	\$ 11,794,462	\$ 27,444,417	\$ (4,909,437)	\$ 781,846,809	\$ (141,949,332)	\$ (141,949,332)
2063	\$ 19,219,939	\$ 31,364,939	\$ 26,535,600	\$ 19,219,939	\$ 650,807,158	\$ 61,084,062	\$ 13,016,143	\$ 31,273,872	\$ (5,280,361)	\$ 887,220,887	\$ (149,110,054)	\$ (149,110,054)
2064	\$ 20,101,714	\$ 32,281,714	\$ 27,825,274	\$ 20,101,714	\$ 716,860,391	\$ 66,053,234	\$ 14,337,208	\$ 35,488,835	\$ (5,688,259)	\$ 1,003,100,164	\$ (156,632,003)	\$ (156,632,003)
2065	\$ 21,041,728	\$ 33,196,728	\$ 29,194,952	\$ 21,041,728	\$ 788,249,114	\$ 71,388,722	\$ 15,764,982	\$ 40,124,007	\$ (6,117,924)	\$ 1,130,377,875	\$ (164,533,402)	\$ (164,533,402)
2066	\$ 22,023,107	\$ 34,107,609	\$ 30,646,500	\$ 22,023,107	\$ 865,371,723	\$ 77,122,609	\$ 17,307,434	\$ 45,215,115	\$ (6,588,094)	\$ 1,270,023,034	\$ (172,833,391)	\$ (172,833,391)
2067	\$ 23,083,025	\$ 35,012,025	\$ 32,141,658	\$ 23,083,025	\$ 948,626,715	\$ 83,254,992	\$ 18,972,534	\$ 50,800,921	\$ (7,023,333)	\$ 1,423,051,481	\$ (181,552,079)	\$ (181,552,079)
2068	\$ 24,153,001	\$ 35,917,001	\$ 33,708,924	\$ 24,153,001	\$ 1,038,510,971	\$ 89,884,2						

Dynamic & Static Score Results

The 7.65% Solution has undergone rigorous evaluation to determine its effectiveness. It has been evaluated by a number of independent groups using a variety of modeling methods. While these evaluations have produced a range of results there has been consensus in the 7.65% Solution's ability to bring Social Security to solvency.

Policy Simulation Group Modeling

The Policy Simulation Group (PSG) is an independent, internationally recognized simulation and analysis firm. PSG is a contributor to the SSA's computer modeling system and is well versed in modeling Social Security reform proposals.

This examination of the 7.65% Solution contrasts the current system and five competing reform scenarios.

The SSA's current system outlook is represented in the graph as Scenario 1.

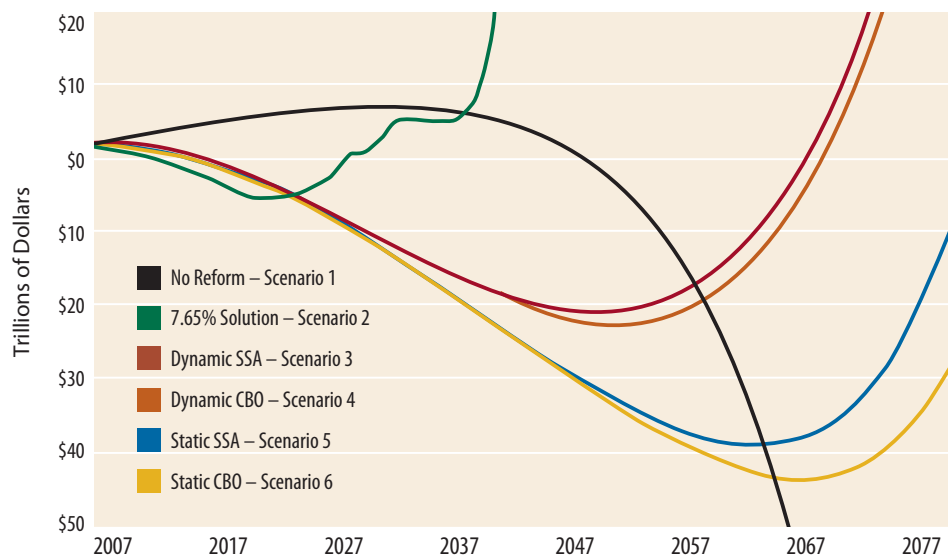
The 2nd scenario was produced by the author and includes the budget transfers specified in the legislation and forecasts new GDP figures using a dynamic growth model.

The 3rd and 4th scenarios represent dynamic analyses contrasted by SSA growth assumptions and CBO growth assumptions respectively. The two scenarios differ only in that the SSA scenario provides for an equity premium of 3.5% above the treasury rate while the CBO scenario allows a risk adjusted rate of return on investment of 0% plus the treasury rate.

The 5th scenario is a static analysis and utilizes the SSA's growth assumptions. The 6th scenario uses the CBO's growth assumptions and is also a static analysis.

Due to the limitations of some models, scenarios 3 through 6 omit Medicare and assume a 6.2% account. The 2nd scenario

Trust Fund Balance Forecasts



includes Medicare and assumes a 7.65% account.

Results

The results of these analyses show that by taking a more realistic view of the effects of savings (scenarios 3 and 4) the long-run outlook for the 7.65% Solution is improved.

The graph above illustrates the five Trust Fund Balances resulting from the analyses of the 7.65% Solution assuming an account adoption rate of 100%. According to the dynamic output of scenario 2 the Trust Fund will remain in a positive balance until 2013. This does however assume the existence of currently available Trust Fund dollars and thus implies a repayment of all borrowed funds.

The static SSA Trust Fund balance falls to nearly minus \$39 trillion in 2064 and then begins a rapid reduction of debt. The static CBO Trust Fund balance reaches a low of minus \$43 trillion in 2068. In both cases the rapid turnaround can be attributed to the ever shrinking number of participants in the traditional program from 2043 and forward.

The dynamic SSA and CBO Trust Fund balances have a smaller accumulation of debt and bring the system into solvency

between 2068 and 2070. The dynamic model represented by scenario 2 most rapidly achieves solvency and its methods are based on empirical evidence acquired following the Chilean reform of 1981.

Definitions

SSA	Social Security Administration
CBO	Congressional Budget Office
GDP	Gross Domestic Product
OMB	Office of Management and Budget

Assumptions – Vary on two points:

1. 70% of new investment will be made domestically and 30% will be offset by foreign investment.
2. Workers will reduce their current savings by 30% of new savings (personal account contributions).
3. All estimates are based on the intermediate assumptions of the Social Security Administration's 2005 Trustees Report.

For simplicity the account contributions begin in 2008. Additionally, PIA-formula-indexing begins in 2008 (that is, benefits are slightly lower in 2008) and COLA offsets begin in 2008 as well. OAI-benefit reduction begins for those born in 1947 (that is, those who are 62 in 2009).

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