



Social Development and World Peace

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Proposals

What do the current proposals do?¹

	Normal Retirement Age²	Guaranteed Benefits^{3, 4}	Cost of Living Adjustment [COLA]	Payroll Tax Rate⁵	Accounts⁶
S. 1792 [Moynihan and Kerrey]	68 in 2023 gradually increasing to 70 in 2073	Over the next 75 years, average benefits would be 16% lower than under the current benefit structure	Reduces COLA 1% below inflation	Cuts rate in short term but increases rate to 13.4% over longer term	2% voluntary contribution taken out of Social Security funds, publicly held
S. 2313 [Gregg and Breaux] H.R. 4256 [Kolbe and Stenholm]	70 in 2029 then indexed to life expectancy, 72+ in 2073	Over the next 75 years, average benefits would be 23% lower; establishes a new minimum benefit	Reduces COLA 0.5% below inflation	No change	2% mandatory carved out of Social Security funds, publicly held
Ball Plan May 1998	No change in current law	Benefits would be 6% lower	No change	No change	Voluntary tax advantaged supplemental accounts, publicly held

Gramlich Advisory Council Plan	67 in 2011 then indexed to life expectancy, 70 in 2073	Overall 25-35% cut in guaranteed benefits	No change	Increases rate 14%	1.6% mandatory new tax only for accounts, publicly held
Weaver-Schieber Advisory Council Plan	Same as Gramlich but also increases early retirement age	Cuts median guaranteed benefit by up to 50%; establishes a \$410 monthly safety net	No change	Increases rate to 13.92%	5% mandatory carved out of Social Security and new tax, privately held

¹ This information is drawn from a number of sources including the Center on Budget and Policy Priorities, the Institute for America's Future, the ARC, Institute for Women's Policy Research, and The Preamble Center for Public Policy.

² "Normal Retirement age" is the age at which full, rather than reduced, Social Security benefits are paid. The majority of Social Security beneficiaries retire and begin drawing benefits before this age.

³ These estimates for benefit reductions are for average workers at age 65 across several time periods during the 75 year period of Social Security analysis.

⁴ Reductions in guaranteed benefits will effect not only retirement benefits but also disability and survivors benefits because the changes in the benefit formula and cost-of-living provisions would apply to disability and survivor benefits as well as to retirement benefits.

⁵ The current payroll tax rate is 12.4% assessed on maximum taxable earnings of \$68,400.

⁶ Accounts means proposals to increase retirement income by diverting funds into individual accounts which are privately or publicly managed or investing part of the trust funds in equities which are publicly held.

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