

Category H: Taxation of Benefits (2011 Trustees Report intermediate assumptions)					
Description of proposed provisions		Change from present law		Results with this provision	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
	Present Law, Alternative II.			-2.22	-4.24
H1	Starting in 2012, tax Social Security benefits in a manner similar to private pension income. Phase out the lower-income thresholds during 2012-2021.	0.28	0.17	-1.94	-4.07
H2	Starting in 2012, tax Social Security benefits in a manner similar to private pension income. Phase out the lower-income thresholds during 2012-2031.	0.25	0.17	-1.97	-4.07
H3	Tax Reform for Individuals: Starting in 2013, modify personal income tax by: (a) establishing two-brackets with marginal rates of 15 and 27 percent separated at \$51,000 (CPI indexed); (b) creating a non-refundable credit for low-income tax filers age 65 and older; and (c) treating capital gains as regular income. Tax all Social Security benefits at the applicable marginal rate (15 or 27 percent) less a non-refundable credit of 7.5 percent. Base revenue to OASDHI on the net marginal rates of 7.5 and 19.5 percent, with 40 percent of revenue dedicated to HI.	-0.02	-0.06	-2.24	-4.30