

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
- 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 about \$850 per month in 2017.

Special Minimum Benefit Effective December 2017

Number of years of coverage	Primary Insurance Amount
11	\$40.80
12	\$83.30
13	\$125.90
14	\$168.30
15	\$210.50
16	\$253.30
17	\$295.80
18	\$338.30
19	\$380.80
20	\$423.50
21	\$466.00
22	\$508.20
23	\$551.50
24	\$593.90
25	\$636.00
26	\$679.30
27	\$721.30
28	\$763.80
29	\$806.40
30	\$848.80

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 \$12,140 a year for one person, so the new full special minimum PIA would be about \$1,265, roughly 50% higher than current-law
- The Special Minimum PIA would be wage-indexed going forward
- Year of coverage would be re-defined from \$14,310 in 2018 to \$5,280
- 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 \$68 a month in 2018
- 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 (\$24,321 in 2016)
- 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%