SOCIAL SECURITY

MEMORANDUM

Date: February 15, 2005 Refer To: TCA

To: Representative Sam Johnson

From: Stephen C. Goss, Chief Actuary
Alice H. Wade, Deputy Chief Actuary

Subject: Estimated Long-Range OASDI Financial Effects of a Proposal for Individual Social Security Investment -- **INFORMATION**

This memorandum presents long-range estimates of the financial effects of the plan you have developed for individual investment accounts that would provide retirement income under the Social Security program. This memorandum includes a description of the plan, reflecting the intent of and specifications for the plan, as provided by Kathleen Black of your staff. While the provisions of the plan described in this memorandum are consistent with the intent of your recently introduced bill *Individual Social Security Investment Program Act of 2005* (H.R. 530), some of the effective dates in the plan description below are based on your earlier bill (H.R. 4895 submitted to the 108^{th} Congress). Some of these effective dates differ by one or two years from those now specified in HR 530. In the interest of providing timely analysis, we are providing estimates with these qualifications. The estimates should be regarded as preliminary, but provide a good indication of the nature of the plan and its potential effects. All estimates are based on the intermediate assumptions of the 2004 Trustees Report, as well as additional assumptions described below.

The plan would offer to workers under age 55 on January 1, 2005 a combination of recognition bonds based on accrued benefit obligations plus an individual account contribution of 6.2 percent of future taxable earnings redirected from the OASDI payroll tax. For those who do not choose this option, current law benefits will continue, but will be based on a price indexed benefit formula. Older workers will remain in the current program without change, and future workers will be automatically enrolled in the individual account program. A minimum benefit financed with general revenue would be available to those participating in the individual account program. In addition, disability and young survivor benefits for these participants would continue unchanged. General revenue transfers would be provided as needed to maintain trust fund solvency during the period of transition. Enactment of this plan would eliminate the Social Security long-range actuarial deficit and meet the criteria for sustainable solvency. The program would be expected to remain solvent throughout the 75-year projection period and for the foreseeable future beyond.

Estimates for this proposal reflect the development of several innovations in our methods and substantial work by Chris Chaplain, Jason Schultz, and others from the Office of the Chief Actuary. Further development and refinement of these methods will allow for improvements in the estimates in the future.

1. Description of Proposal

Individual Account (IA) Program – Participation

Beginning January 1, 2005, the proposal specifies that:

- Individuals born in 1949 and earlier (those 55 or older as of January 1, 2005) would stay in the current system and receive full scheduled benefits.
- All individuals eligible for disabled worker and young survivor benefits as of January 1, 2005 would stay in the current system and receive full scheduled benefits.
- Individuals born in years 1950 through 1982, who are not eligible for disabled worker or young survivor benefits as of January 1, 2005, would be offered the following choice:
  - **a.** Stay with the current OASDI program, subject to a CPI-indexed PIA formula starting with those eligible for benefits in 2012, or
  - **b.** Participate in the IA program. For these individuals, a recognition bond would be granted for the accrued retired worker benefit obligation earned as of January 1, 2005 and an individual account (IA) would be established, with contributions of 6.2 percent of OASDI taxable earnings starting in 2005.
- All individuals born in 1983 and later (those 21 or younger as of January 1, 2005) would participate in the IA program, with contributions of 6.2 percent of OASDI taxable earnings starting in 2005.

IA Program – Recognition bonds

Recognition bonds will be issued on January 1, 2005, for those individuals born in years 1950 through 1982 who choose to participate in the IA plan. The recognition bond will be a zero-coupon Treasury bond maturing on the date of attaining the normal retirement age (NRA)[1] for the original recipient of the bond. The redemption value of the bond at maturity will be explicitly stated on the bond in dollars. It will be calculated using the present value (discounted at the trust fund yield rate to the redemption date or NRA) of expected retired worker benefit obligations accrued prior to January 1, 2005 *assuming the worker will survive to the NRA and retire at that time*. The accrued benefit obligation would be based on a computation of the Primary Insurance Amount (PIA) that would be payable for entitlement to a disabled-worker benefit as of January 1, 2005, increased by assumed growth in the average wage thereafter up to the redemption date. To reflect the fact that the worker would have only contributed for a

[1] The normal retirement age is the age that full benefits are payable. This age is 66 for those born in 1950 to 1954; is 66 and 2 months for those born in 1955; is 66 and 4 months for those born in 1956; is 66 and 6 months for those born in 1957; is 66 and 8 months for those born in 1958; is 66 and 10 months for those born in 1959; and is 67 for those born in 1960 and later.

portion of the potential full career as of January 1, 2005, the PIA used for computing the recognition bond value would be multiplied by:

(Worker's age at the beginning of 2005 minus 22) / 45.

The actual redemption value of the recognition bond would be set equal to the expected amount (present value as of NRA) of future retired worker benefits based on this adjusted PIA assuming the worker survives to NRA with certainty, using unisex mortality, wage and CPI increases, and trust-fund yields at the levels projected for the current Trustees Report at bond issuance.

Three specifications for the calculation of the recognition bond redemption value described above are particularly notable. First, the recognition bond value will be based on potential retired worker benefits only. Spouse, widow(er) and child benefits that may be payable based on the worker's earnings under current law would not be reflected in the recognition bond redemption value. Second, the redemption value of the recognition bonds will be fixed on January 1, 2005 assuming all workers at that time will survive to reach their NRA and receive retirement benefits starting at that time. Some workers who would receive a recognition bond in 2005 will die before attaining their NRA, but the bond will retain its full redemption value in any case. Third, the redemption value will be set in 2005 based on the then current assumptions for future wage growth and future mortality rates after reaching NRA. Actual wage growth (and interest rates) may turn out to be substantially different from what is assumed in 2005, and the life span of individuals will vary considerably. Thus, the redemption bond value will only approximate the actual value of specified benefits based on earnings prior to January 1, 2005 and the difference will vary significantly.

Recognition bonds would, upon issuance, be deposited in the worker's individual account. The recognition bond would be marketable in a regulated secondary market; the proceeds of sale of the bond would be required to be retained in the individual account. No payment would be made by the Federal Government prior to the redemption date of each bond. The value of redemption bonds in the secondary market would be determined by market forces with a full understanding that precisely the face value of the bond would be paid to the holder upon maturity. The bonds would not be indexed in any way to reflect actual wage growth, CPI changes, or interest rates between issuance and redemption.

IA Program –Financing & IA accounts

The OASDI combined payroll tax rate would remain at 12.4 percent. However, for those who choose to participate in the IA program (and all workers born after 1982), 6.2 percent of OASDI taxable earnings (the employee portion) would be deposited in an IA beginning in 2005. The portion not directed to an IA would be retained for the trust funds to cover recognition bond redemptions and OASDI benefits. Transfers from the General Fund of the Treasury would be provided to reimburse the trust funds for the cost of providing a minimum benefit (described below) starting in 2012. Additional revenue needed for the OASDI Trust Funds in the early decades after implementation would be provided in the form of transfers from the General Fund of the Treasury, on an as needed basis. The amount transferred from the General Fund of the Treasury to the OASDI Trust Funds in any year would be determined as the amount needed to ensure that the combined trust fund assets do not at any time within the year fall below 100 percent of annual OASDI program cost.

Individual account contributions redirected for any year to the IAs of a married couple, both of whom are participating, would be combined, and then divided equally between them for deposit in their separate individual accounts. Allocations during marriage would be unaffected by divorce; divorce would terminate all connection between the future IA contributions of previously married couples.

IA accumulations are assumed to be held in accounts with record-keeping by a central administrative authority (CAA) that will offer options for investment, maintain individual records, interface with account holders, and combine assets of all accounts for the purpose of making investments with private investment companies (such as Fidelity, Vanguard, etc.). This approach is important for the purpose of keeping the cost of administering the accounts as low as possible.

The default portfolio allocation for accounts would be 60 percent in broad indexed equity funds and 40 percent in corporate bond funds. However, given the uncertainty and volatility of investments in equity and bond markets, we assume that many workers will choose an investment portfolio that is less heavily weighted toward equities (see assumptions below). A variety of index funds would be offered by the CAA with annual options by the account holder to alter the portfolio.

IA Program – IA disbursement & benefit payments

For those participating in the IA program, a minimum monthly annuity/benefit equal to a specified percent of poverty (before any reduction for retirement before normal retirement age, NRA) would apply for all workers becoming eligible for benefits after 2004. The specified percent of poverty would equal 100 percent for workers with 35 years or more of work (quarters of coverage equal to at least 3.5 times the number of elapsed years), decreasing to 0 percent for workers with 10 years of work (quarters of coverage equal to the number of elapsed years). The poverty level is that for aged individuals, increased by the CPI thereafter. The annual poverty level for aged individuals is $8,825 in 2003. This minimum guarantee, referred to as a minimum PIA, would require purchase of a CPI-indexed life annuity at retirement with all IA assets, including any recognition bond. If an individual's IA assets are not enough to provide the minimum monthly annuity/benefit, then the difference would be provided by the OASDI Trust Funds. However, the General Fund of the Treasury would reimburse the OASDI Trust Funds for the cost of this payment.

The minimum targeted life annuity is 100 percent of poverty. IA accumulations in excess of what is needed to purchase a life annuity equal to 100 percent of poverty would be available to the retiree for any desired purpose. IA contributions are accumulated tax free. Upon distribution, IA balances, including recognition bond amounts, are exempt from taxation. In addition, if at any age, the CPI-indexed life annuity that could be purchased at age 62 with the *current* assets in an individual's IA account is expected to be greater than 100 percent of poverty (assuming the IA assets were thereafter invested solely in Treasury bonds), then the individual would no longer be required to contribute 6.2 percent of taxable earnings to the IA. At that point the individual would no longer contribute to the OASDI program, but the employer would continue to contribute 6.2 percent of the employee's taxable earnings. Self employed workers would pay one half of the tax rate. Additionally at this point in time, the individual would be required to purchase an annuity equal to 100 percent of poverty or to invest the cost of this level annuity in a fixed-income portfolio of assets, i.e. bonds.

For those in the IA plan, present law scheduled disabled worker benefits would be payable up to NRA, with the minimum PIA applying to those who become eligible for benefits in 2012 and later. Auxiliary benefits to children and spouses with child in care would be paid on the account of a disabled worker. Young survivor benefits (child and spouse with child in care) would also be payable based on present law scheduled benefits, with the minimum PIA applying for those who become eligible for benefits in 2012 and later. However, no spouse or non-disabled child benefits would be payable on the accounts of retired worker beneficiaries or accounts of deceased workers (except for the young survivor benefits mentioned above).

At attainment of NRA, disabled worker beneficiaries would convert to retired worker status. Those participating in the IA plan would then be required to purchase a CPI-indexed life annuity not less than the value of the continuation of the disabled-worker benefit (disability benefit prior to conversion with cost-of-living adjustment). If the individual's IA accumulations, including any recognition bond, are insufficient for the purpose, then the OASDI Trust Funds would provide the difference. The OASDI Trust Funds would be reimbursed from the General Fund of the Treasury for the portion of any individual's benefit attributed to providing the minimum PIA.

IA accumulations including any recognition bonds are transferred to the individual account of the surviving spouse (if any) upon death of a worker. A portion of this transfer will be reserved to pay for any potential young survivor benefits. If there is no surviving spouse, then the IA accumulation, less any reserve for potential child survivor benefits, goes to the worker's estate.

CPI-indexed life annuities purchased with IA accumulations (including recognition bonds) are assumed to be provided through the CAA.

Individuals not in the IA program

All individuals born in 1949 and earlier (those 55 or older as of January 1, 2005), as well as those currently entitled to disabled worker or young survivor benefits on January 1, 2005, would remain in the current OASDI program and receive full scheduled benefits in current law. For those individuals born in 1950 through 1982 who remain in the current OASDI program (do not choose to participate in the IA program), all benefit payments (including disability and young survivors) would be subject to a CPI-indexed PIA formula starting for those eligible for benefits in 2012. The benefit formula would modify the primary insurance amount (PIA) formula factors (90, 32, and 15) starting in 2012, reducing them successively by the measured real wage growth in the second prior year. Modified PIA factors would be applicable for OASDI beneficiaries becoming eligible for benefits in 2012 and later. This provision would result in increasing benefit levels for individuals with equivalent lifetime earnings across generations (relative to the average wage level) at the rate of price growth (increase in the CPI), rather than at the rate of growth in the average wage level as in current law. Calculation of the average indexed monthly earnings (AIME) used in computing the PIA would be unaffected by this provision. In addition, the minimum PIA would not apply to these individuals.

2. Assumptions Used for Financial Estimates

The estimates presented in this memorandum are based on the intermediate assumptions of the 2004 Trustees Report plus several additional assumptions relating to specific provisions of this proposal.

Participation in the Individual Account Program

Workers who are at ages 22 through 54 and are not disabled on January 1, 2005 will have the option of choosing to participate in the individual-account/recognition-bond plan. The default option is to remain in the current OASDI program. For the oldest of these workers, most will receive more total benefits from staying in the current system than from switching to the IA plan. This is particularly true for those who are in good health and have potential family members who may become eligible for an auxiliary benefit based on the workers earnings record. The recognition bond reflects an expected accrued benefit for the worker only after reaching NRA and does not include any amount corresponding to potential auxiliary benefits. Moreover, the recognition bond amount is computed with a factor to diminish the normal PIA computation by approximately 11 percent to recognize a longer potential work history than under the current system. Thus, even workers with no family members who are relatively healthy (as will be most of this group as the disabled are not included) and relatively old would expect more benefits from the current system for past contributions than from the recognition bonds.

These factors suggest that workers at age 54 on January 1, 2005 will be relatively unlikely to select the IA/recognition-bond option. We assume that 10 percent of those at this age will opt for the IA plan. For younger workers, however, recognition bonds will represent a smaller and smaller portion of their expected future benefit; the CPI-indexed benefit formula will present a smaller and smaller potential benefit from the current system; and potential IA contributions will have longer and longer to accumulate. Thus, we assume that younger workers will be increasingly likely to opt for the IA plan and that 100 percent participation will occur for those under age 41 on January 1, 2005. Participation rates for workers between ages 40 and 54 are assumed to be decline linearly from 100 to 10 percent.

Individual Account Investments

As indicated above, the default portfolio allocation for individual accounts would be 60 percent in broad indexed equity funds and 40 percent in corporate bond funds. However, given the uncertainty and volatility of investments in equity and bond markets, we assume that many workers will choose an investment portfolio that is less heavily weighted toward equities.

This proposal would replace retirement and aged survivor benefits from the current system completely with the IA and recognition bond accumulations. For many workers this account will represent their primary or only potential source of income in retirement. As a result we expect that workers participating in the IA plan will invest somewhat more conservatively on average than indicated in the default portfolio. We assume that the average portfolio will be 50 percent in equity funds, 30 percent in corporate bond funds, and 20 percent in government (Treasury) bonds. Due to the relatively large size of IAs under this proposal and the specification that accounts and annuities will be managed through a central administrative authority, we assume that administrative expenses will be relatively low, ultimately averaging about 0.25 percent of assets per year. The "*expected*" average annual real yield on IA investments before retirement is assumed to be 4.65 percent (6.5 X 0.5 + 3.5 X 0.3 + 3.0 X 0.2 – 0.25).

Note that for estimates reflecting a *low-yield* assumption we assume that all investments will have an average real yield equal to that expected for long-term treasury bonds, or 3 percent in real terms. Therefore, the assumed net real yield after administrative expenses would be 2.75 percent. These estimates provide projections on a "*risk-adjusted*" basis. Risk-adjusted returns omit any expected return in excess of that for Treasury bonds, because the excess reflects the premium demanded by the market for taking on the increased volatility associated with equities and corporate bonds.

CPI-indexed life annuities purchased from the central administrative authority are assumed to provide an average annual expected real return of 3 percent net of administrative expenses. For the low yield assumption, the net real yield is assumed to be 2.75 percent. For the purpose of illustrations of individual account and annuity assets in this memorandum, we assume that all IA assets will be used to purchase annuities. While the proposal allows for much of the account to be disbursed in other ways for many workers, this variation would not affect the financial estimates presented in this memorandum.

Future returns on IA assets will vary considerably depending both on individual portfolio choices and variation in future returns on specific investments. The average annual real return on long term Treasury bonds is assumed to be 3 percent, consistent with the 2004 Trustees Report. Corporate bonds are assumed to have an average real yield that is about 3.5 percent.

The expected long-term ultimate average annual real yield for equities is assumed to be 6.5 percent. This is somewhat lower than the historical real equity yield over the last several decades. A consensus exists among economists that equity pricing, as indicated by price-to-earnings ratios, may average somewhat higher in the long-term future than in the long-term past. This is consistent with broader access to equity markets and the belief that equities may be viewed as somewhat less "risky" in the future than in the past. Equity pricing will vary in the future as in the past. Price-to-earnings ratios were very high through 1999, and are now lower. The average ultimate real equity yield assumed for estimates in this memorandum is consistent with an average ultimate level of equity pricing somewhat above the average level of the past.

The assumption for an ultimate real equity yield of 7 percent that was used by the Office of the Chief Actuary until 2001 was developed in 1995 with the 1994-6 Advisory Council. At that time, the Trustees assumption for the ultimate average real yield on long-term Treasury bonds was 2.3 percent. Real yields on corporate bonds are believed to bear a close relationship to Treasury bond yields of similar duration. The 2004 Trustees Report includes the assumption that the ultimate real yield on long-term Treasury bonds will average 3 percent, or 0.7 percentage point higher than assumed in 1995. This increase in the assumed bond yield is consistent with a reduction in the perceived risk associated with equity investments.

It should be noted that the precise effects on the yields of equities and corporate bonds is not clear when implementing a plan that would result in a large demand for these securities. This demand would likely be at least partially offset by reductions in demand for other investment mechanisms. For the purpose of these estimates, it is assumed that there will be no net dynamic feedback effects on the economy or on the financial markets.

3. Benefit Levels under the Proposal

Tables B1 and B2 show projected potential benefits under the proposal for two-earner and one-earner married couples, respectively. While a range of potential benefit levels is shown, actual investment returns and total benefit levels could vary considerably, reaching levels both well above and below the range presented.

Table B1 presents monthly benefit levels for one spouse of a two-earner couple. Table B2, however, presents monthly benefit levels for the total married one-earner couple. Effects for single workers (never married) would be more similar to those of the two–earner couples. Potential benefits include both OASDI benefit payments and potential annuity payments based on IA accumulations (including recognition bond values). For these illustrations, it is assumed that workers will retain their recognition bonds essentially until maturity, although some may be expected to sell the bonds on a secondary market even at a relatively young age and invest the proceeds in some other financial security. For simplicity, recognition bonds are assumed to be available for annuitization at age 65. In fact this would be possible by selling the bonds on the secondary market.

Benefits are illustrated for workers retiring at age 65 with various lifetime earnings patterns. These patterns include average career indexed earnings at about 45 percent of the level of the SSA economy wide average wage for the scaled low earner, 100 percent of this level for the scaled medium earner, 160 percent for the scaled high earner, and earnings steadily at the level of the OASDI taxable maximum for the maximum earner[2].

The first three columns provide projected benefits scheduled under current law (column 1), payable under current law (column 2), and scheduled under the proposal for those who do not participate in the IA plan (column 3). In 2045, the CPI-indexed benefit under the proposal for non-IA participants would be close to the level payable under current law for two-earner couples.

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[2] Actuarial note 2004.3 provides details about the calculation of the scaled earner factors. Actuarial note 2004.3 is located at the following internet site: http://www.ssa.gov/OACT/NOTES/ran3/an2004-3.pdf.

The next 5 columns develop the expected total retirement payment under the proposal prior to application of the guaranteed minimum for those in the IA plan. The projected annuity based on the recognition bond would be progressively smaller for subsequent generations who would have had fewer potential work years prior to 2005. Potential IA annuities assuming full annuitization are shown with both an IA accumulation at a low (risk-adjusted) yield and the expected yield for the expected average portfolio. These amounts are summed to show total payments prior to application of the minimum benefit under both investment return assumptions.

The final three columns show the available minimum benefit payment (100 percent of poverty), and the total potential payments under the proposal expressed as a percentage of the current-law scheduled benefit level. For the scaled low earner, the proposal minimum benefit would be expected to provide an increment for retirees at age 65 through 2035. Proposal expected total benefits for the scaled low two-earner couple would decline from 94 percent of current-law scheduled benefits for those retiring at age 65 in 2015, to 72 percent for those retiring at age 65 in 2055. For the low-earner one-earner couple, proposal expected benefits would decline from 90 to 66 percent of the present-law scheduled level.

Medium and higher two-earner couples with expected IA returns would fall short of the CPI-indexed PIA initially, but would exceed that level starting with those retiring in 2035. Older workers would be expected to strongly consider staying in the current program, consistent with our assumption of low participation by the older eligible workers.

While benefits for a scaled medium earner who experienced the low yields consistent with risk adjusted returns would fare little if any better than the CPI-indexed alternative benefit, the scaled high earner retiring in 2045 and later and experiencing the low yields would beat the CPI-indexed benefit. In addition, by 2055 the maximum earner retiree would even beat the present-law scheduled benefit.

Table B2 shows that benefit levels for the one-earner couple would be considerably lower than those for the two earner couple. Only for the one-earner steady maximum couple retiring at 65 in 2055 would expected returns exceed the present-law scheduled benefit.

4. Financial Effects of the Proposal

Tables 1, 1a, 1b, 1b.c, 1c, and 1d illustrate the expected financial implications of enactment of the proposal under the assumptions described above. These effects are described briefly below. Additional tables 2, 2a, 2b, 2b.c, 2c, and 2d provide similar estimates using the low-yield (risk-adjusted) returns on individual account assets described above.

The proposal would replace OASDI retirement and aged survivor benefits with an individual account that would be financed with one half of the payroll tax rate (6.2 percent). This change would apply to all workers under age 22 on January 1, 2005, and to others under age 55 on that date who choose to accept a recognition bond in place of the benefit obligation based on past contributions. Disability and young survivor benefits would be retained as in current law through the normal retirement age. A minimum benefit (PIA) guarantee equal to a specified percent of the poverty level (100 percent for those with at least 35 years of work) would be financed through reimbursements from the General Fund of the Treasury. Those, who do not choose to participate in the IA program, would remain in the current program and be subject to a CPI-indexed PIA formula that provides slower growth in benefits across generations than does the current wage-indexed benefit formula.

Cash Flow and Solvency

In part because the recognition bonds for voluntary participants would mature on the date each worker would attain their normal retirement age, substantial general revenue transfers would be needed to maintain solvency of the OASDI Trust Fund. Table 1 indicates that transfers are expected to be needed from 2013 through 2045, peaking at 9.7 percent of payroll in 2028, and totaling $6.8 trillion in present value (see table 1a.)

After 2045, the OASDI program would be expected to operate with substantial annual positive cash flow (see annual balance on table 1 and the first four columns of table 1c). Table 1 shows that the OASDI Trust Fund would grow at an increasing rate as a percentage of annual program cost after 2045. The large and rising trust fund ratios[3] reflect both the small residual amount of payments made from the OASDI program, and the increasing size of trust fund assets. The OASDI program would clearly satisfy the criteria for sustainable solvency under the proposal.

Relative to current law, net cash flow from the OASDI Trust Fund to the General Fund of the Treasury would be substantially diminished through 2038. After 2038, however, cash flow from the trust funds to the Treasury would be increased over the current program modified to permit borrowing.[4] The proposal is expected to produce positive cash flow from the trust funds beginning 2046.

Total System Assets

Table 1a provides estimates of expected OASDI Trust Fund assets under the proposal in column 5, and estimated individual account (and annuity) assets in column 6. All IA assets are assumed to be fully annuitized in a CPI-indexed life annuity for the purpose of these illustrations. For the purpose of these illustrations, married individuals are assumed to choose a joint & 2/3 survivor annuity[5]. The sum of these amounts may be referred to as total system assets under this proposal. By 2078, expected total system assets are expected to reach over $70 trillion in constant 2004 dollars, or more than double the size of the OASDI Trust Fund ($27 trillion), if all transfers expected under the proposal were provided to current OASDI program (see column 9).

Table 2a, with low-yield assumptions (risk-adjusted) shows that total system assets under the proposal would be over $50 trillion. This amount is still higher than the assets under the current

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[3] The trust fund ratio for a year is calculated as (1) the level of assets at the beginning of the year divided by (2) program cost during the year, excluding recognition bonds.
[4] Without this modification to permit borrowing, the current program would presumably operate with reduced benefits based on available tax revenue after the OASDI Trust Funds exhaust in 2042.
[5] Two-thirds of the benefit level continues to the survivor.

OASDI program with the same general revenue transfers as under the proposal ($28 trillion). This is because of the gradual reduction and eventual elimination under the proposal of retirement benefits other than the individual account annuities.

Recognition Bonds and Effects on the Unified Budget

Tables 1b, 1b.c, 2b, and 2b.c show expected effects on the unified budget of the Federal Government from enactment of this proposal. It should be noted that these effects are not comparable to the effects that would be estimated by the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO), at least in part because the Trustees assumptions used for estimates presented here differ from those of OMB and CBO.

Column 1 shows the projected IA contributions redirected from the trust funds starting in 2005. These contributions, along with distributions upon maturity of recognition bonds starting in 2016 (column 2) represent increased expenditures from the unified budget. Generally lower benefit payments from the OASDI program are reflected in column 3 and would be reductions in expenditures. These changes are combined to produce the net change in unified budget annual cash flow in column 4.

The implications for the size of the federal debt held by the public are shown in column 5. Debt would be increased substantially through the 75-year period, but the increment would be decreasing toward the end of the period.

The net effect on annual unified budget balances, including the debt service from prior year effects on cash flow, is shown in column 6. Negative effects on unified budget balances would gradually decline and reverse to positive changes starting in 2070 under the expected yield scenario and starting in 2072 under the low yield scenario.

Change in Long-Range Trust Fund Assets/Unfunded Obligation

Tables 1d and 2d provide estimates of the amount of assets in the combined OASI and DI Trust Funds at the end of each year, in present discounted value. Negative values do not indicate levels of trust fund assets as the program does not have borrowing authority. Instead, negative values reflect the magnitude of the unfunded obligation of the program through the end of the year. The first column presents these estimates under present law, where the unfunded obligation is $3.7 trillion through 2078, the end of the 75-year long-range period.

Columns 2 through 5 show the annual effects of the components of the proposal that move the OASDI program to elimination of the unfunded obligation. These include:

- The change in the OASDI basic benefits,
- IA contributions redirected from the trust funds to the individual accounts,
- Recognition bond payments from the trust funds to the individual accounts, and
- General Fund transfers needed to reimburse the trust funds for providing the minimum benefit level and to maintain solvency in 2013 through 2045.

The combination of the annual effects in columns 2 through 5 is accumulated in column 6, showing effect on projected trust fund assets, or on the unfunded obligation, through the end of each year. Column 7 shows the resulting trust fund asset levels projected under the proposal. The overall effect of the proposal is to transform the projected $3.7 trillion long-range unfunded obligation for the program under current law into an expected positive trust fund balance of $1.8 trillion at the end of the period.

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Alice H. Wade

Table 1 Johnson Proposal: IA for <55 on 1-1-2005. RB for 21-54 on 1-1-2005

Phased Participation
No Taxation
of RB or IA
Distributions

Ult Real TF Int Rate of 3.00
Ult Real IA Yld Rate of 4.65
Annuity Net Real Yld Rate of 3.00

Individual Account Contribution Rate: 6.2% Benefit Offset: 0.0%

Year	Cost Rate	Income Rate	Annual Balance	TFR[1] 1-1-yr	General Revenue Reimbursement for Minimum Benefit	"Effective" Change in OASDI Contribution Rate	"Effective" OASDI Contribution Rate	General Revenue Transfer Solvency	Individual Account Contribution Rate
2004	11.07	12.71	1.64	306			12.40		0.00
2005	10.87	8.72	-2.15	325	0.00	-4.005	8.40		4.00
2006	10.77	8.36	-2.41	310	0.00	-0.373	8.02		4.38
2007	10.75	8.23	-2.51	290	0.00	-0.142	7.88		4.52
2008	10.80	8.14	-2.65	267	0.00	-0.127	7.75		4.65
2009	10.95	8.01	-2.94	241	0.00	-0.125	7.63		4.77
2010	11.08	7.91	-3.18	214	0.00	-0.122	7.51		4.89
2011	11.25	7.83	-3.41	184	0.00	-0.126	7.38		5.02
2012	11.43	7.75	-3.68	154	0.00	-0.110	7.27		5.13
2013	11.67	9.18	-2.50	121	0.00	1.403	8.67	1.5	5.23
2014	11.89	11.98	0.09	100	0.00	2.787	11.46	4.4	5.34
2015	12.12	12.21	0.08	100	0.01	0.212	11.67	4.7	5.43
2016	13.12	13.03	-0.09	100	0.01	0.809	12.48	5.6	5.53
2017	13.77	13.65	-0.12	100	0.01	0.618	13.10	6.3	5.61
2018	14.41	14.28	-0.13	100	0.01	0.624	13.72	7.0	5.69
2019	15.03	14.82	-0.21	100	0.01	0.537	14.26	7.6	5.75
2020	15.59	15.36	-0.23	100	0.01	0.541	14.80	8.2	5.81
2021	15.54	15.25	-0.30	100	0.02	-0.121	14.68	8.1	5.88
2022	15.80	15.45	-0.36	100	0.02	0.207	14.89	8.4	5.93
2023	16.00	15.60	-0.40	100	0.02	0.157	15.04	8.6	5.97
2024	16.06	15.65	-0.40	100	0.02	0.061	15.10	8.7	6.02
2025	16.02	15.61	-0.41	100	0.02	-0.029	15.08	8.7	6.05
2026	15.98	15.37	-0.61	100	0.02	-0.229	14.85	8.5	6.08
2027	16.94	16.43	-0.51	100	0.03	1.077	15.92	9.6	6.10
2028	17.06	16.49	-0.56	100	0.03	0.083	16.01	9.7	6.12
2029	16.95	16.36	-0.59	100	0.03	-0.114	15.89	9.6	6.14
2030	16.74	16.13	-0.61	100	0.03	-0.210	15.68	9.4	6.15
2031	16.63	16.00	-0.63	100	0.03	-0.108	15.58	9.3	6.16
2032	15.74	15.17	-0.57	100	0.03	-0.805	14.77	8.5	6.16
2033	14.95	14.45	-0.50	100	0.04	-0.704	14.07	7.8	6.17
2034	14.15	13.63	-0.53	100	0.04	-0.804	13.26	7.0	6.17
2035	13.41	12.90	-0.51	100	0.04	-0.704	12.56	6.3	6.18
2036	12.69	12.18	-0.51	100	0.04	-0.706	11.85	5.6	6.19
2037	11.94	11.45	-0.49	100	0.04	-0.705	11.15	4.9	6.19
2038	11.22	10.83	-0.39	100	0.04	-0.605	10.54	4.3	6.20
2039	10.50	10.04	-0.45	100	0.04	-0.769	9.77	3.5	6.20
2040	9.81	9.43	-0.38	100	0.04	-0.599	9.17	2.9	6.20
2041	9.14	8.81	-0.33	100	0.04	-0.600	8.57	2.3	6.20
2042	8.50	8.17	-0.34	100	0.04	-0.630	7.94	1.7	6.20
2043	7.92	7.58	-0.34	100	0.05	-0.570	7.38	1.1	6.20
2044	7.36	6.96	-0.41	100	0.05	-0.610	6.77	0.5	6.20
2045	6.74	6.47	-0.27	100	0.05	-0.470	6.30	0.1	6.20
2046	6.23	6.41	0.18	100	0.05	-0.050	6.25		6.20
2047	5.75	6.40	0.66	109	0.04	0.000	6.24		6.20
2048	5.30	6.39	1.09	130	0.04	0.000	6.24		6.20
2049	4.89	6.39	1.50	163	0.04	-0.001	6.24		6.20
2050	3.85	6.38	2.54	209	0.04	-0.001	6.24		6.20
2051	3.73	6.38	2.64	286	0.04	-0.001	6.24		6.20
2052	3.64	6.37	2.73	369	0.04	-0.001	6.24		6.20
2053	3.56	6.36	2.81	460	0.04	-0.001	6.24		6.20
2054	3.49	6.36	2.87	556	0.04	-0.001	6.24		6.20
2055	3.43	6.36	2.92	657	0.04	-0.001	6.24		6.20
2056	3.38	6.35	2.97	763	0.04	-0.001	6.24		6.20
2057	3.34	6.35	3.01	873	0.04	-0.001	6.24		6.20
2058	3.30	6.35	3.04	987	0.04	-0.001	6.24		6.20
2059	3.27	6.34	3.07	1,105	0.03	-0.001	6.23		6.20
2060	3.22	6.34	3.12	1,235	0.03	-0.001	6.23		6.20
2061	3.21	6.34	3.13	1,355	0.03	-0.001	6.23		6.20
2062	3.21	6.34	3.13	1,476	0.03	-0.001	6.23		6.20
2063	3.20	6.34	3.13	1,599	0.03	-0.001	6.23		6.20
2064	3.20	6.33	3.13	1,722	0.03	-0.001	6.23		6.20
2065	3.20	6.33	3.13	1,847	0.03	-0.001	6.23		6.20
2066	3.20	6.33	3.13	1,975	0.03	-0.001	6.23		6.20
2067	3.20	6.33	3.13	2,106	0.03	-0.001	6.23		6.20
2068	3.19	6.33	3.14	2,242	0.02	-0.001	6.22		6.20
2069	3.19	6.33	3.14	2,378	0.02	-0.001	6.22		6.20
2070	3.19	6.33	3.14	2,514	0.02	-0.001	6.22		6.20
2071	3.19	6.33	3.13	2,652	0.02	-0.001	6.22		6.20
2072	3.19	6.33	3.13	2,792	0.02	-0.001	6.22		6.20
2073	3.20	6.32	3.13	2,934	0.02	-0.001	6.22		6.20
2074	3.20	6.32	3.13	3,077	0.02	-0.001	6.22		6.20
2075	3.20	6.32	3.12	3,223	0.02	-0.001	6.22		6.20
2076	3.20	6.32	3.12	3,371	0.02	-0.001	6.22		6.20
2077	3.20	6.32	3.12	3,522	0.02	-0.001	6.22		6.20
2078	3.21	6.32	3.11	3,676	0.02	-0.001	6.22		6.20
2079	3.21	6.32	3.11	3,832	0.01	-0.001	6.21		6.20

Summarized OASDI

	Cost Rate	Income Rate	Actuarial Balance	Change in Actuarial Balance
2004 - 2078	10.15	10.99	0.84	2.73

[1]TFR computed as TF assets divided by annual cost excluding RB payments

Based on Intermediate Assumptions of the 2004 Trustees Report With Ultimate Real Trust Fund Interest Rate of 3.00

Office of the Actuary
Social Security Administration
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Table 1a Proposal GF Transfers, OASDI Trust Fund Assets, Individual Account Assets, and Theoretical OASDI Assets

	Proposal General Fund Transfer(GF)/Reimburse							Theoretical Social Security [2] with Borrowing Authority: Net OASDI TF Assets End of Year	
Calendar Year	Transfers for Solvency (1)	Reimburse Minimum Benefit (2)	Total in Constant 2004$ (3)	Accumulated as of End of Year (4)	Total OASDI Trust Fund Assets at End of Year (5)	Expected Individual Account Assets [1] at End of Year (6)	GDP (7)	Without GF Transfer (8)	With GF Transfer (amount for Prop) (9)
	Billions PV as of 1-1-2004		Billions of Constant 2004$			Billions of Constant 2004 Dollars			
2004	0.0	0.0	0.0	0	1,684	0	11,544	1,684	1,684
2005	0.0	0.0	0.0	0	1,647	195	11,911	1,840	1,840
2006	0.0	0.0	0.0	0	1,581	423	12,246	1,998	1,998
2007	0.0	0.0	0.0	0	1,498	673	12,562	2,156	2,156
2008	0.0	0.0	0.0	0	1,399	943	12,870	2,315	2,315
2009	0.0	0.0	0.0	0	1,279	1,237	13,171	2,473	2,473
2010	0.0	0.0	0.0	0	1,141	1,555	13,466	2,631	2,631
2011	0.0	0.0	0.0	0	983	1,899	13,752	2,790	2,790
2012	0.0	0.0	0.0	0	804	2,266	14,024	2,944	2,944
2013	62.0	0.1	82.9	83	684	2,656	14,285	3,091	3,174
2014	179.9	0.1	247.1	332	708	3,072	14,547	3,230	3,563
2015	189.8	0.2	268.3	610	732	3,514	14,804	3,360	3,970
2016	223.3	0.3	324.7	952	747	3,983	15,061	3,478	4,431
2017	247.8	0.4	371.0	1,351	761	4,479	15,322	3,584	4,935
2018	271.5	0.4	418.7	1,810	775	5,003	15,586	3,675	5,486
2019	290.4	0.5	461.3	2,326	785	5,552	15,842	3,750	6,076
2020	308.6	0.5	505.0	2,901	793	6,128	16,100	3,805	6,706
2021	301.6	0.6	508.4	3,496	797	6,730	16,354	3,841	7,337
2022	306.4	0.6	532.0	4,133	797	7,357	16,610	3,857	7,990
2023	308.6	0.7	552.0	4,809	794	8,010	16,861	3,851	8,660
2024	307.1	0.7	565.9	5,519	790	8,689	17,117	3,823	9,342
2025	302.1	0.8	573.5	6,258	786	9,392	17,372	3,773	10,031
2026	290.3	0.8	567.9	7,014	766	10,119	17,634	3,700	10,714
2027	322.6	0.9	649.9	7,874	753	10,871	17,903	3,604	11,478
2028	320.7	0.9	665.4	8,776	736	11,647	18,174	3,486	12,262
2029	312.2	1.0	667.5	9,707	715	12,446	18,451	3,346	13,053
2030	300.8	1.0	662.6	10,661	691	13,267	18,733	3,184	13,845
2031	292.9	1.0	664.6	11,645	666	14,110	19,022	3,000	14,646
2032	263.5	1.1	616.1	12,611	643	14,974	19,319	2,796	15,406
2033	237.9	1.1	573.5	13,562	624	15,859	19,622	2,570	16,133
2034	210.2	1.1	522.2	14,491	601	16,764	19,929	2,325	16,817
2035	186.2	1.1	476.9	15,403	579	17,687	20,243	2,062	17,465
2036	163.0	1.2	430.3	16,295	556	18,629	20,564	1,780	18,075
2037	140.4	1.2	382.3	17,166	532	19,588	20,892	1,481	18,647
2038	121.3	1.2	340.7	18,022	516	20,562	21,226	1,165	19,187
2039	98.1	1.2	284.3	18,847	493	21,551	21,562	833	19,680
2040	80.1	1.2	239.9	19,652	475	22,552	21,904	485	20,137
2041	62.7	1.2	194.3	20,436	461	23,564	22,252	120	20,556
2042	45.1	1.2	144.8	21,194	445	24,585	22,605	-262	20,932
2043	29.5	1.2	98.9	21,929	428	25,613	22,961	-662	21,267
2044	13.4	1.2	48.2	22,635	405	26,647	23,322	-1,080	21,555
2045	1.3	1.1	8.2	23,322	392	27,682	23,687	-1,516	21,806
2046	0.0	1.1	4.0	24,026	419	28,719	24,055	-1,972	22,053
2047	0.0	1.1	4.0	24,751	491	29,755	24,426	-2,449	22,302
2048	0.0	1.1	4.0	25,497	606	30,788	24,799	-2,946	22,551
2049	0.0	1.0	4.0	26,266	763	31,812	25,174	-3,465	22,801
2050	0.0	1.0	4.0	27,058	1,027	32,822	25,552	-4,008	23,050
2051	0.0	1.0	4.0	27,874	1,311	33,817	25,936	-4,577	23,297
2052	0.0	0.9	4.0	28,714	1,616	34,797	26,324	-5,172	23,542
2053	0.0	0.9	3.9	29,579	1,941	35,768	26,721	-5,795	23,785
2054	0.0	0.9	3.9	30,470	2,286	36,730	27,123	-6,447	24,024
2055	0.0	0.8	3.8	31,388	2,651	37,683	27,528	-7,130	24,259
2056	0.0	0.8	3.8	32,334	3,035	38,625	27,939	-7,845	24,489
2057	0.0	0.8	3.7	33,308	3,438	39,556	28,354	-8,594	24,714
2058	0.0	0.7	3.7	34,311	3,862	40,476	28,775	-9,378	24,933
2059	0.0	0.7	3.6	35,343	4,305	41,383	29,204	-10,196	25,147
2060	0.0	0.7	3.5	36,407	4,771	42,279	29,639	-11,052	25,355
2061	0.0	0.6	3.5	37,503	5,256	43,162	30,078	-11,946	25,557
2062	0.0	0.6	3.4	38,631	5,760	44,032	30,526	-12,880	25,751
2063	0.0	0.6	3.3	39,794	6,285	44,890	30,978	-13,857	25,937
2064	0.0	0.5	3.2	40,991	6,829	45,736	31,438	-14,876	26,114
2065	0.0	0.5	3.1	42,224	7,394	46,570	31,906	-15,940	26,283
2066	0.0	0.5	3.0	43,493	7,981	47,431	32,379	-17,050	26,443
2067	0.0	0.5	3.0	44,801	8,590	48,284	32,861	-18,208	26,594
2068	0.0	0.4	2.9	46,148	9,224	49,127	33,359	-19,414	26,734
2069	0.0	0.4	2.8	47,535	9,881	49,962	33,859	-20,670	26,865
2070	0.0	0.4	2.7	48,964	10,563	50,790	34,366	-21,978	26,986
2071	0.0	0.4	2.6	50,435	11,270	51,612	34,882	-23,340	27,096
2072	0.0	0.3	2.5	51,951	12,003	52,427	35,404	-24,756	27,195
2073	0.0	0.3	2.4	53,512	12,762	53,238	35,931	-26,230	27,282
2074	0.0	0.3	2.3	55,120	13,550	54,044	36,464	-27,762	27,357
2075	0.0	0.3	2.2	56,775	14,365	54,848	37,006	-29,356	27,419
2076	0.0	0.3	2.2	58,481	15,210	55,649	37,555	-31,014	27,467
2077	0.0	0.2	2.1	60,237	16,086	56,450	38,112	-32,736	27,501
2078	0.0	0.2	2.0	62,047	16,993	57,249	38,677	-34,527	27,520
2079	0.0	0.2	1.9	63,910	17,932	58,049	39,245	-36,387	27,523
Total 2004-78	6,791.1	48.4							

Based on Intermediate Assumptions of the 2004 Trustees Report

[1] Including annuity assets, assuming all annuitize fully.

[2] Theoretical Social Security is the current Social Security program with the assumption that the law is modified to permit borrowing from the General Fund of the Treasury.

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Social Security Administration
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Table 1b Proposal Effects on Unified Budget

Individual Account Contribution Rate: 6.2% Benefit Offset: 0.0%

Year	Amount(%) Contributed to IA by Fed Gov: **100** (1)	Recognition Bond Distributions (2)	Other Changes in OASDI Cashflow[1] (3)	Change in Annual Unified Budget Cashflow (4)=(3)-(1)-(2)	Change in Debt Held by Public (EOY) (5)	Change in Annual Unified Budget Balance (6)
	(Billions of $, Present Value on 1-1-2004)					
2005	175.8	0.0	0.0	-175.8	175.8	-175.8
2006	191.2	0.0	0.0	-191.2	367.0	-200.2
2007	196.5	0.0	0.0	-196.5	563.4	-215.3
2008	201.0	0.0	0.0	-201.0	764.4	-230.2
2009	205.2	0.0	0.0	-205.2	969.6	-245.2
2010	208.9	0.0	0.0	-208.9	1,178.5	-260.1
2011	212.5	0.0	0.0	-212.5	1,391.0	-275.2
2012	214.8	0.0	2.6	-212.2	1,603.2	-286.6
2013	216.1	0.0	3.4	-212.8	1,815.9	-298.8
2014	218.4	0.0	4.7	-213.7	2,029.6	-311.8
2015	219.4	0.0	6.8	-212.6	2,242.2	-323.1
2016	220.3	33.9	12.6	-241.6	2,483.8	-364.4
2017	220.7	55.7	21.3	-255.0	2,738.8	-392.1
2018	220.6	77.9	31.2	-267.4	3,006.2	-419.6
2019	219.8	99.6	42.3	-277.2	3,283.4	-444.2
2020	218.8	120.1	54.6	-284.3	3,567.6	-466.7
2021	217.7	117.2	66.4	-268.5	3,836.1	-466.7
2022	216.3	128.5	80.3	-264.5	4,100.6	-477.7
2023	214.4	138.3	95.0	-257.7	4,358.3	-485.6
2024	212.3	144.9	110.4	-246.8	4,605.1	-489.0
2025	210.0	149.3	126.5	-232.7	4,837.8	-488.6
2026	207.6	154.8	142.7	-219.7	5,057.5	-488.5
2027	205.1	197.5	161.7	-240.9	5,298.4	-521.9
2028	202.3	210.6	178.8	-234.2	5,532.6	-528.6
2029	199.6	216.5	195.0	-221.1	5,753.7	-528.5
2030	196.7	220.4	211.5	-205.7	5,959.4	-525.5
2031	193.9	226.5	226.3	-194.1	6,153.5	-525.2
2032	191.0	210.0	241.6	-159.4	6,312.8	-501.3
2033	188.2	194.9	253.8	-129.2	6,442.1	-480.0
2034	185.4	180.2	264.7	-100.9	6,542.9	-458.9
2035	182.7	167.3	274.6	-75.4	6,618.4	-439.0
2036	180.1	154.9	283.0	-52.0	6,670.3	-419.8
2037	177.5	141.8	290.3	-29.0	6,699.4	-399.7
2038	174.9	129.5	296.4	-8.0	6,707.4	-380.3
2039	172.2	116.8	301.3	12.3	6,695.1	-360.4
2040	169.5	105.0	305.4	30.8	6,664.3	-341.2
2041	166.9	93.5	308.7	48.2	6,616.0	-322.1
2042	164.4	82.6	311.2	64.3	6,551.7	-303.3
2043	161.8	72.8	313.0	78.5	6,473.3	-285.6
2044	159.3	63.5	314.0	91.3	6,382.0	-268.4
2045	156.8	54.7	316.9	105.4	6,276.6	-249.3
2046	154.3	46.3	316.9	116.3	6,160.3	-232.5
2047	151.8	37.8	316.0	126.4	6,033.9	-216.0
2048	149.4	29.8	314.3	135.2	5,898.8	-200.1
2049	146.9	21.8	311.8	143.1	5,755.7	-184.7
2050	144.5	0.1	310.1	165.5	5,590.2	-154.3
2051	142.2	0.0	308.2	166.0	5,424.2	-144.7
2052	139.9	0.0	306.0	166.2	5,258.1	-135.3
2053	137.6	0.0	303.6	166.1	5,092.0	-126.1
2054	135.3	0.0	301.1	165.7	4,926.3	-117.2
2055	133.1	0.0	298.3	165.2	4,761.1	-108.5
2056	130.9	0.0	295.5	164.6	4,596.4	-100.0
2057	128.7	0.0	292.6	163.9	4,432.6	-91.6
2058	126.6	0.0	289.5	162.9	4,269.7	-83.4
2059	124.5	0.0	286.3	161.8	4,107.9	-75.5
2060	122.5	0.0	283.5	161.0	3,946.9	-67.3
2061	120.4	0.0	279.9	159.5	3,787.4	-59.9
2062	118.5	0.0	276.5	158.0	3,629.4	-52.5
2063	116.5	0.0	273.1	156.6	3,472.9	-45.1
2064	114.6	0.0	269.6	155.0	3,317.9	-38.0
2065	112.7	0.0	266.0	153.3	3,164.5	-31.0
2066	110.8	0.0	262.5	151.7	3,012.8	-24.1
2067	109.0	0.0	259.1	150.2	2,862.6	-17.2
2068	107.2	0.0	255.8	148.6	2,714.0	-10.4
2069	105.4	0.0	252.4	147.0	2,567.0	-3.8
2070	103.7	0.0	249.0	145.3	2,421.7	2.6
2071	102.0	0.0	245.5	143.5	2,278.2	9.0
2072	100.3	0.0	242.1	141.8	2,136.4	15.2
2073	98.7	0.0	238.8	140.1	1,996.3	21.4
2074	97.0	0.0	235.4	138.4	1,857.9	27.5
2075	95.4	0.0	232.1	136.7	1,721.2	33.5
2076	93.8	0.0	228.9	135.1	1,586.1	39.4
2077	92.3	0.0	225.7	133.4	1,452.7	45.3
2078	90.8	0.0	222.6	131.8	1,320.9	51.1
2079	89.2	0.0	219.5	130.2	1,190.6	56.8

Based on the Intermediate Assumptions of the 2004 Trustees Report
With Ultimate Real Trust Fund Interest Rate of 3.0%
Ultimate Real IA Yield Rate of 4.65%
Annuity Net Real Yield Rate of 3.0%

[1] Excluding GF transfers and reimbursement

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Table 1b.c. Proposal Effects on Unified Budget

	Individual Account Contribution Rate: 6.2%			Benefit Offset: 0.0%		
				Change in		
	Amount(%) Contributed to IA by Fed Gov: **100**	Recognition Bond Distributions	Other Changes in OASDI Cashflow[1]	Annual Unified Budget Cashflow	Debt Held by Public (EOY)	Annual Unified Budget Balance
	(1)	(2)	(3)	(4)=(3)-(1)-(2)	(5)	(6)
Year	*(Billions of Constant 2004 $)*					
2005	188.0	0.0	0.0	-188.0	191.2	-193.1
2006	211.5	0.0	0.0	-211.5	411.7	-227.4
2007	223.6	0.0	0.0	-223.6	649.4	-251.6
2008	234.7	0.0	0.0	-234.7	904.1	-276.1
2009	245.9	0.0	0.0	-245.9	1,177.2	-301.9
2010	257.1	0.0	0.0	-257.1	1,469.5	-328.9
2011	268.5	0.0	0.0	-268.5	1,782.1	-357.5
2012	278.9	0.0	3.3	-275.6	2,110.9	-382.6
2013	288.5	0.0	4.5	-284.0	2,457.8	-410.0
2014	299.8	0.0	6.5	-293.3	2,824.9	-440.0
2015	309.7	0.0	9.6	-300.2	3,210.5	-469.0
2016	320.0	49.2	18.3	-350.9	3,660.1	-544.5
2017	329.9	83.3	31.9	-381.3	4,155.3	-603.2
2018	339.7	120.0	48.0	-411.7	4,697.8	-664.8
2019	348.6	158.0	67.0	-439.6	5,284.9	-725.0
2020	357.4	196.1	89.2	-464.4	5,914.7	-784.5
2021	366.3	197.2	111.8	-451.7	6,550.6	-808.1
2022	374.8	222.8	139.2	-458.4	7,212.3	-851.8
2023	382.7	246.9	169.5	-460.1	7,895.6	-892.0
2024	390.4	266.3	203.0	-453.8	8,593.0	-925.1
2025	397.6	282.7	239.6	-440.6	9,298.0	-952.1
2026	404.9	301.9	278.3	-428.5	10,011.9	-980.6
2027	412.0	396.8	324.9	-484.0	10,803.4	-1,079.0
2028	418.7	435.9	370.0	-484.6	11,619.3	-1,125.6
2029	425.4	461.5	415.7	-471.2	12,446.1	-1,159.2
2030	431.9	484.0	464.2	-451.7	13,277.9	-1,187.0
2031	438.5	512.1	511.8	-438.8	14,121.6	-1,222.1
2032	445.0	489.0	562.8	-371.2	14,921.9	-1,201.5
2033	451.5	467.5	608.9	-310.0	15,684.2	-1,185.0
2034	458.1	445.2	654.2	-249.2	16,407.7	-1,166.7
2035	465.0	425.8	698.8	-192.0	17,094.8	-1,149.7
2036	472.1	406.0	741.9	-136.2	17,745.9	-1,132.2
2037	479.2	383.0	783.8	-78.4	18,357.8	-1,110.5
2038	486.5	360.1	824.2	-22.4	18,931.3	-1,088.4
2039	493.3	334.6	863.2	35.3	19,463.4	-1,062.4
2040	500.2	309.8	901.0	91.0	19,955.0	-1,035.9
2041	507.3	284.2	938.0	146.5	20,404.9	-1,007.3
2042	514.4	258.4	974.2	201.4	20,812.7	-977.0
2043	521.6	234.7	1,009.2	252.9	21,180.4	-947.6
2044	528.9	210.8	1,042.8	303.1	21,508.2	-917.3
2045	536.2	187.3	1,083.8	360.4	21,787.7	-877.4
2046	543.5	163.0	1,116.3	409.8	22,025.4	-842.7
2047	550.9	137.3	1,146.7	458.6	22,220.8	-806.3
2048	558.3	111.2	1,174.7	505.2	22,374.7	-769.7
2049	565.7	83.8	1,200.3	550.7	22,487.0	-731.8
2050	573.1	0.2	1,229.6	656.2	22,495.6	-629.7
2051	580.7	0.0	1,258.6	677.8	22,482.6	-608.0
2052	588.3	0.0	1,287.3	699.0	22,447.7	-585.5
2053	596.1	0.0	1,315.6	719.5	22,390.9	-562.3
2054	603.9	0.0	1,343.5	739.6	22,312.0	-538.4
2055	611.8	0.0	1,371.3	759.5	22,210.6	-513.3
2056	619.8	0.0	1,399.2	779.4	22,085.9	-487.0
2057	627.8	0.0	1,426.9	799.1	21,937.5	-459.5
2058	636.0	0.0	1,454.2	818.2	21,765.3	-431.2
2059	644.3	0.0	1,481.2	837.0	21,568.8	-401.9
2060	652.6	0.0	1,510.5	857.8	21,345.3	-369.0
2061	661.1	0.0	1,536.4	875.3	21,097.3	-338.0
2062	669.7	0.0	1,562.9	893.3	20,823.6	-305.2
2063	678.3	0.0	1,590.1	911.7	20,523.0	-270.3
2064	687.1	0.0	1,616.7	929.6	20,195.3	-234.4
2065	696.0	0.0	1,643.2	947.2	19,839.8	-197.3
2066	705.0	0.0	1,670.5	965.4	19,455.2	-157.9
2067	714.2	0.0	1,698.4	984.2	19,040.0	-116.3
2068	723.6	0.0	1,726.9	1,003.3	18,593.0	-72.6
2069	733.1	0.0	1,755.2	1,022.1	18,113.5	-27.3
2070	742.7	0.0	1,783.0	1,040.3	17,601.1	19.3
2071	752.4	0.0	1,811.2	1,058.8	17,054.6	68.0
2072	762.2	0.0	1,839.6	1,077.4	16,472.8	118.9
2073	772.1	0.0	1,868.4	1,096.3	15,854.3	172.1
2074	782.1	0.0	1,897.6	1,115.5	15,197.8	227.8
2075	792.2	0.0	1,927.3	1,135.1	14,501.8	286.0
2076	802.5	0.0	1,957.4	1,154.9	13,764.7	346.8
2077	812.8	0.0	1,988.0	1,175.1	12,985.0	410.4
2078	823.3	0.0	2,019.0	1,195.7	12,161.0	476.8
2079	833.9	0.0	2,050.6	1,216.7	11,291.0	546.3

Based on the Intermediate Assumptions of the 2004 Trustees Report
With Ultimate Real Trust Fund Interest Rate of 3.0%
Ultimate Real IA Yield Rate of 4.65%
Annuity Net Real Yield Rate of 3.0%

[1] Excluding GF transfers and reimbursement

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Table 1c OASDI Cash Flow to General Fund of the Treasury--- Proposal vs. Theoretical OASDI

	Proposal				Theoretical Social Security with PAYGO Transfers			
	Net Amount of Cash-Flow from the OASDI Trust Funds to the General Fund of the Treasury During the Year [1]				Net Amount of Cash-Flow from the OASDI Trust Funds to the General Fund of the Treasury During the Year [1]			
	Percent	Billions of Dollars			Percent	Billions of Dollars		
Year	of Payroll	Current $	1/1/2004 PV	Const 2004 $	of Payroll	Current $	1/1/2004 PV	Const 2004 $
2004	1.4	65	63	65	1.4	65	63	65
2005	-2.1	-102	-94	-101	1.9	89	82	87
2006	-2.4	-122	-106	-118	1.9	97	85	94
2007	-2.5	-132	-110	-125	2.0	105	87	99
2008	-2.7	-147	-115	-135	2.0	109	86	100
2009	-3.0	-171	-127	-152	1.8	105	78	93
2010	-3.2	-193	-136	-168	1.7	103	73	89
2011	-3.4	-217	-145	-183	1.6	101	67	85
2012	-3.7	-244	-154	-200	1.4	91	58	75
2013	-4.0	-277	-166	-221	1.1	79	47	63
2014	-4.3	-312	-177	-243	0.9	65	37	50
2015	-4.6	-349	-187	-264	0.6	48	25	36
2016	-5.7	-450	-228	-331	0.3	27	14	20
2017	-6.4	-529	-253	-379	0.0	4	2	3
2018	-7.1	-613	-277	-427	-0.3	-22	-10	-15
2019	-7.8	-700	-299	-474	-0.6	-51	-22	-35
2020	-8.5	-789	-318	-520	-0.9	-84	-34	-55
2021	-8.5	-824	-314	-528	-1.2	-119	-45	-76
2022	-8.8	-890	-320	-555	-1.5	-155	-56	-97
2023	-9.0	-953	-324	-578	-1.8	-195	-66	-118
2024	-9.1	-1,005	-322	-593	-2.1	-236	-76	-139
2025	-9.1	-1,047	-317	-601	-2.4	-279	-85	-160
2026	-9.1	-1,092	-312	-609	-2.7	-324	-93	-181
2027	-10.1	-1,261	-341	-685	-3.0	-370	-100	-201
2028	-10.3	-1,334	-340	-705	-3.2	-416	-106	-220
2029	-10.2	-1,380	-333	-709	-3.4	-463	-112	-238
2030	-10.1	-1,413	-322	-706	-3.6	-510	-116	-255
2031	-10.0	-1,460	-314	-710	-3.8	-558	-120	-271
2032	-9.1	-1,390	-282	-658	-4.0	-606	-123	-287
2033	-8.3	-1,327	-254	-611	-4.1	-653	-125	-300
2034	-7.6	-1,256	-228	-562	-4.2	-699	-127	-313
2035	-6.9	-1,185	-203	-516	-4.3	-744	-127	-324
2036	-6.2	-1,110	-179	-470	-4.4	-788	-127	-334
2037	-5.4	-1,022	-156	-421	-4.4	-831	-127	-343
2038	-4.7	-929	-134	-372	-4.5	-873	-126	-350
2039	-4.0	-824	-112	-321	-4.5	-915	-124	-357
2040	-3.4	-716	-92	-272	-4.5	-956	-123	-363
2041	-2.7	-602	-73	-222	-4.5	-1,000	-121	-369
2042	-2.1	-484	-55	-174	-4.5	-1,045	-120	-375
2043	-1.5	-367	-40	-128	-4.5	-1,091	-118	-381
2044	-1.0	-246	-25	-84	-4.5	-1,139	-116	-387
2045	-0.4	-98	-9	-32	-4.5	-1,189	-115	-393
2046	0.1	34	3	11	-4.6	-1,241	-113	-399
2047	0.6	171	15	53	-4.6	-1,297	-112	-405
2048	1.0	307	25	93	-4.6	-1,355	-110	-412
2049	1.4	446	34	132	-4.6	-1,417	-109	-419
2050	2.5	798	58	230	-4.6	-1,483	-108	-427
2051	2.6	867	59	243	-4.6	-1,555	-107	-435
2052	2.7	934	60	254	-4.7	-1,634	-106	-445
2053	2.8	1,000	61	265	-4.7	-1,717	-105	-455
2054	2.8	1,066	62	275	-4.8	-1,805	-104	-465
2055	2.9	1,132	62	284	-4.8	-1,899	-104	-476
2056	2.9	1,198	62	292	-4.9	-1,999	-103	-487
2057	3.0	1,265	62	300	-4.9	-2,104	-102	-499
2058	3.0	1,333	61	308	-5.0	-2,214	-102	-511
2059	3.0	1,402	61	315	-5.0	-2,328	-101	-522
2060	3.1	1,483	61	324	-5.1	-2,447	-100	-534
2061	3.1	1,549	60	329	-5.1	-2,574	-100	-547
2062	3.1	1,615	59	334	-5.2	-2,709	-99	-560
2063	3.1	1,683	58	338	-5.2	-2,854	-98	-574
2064	3.1	1,753	57	343	-5.3	-3,003	-98	-587
2065	3.1	1,825	56	347	-5.3	-3,157	-97	-600
2066	3.1	1,901	55	352	-5.4	-3,319	-96	-614
2067	3.1	1,981	54	356	-5.4	-3,489	-96	-628
2068	3.1	2,068	54	362	-5.5	-3,665	-95	-641
2069	3.1	2,156	53	367	-5.5	-3,847	-94	-655
2070	3.1	2,245	52	372	-5.6	-4,037	-93	-669
2071	3.1	2,337	51	377	-5.6	-4,235	-92	-682
2072	3.1	2,433	50	381	-5.7	-4,442	-92	-696
2073	3.1	2,532	49	386	-5.7	-4,660	-91	-710
2074	3.1	2,634	48	391	-5.7	-4,888	-90	-725
2075	3.1	2,741	48	395	-5.8	-5,127	-89	-740
2076	3.1	2,853	47	400	-5.8	-5,377	-88	-755
2077	3.1	2,969	46	405	-5.9	-5,640	-87	-770
2078	3.1	3,090	45	410	-5.9	-5,915	-87	-785
2079	3.1	3,215	44	415	-6.0	-6,203	-86	-801
Total 2004-78			-6,545				-5,225	

[1] Equals net investment in special Treasury Bonds by the Trust Funds less the Amount of General Fund transfers specified in the proposal or in the theoretical plan (PAYGO Transfers)

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Table 1d Change in Long-Range Trust Fund Assets / Unfunded Obligation

Individual Account Contribution Rate: 6.2% Benefit Offset: 0.0%

Year	Present Law OASDI Trust Fund Assets or if Negative, Unfunded Obligation Through EOY (1)	Basic Changes in OASDI Cash flow (2)	Amount(%) Contributed to IA by Fed Gov: **100** (3)	Recognition Bond Distributions (4)	General Fund Transfers[1] (5)	Total Change Through EOY (6)=(2)-(3)-(4)+(5)	Proposal OASDI Trust Fund Assets/ Unfunded Obligation Through EOY (7)
	(Billions of $, Present Value on 1-1-2004)						
2005	1,674.6	0.0	175.8	0.0	0.0	-175.8	1,498.9
2006	1,759.0	0.0	191.2	0.0	0.0	-367.0	1,392.1
2007	1,845.5	0.0	196.5	0.0	0.0	-563.4	1,282.1
2008	1,930.8	0.0	201.0	0.0	0.0	-764.4	1,166.4
2009	2,008.4	0.0	205.2	0.0	0.0	-969.6	1,038.8
2010	2,080.8	0.0	208.9	0.0	0.0	-1,178.5	902.3
2011	2,148.0	0.0	212.5	0.0	0.0	-1,391.0	757.0
2012	2,205.6	2.6	214.8	0.0	0.0	-1,603.2	602.4
2013	2,252.4	3.4	216.1	0.0	62.1	-1,753.8	498.6
2014	2,289.0	4.7	218.4	0.0	180.0	-1,787.5	501.5
2015	2,314.3	6.8	219.4	0.0	190.0	-1,810.1	504.2
2016	2,327.9	12.6	220.3	33.9	223.6	-1,828.1	499.8
2017	2,329.7	21.3	220.7	55.7	248.2	-1,835.0	494.7
2018	2,319.7	31.2	220.6	77.9	271.9	-1,830.4	489.3
2019	2,297.6	42.3	219.8	99.6	290.9	-1,816.7	480.9
2020	2,263.7	54.6	218.8	120.1	309.1	-1,791.9	471.9
2021	2,218.5	66.4	217.7	117.2	302.2	-1,758.1	460.3
2022	2,162.6	80.3	216.3	128.5	307.0	-1,715.6	446.9
2023	2,096.4	95.0	214.4	138.3	309.2	-1,664.1	432.3
2024	2,020.7	110.4	212.3	144.9	307.8	-1,603.1	417.6
2025	1,936.1	126.5	210.0	149.3	302.8	-1,533.0	403.1
2026	1,843.3	142.7	207.6	154.8	291.1	-1,461.5	381.8
2027	1,743.3	161.7	205.1	197.5	323.5	-1,378.9	364.4
2028	1,637.0	178.8	202.3	210.6	321.6	-1,291.5	345.4
2029	1,525.4	195.0	199.6	216.5	313.2	-1,199.4	326.0
2030	1,409.4	211.5	196.7	220.4	301.8	-1,103.3	306.1
2031	1,289.5	226.3	193.9	226.5	293.9	-1,003.5	286.0
2032	1,166.5	241.6	191.0	210.0	264.5	-898.3	268.2
2033	1,041.2	253.8	188.2	194.9	239.0	-788.5	252.7
2034	914.6	264.7	185.4	180.2	211.3	-678.0	236.5
2035	787.2	274.6	182.7	167.3	187.4	-566.1	221.2
2036	659.9	283.0	180.1	154.9	164.1	-453.9	206.0
2037	533.0	290.3	177.5	141.8	141.6	-341.4	191.6
2038	407.2	296.4	174.9	129.5	122.5	-226.9	180.3
2039	282.7	301.3	172.2	116.8	99.2	-115.4	167.4
2040	159.8	305.4	169.5	105.0	81.3	-3.2	156.6
2041	38.4	308.7	166.9	93.5	63.9	109.0	147.4
2042	-81.4	311.2	164.4	82.6	46.2	219.6	138.2
2043	-199.5	313.0	161.8	72.8	30.7	328.7	129.1
2044	-316.0	314.0	159.3	63.5	14.5	434.5	118.5
2045	-430.8	316.9	156.8	54.7	2.4	542.3	111.4
2046	-544.1	316.9	154.3	46.3	1.1	659.7	115.6
2047	-655.8	316.0	151.8	37.8	1.1	787.2	131.4
2048	-766.0	314.3	149.4	29.8	1.1	923.4	157.5
2049	-874.8	311.8	146.9	21.8	1.0	1,067.6	192.7
2050	-982.4	310.1	144.5	0.1	1.0	1,234.1	251.6
2051	-1,089.0	308.2	142.2	0.0	1.0	1,401.0	312.0
2052	-1,194.8	306.0	139.9	0.0	0.9	1,568.2	373.4
2053	-1,299.7	303.6	137.6	0.0	0.9	1,735.1	435.4
2054	-1,403.9	301.1	135.3	0.0	0.9	1,901.7	497.9
2055	-1,507.4	298.3	133.1	0.0	0.8	2,067.8	560.4
2056	-1,610.3	295.5	130.9	0.0	0.8	2,233.2	622.9
2057	-1,712.7	292.6	128.7	0.0	0.8	2,397.9	685.2
2058	-1,814.4	289.5	126.6	0.0	0.7	2,561.5	747.2
2059	-1,915.3	286.3	124.5	0.0	0.7	2,724.0	808.7
2060	-2,015.6	283.5	122.5	0.0	0.7	2,885.6	870.1
2061	-2,115.1	279.9	120.4	0.0	0.6	3,045.8	930.6
2062	-2,214.1	276.5	118.5	0.0	0.6	3,204.4	990.2
2063	-2,312.6	273.1	116.5	0.0	0.6	3,361.5	1,048.9
2064	-2,410.5	269.6	114.6	0.0	0.5	3,517.1	1,106.6
2065	-2,507.7	266.0	112.7	0.0	0.5	3,670.9	1,163.3
2066	-2,604.1	262.5	110.8	0.0	0.5	3,823.1	1,219.0
2067	-2,699.9	259.1	109.0	0.0	0.5	3,973.8	1,273.8
2068	-2,794.9	255.8	107.2	0.0	0.4	4,122.8	1,327.9
2069	-2,889.1	252.4	105.4	0.0	0.4	4,270.2	1,381.1
2070	-2,982.5	249.0	103.7	0.0	0.4	4,415.9	1,433.4
2071	-3,075.0	245.5	102.0	0.0	0.4	4,559.8	1,484.8
2072	-3,166.6	242.1	100.3	0.0	0.3	4,701.9	1,535.3
2073	-3,257.4	238.8	98.7	0.0	0.3	4,842.3	1,584.9
2074	-3,347.3	235.4	97.0	0.0	0.3	4,981.0	1,633.7
2075	-3,436.4	232.1	95.4	0.0	0.3	5,118.0	1,681.6
2076	-3,524.7	228.9	93.8	0.0	0.3	5,253.3	1,728.6
2077	-3,612.1	225.7	92.3	0.0	0.2	5,387.0	1,774.9
2078	-3,698.7	222.6	90.8	0.0	0.2	5,519.0	1,820.3
Total 2004-2078		14,897.9	12,023.9	4,194.9	6,839.5		

Based on the Intermediate Assumptions of the 2004 Trustees Report
With Ultimate Real Trust Fund Interest Rate of 3.0%
Ultimate Real IA Yield Rate of 4.65%
Annuity Net Real Yield Rate of 3.0%

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[1] Include reimbursement for minimum benefit

Table 2 Johnson Proposal: Sensitivity Analysis--Low Yield=LT Treasury Bond

Phased Participation
No Taxation
of RB or IA
Distributions

Ult Real TF Int Rate of 3.00
Ult Real IA Yld Rate of 2.70
Annuity Net Real Yld Rate of 2.70

Individual Account Contribution Rate: 6.2% Benefit Offset: 0.0%

Year	Cost Rate	Income Rate	Annual Balance	TFR[1] 1-1-yr	General Revenue Reimbursement for Minimum Benefit	"Effective" Change in OASDI Contribution Rate	"Effective" OASDI Contribution Rate	General Revenue Transfer Solvency	Individual Account Contribution Rate
2004	11.07	12.71	1.64	306			12.40		0.00
2005	10.87	8.72	-2.15	325	0.00	-4.005	8.40		4.00
2006	10.77	8.36	-2.41	310	0.00	-0.373	8.02		4.38
2007	10.75	8.23	-2.51	290	0.00	-0.142	7.88		4.52
2008	10.80	8.14	-2.65	267	0.00	-0.127	7.75		4.65
2009	10.95	8.01	-2.94	241	0.00	-0.125	7.63		4.77
2010	11.08	7.91	-3.18	214	0.00	-0.122	7.51		4.89
2011	11.25	7.83	-3.41	184	0.00	-0.126	7.38		5.02
2012	11.43	7.75	-3.68	154	0.00	-0.110	7.27		5.13
2013	11.67	9.18	-2.50	121	0.00	1.403	8.67	1.5	5.23
2014	11.89	11.98	0.09	100	0.00	2.787	11.46	4.4	5.34
2015	12.13	12.21	0.08	100	0.01	0.212	11.67	4.7	5.43
2016	13.12	13.03	-0.09	100	0.01	0.809	12.48	5.6	5.53
2017	13.77	13.65	-0.12	100	0.01	0.618	13.10	6.3	5.61
2018	14.41	14.28	-0.13	100	0.01	0.624	13.72	7.0	5.69
2019	15.03	14.82	-0.21	100	0.01	0.537	14.26	7.6	5.75
2020	15.59	15.37	-0.23	100	0.01	0.541	14.80	8.2	5.81
2021	15.55	15.25	-0.30	100	0.02	-0.120	14.68	8.1	5.88
2022	15.81	15.45	-0.36	100	0.02	0.208	14.89	8.4	5.93
2023	16.00	15.70	-0.30	100	0.02	0.257	15.15	8.7	5.97
2024	16.06	15.65	-0.41	100	0.02	-0.039	15.11	8.7	6.02
2025	16.02	15.52	-0.51	100	0.02	-0.129	14.98	8.6	6.05
2026	15.99	15.37	-0.62	100	0.03	-0.128	14.85	8.5	6.08
2027	16.95	16.43	-0.51	100	0.03	1.077	15.93	9.6	6.10
2028	17.07	16.50	-0.57	100	0.03	0.084	16.01	9.7	6.12
2029	16.96	16.37	-0.59	100	0.04	-0.113	15.90	9.6	6.14
2030	16.76	16.14	-0.62	100	0.04	-0.209	15.69	9.4	6.15
2031	16.65	16.11	-0.53	100	0.04	-0.006	15.68	9.4	6.16
2032	15.76	15.19	-0.58	100	0.04	-0.903	14.78	8.5	6.16
2033	14.97	14.40	-0.57	100	0.05	-0.762	14.02	7.7	6.17
2034	14.18	13.64	-0.54	100	0.05	-0.742	13.28	7.0	6.17
2035	13.44	13.02	-0.42	100	0.05	-0.602	12.67	6.4	6.18
2036	12.72	12.20	-0.53	100	0.06	-0.804	11.87	5.6	6.19
2037	11.98	11.50	-0.48	100	0.06	-0.673	11.20	4.9	6.19
2038	11.27	10.85	-0.41	100	0.07	-0.632	10.57	4.3	6.20
2039	10.55	10.14	-0.41	100	0.07	-0.696	9.87	3.6	6.20
2040	9.87	9.49	-0.38	100	0.07	-0.636	9.23	3.0	6.20
2041	9.21	8.85	-0.36	100	0.08	-0.626	8.61	2.3	6.20
2042	8.58	8.28	-0.30	100	0.08	-0.556	8.05	1.8	6.20
2043	8.00	7.66	-0.34	100	0.09	-0.606	7.45	1.2	6.20
2044	7.45	7.09	-0.37	100	0.09	-0.556	6.89	0.6	6.20
2045	6.84	6.58	-0.26	100	0.10	-0.495	6.40	0.1	6.20
2046	6.34	6.47	0.13	100	0.10	-0.095	6.30		6.20
2047	5.87	6.47	0.60	108	0.10	0.004	6.30		6.20
2048	5.43	6.46	1.03	127	0.11	0.004	6.31		6.20
2049	5.03	6.46	1.44	156	0.11	0.004	6.31		6.20
2050	3.99	6.46	2.47	199	0.12	0.004	6.32		6.20
2051	3.89	6.46	2.57	270	0.12	0.004	6.32		6.20
2052	3.80	6.46	2.66	347	0.12	0.004	6.32		6.20
2053	3.73	6.46	2.73	430	0.13	0.003	6.33		6.20
2054	3.67	6.46	2.79	518	0.13	0.003	6.33		6.20
2055	3.62	6.46	2.84	610	0.13	0.003	6.33		6.20
2056	3.58	6.46	2.88	705	0.13	0.002	6.33		6.20
2057	3.54	6.46	2.92	805	0.14	0.002	6.34		6.20
2058	3.51	6.46	2.95	908	0.14	0.002	6.34		6.20
2059	3.48	6.46	2.98	1,014	0.14	0.001	6.34		6.20
2060	3.43	6.46	3.02	1,130	0.14	0.001	6.34		6.20
2061	3.43	6.46	3.03	1,238	0.14	0.000	6.34		6.20
2062	3.42	6.46	3.03	1,347	0.14	0.000	6.34		6.20
2063	3.42	6.46	3.03	1,458	0.14	-0.001	6.34		6.20
2064	3.42	6.46	3.03	1,570	0.14	-0.001	6.34		6.20
2065	3.42	6.45	3.03	1,684	0.14	-0.002	6.34		6.20
2066	3.42	6.45	3.03	1,800	0.14	-0.002	6.34		6.20
2067	3.42	6.45	3.03	1,921	0.13	-0.002	6.33		6.20
2068	3.41	6.45	3.04	2,046	0.13	-0.003	6.33		6.20
2069	3.40	6.44	3.05	2,172	0.13	-0.003	6.33		6.20
2070	3.40	6.44	3.04	2,299	0.12	-0.003	6.32		6.20
2071	3.39	6.44	3.04	2,428	0.12	-0.003	6.32		6.20
2072	3.39	6.43	3.04	2,560	0.12	-0.004	6.32		6.20
2073	3.39	6.43	3.04	2,694	0.11	-0.004	6.31		6.20
2074	3.38	6.43	3.04	2,831	0.11	-0.004	6.31		6.20
2075	3.38	6.42	3.04	2,971	0.11	-0.004	6.31		6.20
2076	3.37	6.42	3.04	3,114	0.10	-0.004	6.30		6.20
2077	3.37	6.41	3.04	3,259	0.10	-0.004	6.30		6.20
2078	3.36	6.41	3.04	3,409	0.09	-0.004	6.29		6.20
2079	3.36	6.40	3.04	3,561	0.09	-0.004	6.29		6.20

	Summarized OASDI			
	Cost Rate	Income Rate	Actuarial Balance	Change in Actuarial Balance
2004 - 2078	10.21	11.03	0.82	2.70

[1]TFR computed as TF assets divided by annual cost excluding RB payments

Based on Intermediate Assumptions of the 2004 Trustees Report With Ultimate Real Trust Fund Interest Rate of 3.00

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Table 2a Proposal GF Transfers, OASDI Trust Fund Assets, Individual Account Assets, and Theoretical OASDI Assets

Calendar Year	Proposal General Fund Transfer(GF)/Reimburse: Transfers for Solvency (1)	Reimburse Minimum Benefit (2)	Total in Constant 2004$ (3)	Accumulated as of End of Year (4)	Total OASDI Trust Fund Assets at End of Year (5)	Low Yield Individual Account Assets[1] at End of Year (6)	GDP (7)	Theoretical Social Security[2] with Borrowing Authority: Net OASDI TF Assets End of Year: Without GF Transfer (8)	With GF Transfer (amount for Prop) (9)
	Billions PV as of 1-1-2004		Billions of Constant 2004$			Billions of Constant 2004 Dollars			
2004	0.0	0.0	0.0	0	1,684	0	11,544	1,684	1,684
2005	0.0	0.0	0.0	0	1,647	193	11,911	1,840	1,840
2006	0.0	0.0	0.0	0	1,581	416	12,246	1,998	1,998
2007	0.0	0.0	0.0	0	1,498	656	12,562	2,156	2,156
2008	0.0	0.0	0.0	0	1,399	912	12,870	2,315	2,315
2009	0.0	0.0	0.0	0	1,279	1,185	13,171	2,473	2,473
2010	0.0	0.0	0.0	0	1,141	1,477	13,466	2,631	2,631
2011	0.0	0.0	0.0	0	983	1,789	13,752	2,790	2,790
2012	0.0	0.0	0.0	0	804	2,117	14,024	2,944	2,944
2013	62.0	0.1	82.9	83	684	2,461	14,285	3,091	3,174
2014	179.9	0.1	247.1	332	708	2,823	14,547	3,230	3,563
2015	189.8	0.2	268.3	610	732	3,203	14,804	3,360	3,970
2016	223.3	0.3	324.7	952	747	3,599	15,061	3,478	4,431
2017	247.8	0.4	371.1	1,352	761	4,014	15,322	3,584	4,935
2018	271.5	0.4	418.7	1,811	775	4,446	15,586	3,675	5,486
2019	290.4	0.5	461.3	2,326	785	4,894	15,842	3,750	6,076
2020	308.6	0.5	505.0	2,901	793	5,356	16,100	3,805	6,706
2021	301.6	0.6	508.5	3,496	797	5,833	16,354	3,841	7,337
2022	306.4	0.7	532.1	4,133	797	6,324	16,610	3,857	7,990
2023	312.1	0.7	558.5	4,816	800	6,828	16,861	3,851	8,667
2024	307.1	0.8	566.1	5,527	796	7,345	17,117	3,823	9,350
2025	298.6	0.9	567.1	6,259	785	7,874	17,372	3,773	10,032
2026	290.3	0.9	568.1	7,015	766	8,414	17,634	3,700	10,715
2027	322.6	1.0	650.2	7,876	752	8,964	17,903	3,604	11,480
2028	320.7	1.1	665.8	8,778	734	9,525	18,174	3,486	12,264
2029	312.2	1.2	667.9	9,709	713	10,094	18,451	3,346	13,055
2030	300.8	1.2	663.1	10,664	689	10,673	18,733	3,184	13,847
2031	296.0	1.3	672.3	11,656	670	11,259	19,022	3,000	14,656
2032	263.5	1.4	616.8	12,622	647	11,852	19,319	2,796	15,418
2033	236.1	1.5	569.9	13,571	622	12,452	19,622	2,570	16,141
2034	210.2	1.5	523.2	14,501	599	13,058	19,929	2,325	16,827
2035	189.2	1.6	485.6	15,422	583	13,669	20,243	2,062	17,484
2036	163.0	1.7	431.7	16,316	558	14,286	20,564	1,780	18,096
2037	141.3	1.8	386.2	17,192	536	14,906	20,892	1,481	18,673
2038	121.3	1.9	342.6	18,050	518	15,530	21,226	1,165	19,215
2039	100.0	1.9	292.0	18,884	499	16,157	21,562	833	19,717
2040	80.9	2.0	244.8	19,695	482	16,785	21,904	485	20,180
2041	62.7	2.1	197.0	20,483	465	17,414	22,252	120	20,603
2042	46.9	2.2	153.7	21,251	452	18,042	22,605	-262	20,989
2043	30.3	2.2	104.8	21,993	435	18,669	22,961	-662	21,331
2044	15.4	2.3	58.9	22,712	415	19,295	23,322	-1,080	21,632
2045	2.5	2.4	16.9	23,410	403	19,917	23,687	-1,516	21,894
2046	0.0	2.5	8.7	24,121	426	20,535	24,055	-1,972	22,149
2047	0.0	2.5	9.2	24,854	493	21,150	24,426	-2,449	22,406
2048	0.0	2.6	9.7	25,610	602	21,758	24,799	-2,946	22,664
2049	0.0	2.7	10.2	26,388	754	22,360	25,174	-3,465	22,923
2050	0.0	2.7	10.7	27,191	1,011	22,951	25,552	-4,008	23,182
2051	0.0	2.7	11.2	28,017	1,288	23,533	25,936	-4,577	23,441
2052	0.0	2.8	11.7	28,870	1,585	24,106	26,324	-5,172	23,698
2053	0.0	2.8	12.2	29,748	1,902	24,673	26,721	-5,795	23,953
2054	0.0	2.8	12.6	30,653	2,238	25,234	27,123	-6,447	24,206
2055	0.0	2.8	13.1	31,586	2,592	25,789	27,528	-7,130	24,456
2056	0.0	2.8	13.5	32,547	2,966	26,339	27,939	-7,845	24,701
2057	0.0	2.8	13.8	33,537	3,358	26,883	28,354	-8,594	24,943
2058	0.0	2.8	14.2	34,557	3,769	27,422	28,775	-9,378	25,180
2059	0.0	2.8	14.5	35,609	4,200	27,955	29,204	-10,196	25,412
2060	0.0	2.8	14.8	36,692	4,652	28,483	29,639	-11,052	25,640
2061	0.0	2.7	15.0	37,807	5,123	29,006	30,078	-11,946	25,861
2062	0.0	2.7	15.2	38,957	5,613	29,524	30,526	-12,880	26,077
2063	0.0	2.6	15.3	40,141	6,122	30,038	30,978	-13,857	26,284
2064	0.0	2.6	15.4	41,360	6,650	30,548	31,438	-14,876	26,484
2065	0.0	2.5	15.4	42,616	7,199	31,055	31,906	-15,940	26,676
2066	0.0	2.4	15.4	43,910	7,768	31,558	32,379	-17,050	26,860
2067	0.0	2.3	15.3	45,243	8,360	32,059	32,861	-18,208	27,035
2068	0.0	2.3	15.2	46,615	8,975	32,557	33,359	-19,414	27,202
2069	0.0	2.2	15.1	48,029	9,613	33,054	33,859	-20,670	27,359
2070	0.0	2.1	14.9	49,485	10,276	33,550	34,366	-21,978	27,507
2071	0.0	2.0	14.7	50,984	10,963	34,045	34,882	-23,340	27,645
2072	0.0	1.9	14.5	52,528	11,676	34,539	35,404	-24,756	27,772
2073	0.0	1.8	14.2	54,118	12,415	35,034	35,931	-26,230	27,888
2074	0.0	1.7	13.9	55,756	13,181	35,530	36,464	-27,762	27,993
2075	0.0	1.6	13.6	57,442	13,975	36,027	37,006	-29,356	28,085
2076	0.0	1.5	13.2	59,178	14,799	36,525	37,555	-31,014	28,165
2077	0.0	1.5	12.9	60,967	15,652	37,025	38,112	-32,736	28,230
2078	0.0	1.4	12.5	62,808	16,536	37,528	38,677	-34,527	28,281
2079	0.0	1.3	12.1	64,704	17,452	38,033	39,245	-36,387	28,317
Total 2004-78	6,805.1	118.3							

Based on Intermediate Assumptions of the 2004 Trustees Report

[1] Including annuity assets, assuming all annuitize fully.

[2] Theoretical Social Security is the current Social Security program with the assumption that the law is modified to permit borrowing from the General Fund of the Treasury.

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Table 2b Proposal Effects on Unified Budget

Individual Account Contribution Rate: 6.2%   Benefit Offset: 0.0%

Year	Amount(%) Contributed to IA by Fed Gov: **100** (1)	Recognition Bond Distributions (2)	Other Changes in OASDI Cashflow[1] (3)	Change in Annual Unified Budget Cashflow (4)=(3)-(1)-(2)	Change in Debt Held by Public (EOY) (5)	Change in Annual Unified Budget Balance (6)
	(Billions of $, Present Value on 1-1-2004)					
2005	175.8	0.0	0.0	-175.8	175.8	-175.8
2006	191.2	0.0	0.0	-191.2	367.0	-200.2
2007	196.5	0.0	0.0	-196.5	563.4	-215.3
2008	201.0	0.0	0.0	-201.0	764.4	-230.2
2009	205.2	0.0	0.0	-205.2	969.6	-245.2
2010	208.9	0.0	0.0	-208.9	1,178.5	-260.1
2011	212.5	0.0	0.0	-212.5	1,391.0	-275.2
2012	214.8	0.0	2.6	-212.2	1,603.2	-286.6
2013	216.1	0.0	3.4	-212.8	1,815.9	-298.8
2014	218.4	0.0	4.7	-213.7	2,029.6	-311.8
2015	219.4	0.0	6.8	-212.6	2,242.3	-323.1
2016	220.3	33.9	12.6	-241.6	2,483.8	-364.5
2017	220.7	55.7	21.3	-255.0	2,738.9	-392.1
2018	220.6	77.9	31.1	-267.4	3,006.3	-419.6
2019	219.8	99.6	42.2	-277.2	3,283.5	-444.3
2020	218.8	120.1	54.5	-284.3	3,567.8	-466.8
2021	217.7	117.2	66.4	-268.5	3,836.3	-466.8
2022	216.3	128.5	80.2	-264.6	4,100.9	-477.8
2023	214.4	138.3	94.9	-257.8	4,358.7	-485.7
2024	212.3	144.9	110.3	-246.9	4,605.7	-489.2
2025	210.0	149.3	126.4	-232.8	4,838.5	-488.8
2026	207.6	154.8	142.5	-219.9	5,058.4	-488.8
2027	205.1	197.5	161.4	-241.2	5,299.6	-522.3
2028	202.3	210.6	178.5	-234.5	5,534.1	-529.0
2029	199.6	216.5	194.7	-221.4	5,755.5	-529.0
2030	196.7	220.4	211.0	-206.2	5,961.7	-526.0
2031	193.9	226.5	225.8	-194.6	6,156.3	-525.9
2032	191.0	210.0	241.0	-160.0	6,316.3	-502.1
2033	188.2	194.9	253.1	-129.9	6,446.2	-480.9
2034	185.4	180.2	263.9	-101.7	6,547.9	-459.9
2035	182.7	167.3	273.6	-76.4	6,624.3	-440.2
2036	180.1	154.9	282.0	-53.0	6,677.3	-421.1
2037	177.5	141.8	289.1	-30.2	6,707.5	-401.3
2038	174.9	129.5	295.1	-9.3	6,716.8	-382.1
2039	172.2	116.8	299.9	10.9	6,706.0	-362.4
2040	169.5	105.0	303.8	29.3	6,676.7	-343.4
2041	166.9	93.5	306.9	46.5	6,630.2	-324.5
2042	164.4	82.6	309.3	62.4	6,567.8	-306.0
2043	161.8	72.8	311.0	76.4	6,491.4	-288.6
2044	159.3	63.5	311.8	89.0	6,402.3	-271.7
2045	156.8	54.7	314.4	102.9	6,299.4	-252.8
2046	154.3	46.3	314.3	113.7	6,185.7	-236.4
2047	151.8	37.8	313.2	123.6	6,062.1	-220.2
2048	149.4	29.8	311.3	132.2	5,929.9	-204.7
2049	146.9	21.8	308.7	140.0	5,789.9	-189.6
2050	144.5	0.1	306.9	162.3	5,627.7	-159.5
2051	142.2	0.0	304.8	162.6	5,465.1	-150.1
2052	139.9	0.0	302.5	162.7	5,302.4	-141.0
2053	137.6	0.0	300.0	162.4	5,140.0	-132.2
2054	135.3	0.0	297.3	162.0	4,978.0	-123.6
2055	133.1	0.0	294.5	161.4	4,816.5	-115.2
2056	130.9	0.0	291.6	160.7	4,655.8	-106.9
2057	128.7	0.0	288.7	159.9	4,495.9	-98.8
2058	126.6	0.0	285.5	158.9	4,337.0	-90.9
2059	124.5	0.0	282.3	157.8	4,179.2	-83.2
2060	122.5	0.0	279.4	157.0	4,022.3	-75.3
2061	120.4	0.0	275.9	155.5	3,866.8	-68.0
2062	118.5	0.0	272.5	154.0	3,712.7	-60.8
2063	116.5	0.0	269.2	152.7	3,560.1	-53.7
2064	114.6	0.0	265.7	151.2	3,408.9	-46.7
2065	112.7	0.0	262.2	149.6	3,259.3	-39.9
2066	110.8	0.0	258.9	148.1	3,111.3	-33.1
2067	109.0	0.0	255.6	146.6	2,964.7	-26.3
2068	107.2	0.0	252.4	145.2	2,819.5	-19.6
2069	105.4	0.0	249.1	143.6	2,675.9	-13.0
2070	103.7	0.0	245.7	142.0	2,533.9	-6.7
2071	102.0	0.0	242.4	140.4	2,393.4	-0.4
2072	100.3	0.0	239.2	138.8	2,254.6	5.8
2073	98.7	0.0	235.9	137.2	2,117.4	12.0
2074	97.0	0.0	232.7	135.7	1,981.7	18.0
2075	95.4	0.0	229.6	134.1	1,847.6	24.0
2076	93.8	0.0	226.5	132.6	1,714.9	29.9
2077	92.3	0.0	223.4	131.1	1,583.8	35.8
2078	90.8	0.0	220.4	129.6	1,454.2	41.6
2079	89.2	0.0	217.4	128.2	1,326.1	47.3

Based on the Intermediate Assumptions of the 2004 Trustees Report
With Ultimate Real Trust Fund Interest Rate of 3.0%
Ultimate Real IA Yield Rate of 2.75%
Annuity Net Real Yield Rate of 2.75%
[1] Excluding GF transfers and reimbursement

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Table 2 b.c. Proposal Effects on Unified Budget

	Individual Account Contribution Rate: 6.2%			Benefit Offset: 0.0%		
	Amount(%)		Other	Change in		
	Contributed to	Recognition	Changes	Annual	Debt Held	Annual
	IA by Fed Gov:	Bond	in OASDI	Unified Budget	by Public	Unified Budget
	100	Distributions	Cashflow[1]	Cashflow	(EOY)	Balance
	(1)	(2)	(3)	(4)=(3)-(1)-(2)	(5)	(6)
Year			*(Billions of Constant 2004 $)*			
2005	188.0	0.0	0.0	-188.0	191.2	-193.1
2006	211.5	0.0	0.0	-211.5	411.7	-227.4
2007	223.6	0.0	0.0	-223.6	649.4	-251.6
2008	234.7	0.0	0.0	-234.7	904.1	-276.1
2009	245.9	0.0	0.0	-245.9	1,177.2	-301.9
2010	257.1	0.0	0.0	-257.1	1,469.5	-328.9
2011	268.5	0.0	0.0	-268.5	1,782.1	-357.5
2012	278.9	0.0	3.3	-275.6	2,110.9	-382.6
2013	288.5	0.0	4.5	-284.0	2,457.8	-410.0
2014	299.8	0.0	6.5	-293.3	2,824.9	-440.0
2015	309.7	0.0	9.6	-300.2	3,210.6	-469.0
2016	320.0	49.2	18.3	-350.9	3,660.2	-544.5
2017	329.9	83.3	31.9	-381.4	4,155.4	-603.2
2018	339.7	120.0	48.0	-411.7	4,697.9	-664.8
2019	348.6	158.0	67.0	-439.7	5,285.1	-725.1
2020	357.4	196.1	89.1	-464.5	5,915.0	-784.6
2021	366.3	197.2	111.6	-451.8	6,551.0	-808.2
2022	374.8	222.8	139.0	-458.5	7,212.9	-852.0
2023	382.7	246.9	169.3	-460.2	7,896.4	-892.2
2024	390.4	266.3	202.7	-454.0	8,594.0	-925.4
2025	397.6	282.7	239.3	-440.9	9,299.4	-952.5
2026	404.9	301.9	277.9	-428.9	10,013.7	-981.1
2027	412.0	396.8	324.3	-484.5	10,805.8	-1,079.7
2028	418.7	435.9	369.3	-485.3	11,622.5	-1,126.4
2029	425.4	461.5	414.9	-472.0	12,450.2	-1,160.2
2030	431.9	484.0	463.2	-452.6	13,283.0	-1,188.3
2031	438.5	512.1	510.6	-440.0	14,128.1	-1,223.6
2032	445.0	489.0	561.3	-372.6	14,930.1	-1,203.3
2033	451.5	467.5	607.2	-311.7	15,694.4	-1,187.2
2034	458.1	445.2	652.1	-251.2	16,420.2	-1,169.3
2035	465.0	425.8	696.4	-194.3	17,110.0	-1,152.9
2036	472.1	406.0	739.2	-139.0	17,764.3	-1,135.9
2037	479.2	383.0	780.7	-81.6	18,380.0	-1,114.9
2038	486.5	360.1	820.6	-26.0	18,957.8	-1,093.4
2039	493.3	334.6	859.0	31.1	19,494.9	-1,068.1
2040	500.2	309.8	896.4	86.3	19,992.1	-1,042.5
2041	507.3	284.2	932.7	141.3	20,448.5	-1,014.8
2042	514.4	258.4	968.3	195.4	20,863.7	-985.6
2043	521.6	234.7	1,002.6	246.3	21,239.6	-957.4
2044	528.9	210.8	1,035.3	295.7	21,576.7	-928.4
2045	536.2	187.3	1,075.5	352.1	21,866.7	-889.9
2046	543.5	163.0	1,107.1	400.6	22,116.2	-856.8
2047	550.9	137.3	1,136.6	448.5	22,324.5	-822.0
2048	558.3	111.2	1,163.6	494.1	22,492.8	-787.1
2049	565.7	83.8	1,188.3	538.8	22,620.7	-750.9
2050	573.1	0.2	1,216.8	643.4	22,646.3	-650.7
2051	580.7	0.0	1,244.8	664.1	22,651.8	-630.9
2052	588.3	0.0	1,272.5	684.2	22,636.9	-610.5
2053	596.1	0.0	1,299.9	703.8	22,601.7	-589.5
2054	603.9	0.0	1,326.9	723.0	22,546.0	-567.7
2055	611.8	0.0	1,353.8	742.0	22,469.4	-544.9
2056	619.8	0.0	1,380.7	760.9	22,371.2	-521.0
2057	627.8	0.0	1,407.6	779.8	22,250.9	-495.8
2058	636.0	0.0	1,434.2	798.2	22,108.4	-469.9
2059	644.3	0.0	1,460.5	816.2	21,943.2	-443.1
2060	652.6	0.0	1,489.1	836.4	21,752.7	-412.8
2061	661.1	0.0	1,514.5	853.4	21,539.2	-384.3
2062	669.7	0.0	1,540.5	870.9	21,301.5	-353.9
2063	678.3	0.0	1,567.3	889.0	21,038.4	-321.5
2064	687.1	0.0	1,593.7	906.6	20,749.5	-288.1
2065	696.0	0.0	1,620.0	923.9	20,434.2	-253.4
2066	705.0	0.0	1,647.1	942.0	20,091.2	-216.5
2067	714.2	0.0	1,674.9	960.7	19,718.9	-177.4
2068	723.6	0.0	1,703.5	979.9	19,316.1	-136.1
2069	733.1	0.0	1,731.8	998.7	18,881.9	-93.3
2070	742.7	0.0	1,759.8	1,017.1	18,416.2	-49.2
2071	752.4	0.0	1,788.2	1,035.8	17,917.4	-2.9
2072	762.2	0.0	1,817.0	1,054.7	17,384.5	45.5
2073	772.1	0.0	1,846.1	1,074.0	16,816.0	96.3
2074	782.1	0.0	1,875.7	1,093.6	16,210.6	149.4
2075	792.2	0.0	1,905.8	1,113.6	15,566.8	205.1
2076	802.5	0.0	1,936.4	1,133.9	14,882.9	263.4
2077	812.8	0.0	1,967.5	1,154.7	14,157.5	324.5
2078	823.3	0.0	1,999.2	1,175.9	13,388.9	388.4
2079	833.9	0.0	2,031.4	1,197.5	12,575.2	455.2

Based on the Intermediate Assumptions of the 2004 Trustees Report
With Ultimate Real Trust Fund Interest Rate of 3.0%
Ultimate Real IA Yield Rate of 2.75%
Annuity Net Real Yield Rate of 2.75%

[1] Excluding GF transfers and reimbursement

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Table 2c OASDI Cash Flow to General Fund of the Treasury--- Proposal vs. Theoretical OASDI

	Proposal				Theoretical Social Security with PAYGO Transfers			
	Net Amount of Cash-Flow from the OASDI Trust Funds to the General Fund of the Treasury During the Year[1]				Net Amount of Cash-Flow from the OASDI Trust Funds to the General Fund of the Treasury During the Year[1]			
	Percent	Billions of Dollars			Percent	Billions of Dollars		
Year	of Payroll	Current $	1/1/2004 PV	Const 2004 $	of Payroll	Current $	1/1/2004 PV	Const 2004 $
2004	1.4	65	63	65	1.4	65	63	65
2005	-2.1	-102	-94	-101	1.9	89	82	87
2006	-2.4	-122	-106	-118	1.9	97	85	94
2007	-2.5	-132	-110	-125	2.0	105	87	99
2008	-2.7	-147	-115	-135	2.0	109	86	100
2009	-3.0	-171	-127	-152	1.8	105	78	93
2010	-3.2	-193	-136	-168	1.7	103	73	89
2011	-3.4	-217	-145	-183	1.6	101	67	85
2012	-3.7	-244	-154	-200	1.4	91	58	75
2013	-4.0	-277	-166	-221	1.1	79	47	63
2014	-4.3	-312	-177	-243	0.9	65	37	50
2015	-4.6	-349	-187	-264	0.6	48	25	36
2016	-5.7	-450	-228	-331	0.3	27	14	20
2017	-6.4	-529	-253	-379	0.0	4	2	3
2018	-7.1	-613	-277	-427	-0.3	-22	-10	-15
2019	-7.8	-701	-299	-474	-0.6	-51	-22	-35
2020	-8.5	-789	-318	-520	-0.9	-84	-34	-55
2021	-8.5	-824	-314	-528	-1.2	-119	-45	-76
2022	-8.8	-891	-320	-555	-1.5	-155	-56	-97
2023	-9.0	-953	-324	-578	-1.8	-195	-66	-118
2024	-9.1	-1,005	-323	-593	-2.1	-236	-76	-139
2025	-9.1	-1,048	-317	-601	-2.4	-279	-85	-160
2026	-9.2	-1,092	-313	-610	-2.7	-324	-93	-181
2027	-10.2	-1,262	-341	-685	-3.0	-370	-100	-201
2028	-10.3	-1,335	-341	-705	-3.2	-416	-106	-220
2029	-10.2	-1,381	-333	-710	-3.4	-463	-112	-238
2030	-10.1	-1,415	-322	-707	-3.6	-510	-116	-255
2031	-10.0	-1,462	-314	-711	-3.8	-558	-120	-271
2032	-9.1	-1,394	-283	-659	-4.0	-606	-123	-287
2033	-8.4	-1,331	-255	-612	-4.1	-653	-125	-300
2034	-7.6	-1,260	-228	-564	-4.2	-699	-127	-313
2035	-6.9	-1,191	-204	-518	-4.3	-744	-127	-324
2036	-6.2	-1,116	-180	-473	-4.4	-788	-127	-334
2037	-5.5	-1,029	-157	-424	-4.4	-831	-127	-343
2038	-4.8	-938	-135	-376	-4.5	-873	-126	-350
2039	-4.1	-835	-114	-325	-4.5	-915	-124	-357
2040	-3.4	-729	-94	-276	-4.5	-956	-123	-363
2041	-2.8	-617	-75	-227	-4.5	-1,000	-121	-369
2042	-2.2	-500	-57	-179	-4.5	-1,045	-120	-375
2043	-1.6	-386	-42	-135	-4.5	-1,091	-118	-381
2044	-1.1	-268	-27	-91	-4.5	-1,139	-116	-387
2045	-0.5	-123	-12	-41	-4.5	-1,189	-115	-393
2046	0.0	5	0	2	-4.6	-1,241	-113	-399
2047	0.5	138	12	43	-4.6	-1,297	-112	-405
2048	0.9	271	22	82	-4.6	-1,355	-110	-412
2049	1.3	405	31	120	-4.6	-1,417	-109	-419
2050	2.3	754	55	217	-4.6	-1,483	-108	-427
2051	2.4	818	56	229	-4.6	-1,555	-107	-435
2052	2.5	880	57	240	-4.7	-1,634	-106	-445
2053	2.6	941	58	249	-4.7	-1,717	-105	-455
2054	2.6	1,002	58	258	-4.8	-1,805	-104	-465
2055	2.7	1,062	58	266	-4.8	-1,899	-104	-476
2056	2.7	1,123	58	274	-4.9	-1,999	-103	-487
2057	2.8	1,185	58	281	-4.9	-2,104	-102	-499
2058	2.8	1,247	57	288	-5.0	-2,214	-102	-511
2059	2.8	1,310	57	294	-5.0	-2,328	-101	-522
2060	2.9	1,385	57	302	-5.1	-2,447	-100	-534
2061	2.9	1,446	56	307	-5.1	-2,574	-100	-547
2062	2.9	1,507	55	311	-5.2	-2,709	-99	-560
2063	2.9	1,571	54	316	-5.2	-2,854	-98	-574
2064	2.9	1,635	53	320	-5.3	-3,003	-98	-587
2065	2.9	1,703	52	324	-5.3	-3,157	-97	-600
2066	2.9	1,775	52	328	-5.4	-3,319	-96	-614
2067	2.9	1,851	51	333	-5.4	-3,489	-96	-628
2068	2.9	1,934	50	339	-5.5	-3,665	-95	-641
2069	2.9	2,019	49	344	-5.5	-3,847	-94	-655
2070	2.9	2,105	49	349	-5.6	-4,037	-93	-669
2071	2.9	2,195	48	354	-5.6	-4,235	-92	-682
2072	2.9	2,288	47	359	-5.7	-4,442	-92	-696
2073	2.9	2,386	46	364	-5.7	-4,660	-91	-710
2074	2.9	2,487	46	369	-5.7	-4,888	-90	-725
2075	2.9	2,593	45	374	-5.8	-5,127	-89	-740
2076	2.9	2,703	44	379	-5.8	-5,377	-88	-755
2077	2.9	2,819	44	385	-5.9	-5,640	-87	-770
2078	2.9	2,940	43	390	-5.9	-5,915	-87	-785
2079	2.9	3,066	42	396	-6.0	-6,203	-86	-801
Total 2004-78			-6,678				-5,225	

[1] Equals net investment in special Treasury Bonds by the Trust Funds less the Amount of General Fund transfers specified in the proposal or in the theoretical plan (PAYGO Transfers)

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Table 2d Change in Long-Range Trust Fund Assets / Unfunded Obligation

Individual Account Contribution Rate: 6.2% Benefit Offset: 0.0%

Year	Present Law OASDI Trust Fund Assets or if Negative, Unfunded Obligation Through EOY (1)	Basic Changes in OASDI Cash flow (2)	Amount(%) Contributed to IA by Fed Gov: **100** (3)	Recognition Bond Distributions (4)	General Fund Transfers[1] (5)	Total Change Through EOY (6)=(2)-(3)-(4)+(5)	Proposal OASDI Trust Fund Assets/ Unfunded Obligation Through EOY (7)
	(Billions of $, Present Value on 1-1-2004)						
2005	1,674.6	0.0	175.8	0.0	0.0	-175.8	1,498.9
2006	1,759.0	0.0	191.2	0.0	0.0	-367.0	1,392.1
2007	1,845.5	0.0	196.5	0.0	0.0	-563.4	1,282.1
2008	1,930.8	0.0	201.0	0.0	0.0	-764.4	1,166.4
2009	2,008.4	0.0	205.2	0.0	0.0	-969.6	1,038.8
2010	2,080.8	0.0	208.9	0.0	0.0	-1,178.5	902.3
2011	2,148.0	0.0	212.5	0.0	0.0	-1,391.0	757.0
2012	2,205.6	2.6	214.8	0.0	0.0	-1,603.2	602.4
2013	2,252.4	3.4	216.1	0.0	62.1	-1,753.8	498.6
2014	2,289.0	4.7	218.4	0.0	180.0	-1,787.5	501.5
2015	2,314.3	6.8	219.4	0.0	190.0	-1,810.1	504.2
2016	2,327.9	12.6	220.3	33.9	223.6	-1,828.1	499.8
2017	2,329.7	21.3	220.7	55.7	248.2	-1,835.0	494.7
2018	2,319.7	31.1	220.6	77.9	271.9	-1,830.4	489.2
2019	2,297.6	42.2	219.8	99.6	290.9	-1,816.8	480.9
2020	2,263.7	54.5	218.8	120.1	309.2	-1,791.9	471.8
2021	2,218.5	66.4	217.7	117.2	302.2	-1,758.2	460.2
2022	2,162.6	80.2	216.3	128.5	307.0	-1,715.8	446.8
2023	2,096.4	94.9	214.4	138.3	312.9	-1,660.7	435.7
2024	2,020.7	110.3	212.3	144.9	307.9	-1,599.8	420.9
2025	1,936.1	126.4	210.0	149.3	299.5	-1,533.2	402.9
2026	1,843.3	142.5	207.6	154.8	291.3	-1,461.8	381.5
2027	1,743.3	161.4	205.1	197.5	323.6	-1,379.4	363.9
2028	1,637.0	178.5	202.3	210.6	321.7	-1,292.1	344.9
2029	1,525.4	194.7	199.6	216.5	313.4	-1,200.2	325.2
2030	1,409.4	211.0	196.7	220.4	302.0	-1,104.3	305.1
2031	1,289.5	225.8	193.9	226.5	297.3	-1,001.6	288.0
2032	1,166.5	241.0	191.0	210.0	264.8	-896.7	269.8
2033	1,041.2	253.1	188.2	194.9	237.6	-789.1	252.2
2034	914.6	263.9	185.4	180.2	211.7	-679.0	235.6
2035	787.2	273.6	182.7	167.3	190.8	-564.5	222.7
2036	659.9	282.0	180.1	154.9	164.7	-452.8	207.0
2037	533.0	289.1	177.5	141.8	143.0	-340.0	193.0
2038	407.2	295.1	174.9	129.5	123.2	-226.2	181.0
2039	282.7	299.9	172.2	116.8	101.9	-113.3	169.4
2040	159.8	303.8	169.5	105.0	83.0	-1.1	158.7
2041	38.4	306.9	166.9	93.5	64.8	110.2	148.6
2042	-81.4	309.3	164.4	82.6	49.1	221.8	140.4
2043	-199.5	311.0	161.8	72.8	32.5	330.7	131.1
2044	-316.0	311.8	159.3	63.5	17.7	437.5	121.4
2045	-430.8	314.4	156.8	54.7	4.9	545.3	114.5
2046	-544.1	314.3	154.3	46.3	2.5	661.6	117.5
2047	-655.8	313.2	151.8	37.8	2.5	787.7	131.9
2048	-766.0	311.3	149.4	29.8	2.6	922.5	156.6
2049	-874.8	308.7	146.9	21.8	2.7	1,065.2	190.4
2050	-982.4	306.9	144.5	0.1	2.7	1,230.2	247.8
2051	-1,089.0	304.8	142.2	0.0	2.7	1,395.6	306.5
2052	-1,194.8	302.5	139.9	0.0	2.8	1,561.0	366.3
2053	-1,299.7	300.0	137.6	0.0	2.8	1,726.3	426.6
2054	-1,403.9	297.3	135.3	0.0	2.8	1,891.2	487.3
2055	-1,507.4	294.5	133.1	0.0	2.8	2,055.5	548.1
2056	-1,610.3	291.6	130.9	0.0	2.8	2,219.1	608.7
2057	-1,712.7	288.7	128.7	0.0	2.8	2,381.9	669.2
2058	-1,814.4	285.5	126.6	0.0	2.8	2,543.6	729.3
2059	-1,915.3	282.3	124.5	0.0	2.8	2,704.2	788.9
2060	-2,015.6	279.4	122.5	0.0	2.8	2,864.0	848.4
2061	-2,115.1	275.9	120.4	0.0	2.7	3,022.2	907.1
2062	-2,214.1	272.5	118.5	0.0	2.7	3,179.0	964.9
2063	-2,312.6	269.2	116.5	0.0	2.6	3,334.3	1,021.7
2064	-2,410.5	265.7	114.6	0.0	2.6	3,488.0	1,077.5
2065	-2,507.7	262.2	112.7	0.0	2.5	3,640.1	1,132.5
2066	-2,604.1	258.9	110.8	0.0	2.4	3,790.6	1,186.5
2067	-2,699.9	255.6	109.0	0.0	2.3	3,939.6	1,239.6
2068	-2,794.9	252.4	107.2	0.0	2.3	4,087.0	1,292.1
2069	-2,889.1	249.1	105.4	0.0	2.2	4,232.8	1,343.7
2070	-2,982.5	245.7	103.7	0.0	2.1	4,376.9	1,394.4
2071	-3,075.0	242.4	102.0	0.0	2.0	4,519.4	1,444.4
2072	-3,166.6	239.2	100.3	0.0	1.9	4,660.1	1,493.5
2073	-3,257.4	235.9	98.7	0.0	1.8	4,799.2	1,541.8
2074	-3,347.3	232.7	97.0	0.0	1.7	4,936.6	1,589.3
2075	-3,436.4	229.6	95.4	0.0	1.6	5,072.4	1,635.9
2076	-3,524.7	226.5	93.8	0.0	1.5	5,206.5	1,681.9
2077	-3,612.1	223.4	92.3	0.0	1.5	5,339.1	1,727.0
2078	-3,698.7	220.4	90.8	0.0	1.4	5,470.1	1,771.4
Total 2004-78		14,764.5	12,023.9	4,194.9	6,923.4		

Based on the Intermediate Assumptions of the 2004 Trustees Report
With Ultimate Real Trust Fund Interest Rate of 3.0%
Ultimate Real IA Yield Rate of 2.75%
Annuity Net Real Yield Rate of 2.75%

[1] Include reimbursement for minimum benefit

Office of the Actuary
Social Security Administration
February 11, 2005

Table B1. Monthly Retirement Benefits at Age 65 Under Sam Johnson Proposal

Benefits for one spouse of a two-earner couple -- Spouse same age with similar earnings

Constant 2004 Dollars

Year Attain Age 65	Present Law Scheduled Benefit	Present Law "Payable" Benefit	Proposal without IA CPI-Indexed Benefit	Proposal Recognition Bond Annuity	IA Annuity with Low (risk adj) IA Yield (2.75 real)	IA Annuity with Expected IA Yield (4.65 real)	Proposal Total Annuity Without Minimum with Low (risk adj) IA Yield (2.75 real)	Proposal Total Annuity Without Minimum with Expected IA Yield (4.65 real)	Proposal Worker Minimum Annuity-- Up to 100% of Poverty at NRA[1]	Proposal Total Annuity Including Minimum as % of PL Sched Ben with Low (risk adj) IA Yield (2.75 real)	Proposal Total Annuity Including Minimum as % of PL Sched Ben with Expected IA Yield (4.65 real)
					Scaled Low Earner						
2015	772	772	764	560	58	64	618	624	724	93.8	93.8
2025	796	796	708	362	158	195	520	557	672	84.5	84.5
2035	885	885	708	204	289	397	493	602	672	76.0	76.0
2045	986	710	709	47	435	661	482	708	672	68.2	71.8
2055	1,099	769	*710 NA*	0	507	791	507	791	672	61.2	72.0
					Scaled Medium Earner						
2015	1,272	1,272	1,259	923	129	142	1,051	1,065	724	82.7	83.7
2025	1,311	1,311	1,167	596	351	434	947	1,030	672	72.2	78.6
2035	1,458	1,458	1,166	337	641	883	978	1,220	672	67.1	83.7
2045	1,625	1,170	1,168	78	966	1,469	1,044	1,546	672	64.3	95.2
2055	1,810	1,267	*1,170 NA*	0	1,127	1,757	1,127	1,757	672	62.3	97.1
					Scaled High Earner						
2015	1,687	1,687	1,669	1,224	206	228	1,430	1,452	724	84.7	86.1
2025	1,739	1,739	1,547	791	562	695	1,352	1,485	672	77.8	85.4
2035	1,933	1,933	1,546	447	1,026	1,413	1,472	1,860	672	76.2	96.2
2045	2,155	1,551	1,549	103	1,546	2,350	1,649	2,453	672	76.5	113.9
2055	2,400	1,680	*1,551 NA*	0	1,803	2,812	1,803	2,812	672	75.1	117.2
					Steady Maximum Earner						
2015	2,042	2,042	2,020	1,481	369	405	1,850	1,887	724	90.6	92.4
2025	2,124	2,124	1,889	966	871	1,062	1,837	2,028	672	86.5	95.5
2035	2,365	2,365	1,891	546	1,550	2,111	2,096	2,658	672	88.6	112.4
2045	2,634	1,896	1,894	126	2,462	3,773	2,588	3,899	672	98.3	148.0
2055	2,928	2,050	*1,893 NA*	0	2,972	4,724	2,972	4,724	672	101.5	161.3

Based on the intermediate assumptions of the 2004 Trustees Report
IA is assumed to be invested 50% in equity index fund, 30% in Corporate Bond fund, 20% Treasury Bonds, 25 basis points annual administrative cost
Expected equity yield is 6.5 percent real, Corporate bond yield 3.5 percent real, Treasury Bond yield 3 percent real
IA annuities are assumed to be joint and 2/3 survivor life annuities, CPI indexed, 3% net expected real yield (2.75% net risk adjusted real yield)
Recognition Bonds are assumed to be equivalent to the present value at NRA of the retired worker benefit times (age on 1-1-2005 - 22)/45

[1] *For 35-year (140 QC) workers. Scales to 0 for 40 QCs. Assume 140 QCs for example.*

OCACT/SSA February 5, 2005

Table B2. Monthly Retirement Benefits at Age 65 Under Sam Johnson Proposal

Total benefits for one-earner married couple

Constant 2004 Dollars

Year Attain Age 65	Present Law Scheduled Benefit	Present Law "Payable" Benefit	Proposal without IA CPI-Indexed Benefit	Proposal Recognition Bond Annuity	IA Annuity with Low (risk adj) IA Yield (2.75 real)	IA Annuity with Expected IA Yield (4.65 real)	Proposal Total Annuity Without Minimum: with Low (risk adj) IA Yield (2.75 real)	Proposal Total Annuity Without Minimum: with Expected IA Yield (4.65 real)	Proposal Worker Minimum Annuity--Up to 100% of Poverty at NRA[1]	Proposal Total Annuity Including Prop Minimum as % of PL Sched Ben: with Low (risk adj) IA Yield (2.75 real)	Proposal Total Annuity Including Prop Minimum as % of PL Sched Ben: with Expected IA Yield (4.65 real)
Scaled Low Earner											
2015	1,152	1,152	1,139	560	58	64	618	624	724	89.7	90.0
2025	1,195	1,195	1,063	362	158	195	520	557	672	78.0	79.6
2035	1,310	1,310	1,048	204	289	397	493	602	672	70.1	74.3
2045	1,460	1,051	1,050	47	435	661	482	708	672	62.5	70.3
2055	1,627	1,139	*1,051 NA*	0	507	791	507	791	672	56.9	65.6
Scaled Medium Earner											
2015	1,897	1,897	1,877	923	129	142	1,051	1,065	724	65.9	66.3
2025	1,969	1,969	1,752	596	351	434	947	1,030	672	58.2	60.3
2035	2,159	2,159	1,727	337	641	883	978	1,220	672	53.8	59.4
2045	2,406	1,732	1,730	78	966	1,469	1,044	1,546	672	49.6	64.3
2055	2,680	1,876	*1,732 NA*	0	1,127	1,757	1,127	1,757	672	46.1	65.6
Scaled High Earner											
2015	2,516	2,516	2,489	1,224	206	228	1,430	1,452	724	57.2	57.7
2025	2,612	2,612	2,323	791	562	695	1,352	1,485	672	51.8	56.9
2035	2,862	2,862	2,289	447	1,026	1,413	1,472	1,860	672	51.4	65.0
2045	3,190	2,297	2,294	103	1,546	2,350	1,649	2,453	672	51.7	76.9
2055	3,553	2,487	*2,297 NA*	0	1,803	2,812	1,803	2,812	672	50.7	79.1
Steady Maximum Earner											
2015	3,044	3,044	3,012	1,481	369	405	1,850	1,887	724	60.8	62.0
2025	3,190	3,190	2,837	966	871	1,062	1,837	2,028	672	57.6	63.6
2035	3,502	3,502	2,801	546	1,550	2,111	2,096	2,658	672	59.9	75.9
2045	3,900	2,808	2,804	126	2,462	3,773	2,588	3,899	672	66.4	100.0
2055	4,336	3,035	*2,803 NA*	0	2,972	4,724	2,972	4,724	672	68.5	108.9

Based on the intermediate assumptions of the 2004 Trustees Report
IA is assumed to be invested 50% in equity index fund, 30% in Corporate Bond fund, 20% Treasury Bonds, 25 basis points annual administrative cost
Expected equity yield is 6.5 percent real, Corporate bond yield 3.5 percent real, Treasury Bond yield 3 percent real
IA annuities are assumed to be joint and 2/3 survivor life annuities, CPI indexed, 3% net expected real yield (2.75% net risk adjusted real yield)
Recognition Bonds are assumed to be equivalent to the present value at NRA of the retired worker benefit times (age on 1-1-2005 - 22)/45

[1] *For 35-year (140 QC) workers. Scales to 0 for 40 QCs. Assume 140 QCs for example.*

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