SOCIAL SECURITY

MEMORANDUM

Date: May 12, 2005   Refer To: TCA

To: Representative E. Clay Shaw, Jr.

From: Stephen C. Goss, Chief Actuary
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Subject: OASDI Financial Effects of the *Social Security Guarantee Plus Act of 2005 (H.R. 750)* --
          INFORMATION

This memorandum provides long-range estimates of the financial effects on the Social Security (OASDI) program assuming enactment of the *Social Security Guarantee Plus Act of 2005 (H.R. 750)*, which was introduced on February 10, 2005. This analysis was requested by Tanner Sobelman of your staff. These estimates are based on the intermediate assumptions of the *2004* Trustees Report—estimates based on the intermediate assumptions of the 2005 Trustees Report are not yet available, but are not expected to differ significantly from those shown in this memorandum.

Enactment of this proposal would eliminate the estimated long-range OASDI actuarial deficit (1.89 percent of taxable payroll under present law) and would result in a positive actuarial balance of 0.46 percent of payroll based on expected returns on market investments. Positive trust fund levels would be projected throughout the next 75 years with assets rising as a percentage of annual cost at the end of the period. Thus, under these assumptions, the criteria for sustainable solvency would be met. That is, solvency would be expected for the foreseeable future. Revenue for the Trust Funds would be expected to be sufficient to allow a reduction in the combined OASDI payroll tax rate of 0.4 percentage point in 2046 (from 12.4 to 12.0 percent). After 2046, further reductions would be possible, reaching a level equal to the cost of SSG Account contributions by 2066. However, the financial status of the OASDI program would be very sensitive to the actual yields realized on SSG Accounts, particularly yields on equities. For example, if SSG Account assets achieved yields only equal to those expected on long-term Treasury bonds, the OASDI actuarial balance would not be restored by the proposal.

Proposal Summary

The *Social Security Guarantee Plus (SSGP) Plan* would allow workers who have attained age 18 to voluntarily participate in the Social Security Guarantee (SSG) Accounts beginning with earnings received in 2006. The SSG Account of each worker who elects to participate would be

credited with an annual contribution from the General Fund of the Treasury. The annual contribution would equal 4 percent of each worker's OASDI taxable earnings for the year, up to $1,000 (value for 2006 and wage-indexed thereafter). Even though participation would be voluntary, we assume universal participation for these estimates. Universal participation is expected because the plan would guarantee a larger total lifetime benefit for SSG Account participants than for non-participants. In addition to regular monthly benefits, which can be no lower than those scheduled in current law, participants would receive a lump sum payment at initial benefit entitlement equal to 5 percent of their account balance at that time. Participants who work after initial benefit entitlement would receive additional lump sum payments equal to 5 percent of the resulting contributions (plus deemed interest) to their SSG Accounts.

Under the plan, assuming universal participation, regular monthly benefits are expected to be at least as large as the current-law scheduled Social Security benefit amount for all beneficiaries. SSG Account balances (less the 5-percent lump-sum payment) would, commencing at the worker's retirement (or disability) benefit entitlement, be gradually withdrawn and transferred to the OASDI Trust Funds. The beneficiary would receive monthly benefits from the OASDI Trust Funds equal to the higher of:
- The beneficiary 's monthly benefit amount scheduled under current law, and
- The computed SSG monthly withdrawal amount, based on a CPI-indexed, unisex life-annuity calculation.

The life-annuity calculation would be made on a joint and two-thirds survivor basis for married workers. Workers who choose not to have a SSG Account would receive scheduled Social Security benefits only. Further details on SSG Account distributions are provided in the subsection below, entitled *SSG Account Distributions.*

Under the proposal, if at some point in the future the Trustees Report intermediate projection of the financial status of the OASDI program indicates a current and sustained level of OASDI income in excess of what is needed to meet net program cost (and maintain a stable trust fund ratio of at least 100 percent), then the Managing Trustee would be authorized to make recommendations to the Congress indicating the extent to which the Trust Funds are expected to be able to finance the contributions to the SSG Accounts, in lieu of financing solely from the General Fund of the Treasury. The Congress would decide whether or not to act on such recommendations at that time.

The proposal would also include a number of specific changes in OASDI benefits. These changes include:
- The gradual elimination (between 2006 and 2011) of the Social Security retirement earnings test for beneficiaries who have attained age 62 but not their NRA;
- Increasing the benefits of widow and widowers, whose benefits are generally lower than average, to as much as 75 percent of the benefit that the couple would have been receiving if both were still alive;
- Extending eligibility to some disabled widows and widowers;
- Providing child care credits for up to 5 years; and
- Reducing government pension offset from two-thirds to one-third of the government pension.

Provisions of the Proposal

SSG Account Contributions and Investment Up To Benefit Entitlement

The proposal would provide all participating Social Security covered workers with refundable tax credits to finance SSG Account contributions equal to 4 percent of their OASDI taxable earnings (up to a specified dollar limit) starting with earnings for calendar year 2006. The dollar limit for 2006 would be $1,000. For subsequent years, the dollar limit would be increased by the growth in the SSA average wage indexing series. Credits would be increased with interest from July 1 of the year of taxable earnings until deposited in the SSG Account, at the market yield provided for securities newly issued to the OASI and DI Trust Funds. Credits would be transferred from the General Fund of the Treasury to SSG Accounts as soon as practicable in the following calendar year (expected to be generally by October 15 for wages and salaries and by December 1 for self-employment earnings).

Accounts would be established as soon as practicable. For the purpose of these estimates, it is assumed that accounts would be established by the end of 2007. Delay to 2008 would not materially affect the results. Account balances would be collectively invested in qualified mutual funds, managed by certified account managers under contract with and regulation by the Social Security Guarantee (SSG) Board. The Board would initially consist of the six individuals appointed by the Board of Trustees of the OASDI Trust Funds to 3, 6, or 9-year terms.

Individuals would be required to hold all SSG Account assets in a single fund and could change funds at most once per year. Annual SSG credits as well as assets being shifted from one fund to another would be pooled and transmitted to the mutual fund managers under regulations prescribed by the Treasury in consultation with the SSG Board. Account holders would receive annual notices of assets, investment performance, and administrative costs in their Social Security statements. Individual records of account balances and transactions would be maintained by the SSG Board.

The proposal specifies three investment options. The default option would require that account balances be invested in qualified mutual funds maintained with a portfolio allocation of 60 percent stock index funds and 40 percent high-grade corporate bond index funds. The other two options are similar, differing only in the portfolio allocation percentages (65 percent stock / 35 percent bonds and 70 percent stock / 30 percent bonds). Switching among options would be allowed once per year. The charge for annual administrative expenses would be limited to 25 basis points starting with the fifth year after enactment. Allowance for administrative expense approved by the Board in excess of 25 basis points would be made for the first 5 years of operation (2006-10) and would be payable from the General Fund of the Treasury. Withdrawals prior to reaching retirement (or death or disability) would not be permitted.

Upon divorce before benefit entitlement from a marriage that lasted 1 year or longer, the amounts attributable to contributions during the marriage (including earnings on those contributions) in each spouse's SSG Account would be reallocated evenly between the SSG Accounts of the spouses.

SSG Account Distributions

Under the plan, workers would receive 5 percent of the SSG Account balance as a lump sum distribution upon initial benefit entitlement. The remainder of the SSG Account balance for workers who become entitled to OASDI retirement or disability benefits would be gradually withdrawn and transferred to the OASDI Trust Funds. Upon entitlement for Social Security retirement or disability benefits, the Social Security Administration would compute the monthly SSG withdrawal amount as the monthly payment that could be provided from a life annuity purchased with the holdings in the SSG Account remaining after the lump sum payment. The annuity calculation would reflect the expected yield on the SSG Account (under the specified post-entitlement investment of 65 percent stocks and 35 percent corporate bonds, less 25 basis points for administration) and indexing of annuity payments for price inflation (using the present-law Social Security COLA). The annuity calculation would also roughly reflect the expected payment of aged spouse and aged survivor benefits if the worker has a current spouse, by using a joint annuity with two-thirds of the base payment payable when either (1) only the worker is eligible, or (2) either spouse is a survivor.

The Social Security Administration would schedule payments from the Trust Funds for life equal to the larger of (a) the computed monthly SSG annuity amount and (b) the current-law scheduled OASDI benefit. Each month after benefit entitlement the computed annuity amount based on entitlement of the worker and any aged spouse(s) would be transferred from the SSG Account to the OASDI Trust Funds.

Life annuity calculations for the purpose of determining the size of monthly transfers from SSG balances to the OASDI Trust Funds would be based on the assumption of a real yield equal to the net expected ultimate average real yield on SSG Accounts at the time of benefit entitlement. Mortality estimates and yields for these calculations would be based on the intermediate projections of the then-current Trustees Report.

Because the computed annuity amount is based on a life annuity *calculation*, the SSG Account would be expected to be depleted at about the point where the beneficiary(ies) reach their life expectancy, as estimated at the time of benefit entitlement. Thus, for about half of the SSG Accounts, benefits will be payable after exhaustion of the SSG Account entirely at the expense of the OASDI Trust Funds. For the other half, death before life expectancy will leave remaining SSG balances that would then be transferred to the Trust Funds (to assist in the payment of benefits to those who live beyond life expectancy).

For married workers who die after becoming entitled to OASDI retirement or disability benefits, SSG Account withdrawals will continue to be paid to the OASI Trust Fund in the amount of the survivor portion of the annuity calculation. When an unmarried person (including a widow or widower) dies after benefit entitlement, the remaining balance in the SSG Account is transferred to the OASDI Trust Funds.

For workers who die before becoming entitled to OASDI retirement or disability benefits, the SSG Account balance is transferred to the estate of the deceased worker tax free. For individuals

who have reached their normal retirement age and are not eligible for a retired-worker, aged spouse, or aged surviving spouse benefit under current law, their SSG Account balance would be transferred to them in a lump sum.

Taxation of SSG Accounts and Distributions

All yields on account balances would accumulate tax-free. Annuitized distributions would be transferred to the Trust Funds to finance the payment of OASDI benefits that would be taxable as under current law. In cases where the annuity proceeds exceed the Social Security benefit amounts, the excess annuity proceeds are also taxable in the same manner as Social Security benefits.

Lump sum distributions at initial benefit entitlement would be taxed as OASDI benefits. However, the percentage of the lump sum to be included as taxable would be equal to the percentage of OASDI monthly benefits for the year that are included in taxable income without including the lump sum payment in the calculation.

Distributions of account balances to the estates of workers who die before benefit entitlement would not be taxable as benefits, nor would they be subject to estate tax.

Additional Changes to OASDI Benefits

Provision 1: Increased Benefit for Widow(er)s

Surviving spouses who are eligible for aged or disabled widow(er) benefit would receive 75 percent of the benefit that the couple would be receiving if both were still alive, if advantageous. This alternative benefit, however, would be limited by a benefit cap. The initial benefit cap for a surviving spouse would equal:
- The average PIA for all retired worker beneficiaries in the December of the year prior to initial entitlement to the surviving spouse benefit *times*
- The actuarial reduction factor that would apply as a retired worker[1] (based on the survivor's age at entitlement to a surviving spouse benefit).

The benefit cap would subsequently be increased by the same cost-of-living increases that apply to benefits (COLA). For surviving spouses with entitlement prior to the effective date of this provision, we assume that the benefit cap would be determined as of the December before the effective date.

The couple benefit reflects any actuarial reductions (or DRC) that apply to either spouse. If the deceased spouse had not become entitled to a benefit, then the deceased spouse would be deemed to have become entitled at the date of death, or the attainment of age 62, whichever would occur later. The deceased spouse's benefit would subsequently be increased by the COLA from the deemed date of entitlement until the month of the survivor's entitlement to surviving spouse benefits.

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[1] If the surviving spouse is under age 62, the actuarial reduction is equal to the worker's actuarial reduction that would apply if the surviving spouse were age 62.

This provision is effective for all benefit entitlement for months beginning with December of the calendar year of enactment. Implementation of this provision alone would increase the size of the long-range OASDI actuarial deficit by an amount estimated at 0.08 percent of taxable payroll.

Provision 2: Extend Benefits to Disabled Surviving Spouses Who are Under Age 50

For benefit entitlement for December of the calendar year of enactment and later, allow disabled widows of any age to be eligible for disabled surviving spouse benefits. Remarriage before age 50 would terminate (or preclude) eligibility for the disabled surviving spouse benefit. Implementation of this provision alone would increase the size of the OASDI actuarial deficit by a negligible amount (i.e., less than 0.005 percent of taxable payroll).

Provision 3: Eliminate the 7-Year Limitation for Disabled Surviving Spouses

For benefit entitlement for December of the calendar year of enactment and later, eliminate the requirement for disabled widow(er) benefits that disability must occur no later than 7 years after the worker's death, or after surviving spouse with child-in-care benefits were payable. Implementation of this provision alone would increase the size of the OASDI actuarial deficit by a negligible amount (i.e., less than 0.005 percent of taxable payroll).

Provision 4: Waive the Two-Year Duration of Divorce Requirement

For benefit entitlement for December of the calendar year of enactment and later, waive the two-year duration of divorce requirement for divorced spouse benefit eligibility, in cases where the worker remarries someone other than the claimant before the two-year period has elapsed. Implementation of this provision alone would increase the size of the OASDI actuarial deficit by a negligible amount (i.e., less than 0.005 percent of taxable payroll).

Provision 5: Provide Child-Care Credits

For benefit entitlement for months beginning with December of the calendar year of enactment, provide child-care credits for up to 5 years during which the worker was living with and providing care for his/her own child (or spouse's child) under the age of 7. The child-care credit would raise reported earnings for a qualifying year up to 25 percent of the AIME that would have been determined if the worker had become entitled for disabled worker benefits in January of the qualifying year (disability insured status is not required for the credit). The amount of the credit for any qualifying year would not be less than the credit for any prior qualifying year. We assume that child-care credits would not be used to establish insured status not already earned by the worker through actual earnings in covered employment. Implementation of this provision alone would increase the size of the OASDI actuarial deficit by an amount estimated at 0.02 percent of taxable payroll.

Provision 6: Reduce Government Pension Offset

The present-law GPO provision reduces OASDI auxiliary benefits for spouses and surviving spouses by two-thirds of any non-covered government pension that they receive. For benefit entitlement for months beginning with December of the calendar year of enactment, this provision would change this reduction to one-third of any non-covered government pension. Implementation of this provision alone would increase the size of the OASDI actuarial deficit by an amount estimated at 0.02 percent of taxable payroll.

Provision 7: Earnings Test Elimination at Ages 62 to NRA

The Social Security earnings test annual exempt amounts for ages 62 to NRA would be raised according to a specified schedule through 2010, and the test would be eliminated starting 2011 for all beneficiaries at ages 62 to NRA. For beneficiaries under age 62, the current test would remain unchanged. The exempt amounts would be specified for the test applicable at ages 62 up to the year of attainment of NRA as $15,000, $20,000, $25,000, $30,000, and $35,000, for years 2006 through 2010, respectively. This provision alone would increase the size of the present law OASDI actuarial deficit by an estimated 0.01 percent of taxable payroll.

Assumptions

As indicated above, estimates provided in this memorandum are based on the intermediate assumptions of the 2004 Trustees Report.   Additional assumptions regarding SSG Accounts are described below.

Participation Rates

For years after 2005, all workers who have attained age 18 and have OASDI taxable earnings are assumed to participate in SSG Accounts. (Under the plan, any worker who did not participate would receive Social Security benefits scheduled under current law.) By participating, workers would be guaranteed to receive more than if they did not participate on the basis of one or more of the following:
- A lump sum payment of 5 percent of the account balance is payable upon the worker's initial benefit entitlement,
- The entire account balance goes to the estate at death before benefit entitlement, and
- In some cases the annuity calculation will produce monthly payments that are greater than the OASDI benefit that would otherwise be payable.

SSG Account Yield

We assume that many investors will pick the investment option with the highest percentage allocation in stocks i.e., 70 percent stock and 30 percent corporate bonds, in order to maximize their expected rate of return (based on historical experience). Many individuals would be expected to prefer this option because the proposal provides a 5-percent SSG Account lump-sum

payment at benefit entitlement plus a guarantee that regular monthly benefits will not be reduced as a result of SSG Account participation, regardless of the investment outcome. However, many other individuals would remain with the default portfolio allocation of 60 percent stock and 40 percent corporate bonds. Therefore, we assume that the aggregate average portfolio for SSG Accounts will be halfway between these two allocations—i.e., an average portfolio of 65 percent stock and 35 percent corporate bonds.

The ultimate average real yield on corporate bonds is assumed to be 3.5 percent, or 0.5 percentage point above the Trustees intermediate assumption for long-tern Treasury bonds. In addition, the long-term ultimate average annual real yield assumed for equities is 6.5 percent. This is somewhat lower than the historical real equity yield over the last several decades. With an assumed ultimate administrative expense of about 0.25 percent (25 basis points) of assets per year, the expected ultimate average annual real portfolio yield, net of administrative expense (based on a 65 percent stocks/ 35 percent bonds allocation) equals 5.20 percent,

$$(0.65*6.5\% + 0.35*3.5\% - 0.25\% = 5.2\%).$$

Variation in realized yield will, however, be substantial both across generations and among individuals within each generation. In order to understand the implications of this variability, a second set of estimates is provided reflecting a low yield, or risk-adjusted yield, for SSG Accounts assets equal to the assumed long-term Treasury bond yield of 3 percent over inflation. In addition, due to the large degree of uncertainty associated with future returns (particularly for equities), sensitivity analysis is provided, illustrating the effect of varying the yield on the SSG Account by plus and minus one percentage point.

It should be noted that the precise effects of implementing a plan that would result in a significant demand for equities and corporate bonds on the yields of these securities is not clear. 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.

As stated above, the long-term ultimate average annual real yield on stock (equity) investments made in the future is assumed to be 6.5 percent. A consensus appears to have formed 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 lower-than-historical average ultimate real yield assumed for equities purchased in future years 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 1994-96 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.

The ultimate average annual real yield on long-term corporate bonds is assumed to average 3.5 percent, or 0.5 percentage points higher than the 3.0 percent real yield for U.S. Government long-term securities, as assumed for the 2004 Trustees Report. This spread between corporate and U.S. Government bond yields is consistent with the spread experienced over the past 40 or 70 years, on average. It should be noted, however, the spread has been much smaller over the past 20 years.

An administrative expense factor of 0.25 percent (25 basis points) of assets per year is assumed for the SSG Accounts. Determination of SSG Account contributions would be made based on records currently maintained by the Social Security Administration. SSG Account records and actual investments (on a pooled basis) would be made by a central authority. Moreover, we are assuming 100 percent participation in SSG Accounts. Thus, the specified ultimate administrative-expense level of 25 basis points for SSG Accounts appears to be reasonable.

<center>**Variability in Account Returns**</center>

The plan provides that the total Social Security monthly benefit payment for SSG Account participants would be no less than the benefit for non-participants. When the annuitized amount for a worker's SSG Account exceeds the scheduled monthly OASDI benefit, the excess is payable to the beneficiary. However, when the annuity payment from the SGA is less, then the full OASDI monthly benefit is still payable. Thus, variation across generations in the realized lifetime yield on SSG Accounts (both in accumulation and annuitization) would result in a greater degree of excess payments over time, than if yields were always consistent at the assumed average rates. The effect of this variability is modeled assuming a distribution of lifetime yields for future beneficiaries.

With the yields assumed for these estimates, *expected* transfers from SSG Accounts after benefit entitlement would generally be less than expected OASDI monthly benefits. However, single workers with near average earnings but who still contribute 4 percent (or nearly 4 percent) of their salaries to the SSG Accounts throughout their careers, could have transfers from their SSG Accounts greater than current law benefits if the investment return during their working years exceeded the assumed long-range average return used for these estimates. Married workers with similar earnings levels would be less likely to have transfers that exceed current-law benefits because the joint-and-survivor annuity calculation would provide lower transfers than for single workers, and current law OASDI benefits for married workers would tend to be higher.

III.   Projected Financial Effects of the Proposal

Table A provides a provision-by-provision summary of the financial effects of the proposal on the OASDI program, including the seven additional changes to OASDI provisions listed above. The combined effect of the seven additional changes to OASDI benefits would reduce (worsen)

the long-range OASDI actuarial balance by about 0.14 percent of taxable payroll, from a balance of -1.89 percent of payroll under current law to an actuarial balance of -2.03 percent of payroll. However, because the monthly transfers from the SSG Accounts to the Trust Funds are expected to far exceed the additional benefit payments from the Trust Funds, the overall financial status of the OASDI program would greatly improve under this plan.

The estimates expected for the SSGP Plan with full payroll taxes retained for the OASDI program (detailed estimates shown in the attached tables 1, 1a, 1b, 1c, and 1d) indicates that the OASDI actuarial balance would be improved by 2.35 percent of effective taxable payroll, from a balance of –1.89 percent under current law to a balance of 0.46 percent of payroll under the plan. The amount of assets in the OASDI Trust Funds as a percent of annual OASDI outgo (the trust fund ratio) would be expected to remain positive throughout the long-range 75-year projection period, thus allowing timely payment of benefits in full through 2078, and beyond. The trust fund ratio would be expected to decline to about 122 percent at the beginning of 2049, and to increase thereafter, reaching 697 percent by the end of 2078. The Trust Funds would be stable or rising by an estimated 32 percent of annual cost at the end of the period.

For both present law and the SSGP plan, the summary table below provides the estimated OASDI actuarial balance, the estimated year of combined OASDI trust fund exhaustion, and the estimated annual percentage point change in the OASDI trust fund ratio at the end of the period (between 2078 and 2079). The OASDI program achieves sustainable solvency for the foreseeable future when the trust fund ratio is stable or rising at the end of 75 years.

	Estimated OASDI Actuarial Balance (percent of taxable payroll)	Year of Exhaustion of OASDI Trust Funds	Percentage Point Change in Trust Fund Ratio Between 2077 and 2078
Estimated Effects on OASDI Financial Status of the Social Security Guarantee Plus (SSGP) Plan			
Present Law (No SSG)	-1.89	2042	-48 2/
(1) <u>SSGP Plan with Full Payroll Tax for OASDI</u> 65% Stock, 35% Corporate Bond Assess 0.25% Administrative Cost	+0.46	N/A	32
(2) <u>SSGP Plan with Potential Financing of SSG Contributions from Payroll Tax</u> 1/ 65% Stock, 35% Corporate Bond Assess 0.25% Administrative Cost	+0.05	N/A	3

1/ SSG contributions would be financed partially from the payroll tax starting 2046 and totally from the payroll tax starting 2066.
2/ Reduction in TFR in last year prior to Trust Fund exhaustion.

Based on intermediate assumptions of the 2004 Trustees Report and other assumptions described in the text of this memorandum.

The summary table above also includes an illustration of the potential financial effect of the SSGP Plan on Social Security if the SSG Account contributions were partially financed from the payroll tax during the period 2046-2065 and fully financed from the payroll tax beginning in 2066. Under the proposal, the Managing Trustee would be required to make such recommendations to the Congress. The payroll tax that could be redirected from directly financing OASDI to financing SSG contributions is expected to be 0.4 percentage points in 2046-2050 and to increase thereafter reaching about 2.28 percentage points (reflecting the aggregate contribution rate as a percent of taxable payroll) by 2066. Under this illustration, the OASDI actuarial balance would be improved by 1.93 percent of taxable payroll, from a balance of -1.89 percent under current law to a positive balance of 0.05 percent of payroll. The OASDI trust fund ratio is estimated to be rising by about 3 percent at the end of the long-range period. Thus, as of the end of 2078, assets in the OASDI Trust Funds would be about 1.6 times the outgo for 2079. Trust Fund assets at this level are needed to generate interest sufficient to maintain the TFR with SSG contributions fully financed from the Trust Funds.

Sensitivity to SSG Account Investment Yields

The effect of the SSGP Plan on the financial status of the OASDI program would depend greatly on the actual yield that is achieved for investments in the SSG Accounts. Returns on all investments are uncertain, and returns on stocks are particularly variable and uncertain over time. For this reason it is important to consider the sensitivity of the financial status of the OASDI

program to possible variation in expected average long-term investment yield. Note that the 2004 Trustees Report provides this sensitivity analysis for the OASDI program under current law on pages 154 through 155.

The summary table below provides the estimated OASDI actuarial balance, the estimated year of combined OASDI trust fund exhaustion, and the estimated annual percentage point change in the OASDI trust fund ratio at the end of the period (between 2078 and 2079, or in the last year prior to Trust Fund exhaustion, if earlier) for present law, for the SSGP Plan with expected yields on SSG Accounts, and for the SSGP Plan with three different SSG Account yield assumptions. The three different yield assumptions are presented in order to illustrate the sensitivity of the proposal to possible variation in the ultimate average returns on stock and corporate bonds.

Sensitivity Analysis: Effect of Variation in Expected SSG Account Investment Yield Rates on OASDI Financial Status 1/			
	Estimated OASDI Actuarial Balance (percent of taxable payroll)	Year of Exhaustion of OASDI Trust Funds	Percentage Point Change in Trust Fund Ratio Between 2078 and 2079
Present Law (No SSG)	-1.89	2042	-24 2/
SSGP Plan with 65% Stock, 35% Corporate Bond Assess 0.25% Administrative Cost	+0.46	N/A	32
(a) SSGP Plan with 1% Higher Than Expected Yield: 6.20% average net yield	+1.40	N/A	+156
(b) SSGP Plan with 1% Lower Than Expected Yield: 4.20% average net yield	-0.20	2053	-8 2/
(c) SSGP Plan with Yield Equal to Expected Yield on Government Bonds: 2.75% average net yield 3/	-0.83	2046	-17 2/

1/ No payroll tax rate reduction
2/ Reduction in TFR in last year prior to Trust Fund exhaustion.
3/ This sensitivity analysis is discussed in more detail in the subsection "Estimates with Low or Risk-Adjusted Yields on Assets."

Based on intermediate assumptions of the 2004 Trustees Report and other assumptions described in the text of this memorandum.

Under sensitivity illustration (a), the average long-term yield on SSG Accounts is assumed to be 1 percentage point higher than expected for the accounts invested in 65 percent stock and 35 percent corporate bonds. Under this illustration, the OASDI trust fund ratio would be expected to reach a low of about 203 percent at the beginning of 2043, and to increase substantially thereafter. The trust fund ratio is rising by 156 percentage points per year at the end of the 75-

year period. OASDI would be substantially over-financed and the SSG Account contributions could be paid entirely from the payroll tax rate as early as 2042 while still maintaining a positive long OASDI actuarial balance and a trust fund ratio of at least 100 percent for each year of the 75-year period that is stable or rising at the end of the period.

Under sensitivity illustration (b), the average yield on SSG Accounts is assumed to be 1 percentage point lower than expected for the accounts invested in 65 percent stock and 35 percent corporate bonds. Under this illustration, the OASDI trust fund ratio would be expected to decline starting in 2016, and Trust Fund exhaustion would be estimated to occur in 2053. The OASDI actuarial balance would be improved by about 1.69 percent of taxable payroll under this assumption, leaving an actuarial deficit of 0.20 percent of payroll.

Under sensitivity illustration (c), the average yield on SSG Accounts is assumed to be only 2.75 percent above price inflation (the rate for government bonds less 25 basis points for administrative expense).   Under this illustration, the OASDI trust fund ratio would be expected to decline starting in 2017, and Trust Fund exhaustion would be estimated to occur in 2046. The OASDI actuarial balance would be improved by about 1.06 percent of taxable payroll under this assumption, leaving an actuarial deficit of 0.83 percent of payroll.

Trust Fund Operations

Table 1 shows estimated annual and summarized income rates, cost rates, balances, and trust fund ratios under the proposal. The table shows the "effective" OASDI contribution rate, which remains at 12.4 percent throughout the 75-year period.   The last three columns display the SSG Account contribution rate by source (OASDI Trust Funds or General Fund of the Treasury) and the total SSG Account contribution rate. The table shows that, for this illustration, all SSG Account contributions are funded by the General Fund of the Treasury.

Program Assets

Table 1a provides an analysis of General Fund contributions under the plan and of OASDI Trust Fund and SSG Account assets. Columns 1 through 3 provide the estimated amounts of General Fund contributions to SSG Accounts, expressed in constant 2004 dollars, present value as of 1/1/2004, and as a percentage of taxable payroll. Column 4 provides the cumulative total amount of these contributions from the General Fund of the Treasury through the end of each year.

Total projected OASDI Trust Fund assets are shown in column 5. For purpose of comparison, the OASDI Trust Fund assets are also shown in columns 8 and 9 for a theoretical Social Security program where borrowing authority is assumed for the Trust Funds. The theoretical Social Security program with borrowing authority is presented both without and with the contributions to SSG Accounts from the General Fund of the Treasury that are specified under the proposal, in columns 8 and 9, respectively.

If the SSG Accounts are considered as a part of a "total system", along with the OASDI program, then it is reasonable to consider "total system assets". These would be the sum of net OASDI Trust Fund assets and SSG Account assets (columns 5 and 6). Under the intermediate assumptions and assuming full annuitization of SSG Account assets, total system assets are expected to be large and growing in real terms at the end of the 75-year projection period.

Effect on Federal Unified Budget

Table 1b (present value dollars) and table 1b.c (constant dollars) provide estimates of the effect on federal unified budget cash flows and balances under this plan and these assumptions. All values in these tables represent the amount of the change that would be expected as a result of implementing the proposal, from the level that would be projected under current law.

The effect of the plan on unified budget cash flow (column 4) would be expected to be negative initially, but positive starting 2041. This total cash flow change is the combination of the specific plan effects shown in columns 1-3. Including the cumulative effects of interest, the year in which the effect of the SSGP plan on the unified budget annual balance would be expected to become permanently positive is 2060. It is important to note that these estimates are based on the intermediate assumptions of the 2004 Trustees Report and thus are not consistent with estimates made by the OMB or the CBO based of their assumptions.

The first three columns in these tables include sources of changes to the unified budget balance, as follows:
- Annual aggregate contributions made to SSG Accounts (column 1)--these amounts result in a reduction to the unified budget balance because the monies leave the government and are deposited in personal accounts;
- Transfers to OASDI Trust Funds from SSG Accounts (column 2)--an increase to the unified budget balance because these proceeds reduce Social Security benefit payments; and
- Other changes in OASDI cash flow (as compared to present law) from the other benefit provisions (column 3).

The last three columns present the aggregate effects on the unified budget:
- Change in the annual unified budget cash flow (column 4), which is simply the sum of the sources of unified budget balance changes identified above in columns 1-3;
- Change in debt held by the public, as of the end of each year (column 5), which represents the cumulative change in the unified budget cash flows, with interest (at the assumed rates earned by the Trust Funds); and
- Change in annual unified budget balance (column 6), which includes changes in both unified budget cash flow and in interest on the publicly held debt.

Cash Flows from the OASDI Trust Funds to the General Fund of the Treasury

Table 1c provides estimates of the net cash flow from the OASDI Trust Funds to the General Fund of the Treasury. Revenue paid by the Treasury to the Trust Funds for the redemption of the special-issue Treasury obligations held by the Trust Funds is included here as a negative cash

flow to the General Fund.   To the extent that General Fund transfers are invested in special-issue
Treasury obligations and are subsequently redeemed, they will, upon redemption, affect cash
flow between OASDI Trust Funds and the General Fund of the Treasury.

Values in Table 1c are shown as a percent of taxable payroll, in current dollars, in present value
dollars as of 1/1/2004, and in constant 2004 dollars (discounted to 2004 with the projected
growth in the CPI).   For comparison purposes, net cash flow is also shown for a theoretical
Social Security program where transfers from the General Fund of the Treasury to the OASDI
Trust Funds are assumed to occur as needed to assure full payment of scheduled benefits in 2042
and later.

Change in Long-Range Trust Fund Assets/Unfunded Obligation

Table 1d provides estimates of the amounts of the 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 and 3 show the annual expected effects of the components of the proposal that move
the OASDI program to elimination of the unfunded obligation. These include the basic OASDI
changes (column 2) and the transfers to the trust funds from the SSG Accounts (column 3).

The combination of the annual effects in columns 2 and 3 is accumulated in column 4, showing
the effect on projected trust fund assets, or on the unfunded obligation, through the end of each
year. The final column 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 $1.1
trillion at the end of the period.

Estimates with Low or Risk-Adjusted Yields on Assets

Tables 2, 2a, 2b, 2c, and 2d provide an analysis of the implications of realizing actual real yields
on SSG Account assets that are equal to the assumed average real yield on long-term Treasury
bonds, or 3 percent. This may be viewed as either illustrating the case where the average real
yield on equities and corporate bonds is no higher than on government bonds, or illustrating the
effect of assuming "risk-adjusted" returns on equities and corporate bonds. In either case, the
"expected" yield on annuitized assets is assumed to match the actual yield, on average.

The historically higher returns on equities and corporate bonds than on Treasury bonds are
associated with the relatively higher degree of variability in the returns on these assets. One way
of accounting for the combination of this increased variability and the associated higher expected
return that is demanded in the markets because of it, is to portray the returns of the more variable

assets as being the same as the relatively low-yield asset, Treasury bonds. Tables 2 through 2d serve this purpose. It should also be noted that while average real yields for equities have been at or below average bond yields for periods of a decade or so, the likelihood of having such a low average yield for a period of several decades seems extremely low.

Differences between tables 1 and 2 are significant because the lower assumed yield on IA assets reduces the transfers to the OASDI Trust Funds based on the SSG Account proceeds. The summarized cost rate for the 75-year period under the "risk-adjusted" yield scenario is lower than under the expected yield scenario by 1.28 percent of taxable payroll. Assuming risk-adjusted returns on SSG Accounts, the actuarial balance would improve by an estimated 1.06 percent of payroll, leaving an actuarial balance of -0.83 percent of payroll. The exhaustion year of the Trust Funds is estimated at 2046, four years later than under current law.

Additional Tables on OASDI Trust Fund Operations

Tables 3, 4, and 5 provide projected OASDI financial effects under each of the following illustrations outlining future assumed yields on the SSG Accounts:

- An assumed SSG Account yield of 5.20 percent real with funding of the SSG Accounts to be partially provided by redirection of OASDI payroll taxes in 2046 and completely provided by redirection of OASDI payroll taxes by 2060 (table 3);
- An assumed 1-percent higher SSG Account yield of 6.20 percent real with SSG contributions funded by the General Fund indefinitely (table 4);
- An assumed 1-percent lower SSG Account yield of 4.20 percent real with SSG contributions funded by the General Fund indefinitely (table 5); and

Tables 3 through 5 include estimated annual and summarized income rates, cost rates, and balances under each sensitivity illustration of the proposal. The tables also show the trust fund ratio for each year, as well as changes in contribution rates to the OASDI Trust Funds and taxable payroll under the proposal.

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Attachments: 16

Table A--Estimated Long-Range OASDI Financial Effect of H.R. 75,
"Social Security Guarantee Plus Act of 2005"
(Assumes universal participation in SSG Accounts)

<u>Provision</u>	Estimated Change in Long-Range OASDI Actuarial Balance <u>1</u>/ (as a percent of payroll)
Provide widow(er)s a benefit alternative equal to 75 percent of the combined benefit that would be payable if both spouses were still alive. Widow(er)s under age 62 could benefit from the proposal. Limit the amount payable based on the average PIA for retired workers in December of the year prior to entitlement..	-0.08
Allow disabled widow(er)s of any age to become eligible for disabled surviving spouse benefits	<u>2</u>/
For disabled widow(er)s, eliminate the requirement that disability must occur no later than 7 years after the worker's death, or after surviving spouse with child-in-care benefits were payable	<u>2</u>/
Waive the two-year duration of divorce requirement for divorced spouse benefit eligibility, in cases where the worker remarries someone other than the claimant before the two-year period has elapsed	<u>2</u>/
Provide child-care credits for up to 5 years during which the worker was living with and providing care for his/her own child (or spouse's child) under the age of 7. The child-care credit would raise reported earnings for a qualifying year up to 25 percent of the AIME that would have been determined if the worker had become entitled for disabled worker benefits in January of the qualifying year	-0.02
Reduce the Government Pension Offset from two-thirds to one-third of the non-covered government pension	-0.02
Beginning in 2011, eliminate the retirement earnings test for individuals aged 62 to NRA. For ages 62 to NRA, the exempt amounts would be specified for the earnings test as $15,000, $20,000, $25,000, $30,000, and $35,000, for years 2006 through 2010, respectively	<u>-0.01</u>
Subtotal, benefit provisions (including interaction)	-0.14
Establish Social Security Guarantee (SSG) Accounts for all workers beginning in 2006. Workers would annually invest 4 percent of taxable OASDI earnings, up to $1,000 (value for 2006 and wage-indexed thereafter). OASDI benefits would be the larger of present-law scheduled benefits or an annuity based on the worker's SSG Account balance. In addition, workers would receive a lump sum at benefit entitlement equal to 5 percent of their SSG Account balance. Contributions to the SSG Accounts would be provided by the General Fund of the Treasury and SSG Account balances would, commencing at the worker's entitlement, be gradually withdrawn and transferred to the OASDI Trust Funds..	2.49 <u>3</u>/
Total for proposal	2.35 <u>3</u>/

Notes: All estimates are based on the intermediate assumptions of the 2004 OASDI Trustees Report.
      Unless otherwise stated, benefit provisions are assumed to be effective for benefit entitlement in December 2005 or later.
<u>1</u>/ Totals for individual provisions exclude interaction.
<u>2</u>/ Decrease in long-range OASDI actuarial balance that is negligible (i.e., less than 0.005 percent of taxable payroll).
<u>3</u>/ If SSG Accounts earn the same as the Government bond yield on Trust Fund assets (2.75 percent net of administrative expense), then the total change in actuarial balance for the proposal is projected to be 1.06 percent of payroll, rather than 2.35 percent of payroll, and the SSG Account provision by itself would be expected to increase the actuarial balance by 1.20 percent of payroll, instead of the 2.49 percent of payroll shown above.

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Office of the Chief Actuary
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Table 1--Trust Fund Operations--Shaw Proposal

Expected SSGP Yield | SSG proceeds go to estate if worker does before entitlement

Ultimate Real Trust Fund Interest Rate	3.00	
Ultimate Real IA Yield Rate	5.20	**Assumed IA Participation Rate[1]** **100%**
Ultimate Real Annuity Yield Rate	5.20	

	OASDI				Change in OASDI Contribution	"Effective" OASDI Contribution	IA Contribution Rate[3]		Total IA Contribution
	Cost	Income	Annual	TFR			From	From General Fund	
Year	Rate[2]	Rate	Balance	1-1-yr	Rate	Rate	Trust Funds	of Treasury	Rate
2004	11.07	12.71	1.64	306		12.40			
2005	10.87	12.73	1.86	325		12.40			
2006	10.90	12.74	1.84	343		12.40			
2007	10.90	12.76	1.86	360		12.40		2.28	2.28
2008	10.96	12.79	1.84	377		12.40		2.28	2.28
2009	11.11	12.78	1.68	390		12.40		2.28	2.28
2010	11.24	12.81	1.57	402		12.40		2.28	2.28
2011	11.42	12.86	1.44	412		12.40		2.28	2.28
2012	11.66	12.89	1.23	420		12.40		2.28	2.28
2013	11.91	12.92	1.01	427		12.40		2.28	2.28
2014	12.14	12.94	0.79	431		12.40		2.28	2.28
2015	12.40	12.95	0.55	434		12.40		2.28	2.28
2016	12.68	12.97	0.29	434		12.40		2.28	2.28
2017	12.96	12.99	0.03	432		12.40		2.28	2.28
2018	13.25	13.01	-0.24	429		12.40		2.28	2.28
2019	13.55	13.03	-0.52	424		12.40		2.28	2.28
2020	13.85	13.05	-0.80	417		12.40		2.28	2.28
2021	14.14	13.07	-1.07	409		12.40		2.28	2.28
2022	14.41	13.09	-1.32	400		12.40		2.28	2.28
2023	14.68	13.11	-1.58	391		12.40		2.28	2.28
2024	14.94	13.13	-1.82	380		12.40		2.28	2.28
2025	15.18	13.14	-2.04	368		12.40		2.28	2.28
2026	15.40	13.16	-2.24	356		12.40		2.28	2.28
2027	15.60	13.18	-2.42	343		12.40		2.28	2.28
2028	15.77	13.19	-2.57	329		12.40		2.28	2.28
2029	15.89	13.21	-2.69	316		12.40		2.28	2.28
2030	16.00	13.22	-2.78	302		12.40		2.28	2.28
2031	16.08	13.23	-2.85	289		12.40		2.28	2.28
2032	16.14	13.24	-2.89	275		12.40		2.28	2.28
2033	16.16	13.25	-2.91	261		12.40		2.28	2.28
2034	16.15	13.26	-2.89	247		12.40		2.28	2.28
2035	16.11	13.27	-2.84	234		12.40		2.28	2.28
2036	16.04	13.27	-2.77	221		12.40		2.28	2.28
2037	15.95	13.28	-2.67	209		12.40		2.28	2.28
2038	15.83	13.28	-2.55	197		12.40		2.28	2.28
2039	15.69	13.28	-2.40	186		12.40		2.28	2.28
2040	15.53	13.28	-2.25	175		12.40		2.28	2.28
2041	15.37	13.29	-2.08	165		12.40		2.28	2.28
2042	15.20	13.29	-1.91	156		12.40		2.28	2.28
2043	15.02	13.29	-1.73	148		12.40		2.28	2.28
2044	14.83	13.29	-1.54	141		12.40		2.28	2.28
2045	14.63	13.29	-1.34	135		12.40		2.28	2.28
2046	14.42	13.29	-1.13	129		12.40		2.28	2.28
2047	14.21	13.30	-0.92	126		12.40		2.28	2.28
2048	14.00	13.30	-0.70	123		12.40		2.28	2.28
2049	13.80	13.30	-0.50	122		12.40		2.28	2.28
2050	13.60	13.30	-0.30	122		12.40		2.28	2.28
2051	13.42	13.30	-0.11	123		12.40		2.28	2.28
2052	13.24	13.31	0.07	126		12.40		2.28	2.28
2053	13.07	13.31	0.24	130		12.40		2.28	2.28
2054	12.91	13.31	0.40	136		12.40		2.28	2.28
2055	12.76	13.32	0.56	143		12.40		2.28	2.28
2056	12.61	13.32	0.71	151		12.40		2.28	2.28
2057	12.47	13.32	0.86	161		12.40		2.28	2.28
2058	12.33	13.33	1.00	173		12.40		2.28	2.28
2059	12.19	13.33	1.14	186		12.40		2.28	2.28
2060	12.06	13.34	1.28	200		12.40		2.28	2.28
2061	11.93	13.34	1.41	216		12.40		2.28	2.28
2062	11.82	13.34	1.52	233		12.40		2.28	2.28
2063	11.72	13.35	1.62	252		12.40		2.28	2.28
2064	11.63	13.35	1.72	272		12.40		2.28	2.28
2065	11.54	13.35	1.82	293		12.40		2.28	2.28
2066	11.45	13.36	1.91	316		12.40		2.28	2.28
2067	11.38	13.36	1.99	340		12.40		2.28	2.28
2068	11.30	13.36	2.06	365		12.40		2.28	2.28
2069	11.24	13.37	2.13	392		12.40		2.28	2.28
2070	11.17	13.37	2.20	419		12.40		2.28	2.28
2071	11.12	13.37	2.25	447		12.40		2.28	2.28
2072	11.08	13.37	2.30	477		12.40		2.28	2.28
2073	11.04	13.38	2.33	507		12.40		2.28	2.28
2074	11.02	13.38	2.36	537		12.40		2.28	2.28
2075	11.00	13.38	2.39	569		12.40		2.28	2.28
2076	10.98	13.39	2.40	600		12.40		2.28	2.28
2077	10.98	13.39	2.41	632		12.40		2.28	2.28
2078	10.98	13.39	2.41	665		12.40		2.28	2.28
2079	10.98	13.39	2.41	697		12.40		2.28	2.28

	Summarized OASDI			
	Cost	Income	Actuarial	Change in
2004	Rate	Rate	Balance	Actuarial Balance
-2078	13.39	13.85	0.46	2.35

Based on Intermediate Assumptions of the 2004 Trustees Report

[1] Assumes that all workers will invest 4% in IAs up to $1,000 (for 2006 earnings), with the $1,000 threshold to be wage-indexed for years after 2006

[2] Net of Transfers from SSG Accounts to the Trust Funds.

[3] Reflects that contributions for a given year are assumed not to be credited until the following year.

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Table 1a--Proposal (Shaw) General Fund Transfers to SSG Accounts, OASDI Trust Fund Assets, and Theoretical OASDI Assets

Expected yield scenario — SSG proceeds go to estate if worker does before entitlement — Theoretical Social Security[1] with Borrowing Authority: Net OASDI TF Assets at End of Year

Year	Contributions to SSG Accounts by General Fund Annual Contributions Present Value as of 1-1-2004 (1) (Billions of $)	% of Payroll[2] (2)	Constant 2004$ (3)	Accumulated as of End of Year (4)	Total OASDI Trust Fund Assets at End of Year (5)	SSG Account Assets at End of Year (6)	GDP (7)	Without GF Transfer = Required Under the Proposal (8)	With GF Transfer = Required Under the Proposal (9)
			Billions of Constant 2004$				Billions of Constant 2004 Dollars		
2004	0.0	0.00	0.0	0.0	1,684	0	11,544	1,684	1,684
2005	0.0	0.00	0.0	0.0	1,840	0	11,911	1,840	1,840
2006	0.0	0.00	0.0	0.0	1,991	0	12,246	1,998	1,998
2007	99.7	2.28	113.5	113.5	2,142	116	12,562	2,156	2,270
2008	99.3	2.28	115.9	232.4	2,293	240	12,870	2,315	2,548
2009	98.8	2.28	118.4	356.8	2,441	373	13,171	2,473	2,829
2010	98.2	2.28	120.8	487.2	2,590	514	13,466	2,631	3,118
2011	97.5	2.28	123.2	623.7	2,740	664	13,752	2,790	3,414
2012	96.6	2.28	125.5	766.4	2,884	823	14,024	2,944	3,711
2013	95.6	2.28	127.6	915.3	3,021	992	14,285	3,091	4,006
2014	94.4	2.28	129.5	1,070.6	3,151	1,170	14,547	3,230	4,301
2015	93.3	2.28	131.8	1,232.9	3,273	1,358	14,804	3,360	4,593
2016	92.2	2.28	133.9	1,402.6	3,385	1,556	15,061	3,478	4,881
2017	91.0	2.28	136.1	1,579.9	3,486	1,766	15,322	3,584	5,164
2018	89.8	2.28	138.3	1,765.3	3,575	1,987	15,586	3,675	5,441
2019	88.6	2.28	140.5	1,958.7	3,650	2,219	15,842	3,750	5,708
2020	87.3	2.28	142.5	2,160.0	3,708	2,462	16,100	3,805	5,965
2021	85.9	2.28	144.6	2,369.4	3,750	2,716	16,354	3,841	6,210
2022	84.6	2.28	146.6	2,587.1	3,776	2,981	16,610	3,857	6,444
2023	83.3	2.28	148.7	2,813.4	3,784	3,257	16,861	3,851	6,664
2024	81.9	2.28	150.6	3,048.4	3,776	3,545	17,117	3,823	6,871
2025	80.6	2.28	152.6	3,292.5	3,750	3,844	17,372	3,773	7,065
2026	79.3	2.28	154.6	3,545.9	3,708	4,154	17,634	3,700	7,246
2027	78.0	2.28	156.7	3,809.0	3,651	4,476	17,903	3,604	7,413
2028	76.7	2.28	158.8	4,082.1	3,578	4,809	18,174	3,486	7,568
2029	75.5	2.28	160.9	4,365.0	3,493	5,154	18,451	3,346	7,711
2030	74.3	2.28	163.0	4,659.4	3,396	5,510	18,733	3,184	7,843
2031	73.1	2.28	165.2	4,964.4	3,289	5,877	19,022	3,000	7,965
2032	71.9	2.28	167.5	5,280.9	3,172	6,255	19,319	2,796	8,076
2033	70.8	2.28	169.8	5,609.1	3,047	6,643	19,622	2,570	8,179
2034	69.7	2.28	172.1	5,949.5	2,918	7,042	19,929	2,325	8,275
2035	68.6	2.28	174.5	6,302.5	2,784	7,451	20,243	2,062	8,364
2036	67.5	2.28	176.9	6,668.5	2,649	7,870	20,564	1,780	8,448
2037	66.5	2.28	179.4	7,047.9	2,515	8,298	20,892	1,481	8,529
2038	65.4	2.28	182.0	7,441.3	2,384	8,735	21,226	1,165	8,607
2039	64.4	2.28	184.5	7,849.1	2,258	9,179	21,562	833	8,682
2040	63.4	2.28	187.1	8,271.7	2,139	9,632	21,904	485	8,757
2041	62.4	2.28	189.8	8,709.6	2,027	10,091	22,252	120	8,830
2042	61.5	2.28	192.4	9,163.4	1,924	10,556	22,605	-262	8,901
2043	60.5	2.28	195.1	9,633.4	1,831	11,026	22,961	-662	8,971
2044	59.6	2.28	197.9	10,120.3	1,750	11,499	23,322	-1,080	9,040
2045	58.7	2.28	200.6	10,624.5	1,683	11,975	23,687	-1,516	9,108
2046	57.7	2.28	203.4	11,146.7	1,631	12,453	24,055	-1,972	9,174
2047	56.8	2.28	206.2	11,687.2	1,595	12,931	24,426	-2,449	9,239
2048	55.9	2.28	209.0	12,246.8	1,576	13,408	24,799	-2,946	9,301
2049	55.0	2.28	211.8	12,826.0	1,576	13,883	25,174	-3,465	9,361
2050	54.1	2.28	214.6	13,425.4	1,594	14,357	25,552	-4,008	9,417
2051	53.2	2.28	217.4	14,045.6	1,630	14,828	25,936	-4,577	9,469
2052	52.4	2.28	220.3	14,687.2	1,684	15,297	26,324	-5,172	9,516
2053	51.5	2.28	223.2	15,351.0	1,758	15,762	26,721	-5,795	9,556
2054	50.7	2.28	226.1	16,037.7	1,850	16,223	27,123	-6,447	9,591
2055	49.8	2.28	229.1	16,747.9	1,961	16,679	27,528	-7,130	9,618
2056	49.0	2.28	232.1	17,482.4	2,092	17,131	27,939	-7,845	9,637
2057	48.2	2.28	235.1	18,242.0	2,243	17,578	28,354	-8,594	9,648
2058	47.4	2.28	238.2	19,027.4	2,415	18,019	28,775	-9,378	9,650
2059	46.6	2.28	241.3	19,839.5	2,609	18,454	29,204	-10,196	9,643
2060	45.9	2.28	244.4	20,679.1	2,825	18,883	29,639	-11,052	9,627
2061	45.1	2.28	247.6	21,547.0	3,062	19,306	30,078	-11,946	9,601
2062	44.4	2.28	250.8	22,444.2	3,322	19,722	30,526	-12,880	9,564
2063	43.6	2.28	254.0	23,371.6	3,603	20,132	30,978	-13,857	9,515
2064	42.9	2.28	257.3	24,330.0	3,907	20,535	31,438	-14,876	9,454
2065	42.2	2.28	260.6	25,320.6	4,233	20,932	31,906	-15,940	9,380
2066	41.5	2.28	264.0	26,344.2	4,581	21,322	32,379	-17,050	9,294
2067	40.8	2.28	267.4	27,402.0	4,953	21,706	32,861	-18,208	9,195
2068	40.1	2.28	270.9	28,495.0	5,348	22,084	33,359	-19,414	9,081
2069	39.5	2.28	274.5	29,624.4	5,766	22,457	33,859	-20,670	8,954
2070	38.8	2.28	278.1	30,791.2	6,209	22,824	34,366	-21,978	8,813
2071	38.2	2.28	281.7	31,996.7	6,675	23,186	34,882	-23,340	8,657
2072	37.6	2.28	285.4	33,242.0	7,164	23,543	35,404	-24,756	8,486
2073	36.9	2.28	289.1	34,528.4	7,677	23,897	35,931	-26,230	8,299
2074	36.3	2.28	292.9	35,857.1	8,213	24,248	36,464	-27,762	8,095
2075	35.7	2.28	296.7	37,229.5	8,772	24,595	37,006	-29,356	7,873
2076	35.1	2.28	300.5	38,646.9	9,354	24,940	37,555	-31,014	7,633
2077	34.6	2.28	304.4	40,110.8	9,958	25,283	38,112	-32,736	7,375
2078	34.0	2.28	308.3	41,622.4	10,586	25,625	38,677	-34,527	7,096
2079	33.4	2.28	312.3	43,183.4	11,235	25,967	39,245	-36,387	6,796
Total, 2004-2078	4,588.1								

[1] 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.
[2] Equals percentage of previous year's taxable payroll.
Based on Intermediate Assumptions of the 2004 Trustees Report.

Office of the Actuary
Social Security Administration
May 5, 2005

Table 1b--Unified Budget Effects of the Shaw Plan

Expected yield scenario					
	Transfer to		Change	Change in	Change in
Contributions to	OASDI	Other Changes	in Annual	Debt Held	Annual
SSG by Federal	Trust Funds	in OASDI	Unified Budget	by Public	Unified Budget
Government	from SSGs	Cash Flow	Cash Flow	(end of year)	Balance
(1)	(2)	(3)	(4)=(3)+(2)-(1)	(5)	(6)
Year			*(Billions of $, Present Value on 1-1-2004)*		
2005	0.0	0.0	0.0	0.0	0.0	0.0
2006	0.0	0.0	-5.5	-5.5	5.5	-5.5
2007	99.7	0.0	-6.5	-106.2	111.8	-106.5
2008	99.3	0.1	-6.9	-106.0	217.8	-111.8
2009	98.8	0.3	-7.0	-105.4	323.2	-116.8
2010	98.2	0.6	-7.2	-104.7	427.9	-121.8
2011	97.5	1.1	-8.2	-104.5	532.5	-127.3
2012	96.6	1.6	-8.1	-103.1	635.6	-131.6
2013	95.6	2.3	-8.0	-101.3	736.9	-135.4
2014	94.4	3.1	-7.9	-99.2	836.1	-139.0
2015	93.3	4.0	-7.7	-97.0	933.2	-142.5
2016	92.2	5.0	-7.5	-94.7	1027.9	-145.8
2017	91.0	6.2	-7.3	-92.2	1120.1	-148.9
2018	89.8	7.4	-7.2	-89.5	1209.6	-151.8
2019	88.6	8.8	-7.0	-86.8	1296.3	-154.0
2020	87.3	10.3	-6.8	-83.8	1380.1	-155.8
2021	85.9	12.0	-6.7	-80.6	1460.7	-157.3
2022	84.6	13.7	-6.6	-77.5	1538.2	-158.6
2023	83.3	15.6	-6.5	-74.2	1612.3	-159.6
2024	81.9	17.6	-6.4	-70.7	1683.1	-160.3
2025	80.6	19.7	-6.3	-67.1	1750.2	-160.7
2026	79.3	22.0	-6.1	-63.4	1813.6	-160.7
2027	78.0	24.3	-6.0	-59.7	1873.3	-160.4
2028	76.7	26.8	-5.9	-55.8	1929.1	-159.9
2029	75.5	29.4	-5.6	-51.7	1980.8	-158.9
2030	74.3	32.1	-5.3	-47.5	2028.3	-157.6
2031	73.1	34.9	-5.0	-43.2	2071.5	-155.9
2032	71.9	37.8	-4.8	-38.9	2110.3	-154.0
2033	70.8	40.9	-4.6	-34.5	2144.8	-151.8
2034	69.7	44.0	-4.4	-30.1	2174.9	-149.3
2035	68.6	47.2	-4.3	-25.6	2200.5	-146.5
2036	67.5	50.5	-4.1	-21.1	2221.6	-143.3
2037	66.5	53.9	-3.9	-16.4	2238.0	-139.9
2038	65.4	57.4	-3.7	-11.7	2249.7	-136.1
2039	64.4	61.0	-3.5	-7.0	2256.7	-132.0
2040	63.4	64.6	-3.4	-2.2	2258.9	-127.6
2041	62.4	68.3	-3.3	2.6	2256.3	-122.9
2042	61.5	72.1	-3.2	7.4	2248.8	-117.9
2043	60.5	76.0	-3.1	12.3	2236.5	-112.7
2044	59.6	79.9	-3.1	17.2	2219.4	-107.1
2045	58.7	83.8	-3.1	22.1	2197.2	-101.2
2046	57.7	87.9	-3.0	27.1	2170.1	-95.0
2047	56.8	91.9	-2.9	32.2	2137.9	-88.4
2048	55.9	95.9	-2.9	37.1	2100.9	-81.7
2049	55.0	99.6	-2.8	41.8	2059.1	-75.0
2050	54.1	103.1	-2.7	46.3	2012.8	-68.1
2051	53.2	106.5	-2.7	50.6	1962.3	-61.3
2052	52.4	109.6	-2.6	54.6	1907.6	-54.4
2053	51.5	112.6	-2.6	58.5	1849.1	-47.5
2054	50.7	115.4	-2.6	62.1	1787.0	-40.6
2055	49.8	117.9	-2.5	65.5	1721.5	-33.8
2056	49.0	120.3	-2.5	68.7	1652.8	-26.9
2057	48.2	122.4	-2.5	71.7	1581.0	-20.1
2058	47.4	124.3	-2.4	74.5	1506.5	-13.3
2059	46.6	126.1	-2.3	77.1	1429.4	-6.6
2060	45.9	127.6	-2.3	79.4	1350.0	0.0
2061	45.1	128.9	-2.2	81.6	1268.4	6.6
2062	44.4	130.0	-2.1	83.5	1184.9	13.0
2063	43.6	130.9	-2.1	85.2	1099.8	19.3
2064	42.9	131.6	-2.1	86.6	1013.2	25.5
2065	42.2	132.1	-2.0	87.8	925.3	31.5
2066	41.5	132.4	-2.0	88.9	836.5	37.4
2067	40.8	132.5	-2.0	89.7	746.8	43.2
2068	40.1	132.4	-1.9	90.3	656.4	48.8
2069	39.5	132.1	-1.9	90.8	565.6	54.3
2070	38.8	131.7	-1.8	91.1	474.6	59.6
2071	38.2	131.1	-1.8	91.2	383.4	64.8
2072	37.6	130.4	-1.8	91.1	292.4	69.8
2073	36.9	129.5	-1.7	90.8	201.5	74.6
2074	36.3	128.5	-1.7	90.5	111.1	79.3
2075	35.7	127.4	-1.7	89.9	21.1	83.8
2076	35.1	126.1	-1.7	89.3	-68.2	88.1
2077	34.6	124.8	-1.6	88.6	-156.8	92.4
2078	34.0	123.3	-1.6	87.8	-244.5	96.5
2079	33.4	121.9	-1.6	86.9	-331.4	100.5

Based on Intermediate Assumptions of the 2004 Trustees Report.

Table 1b.c--Unified Budget Effects of the Shaw Plan

			SSG proceeds go to estate if worker does before entitlement		
Expected yield scenario	Transfer to OASDI Trust Funds from SSGs	Other Changes in OASDI Cash Flow	Change in Annual Unified Budget Cash Flow	Change in Debt Held by Public (end of year)	Change in Annual Unified Budget Balance
Contributions to SSG by Federal Government (1)	(2)	(3)	(4)=(3)+(2)-(1)	(5)	(6)
Year			(Billions of Constant 2004$)		
2005	0.0	0.0	0.0	0.0	0.0	0.0
2006	0.0	0.0	-6.1	-6.1	6.2	-6.3
2007	113.5	0.0	-7.4	-120.9	128.8	-124.5
2008	115.9	0.1	-8.0	-123.8	257.6	-134.1
2009	118.4	0.4	-8.4	-126.3	392.4	-143.8
2010	120.8	0.8	-8.8	-128.8	533.6	-153.9
2011	123.2	1.4	-10.3	-132.1	682.2	-165.4
2012	125.5	2.1	-10.6	-133.9	836.9	-175.7
2013	127.6	3.1	-10.7	-135.3	997.4	-185.8
2014	129.5	4.3	-10.9	-136.2	1163.8	-196.2
2015	131.8	5.7	-10.9	-137.0	1336.2	-206.9
2016	133.9	7.3	-10.9	-137.5	1514.7	-217.9
2017	136.1	9.2	-10.9	-137.8	1699.3	-229.1
2018	138.3	11.5	-11.0	-137.9	1890.2	-240.5
2019	140.5	14.0	-11.1	-137.6	2086.6	-251.3
2020	142.5	16.9	-11.2	-136.8	2288.0	-261.9
2021	144.6	20.1	-11.2	-135.7	2494.4	-272.4
2022	146.6	23.8	-11.4	-134.2	2705.4	-282.9
2023	148.7	27.9	-11.6	-132.4	2920.9	-293.2
2024	150.6	32.4	-11.8	-130.0	3140.5	-303.3
2025	152.6	37.4	-11.9	-127.2	3363.8	-313.1
2026	154.6	42.9	-11.9	-123.7	3590.3	-322.5
2027	156.7	48.9	-12.0	-119.8	3819.6	-331.7
2028	158.8	55.5	-12.2	-115.5	4051.4	-340.5
2029	160.9	62.7	-11.9	-110.2	4284.8	-348.5
2030	163.0	70.5	-11.7	-104.2	4519.1	-355.9
2031	165.2	79.0	-11.4	-97.7	4753.8	-362.8
2032	167.5	88.1	-11.2	-90.5	4988.3	-369.0
2033	169.8	98.0	-11.0	-82.7	5221.9	-374.6
2034	172.1	108.7	-10.9	-74.3	5454.0	-379.5
2035	174.5	120.2	-10.8	-65.2	5683.8	-383.6
2036	176.9	132.5	-10.7	-55.2	5910.3	-386.6
2037	179.4	145.6	-10.6	-44.4	6132.6	-388.6
2038	182.0	159.7	-10.4	-32.6	6349.7	-389.5
2039	184.5	174.7	-10.1	-20.0	6560.5	-389.0
2040	187.1	190.7	-10.0	-6.4	6763.8	-387.4
2041	189.8	207.7	-9.9	8.0	6958.6	-384.3
2042	192.4	225.7	-10.0	23.3	7143.8	-379.9
2043	195.1	244.9	-10.1	39.6	7317.9	-373.8
2044	197.9	265.2	-10.3	57.0	7479.5	-366.0
2045	200.6	286.7	-10.5	75.6	7627.2	-356.2
2046	203.4	309.5	-10.6	95.5	7759.0	-344.3
2047	206.2	333.6	-10.7	116.8	7873.3	-330.1
2048	209.0	358.3	-10.7	138.5	7968.9	-314.4
2049	211.8	383.4	-10.8	160.8	8044.7	-297.0
2050	214.6	408.9	-10.8	183.5	8099.8	-278.0
2051	217.4	434.9	-10.9	206.5	8133.2	-257.5
2052	220.3	461.2	-11.1	229.8	8144.0	-235.5
2053	223.2	487.9	-11.3	253.4	8131.1	-211.8
2054	226.1	514.8	-11.5	277.2	8093.7	-186.6
2055	229.1	542.0	-11.7	301.2	8030.8	-159.8
2056	232.1	569.3	-11.9	325.4	7941.5	-131.2
2057	235.1	596.9	-12.0	349.8	7824.8	-101.0
2058	238.2	624.5	-12.0	374.3	7679.6	-68.9
2059	241.3	652.1	-12.0	398.9	7505.2	-35.3
2060	244.4	679.8	-12.0	423.4	7300.7	0.1
2061	247.6	707.3	-12.0	447.7	7065.4	37.0
2062	250.8	734.8	-12.1	471.9	6798.4	75.6
2063	254.0	762.0	-12.2	495.8	6499.1	115.7
2064	257.3	789.1	-12.4	519.4	6166.9	157.3
2065	260.6	815.8	-12.6	542.5	5801.3	200.4
2066	264.0	842.2	-12.8	565.4	5401.6	245.1
2067	267.4	868.2	-12.9	587.9	4967.0	291.4
2068	270.9	893.7	-13.0	609.8	4497.1	339.3
2069	274.5	918.8	-13.0	631.3	3991.4	388.6
2070	278.1	943.3	-13.0	652.2	3449.2	439.5
2071	281.7	967.3	-13.2	672.4	2870.3	491.7
2072	285.4	990.6	-13.3	691.9	2254.2	545.4
2073	289.1	1013.4	-13.5	710.8	1600.5	600.6
2074	292.9	1035.7	-13.7	729.0	908.6	657.3
2075	296.7	1057.3	-13.9	746.7	178.0	715.6
2076	300.5	1078.4	-14.1	763.7	-591.7	775.5
2077	304.4	1098.9	-14.3	780.2	-1401.3	837.1
2078	308.3	1119.0	-14.4	796.2	-2251.4	900.6
2079	312.3	1138.6	-14.6	811.7	-3142.7	965.8

Based on Intermediate Assumptions of the 2004 Trustees Report.

Table 1c--OASDI Cash Flow to General Fund--Proposal vs Theoretical OASDI

Expected yield scenario

SSG proceeds go to estate if worker does before entitlement

	Estimate for Proposal				Estimate for Modified Present Law		
	Net Amount of Cash Flow from the OASDI Trust Funds to the General Fund of the Treasury During the Year[1]				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]		
	Percent	Billions of Dollars			Percent	Billions of Dollars		
Year	of payroll	Current $	1/1/2004 PV	Constant 2004$	of payroll	Current $	1/1/2004 PV	Constant 2004$
2004	1.6	65	63	65	1.6	65	63	65
2005	1.9	89	82	87	1.9	89	82	87
2006	1.8	91	79	88	2.0	97	85	94
2007	1.9	97	80	92	2.0	105	87	99
2008	1.8	100	79	92	2.0	109	86	100
2009	1.7	96	71	85	1.8	105	78	93
2010	1.6	94	66	81	1.7	103	73	89
2011	1.4	90	60	76	1.6	101	67	85
2012	1.2	81	51	67	1.4	91	58	75
2013	1.0	69	41	55	1.2	79	47	63
2014	0.8	56	32	44	0.9	65	37	50
2015	0.6	41	22	31	0.6	48	25	36
2016	0.3	22	11	16	0.4	27	14	20
2017	0.0	2	1	1	0.1	4	2	3
2018	-0.2	-21	-10	-15	-0.2	-22	-10	-15
2019	-0.5	-47	-20	-32	-0.6	-51	-22	-35
2020	-0.8	-75	-30	-50	-0.9	-84	-34	-55
2021	-1.1	-105	-40	-67	-1.2	-119	-45	-76
2022	-1.3	-135	-49	-84	-1.5	-155	-56	-97
2023	-1.6	-168	-57	-102	-1.8	-195	-66	-118
2024	-1.8	-201	-64	-118	-2.1	-236	-76	-139
2025	-2.0	-235	-71	-135	-2.4	-279	-85	-160
2026	-2.2	-269	-77	-150	-2.7	-324	-93	-181
2027	-2.4	-302	-82	-164	-3.0	-370	-100	-201
2028	-2.6	-335	-85	-177	-3.2	-416	-106	-220
2029	-2.7	-364	-88	-187	-3.4	-463	-112	-238
2030	-2.8	-392	-89	-196	-3.6	-510	-116	-255
2031	-2.8	-419	-90	-204	-3.8	-558	-120	-271
2032	-2.9	-443	-90	-210	-4.0	-606	-123	-287
2033	-2.9	-464	-89	-213	-4.1	-653	-125	-300
2034	-2.9	-481	-87	-215	-4.2	-699	-127	-313
2035	-2.8	-493	-84	-215	-4.3	-744	-127	-324
2036	-2.8	-501	-81	-212	-4.4	-788	-127	-334
2037	-2.7	-504	-77	-207	-4.4	-831	-127	-343
2038	-2.5	-501	-72	-201	-4.4	-873	-126	-350
2039	-2.4	-492	-67	-192	-4.5	-915	-124	-357
2040	-2.2	-480	-62	-182	-4.5	-956	-123	-363
2041	-2.1	-464	-56	-171	-4.5	-1,000	-121	-369
2042	-1.9	-444	-51	-159	-4.5	-1,045	-120	-375
2043	-1.7	-419	-45	-146	-4.5	-1,091	-118	-381
2044	-1.5	-388	-40	-132	-4.5	-1,139	-116	-387
2045	-1.3	-353	-34	-116	-4.5	-1,189	-115	-393
2046	-1.1	-311	-28	-100	-4.5	-1,241	-113	-399
2047	-0.9	-263	-23	-82	-4.6	-1,297	-112	-405
2048	-0.7	-212	-17	-64	-4.6	-1,355	-110	-412
2049	-0.5	-157	-12	-46	-4.6	-1,417	-109	-419
2050	-0.3	-100	-7	-29	-4.6	-1,483	-108	-427
2051	-0.1	-41	-3	-11	-4.6	-1,555	-107	-435
2052	0.1	20	1	5	-4.7	-1,634	-106	-445
2053	0.2	83	5	22	-4.7	-1,717	-105	-455
2054	0.4	149	9	38	-4.8	-1,805	-104	-465
2055	0.6	217	12	54	-4.8	-1,899	-104	-476
2056	0.7	288	15	70	-4.9	-1,999	-103	-487
2057	0.9	362	18	86	-4.9	-2,104	-102	-499
2058	1.0	441	20	102	-5.0	-2,214	-102	-511
2059	1.1	525	23	118	-5.0	-2,328	-101	-522
2060	1.3	612	25	134	-5.1	-2,447	-100	-534
2061	1.4	701	27	149	-5.1	-2,574	-100	-547
2062	1.5	789	29	163	-5.2	-2,709	-99	-560
2063	1.6	878	30	176	-5.2	-2,854	-98	-574
2064	1.7	971	32	190	-5.3	-3,003	-98	-587
2065	1.8	1,068	33	203	-5.3	-3,157	-97	-600
2066	1.9	1,165	34	216	-5.4	-3,319	-96	-614
2067	2.0	1,265	35	228	-5.4	-3,489	-96	-628
2068	2.1	1,368	35	239	-5.5	-3,665	-95	-641
2069	2.1	1,473	36	251	-5.5	-3,847	-94	-655
2070	2.2	1,581	37	262	-5.6	-4,037	-93	-669
2071	2.2	1,687	37	272	-5.6	-4,235	-92	-682
2072	2.3	1,794	37	281	-5.7	-4,442	-92	-696
2073	2.3	1,899	37	290	-5.7	-4,660	-91	-710
2074	2.4	2,003	37	297	-5.7	-4,888	-90	-725
2075	2.4	2,106	37	304	-5.8	-5,127	-89	-740
2076	2.4	2,206	36	310	-5.8	-5,377	-88	-755
2077	2.4	2,305	36	315	-5.9	-5,640	-87	-770
2078	2.4	2,403	35	319	-5.9	-5,915	-87	-785
Total, 2004-78			-392				-5,225	

[1]Trust Funds are assumed to borrow from the General Fund of the Treasury.

Table 1d--Change in Long-Range Trust Fund Assets/Unfunded Obligation for the Shaw Plan

Expected yield scenario | SSG proceeds go to estate if worker does before entitlement

Year	Present-Law OASDI Trust Fund Assets or If Negative, Unfunded Obligation Through EOY[1] (1)	Basic Changes in OASDI Cash Flow (2)	Transfer to OASDI Trust Funds from SSGs (3)	Total Change Through End of Year[2] (4)	Proposal OASDI Trust Fund Assets / Unfunded Obligation Through EOY (5)
		(In Billions of $, Present Value as of 1-1-04)			
2005	1,674.6	0.0	0.0	0.0	1,674.6
2006	1,759.0	-5.5	0.0	-5.5	1,753.5
2007	1,845.5	-6.5	0.0	-12.0	1,833.5
2008	1,930.8	-6.9	0.1	-18.8	1,912.0
2009	2,008.4	-7.0	0.3	-25.5	1,983.0
2010	2,080.8	-7.2	0.6	-32.0	2,048.8
2011	2,148.0	-8.2	1.1	-39.0	2,109.0
2012	2,205.6	-8.1	1.6	-45.5	2,160.1
2013	2,252.4	-8.0	2.3	-51.3	2,201.2
2014	2,289.0	-7.9	3.1	-56.1	2,232.9
2015	2,314.3	-7.7	4.0	-59.8	2,254.5
2016	2,327.9	-7.5	5.0	-62.3	2,265.7
2017	2,329.7	-7.3	6.2	-63.4	2,266.3
2018	2,319.7	-7.2	7.4	-63.1	2,256.5
2019	2,297.6	-7.0	8.8	-61.3	2,236.3
2020	2,263.7	-6.8	10.3	-57.8	2,205.9
2021	2,218.5	-6.7	12.0	-52.5	2,165.9
2022	2,162.6	-6.6	13.7	-45.4	2,117.2
2023	2,096.4	-6.5	15.6	-36.2	2,060.2
2024	2,020.7	-6.4	17.6	-25.0	1,995.7
2025	1,936.1	-6.3	19.7	-11.6	1,924.5
2026	1,843.3	-6.1	22.0	4.3	1,847.6
2027	1,743.3	-6.0	24.3	22.6	1,765.9
2028	1,637.0	-5.9	26.8	43.5	1,680.5
2029	1,525.4	-5.6	29.4	67.3	1,592.8
2030	1,409.4	-5.3	32.1	94.1	1,503.5
2031	1,289.5	-5.0	34.9	124.0	1,413.5
2032	1,166.5	-4.8	37.8	157.0	1,323.5
2033	1,041.2	-4.6	40.9	193.3	1,234.5
2034	914.6	-4.4	44.0	232.9	1,147.5
2035	787.2	-4.3	47.2	275.9	1,063.1
2036	659.9	-4.1	50.5	322.3	982.2
2037	533.0	-3.9	53.9	372.3	905.3
2038	407.2	-3.7	57.4	426.0	833.2
2039	282.7	-3.5	61.0	483.5	766.2
2040	159.8	-3.4	64.6	544.7	704.5
2041	38.4	-3.3	68.3	609.8	648.2
2042	-81.4	-3.2	72.1	678.7	597.3
2043	-199.5	-3.1	76.0	751.5	552.0
2044	-316.0	-3.1	79.9	828.3	512.3
2045	-430.8	-3.1	83.8	909.1	478.2
2046	-544.1	-3.0	87.9	993.9	449.8
2047	-655.8	-2.9	91.9	1,082.9	427.1
2048	-766.0	-2.9	95.9	1,175.9	409.9
2049	-874.8	-2.8	99.6	1,272.7	397.9
2050	-982.4	-2.7	103.1	1,373.1	390.7
2051	-1,089.0	-2.7	106.5	1,476.9	387.9
2052	-1,194.8	-2.6	109.6	1,583.9	389.1
2053	-1,299.7	-2.6	112.6	1,693.9	394.2
2054	-1,403.9	-2.6	115.4	1,806.7	402.8
2055	-1,507.4	-2.5	117.9	1,922.0	414.6
2056	-1,610.3	-2.5	120.3	2,039.8	429.4
2057	-1,712.7	-2.5	122.4	2,159.7	447.1
2058	-1,814.4	-2.4	124.3	2,281.7	467.3
2059	-1,915.3	-2.3	126.1	2,405.4	490.1
2060	-2,015.6	-2.3	127.6	2,530.7	515.1
2061	-2,115.1	-2.2	128.9	2,657.4	542.2
2062	-2,214.1	-2.1	130.0	2,785.2	571.1
2063	-2,312.6	-2.1	130.9	2,914.0	601.4
2064	-2,410.5	-2.1	131.6	3,043.5	633.0
2065	-2,507.7	-2.0	132.1	3,173.5	665.9
2066	-2,604.1	-2.0	132.4	3,303.9	699.8
2067	-2,699.9	-2.0	132.5	3,434.4	734.5
2068	-2,794.9	-1.9	132.4	3,564.9	769.9
2069	-2,889.1	-1.9	132.1	3,695.1	806.0
2070	-2,982.5	-1.8	131.7	3,825.0	842.6
2071	-3,075.0	-1.8	131.1	3,954.4	879.4
2072	-3,166.6	-1.8	130.4	4,083.0	916.4
2073	-3,257.4	-1.7	129.5	4,210.8	953.4
2074	-3,347.3	-1.7	128.5	4,337.6	990.3
2075	-3,436.4	-1.7	127.4	4,463.3	1,026.9
2076	-3,524.7	-1.7	126.1	4,587.7	1,063.1
2077	-3,612.1	-1.6	124.8	4,710.9	1,098.8
2078	-3,698.7	-1.6	123.3	4,832.6	1,134.0
Total, 2004-78		-300.6	5,133.3		

Based on Intermediate Assumptions of the 2004 Trustees Report.
[1]Negative amounts represented unfunded obligation through the end of the year.
[2]Total change equals total change from the prior year + Column(2) + Column(3).

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Table 2--Trust Fund Operations--Shaw Proposal

Sensitivity=government bond yield

SSG proceeds go to estate if worker does before entitlement

Ultimate Real Trust Fund Interest Rate	3.00
Ultimate Real IA Yield Rate	2.75
Ultimate Real Annuity Yield Rate	2.75

Assumed IA Participation Rate[1]   **100%**

Year	OASDI Cost Rate[2]	OASDI Income Rate	OASDI Annual Balance	TFR 1-1-yr	Change in OASDI Contribution Rate	"Effective" OASDI Contribution Rate	IA Contribution Rate[3] From Trust Funds	From General Fund of Treasury	Total IA Contribution Rate
2004	11.07	12.71	1.64	306		12.40			
2005	10.87	12.73	1.86	325		12.40			
2006	10.90	12.74	1.84	343		12.40			
2007	10.90	12.76	1.86	360		12.40		2.28	2.28
2008	10.96	12.79	1.84	377		12.40		2.28	2.28
2009	11.11	12.78	1.68	390		12.40		2.28	2.28
2010	11.24	12.81	1.57	402		12.40		2.28	2.28
2011	11.42	12.86	1.44	412		12.40		2.28	2.28
2012	11.66	12.89	1.23	420		12.40		2.28	2.28
2013	11.91	12.92	1.01	427		12.40		2.28	2.28
2014	12.15	12.94	0.78	431		12.40		2.28	2.28
2015	12.42	12.95	0.54	433		12.40		2.28	2.28
2016	12.70	12.97	0.28	433		12.40		2.28	2.28
2017	12.99	12.99	0.01	431		12.40		2.28	2.28
2018	13.28	13.01	-0.27	427		12.40		2.28	2.28
2019	13.59	13.03	-0.56	422		12.40		2.28	2.28
2020	13.90	13.05	-0.85	414		12.40		2.28	2.28
2021	14.20	13.07	-1.13	406		12.40		2.28	2.28
2022	14.49	13.09	-1.41	396		12.40		2.28	2.28
2023	14.79	13.11	-1.68	385		12.40		2.28	2.28
2024	15.06	13.13	-1.94	374		12.40		2.28	2.28
2025	15.33	13.14	-2.18	361		12.40		2.28	2.28
2026	15.57	13.16	-2.41	347		12.40		2.28	2.28
2027	15.80	13.18	-2.62	332		12.40		2.28	2.28
2028	16.00	13.19	-2.81	317		12.40		2.28	2.28
2029	16.17	13.21	-2.96	302		12.40		2.28	2.28
2030	16.31	13.22	-3.09	286		12.40		2.28	2.28
2031	16.44	13.23	-3.21	270		12.40		2.28	2.28
2032	16.54	13.24	-3.30	253		12.40		2.28	2.28
2033	16.62	13.25	-3.37	237		12.40		2.28	2.28
2034	16.67	13.26	-3.41	220		12.40		2.28	2.28
2035	16.70	13.27	-3.43	202		12.40		2.28	2.28
2036	16.70	13.27	-3.42	185		12.40		2.28	2.28
2037	16.68	13.28	-3.40	168		12.40		2.28	2.28
2038	16.63	13.28	-3.35	151		12.40		2.28	2.28
2039	16.58	13.28	-3.29	134		12.40		2.28	2.28
2040	16.51	13.28	-3.23	117		12.40		2.28	2.28
2041	16.44	13.29	-3.16	100		12.40		2.28	2.28
2042	16.38	13.29	-3.09	82		12.40		2.28	2.28
2043	16.30	13.29	-3.01	65		12.40		2.28	2.28
2044	16.23	13.29	-2.94	48		12.40		2.28	2.28
2045	16.15	13.29	-2.86	31		12.40		2.28	2.28
2046	16.08	13.29	-2.78	14		12.40		2.28	2.28
2047	16.00	13.30	-2.71	--		12.40		2.28	2.28
2048	15.93	13.30	-2.63	--		12.40		2.28	2.28
2049	15.86	13.30	-2.56	--		12.40		2.28	2.28
2050	15.81	13.30	-2.51	--		12.40		2.28	2.28
2051	15.76	13.30	-2.46	--		12.40		2.28	2.28
2052	15.73	13.31	-2.42	--		12.40		2.28	2.28
2053	15.70	13.31	-2.39	--		12.40		2.28	2.28
2054	15.68	13.31	-2.37	--		12.40		2.28	2.28
2055	15.66	13.32	-2.35	--		12.40		2.28	2.28
2056	15.65	13.32	-2.33	--		12.40		2.28	2.28
2057	15.65	13.32	-2.32	--		12.40		2.28	2.28
2058	15.64	13.33	-2.32	--		12.40		2.28	2.28
2059	15.64	13.33	-2.30	--		12.40		2.28	2.28
2060	15.63	13.34	-2.30	--		12.40		2.28	2.28
2061	15.64	13.34	-2.30	--		12.40		2.28	2.28
2062	15.65	13.34	-2.30	--		12.40		2.28	2.28
2063	15.67	13.35	-2.32	--		12.40		2.28	2.28
2064	15.68	13.35	-2.33	--		12.40		2.28	2.28
2065	15.70	13.35	-2.34	--		12.40		2.28	2.28
2066	15.72	13.36	-2.36	--		12.40		2.28	2.28
2067	15.74	13.36	-2.38	--		12.40		2.28	2.28
2068	15.76	13.36	-2.39	--		12.40		2.28	2.28
2069	15.78	13.37	-2.41	--		12.40		2.28	2.28
2070	15.79	13.37	-2.42	--		12.40		2.28	2.28
2071	15.82	13.37	-2.44	--		12.40		2.28	2.28
2072	15.84	13.37	-2.46	--		12.40		2.28	2.28
2073	15.87	13.38	-2.49	--		12.40		2.28	2.28
2074	15.89	13.38	-2.51	--		12.40		2.28	2.28
2075	15.93	13.38	-2.54	--		12.40		2.28	2.28
2076	15.96	13.39	-2.57	--		12.40		2.28	2.28
2077	15.99	13.39	-2.60	--		12.40		2.28	2.28
2078	16.03	13.39	-2.64	--		12.40		2.28	2.28
2079	16.06	13.39	-2.67	--		12.40		2.28	2.28

Summarized OASDI

	Cost Rate	Income Rate	Actuarial Balance	Change in Actuarial Balance
2004 -2078	14.67	13.85	-0.83	1.06

Based on Intermediate Assumptions of the 2004 Trustees Report

[1] Assumes that all workers will invest 4% in IAs up to $1,000 (for 2006 earnings), with the $1,000 threshold to be wage-indexed for years after 2006.

[2] Net of Transfers from SSG Accounts to the Trust Funds

[3] Reflects that contributions for a given year are assumed not to be credited until the following year.

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May 5, 2005

Table 2a--Proposal (Shaw) General Fund Transfers to SSG Accounts, OASDI Trust Fund Assets, and Theoretical OASDI Assets

Sensitivity=government bond yield   SSG proceeds go to estate if worker does before entitlement   Theoretical Social Security[1] with Borrowing Authority: Net OASDI TF Assets at End of Year

Year	Contributions to SSG Accounts by General Fund — Annual Contributions: Present Value as of 1-1-2004 (1) (Billions of $)	% of Payroll[2] (2)	Constant 2004$ (3)	Accumulated as of End of Year (4)	Total OASDI Trust Fund Assets at End of Year (5)	SSG Account Assets at End of Year (6)	GDP (7)	Without GF Transfer = Required Under the Proposal (8)	With GF Transfer = Required Under the Proposal (9)
			Billions of Constant 2004$				Billions of Constant 2004 Dollars		
2004	0.0	0.00	0.0	0.0	1,684	0	11,544	1,684	1,684
2005	0.0	0.00	0.0	0.0	1,840	0	11,911	1,840	1,840
2006	0.0	0.00	0.0	0.0	1,991	0	12,246	1,998	1,998
2007	99.7	2.28	113.5	113.5	2,142	115	12,562	2,156	2,270
2008	99.3	2.28	115.9	232.4	2,293	235	12,870	2,315	2,548
2009	98.8	2.28	118.4	356.8	2,441	360	13,171	2,473	2,829
2010	98.2	2.28	120.8	487.2	2,590	490	13,466	2,631	3,118
2011	97.5	2.28	123.2	623.7	2,739	626	13,752	2,790	3,414
2012	96.6	2.28	125.5	766.4	2,883	766	14,024	2,944	3,711
2013	95.6	2.28	127.6	915.3	3,020	912	14,285	3,091	4,006
2014	94.4	2.28	129.5	1,070.6	3,150	1,063	14,547	3,230	4,301
2015	93.3	2.28	131.8	1,232.9	3,271	1,219	14,804	3,360	4,593
2016	92.2	2.28	133.9	1,402.6	3,382	1,380	15,061	3,478	4,881
2017	91.0	2.28	136.1	1,579.9	3,482	1,547	15,322	3,584	5,164
2018	89.8	2.28	138.3	1,765.3	3,569	1,719	15,586	3,675	5,441
2019	88.6	2.28	140.5	1,958.7	3,640	1,896	15,842	3,750	5,708
2020	87.3	2.28	142.5	2,160.0	3,695	2,078	16,100	3,805	5,965
2021	85.9	2.28	144.6	2,369.4	3,732	2,264	16,354	3,841	6,210
2022	84.6	2.28	146.6	2,587.1	3,752	2,454	16,610	3,857	6,444
2023	83.3	2.28	148.7	2,813.4	3,753	2,649	16,861	3,851	6,664
2024	81.9	2.28	150.6	3,048.4	3,736	2,847	17,117	3,823	6,871
2025	80.6	2.28	152.6	3,292.5	3,699	3,049	17,372	3,773	7,065
2026	79.3	2.28	154.6	3,545.9	3,644	3,255	17,634	3,700	7,246
2027	78.0	2.28	156.7	3,809.0	3,571	3,465	17,903	3,604	7,413
2028	76.7	2.28	158.8	4,082.1	3,479	3,677	18,174	3,486	7,568
2029	75.5	2.28	160.9	4,365.4	3,372	3,893	18,451	3,346	7,711
2030	74.3	2.28	163.0	4,659.4	3,249	4,111	18,733	3,184	7,843
2031	73.1	2.28	165.2	4,964.4	3,110	4,332	19,022	3,000	7,965
2032	71.9	2.28	167.5	5,280.9	2,957	4,555	19,319	2,796	8,076
2033	70.8	2.28	169.8	5,609.1	2,792	4,781	19,622	2,570	8,179
2034	69.7	2.28	172.1	5,949.5	2,614	5,009	19,929	2,325	8,275
2035	68.6	2.28	174.5	6,302.5	2,427	5,238	20,243	2,062	8,364
2036	67.5	2.28	176.9	6,668.5	2,230	5,469	20,564	1,780	8,448
2037	66.5	2.28	179.4	7,047.9	2,025	5,701	20,892	1,481	8,529
2038	65.4	2.28	182.0	7,441.3	1,814	5,934	21,226	1,165	8,607
2039	64.4	2.28	184.5	7,849.1	1,598	6,168	21,562	833	8,682
2040	63.4	2.28	187.1	8,271.7	1,378	6,401	21,904	485	8,757
2041	62.4	2.28	189.8	8,709.6	1,152	6,635	22,252	120	8,830
2042	61.5	2.28	192.4	9,163.4	922	6,869	22,605	-262	8,901
2043	60.5	2.28	195.1	9,633.4	688	7,102	22,961	-662	8,971
2044	59.6	2.28	197.9	10,120.3	450	7,333	23,322	-1,080	9,040
2045	58.7	2.28	200.6	10,624.5	208	7,563	23,687	-1,516	9,108
2046	57.7	2.28	203.4	11,146.7	-38	7,792	24,055	-1,972	9,174
2047	56.8	2.28	206.2	11,687.2	-287	8,018	24,426	-2,449	9,239
2048	55.9	2.28	209.0	12,246.8	-540	8,241	24,799	-2,946	9,301
2049	55.0	2.28	211.8	12,826.0	-798	8,462	25,174	-3,465	9,361
2050	54.1	2.28	214.6	13,425.4	-1,062	8,680	25,552	-4,008	9,417
2051	53.2	2.28	217.4	14,045.6	-1,331	8,896	25,936	-4,577	9,469
2052	52.4	2.28	220.3	14,687.2	-1,609	9,109	26,324	-5,172	9,516
2053	51.5	2.28	223.2	15,351.0	-1,894	9,319	26,721	-5,795	9,556
2054	50.7	2.28	226.1	16,037.1	-2,189	9,527	27,123	-6,447	9,591
2055	49.8	2.28	229.1	16,747.9	-2,494	9,732	27,528	-7,130	9,618
2056	49.0	2.28	232.1	17,482.4	-2,810	9,934	27,939	-7,845	9,637
2057	48.2	2.28	235.1	18,242.0	-3,138	10,134	28,354	-8,594	9,648
2058	47.4	2.28	238.2	19,027.4	-3,477	10,331	28,775	-9,378	9,650
2059	46.6	2.28	241.3	19,839.5	-3,829	10,526	29,204	-10,196	9,643
2060	45.9	2.28	244.4	20,679.1	-4,194	10,719	29,639	-11,052	9,627
2061	45.1	2.28	247.6	21,547.0	-4,573	10,910	30,078	-11,946	9,601
2062	44.4	2.28	250.8	22,444.2	-4,967	11,098	30,526	-12,880	9,564
2063	43.6	2.28	254.0	23,371.6	-5,379	11,285	30,978	-13,857	9,515
2064	42.9	2.28	257.3	24,330.0	-5,807	11,470	31,438	-14,876	9,454
2065	42.2	2.28	260.6	25,320.6	-6,253	11,653	31,906	-15,940	9,380
2066	41.5	2.28	264.0	26,344.2	-6,718	11,835	32,379	-17,050	9,294
2067	40.8	2.28	267.4	27,402.0	-7,203	12,016	32,861	-18,208	9,195
2068	40.1	2.28	270.9	28,495.0	-7,707	12,196	33,359	-19,414	9,081
2069	39.5	2.28	274.5	29,624.4	-8,233	12,375	33,859	-20,670	8,954
2070	38.8	2.28	278.1	30,791.2	-8,780	12,554	34,366	-21,978	8,813
2071	38.2	2.28	281.7	31,996.7	-9,350	12,732	34,882	-23,340	8,657
2072	37.6	2.28	285.4	33,242.0	-9,943	12,910	35,404	-24,756	8,486
2073	36.9	2.28	289.1	34,528.4	-10,562	13,089	35,931	-26,230	8,299
2074	36.3	2.28	292.9	35,857.1	-11,206	13,267	36,464	-27,762	8,095
2075	35.7	2.28	296.7	37,229.5	-11,878	13,446	37,006	-29,356	7,873
2076	35.1	2.28	300.5	38,646.9	-12,578	13,626	37,555	-31,014	7,633
2077	34.6	2.28	304.4	40,110.8	-13,308	13,806	38,112	-32,736	7,375
2078	34.0	2.28	308.3	41,622.4	-14,069	13,988	38,677	-34,527	7,096
2079	33.4	2.28	312.3	43,183.4	-14,862	14,171	39,245	-36,387	6,796
Total, 2004-2078	4,588.1								

[1]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

[2]Equals percentage of previous year's taxable payroll.

Based on Intermediate Assumptions of the 2004 Trustees Report

Table 2b--Unified Budget Effects of the Shaw Plan

Sensitivity=government bond yield

	Contributions to SSG by Federal Government	Transfer to OASDI Trust Funds from SSGs	SSG proceeds go to estate if worker does before entitlement			
			Other Changes in OASDI Cash Flow	Change in Annual Unified Budget Cash Flow	Change in Debt Held by Public (end of year)	Change in Annual Unified Budget Balance
Year	(1)	(2)	(3)	(4)=(3)+(2)-(1)	(5)	(6)
			(Billions of $, Present Value on 1-1-2004)			
2005	0.0	0.0	0.0	0.0	0.0	0.0
2006	0.0	0.0	-5.5	-5.5	5.5	-5.5
2007	99.7	0.0	-6.5	-106.2	111.8	-106.5
2008	99.3	0.1	-6.9	-106.0	217.8	-111.8
2009	98.8	0.3	-7.0	-105.4	323.2	-116.9
2010	98.2	0.6	-7.2	-104.7	428.0	-121.8
2011	97.5	1.0	-8.2	-104.6	532.6	-127.4
2012	96.6	1.5	-8.1	-103.3	635.9	-131.8
2013	95.6	2.1	-8.0	-101.5	737.4	-135.7
2014	94.4	2.8	-7.9	-99.6	837.0	-139.4
2015	93.3	3.5	-7.7	-97.5	934.5	-143.1
2016	92.2	4.3	-7.5	-95.4	1029.9	-146.6
2017	91.0	5.2	-7.3	-93.1	1123.0	-150.0
2018	89.8	6.2	-7.2	-90.8	1213.8	-153.2
2019	88.6	7.2	-7.0	-88.3	1302.2	-155.8
2020	87.3	8.4	-6.8	-85.7	1387.9	-158.1
2021	85.9	9.5	-6.7	-83.1	1471.0	-160.2
2022	84.6	10.7	-6.6	-80.4	1551.4	-162.2
2023	83.3	12.0	-6.5	-77.8	1629.2	-164.0
2024	81.9	13.3	-6.4	-75.0	1704.2	-165.5
2025	80.6	14.7	-6.3	-72.2	1776.4	-166.9
2026	79.3	16.1	-6.1	-69.3	1845.7	-168.0
2027	78.0	17.5	-6.0	-66.4	1912.1	-169.0
2028	76.7	19.0	-5.9	-63.6	1975.7	-169.8
2029	75.5	20.5	-5.6	-60.6	2036.2	-170.4
2030	74.3	22.1	-5.3	-57.5	2093.8	-170.7
2031	73.1	23.6	-5.0	-54.5	2148.3	-170.9
2032	71.9	25.2	-4.8	-51.5	2199.8	-170.9
2033	70.8	26.8	-4.6	-48.6	2248.4	-170.8
2034	69.7	28.3	-4.4	-45.7	2294.2	-170.7
2035	68.6	29.9	-4.3	-42.9	2337.1	-170.4
2036	67.5	31.5	-4.1	-40.1	2377.1	-169.9
2037	66.5	33.1	-3.9	-37.3	2414.4	-169.4
2038	65.4	34.7	-3.7	-34.5	2448.9	-168.6
2039	64.4	36.2	-3.5	-31.7	2480.6	-167.8
2040	63.4	37.8	-3.4	-29.0	2509.6	-166.9
2041	62.4	39.3	-3.3	-26.4	2536.0	-165.8
2042	61.5	40.9	-3.2	-23.8	2559.8	-164.7
2043	60.5	42.4	-3.1	-21.3	2581.1	-163.6
2044	59.6	43.8	-3.1	-18.8	2599.9	-162.3
2045	58.7	45.3	-3.1	-16.4	2616.3	-160.9
2046	57.7	46.7	-3.0	-14.0	2630.3	-159.4
2047	56.8	48.1	-2.9	-11.6	2642.0	-157.8
2048	55.9	49.4	-2.9	-9.3	2651.3	-156.2
2049	55.0	50.6	-2.8	-7.2	2658.5	-154.5
2050	54.1	51.7	-2.7	-5.2	2663.7	-152.9
2051	53.2	52.7	-2.7	-3.3	2666.9	-151.3
2052	52.4	53.5	-2.6	-1.5	2668.4	-149.7
2053	51.5	54.3	-2.6	0.2	2668.2	-148.1
2054	50.7	54.9	-2.6	1.7	2666.6	-146.6
2055	49.8	55.5	-2.5	3.1	2663.5	-145.1
2056	49.0	55.9	-2.5	4.4	2659.1	-143.6
2057	48.2	56.3	-2.5	5.6	2653.4	-142.1
2058	47.4	56.6	-2.4	6.8	2646.6	-140.7
2059	46.6	56.8	-2.3	7.8	2638.8	-139.2
2060	45.9	56.9	-2.3	8.8	2630.0	-137.8
2061	45.1	57.0	-2.2	9.7	2620.3	-136.5
2062	44.4	56.9	-2.1	10.4	2609.9	-135.2
2063	43.6	56.8	-2.1	11.1	2598.8	-133.9
2064	42.9	56.6	-2.1	11.7	2587.1	-132.7
2065	42.2	56.4	-2.0	12.2	2574.9	-131.6
2066	41.5	56.1	-2.0	12.6	2562.3	-130.5
2067	40.8	55.8	-2.0	13.0	2549.3	-129.4
2068	40.1	55.4	-1.9	13.3	2536.0	-128.3
2069	39.5	54.9	-1.9	13.6	2522.4	-127.3
2070	38.8	54.4	-1.8	13.8	2508.6	-126.4
2071	38.2	53.9	-1.8	13.9	2494.7	-125.5
2072	37.6	53.4	-1.8	14.0	2480.6	-124.6
2073	36.9	52.8	-1.7	14.1	2466.6	-123.8
2074	36.3	52.1	-1.7	14.1	2452.5	-123.0
2075	35.7	51.5	-1.7	14.1	2438.4	-122.2
2076	35.1	50.8	-1.7	14.0	2424.4	-121.5
2077	34.6	50.1	-1.6	14.0	2410.4	-120.8
2078	34.0	49.4	-1.6	13.9	2396.6	-120.1
2079	33.4	48.7	-1.6	13.8	2382.8	-119.4

Based on Intermediate Assumptions of the 2004 Trustees Report.

Table 2b.c--Unified Budget Effects of the Shaw Plan

Sensitivity=government bond yield

SSG proceeds go to estate if worker does before entitlement

Year	Contributions to SSG by Federal Government (1)	Transfer to OASDI Trust Funds from SSGs (2)	Other Changes in OASDI Cash Flow (3)	Change in Annual Unified Budget Cash Flow (4)=(3)+(2)-(1)	Change in Debt Held by Public (end of year) (5)	Change in Annual Unified Budget Balance (6)
			(Billions of Constant 2004$)			
2005	0.0	0.0	0.0	0.0	0.0	0.0
2006	0.0	0.0	-6.1	-6.1	6.2	-6.3
2007	113.5	0.0	-7.4	-120.9	128.8	-124.5
2008	115.9	0.1	-8.0	-123.8	257.6	-134.1
2009	118.4	0.4	-8.4	-126.4	392.5	-143.9
2010	120.8	0.8	-8.8	-128.9	533.6	-154.0
2011	123.2	1.3	-10.3	-132.2	682.3	-165.5
2012	125.5	2.0	-10.6	-134.1	837.2	-175.9
2013	127.6	2.8	-10.7	-135.6	998.1	-186.2
2014	129.5	3.8	-10.9	-136.7	1164.9	-196.7
2015	131.8	4.9	-10.9	-137.7	1338.1	-207.7
2016	133.9	6.3	-10.9	-138.6	1517.7	-219.0
2017	136.1	7.8	-10.9	-139.3	1703.9	-230.7
2018	138.3	9.6	-11.0	-139.8	1896.8	-242.7
2019	140.5	11.5	-11.1	-140.1	2095.9	-254.3
2020	142.5	13.6	-11.2	-140.1	2301.0	-265.8
2021	144.6	16.0	-11.2	-139.8	2511.9	-277.4
2022	146.6	18.6	-11.4	-139.4	2728.7	-289.2
2023	148.7	21.4	-11.6	-138.8	2951.5	-301.2
2024	150.6	24.5	-11.8	-137.9	3179.9	-313.2
2025	152.6	27.8	-11.9	-136.7	3414.1	-325.2
2026	154.6	31.4	-11.9	-135.2	3653.7	-337.2
2027	156.7	35.3	-12.0	-133.5	3898.7	-349.4
2028	158.8	39.4	-12.2	-131.6	4149.2	-361.7
2029	160.9	43.8	-11.9	-129.1	4404.7	-373.6
2030	163.0	48.4	-11.7	-126.3	4665.0	-385.6
2031	165.2	53.4	-11.4	-123.3	4930.1	-397.6
2032	167.5	58.6	-11.2	-120.0	5199.8	-409.6
2033	169.8	64.2	-11.0	-116.6	5474.1	-421.7
2034	172.1	70.0	-10.9	-113.0	5753.1	-434.0
2035	174.5	76.2	-10.8	-109.2	6036.5	-446.2
2036	176.9	82.6	-10.7	-105.1	6324.2	-458.4
2037	179.4	89.4	-10.6	-100.6	6616.0	-470.6
2038	182.0	96.4	-10.4	-95.9	6911.8	-482.6
2039	184.5	103.8	-10.1	-90.8	7211.3	-494.6
2040	187.1	111.5	-10.0	-85.6	7514.5	-506.6
2041	189.8	119.6	-9.9	-80.1	7821.3	-518.6
2042	192.4	127.9	-10.0	-74.5	8131.6	-530.6
2043	195.1	136.6	-10.1	-68.7	8445.2	-542.6
2044	197.9	145.6	-10.3	-62.6	8762.1	-554.5
2045	200.6	154.9	-10.5	-56.1	9081.9	-566.3
2046	203.4	164.6	-10.6	-49.3	9404.5	-577.8
2047	206.2	174.7	-10.7	-42.2	9729.4	-589.2
2048	209.0	184.8	-10.7	-34.9	10056.8	-600.6
2049	211.8	194.9	-10.8	-27.7	10386.5	-612.1
2050	214.6	205.0	-10.8	-20.5	10718.9	-623.8
2051	217.4	215.0	-10.9	-13.3	11054.0	-635.7
2052	220.3	225.1	-11.1	-6.3	11391.9	-647.9
2053	223.2	235.1	-11.3	0.7	11733.0	-660.4
2054	226.1	245.1	-11.5	7.5	12077.4	-673.2
2055	229.1	255.0	-11.7	14.2	12425.2	-686.2
2056	232.1	264.9	-11.9	20.9	12776.8	-699.6
2057	235.1	274.6	-12.0	27.5	13132.1	-713.1
2058	238.2	284.3	-12.0	34.1	13491.5	-727.0
2059	241.3	293.8	-12.0	40.6	13855.1	-741.2
2060	244.4	303.3	-12.0	46.9	14223.1	-755.8
2061	247.6	312.6	-12.0	53.0	14596.0	-770.9
2062	250.8	321.8	-12.1	58.9	14974.1	-786.4
2063	254.0	330.9	-12.2	64.6	15357.7	-802.5
2064	257.3	339.8	-12.4	70.1	15747.3	-819.2
2065	260.6	348.5	-12.6	75.2	16143.4	-836.4
2066	264.0	357.1	-12.8	80.3	16546.2	-854.2
2067	267.4	365.5	-12.9	85.2	16956.1	-872.5
2068	270.9	373.8	-13.0	89.9	17373.5	-891.5
2069	274.5	381.9	-13.0	94.4	17798.9	-911.1
2070	278.1	389.9	-13.0	98.8	18232.6	-931.3
2071	281.7	397.7	-13.2	102.8	18675.2	-952.3
2072	285.4	405.3	-13.3	106.6	19127.3	-974.1
2073	289.1	412.8	-13.5	110.2	19589.3	-996.7
2074	292.9	420.2	-13.7	113.6	20061.7	-1019.9
2075	296.7	427.5	-13.9	116.8	20545.0	-1044.0
2076	300.5	434.6	-14.1	119.9	21039.6	-1068.9
2077	304.4	441.6	-14.3	122.9	21546.1	-1094.5
2078	308.3	448.6	-14.4	125.8	22064.8	-1120.9
2079	312.3	455.5	-14.6	128.6	22596.2	-1148.2

Based on Intermediate Assumptions of the 2004 Trustees Report.

Table 2c--OASDI Cash Flow to General Fund--Proposal vs Theoretical OASDI

Sensitivity=government bond yield

SSG proceeds go to estate if worker does before entitlement

	Estimate for Proposal Net Amount of Cash Flow from the OASDI Trust Funds to the General Fund of the Treasury During the Year[1]				Estimate for Modified Present Law 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]		
	Percent	Billions of Dollars			Percent	Billions of Dollars	
Year	of payroll	Current $	1/1/2004 PV	Constant 2004$	of payroll	Current $	1/1/2004 PV	Constant 2004$
2004	1.6	65	63	65	1.6	65	63	65
2005	1.9	89	82	87	1.9	89	82	87
2006	1.8	91	79	88	2.0	97	85	94
2007	1.9	97	80	92	2.0	105	87	99
2008	1.8	100	79	92	2.0	109	86	100
2009	1.7	96	71	85	1.8	105	78	93
2010	1.6	94	66	81	1.7	103	73	89
2011	1.4	90	60	76	1.6	101	67	85
2012	1.2	81	51	66	1.4	91	58	75
2013	1.0	69	41	55	1.2	79	47	63
2014	0.8	56	32	43	0.9	65	37	50
2015	0.5	40	21	30	0.6	48	25	36
2016	0.3	21	11	15	0.4	27	14	20
2017	0.0	0	0	0	0.1	4	2	3
2018	-0.3	-24	-11	-17	-0.2	-22	-10	-15
2019	-0.6	-51	-22	-34	-0.6	-51	-22	-35
2020	-0.8	-80	-32	-53	-0.9	-84	-34	-55
2021	-1.1	-111	-42	-71	-1.2	-119	-45	-76
2022	-1.4	-144	-52	-90	-1.5	-155	-56	-97
2023	-1.7	-178	-61	-108	-1.8	-195	-66	-118
2024	-1.9	-214	-69	-126	-2.1	-236	-76	-139
2025	-2.2	-251	-76	-144	-2.4	-279	-85	-160
2026	-2.4	-289	-83	-161	-2.7	-324	-93	-181
2027	-2.6	-327	-88	-178	-3.0	-370	-100	-201
2028	-2.8	-365	-93	-193	-3.2	-416	-106	-220
2029	-3.0	-401	-97	-206	-3.4	-463	-112	-238
2030	-3.1	-436	-99	-218	-3.6	-510	-116	-255
2031	-3.2	-471	-101	-229	-3.8	-558	-120	-271
2032	-3.3	-505	-103	-239	-4.0	-606	-123	-287
2033	-3.4	-537	-103	-247	-4.1	-653	-125	-300
2034	-3.4	-567	-103	-254	-4.2	-699	-127	-313
2035	-3.4	-594	-102	-259	-4.3	-744	-127	-324
2036	-3.4	-619	-100	-262	-4.4	-788	-127	-334
2037	-3.4	-640	-98	-264	-4.4	-831	-127	-343
2038	-3.4	-658	-95	-264	-4.4	-873	-126	-350
2039	-3.3	-674	-92	-263	-4.5	-915	-124	-357
2040	-3.2	-689	-89	-261	-4.5	-956	-123	-363
2041	-3.2	-703	-85	-259	-4.5	-1,000	-121	-369
2042	-3.1	-716	-82	-257	-4.5	-1,045	-120	-375
2043	-3.0	-729	-79	-255	-4.5	-1,091	-118	-381
2044	-2.9	-741	-76	-251	-4.5	-1,139	-116	-387
2045	-2.9	-752	-73	-248	-4.5	-1,189	-115	-393
2046	-2.8	-762	-70	-245	-4.5	-1,241	-113	-399
2047	-2.7	-772	-66	-241	-4.6	-1,297	-112	-405
2048	-2.6	-782	-64	-238	-4.6	-1,355	-110	-412
2049	-2.6	-794	-61	-235	-4.6	-1,417	-109	-419
2050	-2.5	-808	-59	-233	-4.6	-1,483	-108	-427
2051	-2.5	-826	-57	-231	-4.6	-1,555	-107	-435
2052	-2.4	-847	-55	-231	-4.7	-1,634	-106	-445
2053	-2.4	-871	-53	-231	-4.7	-1,717	-105	-455
2054	-2.4	-898	-52	-231	-4.8	-1,805	-104	-465
2055	-2.3	-928	-51	-233	-4.8	-1,899	-104	-476
2056	-2.3	-961	-49	-234	-4.9	-1,999	-103	-487
2057	-2.3	-997	-48	-236	-4.9	-2,104	-102	-499
2058	-2.3	-1,034	-47	-238	-5.0	-2,214	-102	-511
2059	-2.3	-1,072	-46	-241	-5.0	-2,328	-101	-522
2060	-2.3	-1,113	-46	-243	-5.1	-2,447	-100	-534
2061	-2.3	-1,158	-45	-246	-5.1	-2,574	-100	-547
2062	-2.3	-1,210	-44	-250	-5.2	-2,709	-99	-560
2063	-2.3	-1,268	-44	-255	-5.2	-2,854	-98	-574
2064	-2.3	-1,328	-43	-260	-5.3	-3,003	-98	-587
2065	-2.3	-1,390	-43	-264	-5.3	-3,157	-97	-600
2066	-2.4	-1,457	-42	-270	-5.4	-3,319	-96	-614
2067	-2.4	-1,529	-42	-275	-5.4	-3,489	-96	-628
2068	-2.4	-1,603	-42	-281	-5.5	-3,665	-95	-641
2069	-2.4	-1,680	-41	-286	-5.5	-3,847	-94	-655
2070	-2.4	-1,761	-41	-292	-5.6	-4,037	-93	-669
2071	-2.4	-1,848	-40	-298	-5.6	-4,235	-92	-682
2072	-2.5	-1,941	-40	-304	-5.7	-4,442	-92	-696
2073	-2.5	-2,040	-40	-311	-5.7	-4,660	-91	-710
2074	-2.5	-2,147	-39	-318	-5.7	-4,888	-90	-725
2075	-2.5	-2,260	-39	-326	-5.8	-5,127	-89	-740
2076	-2.6	-2,381	-39	-334	-5.8	-5,377	-88	-755
2077	-2.6	-2,510	-39	-343	-5.9	-5,640	-87	-770
2078	-2.6	-2,646	-39	-351	-5.9	-5,915	-87	-785
Total, 2004-78			-3,033				-5,225	

[1]Trust Funds are assumed to borrow from the General Fund of the Treasury.

Table 2d--Change in Long-Range Trust Fund Assets/Unfunded Obligation for the Shaw Plan

Sensitivity=government bond yield   SSG proceeds go to estate if worker does before entitlement

Year	Present-Law OASDI Trust Fund Assets or If Negative, Unfunded Obligation Through EOY[1] (1)	Basic Changes in OASDI Cash Flow (2)	Transfer to OASDI Trust Funds from SSGs (3)	Total Change Through End of Year[2] (4)	Proposal OASDI Trust Fund Assets / Unfunded Obligation Through EOY (5)
		(In Billions of $, Present Value as of 1-1-04)			
2005	1,674.6	0.0	0.0	0.0	1,674.6
2006	1,759.0	-5.5	0.0	-5.5	1,753.5
2007	1,845.5	-6.5	0.0	-12.0	1,833.5
2008	1,930.8	-6.9	0.1	-18.8	1,912.0
2009	2,008.4	-7.0	0.3	-25.5	1,982.9
2010	2,080.8	-7.2	0.6	-32.0	2,048.8
2011	2,148.0	-8.2	1.0	-39.2	2,108.8
2012	2,205.6	-8.1	1.5	-45.8	2,159.8
2013	2,252.4	-8.0	2.1	-51.8	2,200.7
2014	2,289.0	-7.9	2.8	-56.9	2,232.1
2015	2,314.3	-7.7	3.5	-61.1	2,253.2
2016	2,327.9	-7.5	4.3	-64.3	2,263.6
2017	2,329.7	-7.3	5.2	-66.4	2,263.3
2018	2,319.7	-7.2	6.2	-67.4	2,252.3
2019	2,297.6	-7.0	7.2	-67.1	2,230.5
2020	2,263.7	-6.8	8.4	-65.6	2,198.1
2021	2,218.5	-6.7	9.5	-62.8	2,155.7
2022	2,162.6	-6.6	10.7	-58.6	2,104.0
2023	2,096.4	-6.5	12.0	-53.1	2,043.3
2024	2,020.7	-6.4	13.3	-46.1	1,974.6
2025	1,936.1	-6.3	14.7	-37.7	1,898.4
2026	1,843.3	-6.1	16.1	-27.7	1,815.6
2027	1,743.3	-6.0	17.5	-16.2	1,727.1
2028	1,637.0	-5.9	19.0	-3.0	1,633.9
2029	1,525.4	-5.6	20.5	11.9	1,537.3
2030	1,409.4	-5.3	22.1	28.6	1,438.0
2031	1,289.5	-5.0	23.6	47.2	1,336.7
2032	1,166.5	-4.8	25.2	67.5	1,234.0
2033	1,041.2	-4.6	26.8	89.7	1,130.9
2034	914.6	-4.4	28.3	113.6	1,028.2
2035	787.2	-4.3	29.9	139.3	926.6
2036	659.9	-4.1	31.5	166.7	826.6
2037	533.0	-3.9	33.1	195.9	728.9
2038	407.2	-3.7	34.7	226.9	634.1
2039	282.7	-3.5	36.2	259.6	542.3
2040	159.8	-3.4	37.8	294.0	453.8
2041	38.4	-3.3	39.3	330.1	368.5
2042	-81.4	-3.2	40.9	367.8	286.4
2043	-199.5	-3.1	42.4	407.0	207.4
2044	-316.0	-3.1	43.8	447.7	131.7
2045	-430.8	-3.1	45.3	490.0	59.1
2046	-544.1	-3.0	46.7	533.7	-10.4
2047	-655.8	-2.9	48.1	578.9	-76.9
2048	-766.0	-2.9	49.4	625.5	-140.5
2049	-874.8	-2.8	50.6	673.3	-201.5
2050	-982.4	-2.7	51.7	722.2	-260.2
2051	-1,089.0	-2.7	52.7	772.2	-316.8
2052	-1,194.8	-2.6	53.5	823.1	-371.7
2053	-1,299.7	-2.6	54.3	874.8	-424.9
2054	-1,403.9	-2.6	54.9	927.1	-476.8
2055	-1,507.4	-2.5	55.5	980.1	-527.4
2056	-1,610.3	-2.5	55.9	1,033.5	-576.8
2057	-1,712.7	-2.5	56.3	1,087.4	-625.3
2058	-1,814.4	-2.4	56.6	1,141.6	-672.8
2059	-1,915.3	-2.3	56.8	1,196.0	-719.3
2060	-2,015.6	-2.3	56.9	1,250.7	-764.9
2061	-2,115.1	-2.2	57.0	1,305.5	-809.7
2062	-2,214.1	-2.1	56.9	1,360.2	-853.9
2063	-2,312.6	-2.1	56.8	1,415.0	-897.7
2064	-2,410.5	-2.1	56.6	1,469.6	-940.9
2065	-2,507.7	-2.0	56.4	1,523.9	-983.7
2066	-2,604.1	-2.0	56.1	1,578.1	-1,026.1
2067	-2,699.9	-2.0	55.8	1,631.9	-1,068.1
2068	-2,794.9	-1.9	55.4	1,685.3	-1,109.6
2069	-2,889.1	-1.9	54.9	1,738.4	-1,150.8
2070	-2,982.5	-1.8	54.4	1,791.0	-1,191.5
2071	-3,075.0	-1.8	53.9	1,843.1	-1,231.8
2072	-3,166.6	-1.8	53.4	1,894.7	-1,271.9
2073	-3,257.4	-1.7	52.8	1,945.8	-1,311.6
2074	-3,347.3	-1.7	52.1	1,996.2	-1,351.1
2075	-3,436.4	-1.7	51.5	2,046.0	-1,390.4
2076	-3,524.7	-1.7	50.8	2,095.2	-1,429.5
2077	-3,612.1	-1.6	50.1	2,143.7	-1,468.4
2078	-3,698.7	-1.6	49.4	2,191.6	-1,507.1
Total, 2004-78		-300.6	2,492.2		

Based on Intermediate Assumptions of the 2004 Trustees Report.
[1]Negative amounts represented unfunded obligation through the end of the year.
[2]Total change equals total change from the prior year + Column(2) + Column(3).

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Table 3--Trust Fund Operations--Shaw Proposal
Assume Subsequent Legislation = Full IA Contributions from Trust Funds by 2066

Expected SSGP Yield

Ultimate Real Trust Fund Interest Rate	3.00	
Ultimate Real IA Yield Rate	5.20	**Assumed IA Participation Rate[1] 100%**
Ultimate Real Annuity Yield Rate	5.20	

| | OASDI | | | | Change in | "Effective" | IA Contribution Rate[3] | | Total IA |
| | Cost | Income | Annual | TFR | OASDI | OASDI | From | From General Fund | Contribution |
Year	Rate[2]	Rate	Balance	1-1-yr	Contribution Rate	Contribution Rate	Trust Funds	of Treasury	Rate
2004	11.07	12.71	1.64	306		12.40			
2005	10.87	12.73	1.86	325		12.40			
2006	10.90	12.74	1.84	343		12.40			
2007	10.90	12.76	1.86	360		12.40		2.28	2.28
2008	10.96	12.79	1.84	377		12.40		2.28	2.28
2009	11.11	12.78	1.68	390		12.40		2.28	2.28
2010	11.24	12.81	1.57	402		12.40		2.28	2.28
2011	11.42	12.86	1.44	412		12.40		2.28	2.28
2012	11.66	12.89	1.23	420		12.40		2.28	2.28
2013	11.91	12.92	1.01	427		12.40		2.28	2.28
2014	12.14	12.94	0.79	431		12.40		2.28	2.28
2015	12.40	12.95	0.55	434		12.40		2.28	2.28
2016	12.68	12.97	0.29	434		12.40		2.28	2.28
2017	12.96	12.99	0.03	432		12.40		2.28	2.28
2018	13.25	13.01	-0.24	429		12.40		2.28	2.28
2019	13.55	13.03	-0.52	424		12.40		2.28	2.28
2020	13.85	13.05	-0.80	417		12.40		2.28	2.28
2021	14.14	13.07	-1.07	409		12.40		2.28	2.28
2022	14.41	13.09	-1.32	400		12.40		2.28	2.28
2023	14.68	13.11	-1.58	391		12.40		2.28	2.28
2024	14.94	13.13	-1.82	380		12.40		2.28	2.28
2025	15.18	13.14	-2.04	368		12.40		2.28	2.28
2026	15.40	13.16	-2.24	356		12.40		2.28	2.28
2027	15.60	13.18	-2.42	343		12.40		2.28	2.28
2028	15.77	13.19	-2.57	329		12.40		2.28	2.28
2029	15.89	13.21	-2.69	316		12.40		2.28	2.28
2030	16.00	13.22	-2.78	302		12.40		2.28	2.28
2031	16.08	13.23	-2.85	289		12.40		2.28	2.28
2032	16.14	13.24	-2.89	275		12.40		2.28	2.28
2033	16.16	13.25	-2.91	261		12.40		2.28	2.28
2034	16.15	13.26	-2.89	247		12.40		2.28	2.28
2035	16.11	13.27	-2.84	234		12.40		2.28	2.28
2036	16.04	13.27	-2.77	221		12.40		2.28	2.28
2037	15.95	13.28	-2.67	209		12.40		2.28	2.28
2038	15.83	13.28	-2.55	197		12.40		2.28	2.28
2039	15.69	13.28	-2.40	186		12.40		2.28	2.28
2040	15.53	13.28	-2.25	175		12.40		2.28	2.28
2041	15.37	13.29	-2.08	165		12.40		2.28	2.28
2042	15.20	13.29	-1.91	156		12.40		2.28	2.28
2043	15.02	13.29	-1.73	148		12.40		2.28	2.28
2044	14.83	13.29	-1.54	141		12.40		2.28	2.28
2045	14.63	13.29	-1.34	135		12.40		2.28	2.28
2046	14.42	12.89	-1.53	129	-0.40	12.00	0.40	1.88	2.28
2047	14.21	12.90	-1.32	126		12.00	0.40	1.88	2.28
2048	14.00	12.90	-1.10	120		12.00	0.40	1.88	2.28
2049	13.80	12.90	-0.90	116		12.00	0.40	1.88	2.28
2050	13.60	12.90	-0.70	113		12.00	0.40	1.88	2.28
2051	13.42	12.50	-0.91	111	-0.40	11.60	0.80	1.48	2.28
2052	13.24	12.51	-0.73	111		11.60	0.80	1.48	2.28
2053	13.07	12.51	-0.56	108		11.60	0.80	1.48	2.28
2054	12.91	12.51	-0.40	107		11.60	0.80	1.48	2.28
2055	12.76	12.52	-0.24	107		11.60	0.80	1.48	2.28
2056	12.61	12.12	-0.49	108	-0.40	11.20	1.20	1.08	2.28
2057	12.47	12.12	-0.34	110		11.20	1.20	1.08	2.28
2058	12.33	12.13	-0.20	110		11.20	1.20	1.08	2.28
2059	12.19	12.13	-0.06	111		11.20	1.20	1.08	2.28
2060	12.06	12.14	0.08	114		11.20	1.20	1.08	2.28
2061	11.93	11.54	-0.39	117	-0.60	10.60	1.80	0.48	2.28
2062	11.82	11.54	-0.28	122		10.60	1.80	0.48	2.28
2063	11.72	11.55	-0.18	122		10.60	1.80	0.48	2.28
2064	11.63	11.55	-0.08	123		10.60	1.80	0.48	2.28
2065	11.54	11.55	0.02	125		10.60	1.80	0.48	2.28
2066	11.45	11.07	-0.38	128	-0.48	10.12	2.28	0.00	2.28
2067	11.38	11.08	-0.30	132		10.12	2.28	0.00	2.28
2068	11.30	11.08	-0.22	132		10.12	2.28	0.00	2.28
2069	11.24	11.08	-0.15	132		10.12	2.28	0.00	2.28
2070	11.17	11.09	-0.09	134		10.12	2.28	0.00	2.28
2071	11.12	11.09	-0.03	135		10.12	2.28	0.00	2.28
2072	11.08	11.09	0.01	137		10.12	2.28	0.00	2.28
2073	11.04	11.09	0.05	140		10.12	2.28	0.00	2.28
2074	11.02	11.10	0.08	142		10.12	2.28	0.00	2.28
2075	11.00	11.10	0.10	145		10.12	2.28	0.00	2.28
2076	10.98	11.10	0.12	149		10.12	2.28	0.00	2.28
2077	10.98	11.10	0.13	152		10.12	2.28	0.00	2.28
2078	10.98	11.11	0.13	155		10.12	2.28	0.00	2.28
2079	10.98	11.11	0.13	158		10.12	2.28	0.00	2.28

Summarized OASDI

	Cost Rate	Income Rate	Actuarial Balance	Change in Actuarial Balance
2004 -2078	13.39	13.43	0.05	1.93

Based on Intermediate Assumptions of the 2004 Trustees Report

[1] Assumes that all workers will invest 4% in IAs up to $1,000 (for 2006 earnings), with the $1,000 threshold to be wage-indexed for years after 2006

[2] Net of Transfers from SSG Accounts to the Trust Funds.

[3] Reflects that contributions for a given year are assumed not to be credited until the following year.

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Table 4--Trust Fund Operations--Shaw Proposal

Sensitivity=1 percent higher than expected yield

SSG proceeds go to estate if worker does before entitlement

Ultimate Real Trust Fund Interest Rate	3.00
Ultimate Real IA Yield Rate	6.20
Ultimate Real Annuity Yield Rate	6.20

Assumed IA Participation Rate[1]   **100%**

Year	OASDI Cost Rate[2]	OASDI Income Rate	OASDI Annual Balance	TFR 1-1-yr	Change in OASDI Contribution Rate	"Effective" OASDI Contribution Rate	IA Contribution Rate[3] From Trust Funds	From General Fund of Treasury	Total IA Contribution Rate
2004	11.07	12.71	1.64	306		12.40			
2005	10.87	12.73	1.86	325		12.40			
2006	10.90	12.74	1.84	343		12.40			
2007	10.90	12.76	1.86	360		12.40		2.28	2.28
2008	10.96	12.79	1.84	377		12.40		2.28	2.28
2009	11.11	12.78	1.68	390		12.40		2.28	2.28
2010	11.24	12.81	1.57	402		12.40		2.28	2.28
2011	11.42	12.86	1.44	412		12.40		2.28	2.28
2012	11.66	12.89	1.23	420		12.40		2.28	2.28
2013	11.91	12.92	1.01	427		12.40		2.28	2.28
2014	12.14	12.94	0.80	431		12.40		2.28	2.28
2015	12.40	12.95	0.56	434		12.40		2.28	2.28
2016	12.67	12.97	0.30	434		12.40		2.28	2.28
2017	12.95	12.99	0.04	432		12.40		2.28	2.28
2018	13.23	13.01	-0.22	429		12.40		2.28	2.28
2019	13.53	13.03	-0.50	425		12.40		2.28	2.28
2020	13.82	13.05	-0.77	418		12.40		2.28	2.28
2021	14.10	13.07	-1.03	411		12.40		2.28	2.28
2022	14.37	13.09	-1.28	402		12.40		2.28	2.28
2023	14.64	13.11	-1.53	393		12.40		2.28	2.28
2024	14.88	13.13	-1.75	383		12.40		2.28	2.28
2025	15.11	13.14	-1.97	372		12.40		2.28	2.28
2026	15.31	13.16	-2.15	360		12.40		2.28	2.28
2027	15.49	13.18	-2.32	348		12.40		2.28	2.28
2028	15.64	13.19	-2.45	335		12.40		2.28	2.28
2029	15.75	13.21	-2.54	323		12.40		2.28	2.28
2030	15.83	13.22	-2.61	311		12.40		2.28	2.28
2031	15.88	13.23	-2.65	299		12.40		2.28	2.28
2032	15.91	13.24	-2.67	286		12.40		2.28	2.28
2033	15.90	13.25	-2.65	274		12.40		2.28	2.28
2034	15.86	13.26	-2.60	263		12.40		2.28	2.28
2035	15.78	13.27	-2.51	252		12.40		2.28	2.28
2036	15.67	13.27	-2.39	242		12.40		2.28	2.28
2037	15.52	13.28	-2.25	233		12.40		2.28	2.28
2038	15.35	13.28	-2.07	225		12.40		2.28	2.28
2039	15.15	13.28	-1.87	218		12.40		2.28	2.28
2040	14.94	13.28	-1.65	212		12.40		2.28	2.28
2041	14.71	13.29	-1.42	207		12.40		2.28	2.28
2042	14.47	13.29	-1.18	204		12.40		2.28	2.28
2043	14.21	13.29	-0.92	203		12.40		2.28	2.28
2044	13.94	13.29	-0.65	204		12.40		2.28	2.28
2045	13.65	13.29	-0.36	207		12.40		2.28	2.28
2046	13.35	13.29	-0.06	212		12.40		2.28	2.28
2047	13.04	13.30	0.26	220		12.40		2.28	2.28
2048	12.72	13.30	0.58	231		12.40		2.28	2.28
2049	12.41	13.30	0.89	245		12.40		2.28	2.28
2050	12.10	13.30	1.20	263		12.40		2.28	2.28
2051	11.80	13.30	1.50	284		12.40		2.28	2.28
2052	11.52	13.31	1.79	309		12.40		2.28	2.28
2053	11.23	13.31	2.08	338		12.40		2.28	2.28
2054	10.95	13.31	2.36	370		12.40		2.28	2.28
2055	10.68	13.32	2.63	408		12.40		2.28	2.28
2056	10.42	13.32	2.90	450		12.40		2.28	2.28
2057	10.16	13.32	3.17	498		12.40		2.28	2.28
2058	9.90	13.33	3.43	551		12.40		2.28	2.28
2059	9.64	13.33	3.69	610		12.40		2.28	2.28
2060	9.39	13.34	3.94	675		12.40		2.28	2.28
2061	9.16	13.34	4.18	747		12.40		2.28	2.28
2062	8.93	13.34	4.41	825		12.40		2.28	2.28
2063	8.72	13.35	4.62	908		12.40		2.28	2.28
2064	8.52	13.35	4.83	999		12.40		2.28	2.28
2065	8.32	13.35	5.03	1098		12.40		2.28	2.28
2066	8.14	13.36	5.22	1203		12.40		2.28	2.28
2067	7.96	13.36	5.40	1314		12.40		2.28	2.28
2068	7.80	13.36	5.57	1432		12.40		2.28	2.28
2069	7.64	13.37	5.72	1557		12.40		2.28	2.28
2070	7.50	13.37	5.87	1689		12.40		2.28	2.28
2071	7.37	13.37	6.00	1826		12.40		2.28	2.28
2072	7.25	13.37	6.12	1968		12.40		2.28	2.28
2073	7.15	13.38	6.23	2114		12.40		2.28	2.28
2074	7.06	13.38	6.32	2264		12.40		2.28	2.28
2075	6.99	13.38	6.39	2416		12.40		2.28	2.28
2076	6.93	13.39	6.46	2569		12.40		2.28	2.28
2077	6.88	13.39	6.51	2724		12.40		2.28	2.28
2078	6.84	13.39	6.55	2880		12.40		2.28	2.28
2079	6.81	13.39	6.59	3036		12.40		2.28	2.28

Summarized OASDI

	Cost Rate	Income Rate	Actuarial Balance	Change in Actuarial Balance
2004 -2078	12.45	13.85	1.40	3.29

Based on Intermediate Assumptions of the 2004 Trustees Report

[1] Assumes that all workers will invest 4% in IAs up to $1,000 (for 2006 earnings), with the $1,000 threshold to be wage-indexed for years after 2006

[2] Net of Transfers from SSG Accounts to the Trust Funds.

[3] Reflects that contributions for a given year are assumed not to be credited until the following year.

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Table 5--Trust Fund Operations--Shaw Proposal

Sensitivity=1 percent lower than expected yield

			SSG proceeds go to estate if worker does before entitlement	

Ultimate Real Trust Fund Interest Rate 3.00 — 95%
Ultimate Real IA Yield Rate 4.20 — **Assumed IA Participation Rate[1]** — **100%**
Ultimate Real Annuity Yield Rate 4.20

Year	OASDI Cost Rate[2]	OASDI Income Rate	OASDI Annual Balance	TFR 1-1-yr	Change in OASDI Contribution Rate	"Effective" OASDI Contribution Rate	IA Contribution Rate[3] From Trust Funds	IA Contribution Rate[3] From General Fund of Treasury	Total IA Contribution Rate
2004	11.07	12.71	1.64	306		12.40			
2005	10.87	12.73	1.86	325		12.40			
2006	10.90	12.74	1.84	343		12.40			
2007	10.90	12.76	1.86	360		12.40		2.28	2.28
2008	10.96	12.79	1.84	377		12.40		2.28	2.28
2009	11.11	12.78	1.68	390		12.40		2.28	2.28
2010	11.24	12.81	1.57	402		12.40		2.28	2.28
2011	11.42	12.86	1.44	412		12.40		2.28	2.28
2012	11.66	12.89	1.23	420		12.40		2.28	2.28
2013	11.91	12.92	1.01	427		12.40		2.28	2.28
2014	12.15	12.94	0.79	431		12.40		2.28	2.28
2015	12.41	12.95	0.55	433		12.40		2.28	2.28
2016	12.69	12.97	0.29	433		12.40		2.28	2.28
2017	12.97	12.99	0.02	431		12.40		2.28	2.28
2018	13.26	13.01	-0.25	428		12.40		2.28	2.28
2019	13.56	13.03	-0.53	423		12.40		2.28	2.28
2020	13.87	13.05	-0.82	416		12.40		2.28	2.28
2021	14.16	13.07	-1.10	408		12.40		2.28	2.28
2022	14.45	13.09	-1.36	399		12.40		2.28	2.28
2023	14.73	13.11	-1.62	388		12.40		2.28	2.28
2024	14.99	13.13	-1.87	377		12.40		2.28	2.28
2025	15.25	13.14	-2.10	365		12.40		2.28	2.28
2026	15.48	13.16	-2.32	352		12.40		2.28	2.28
2027	15.69	13.18	-2.51	338		12.40		2.28	2.28
2028	15.87	13.19	-2.68	324		12.40		2.28	2.28
2029	16.02	13.21	-2.81	310		12.40		2.28	2.28
2030	16.14	13.22	-2.92	295		12.40		2.28	2.28
2031	16.24	13.23	-3.01	280		12.40		2.28	2.28
2032	16.32	13.24	-3.08	265		12.40		2.28	2.28
2033	16.37	13.25	-3.12	250		12.40		2.28	2.28
2034	16.39	13.26	-3.13	235		12.40		2.28	2.28
2035	16.38	13.27	-3.12	219		12.40		2.28	2.28
2036	16.35	13.27	-3.08	204		12.40		2.28	2.28
2037	16.29	13.28	-3.01	190		12.40		2.28	2.28
2038	16.21	13.28	-2.93	175		12.40		2.28	2.28
2039	16.11	13.28	-2.83	161		12.40		2.28	2.28
2040	16.00	13.28	-2.71	147		12.40		2.28	2.28
2041	15.88	13.29	-2.60	134		12.40		2.28	2.28
2042	15.77	13.29	-2.48	120		12.40		2.28	2.28
2043	15.64	13.29	-2.35	108		12.40		2.28	2.28
2044	15.51	13.29	-2.22	95		12.40		2.28	2.28
2045	15.37	13.29	-2.08	83		12.40		2.28	2.28
2046	15.24	13.29	-1.94	72		12.40		2.28	2.28
2047	15.09	13.30	-1.80	61		12.40		2.28	2.28
2048	14.96	13.30	-1.66	51		12.40		2.28	2.28
2049	14.82	13.30	-1.53	41		12.40		2.28	2.28
2050	14.70	13.30	-1.40	31		12.40		2.28	2.28
2051	14.59	13.30	-1.29	23		12.40		2.28	2.28
2052	14.49	13.31	-1.19	14		12.40		2.28	2.28
2053	14.40	13.31	-1.09	6		12.40		2.28	2.28
2054	14.31	13.31	-1.00	--		12.40		2.28	2.28
2055	14.23	13.32	-0.92	--		12.40		2.28	2.28
2056	14.16	13.32	-0.84	--		12.40		2.28	2.28
2057	14.09	13.32	-0.77	--		12.40		2.28	2.28
2058	14.03	13.33	-0.70	--		12.40		2.28	2.28
2059	13.96	13.33	-0.63	--		12.40		2.28	2.28
2060	13.90	13.34	-0.57	--		12.40		2.28	2.28
2061	13.85	13.34	-0.51	--		12.40		2.28	2.28
2062	13.81	13.34	-0.46	--		12.40		2.28	2.28
2063	13.77	13.35	-0.43	--		12.40		2.28	2.28
2064	13.74	13.35	-0.39	--		12.40		2.28	2.28
2065	13.71	13.35	-0.36	--		12.40		2.28	2.28
2066	13.69	13.36	-0.33	--		12.40		2.28	2.28
2067	13.67	13.36	-0.30	--		12.40		2.28	2.28
2068	13.65	13.36	-0.28	--		12.40		2.28	2.28
2069	13.63	13.37	-0.26	--		12.40		2.28	2.28
2070	13.61	13.37	-0.24	--		12.40		2.28	2.28
2071	13.60	13.37	-0.23	--		12.40		2.28	2.28
2072	13.60	13.37	-0.22	--		12.40		2.28	2.28
2073	13.60	13.38	-0.22	--		12.40		2.28	2.28
2074	13.61	13.38	-0.23	--		12.40		2.28	2.28
2075	13.62	13.38	-0.23	--		12.40		2.28	2.28
2076	13.63	13.39	-0.24	--		12.40		2.28	2.28
2077	13.65	13.39	-0.26	--		12.40		2.28	2.28
2078	13.67	13.39	-0.28	--		12.40		2.28	2.28
2079	13.69	13.39	-0.30	--		12.40		2.28	2.28

Summarized OASDI

	Cost Rate	Income Rate	Actuarial Balance	Change in Actuarial Balance
2004 -2078	14.05	13.85	-0.20	1.69

Based on Intermediate Assumptions of the 2004 Trustees Report

[1] Assumes that all workers will invest 4% in IAs up to $1,000 (for 2006 earnings), with the $1,000 threshold to be wage-indexed for years after 2006

[2] Net of Transfers from SSG Accounts to the Trust Funds.

[3] Reflects that contributions for a given year are assumed not to be credited until the following year.

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