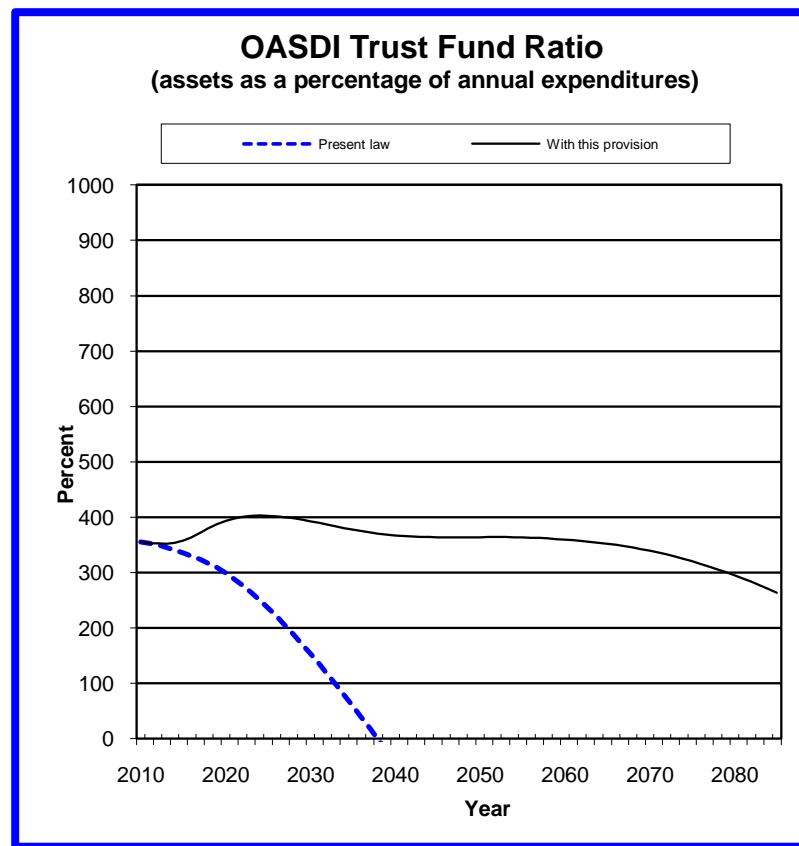
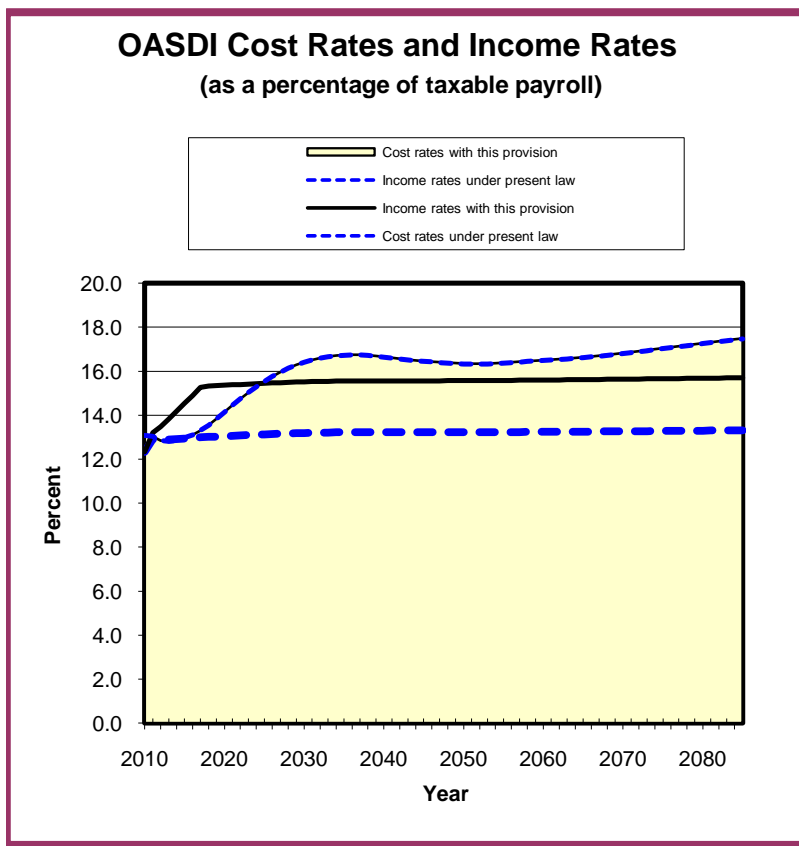


Summary Measures and Graphs
Category of Change: Payroll Taxes (including maximum taxable)

Proposed Provision: Eliminate the contribution and benefit base entirely beginning for 2017 and later; phase in the inclusion of earnings above the current contribution and benefit base for years 2011 through 2016. Assess the full Social Security payroll tax rate of 12.4 percent on the additional earnings. The primary insurance amount (PIA) would be determined in two components. The first component would be based on the average indexed monthly earnings (AIME), restricted to earnings at the level of the current-law contribution and benefit base (\$106,800 for 2010) for each year. The second component of the PIA would be computed using the AIME+, which would be equal to the sum of the indexed earnings in excess of the current-law contribution and benefit base for the 35 years included in the AIME, divided by 420. The second component of PIA would be equal to 3 percent of AIME+ up to \$11,933 (equals \$250,000-\$106,800)/12) and 0.25 percent for AIME+ above this level for beneficiaries newly eligible in 2011. For beneficiaries newly eligible for benefits after 2011, the bend point of \$11,933 would be indexed by the national average wage index (AWI) in the same manner as for the bend points in the first component of the PIA.

<u>Present Law</u>		<u>Change From Present Law in</u>		<u>Results with this provision</u>	
Long-Range Actuarial Balance	Annual Balance in 75th Year	Long-Range Actuarial Balance	Annual Balance in 75th Year	Long-Range Actuarial Balance	Annual Balance in 75th Year
-1.92%	-4.12%	2.16%	2.37%	0.24%	-1.75%



Estimates based on the intermediate assumptions of the 2010 Trustees Report

Office of the Chief Actuary, Social Security
 March 2, 2011