Title IV of H.R. 4529 "The Roadmap for America's Future Act of 2010"

Introduced January 27, 2010 by **Rep. Paul Ryan** (R-WI)

Individual Provisions of the Proposal:

- Alters the PIA benefit formula with progressive price indexing: The current PIA formula results in benefits across generations that grow at the rate of average wage growth. The purpose of the provision is to reduce benefit growth across generations for workers with career earnings at or above the maximum taxable amount to the rate of growth in the CPI, with lesser reductions in benefit growth across generations for workers with lower earnings, and no alteration in benefit growth across generations for lowest 30% of career earners.
- Provides a low-earner benefit enhancement for workers with long careers at low earning levels, starting at 30 years of earnings and scaled down proportionally for workers with a higher AIME.
- Index NRA for increases in life expectancy: Increase by 2 months per year until reaching an NRA of 67 for those attaining age 62 in 2021. After 2021, raise the NRA at the rate necessary to maintain the ratio of life expectancy at NRA to the difference between the NRA and 20 (expected to be an increase of one month per two years).
- Apply OASDI payroll tax to the total premium cost of employer sponsored health insurance. Specifically, any cost toward employer sponsored group health insurance borne by employees would cease to be deductible, and the cost borne by employers would be allocated to employees as if it had been wages for the purpose of payroll tax calculations, which would effectively increase OASDI taxes.
- Provide for special General Revenue transfers as needed to assure trust fund solvency.
- Provide for special transfers to the General Fund of the Treasury that would offset any prior General Revenue transfers as long as trust fund solvency is maintained.
- Establish voluntary, progressive individual accounts by:
    - Starting in 2012, allowing workers who are under age 55 on January 1, 2011 (those born in 1956 or later) to have a portion of their payroll taxes transferred to a PSA.
    - Reducing basic SS retired worker benefits of individual account participants and any SS aged survivor or aged spouse benefits paid as auxiliary benefits of individual account participants, with the reduction reflecting the degree of participating over their entire career.
    - Investing individual workers' PSA assets through a central administrative authority operated by the Personal SS Savings Board (PSSSB), with a default lifecycle fund that is expected to be about equivalent to a lifetime portfolio allocation of 65% in broad indexed equity funds and 35% in corporate bonds.
    - Providing that each worker participating in the PSA would be guaranteed that the account balance, as of the month prior to the month that the annuity begins, would be at least as large as the participant's total contributions accumulated with increases in the CPI-W.

Overall Fiscal Impact: For purposes of estimating Trust Fund impact, participation in PSAs is assumed to be 50%. Under all these plan provisions, the SS program would be expected to be solvent and to meet its benefit obligations throughout the long-range period of 2009-2083. The long-range OASDI actuarial deficit of 2.00% of payroll would be eliminated. The proposal meets the long-range criteria for sustainable solvency. Special General Fund transfers are expected to be needed under the plan in years 2037-2056, but offset by special transfers to the General Fund during the years 2063-2082.