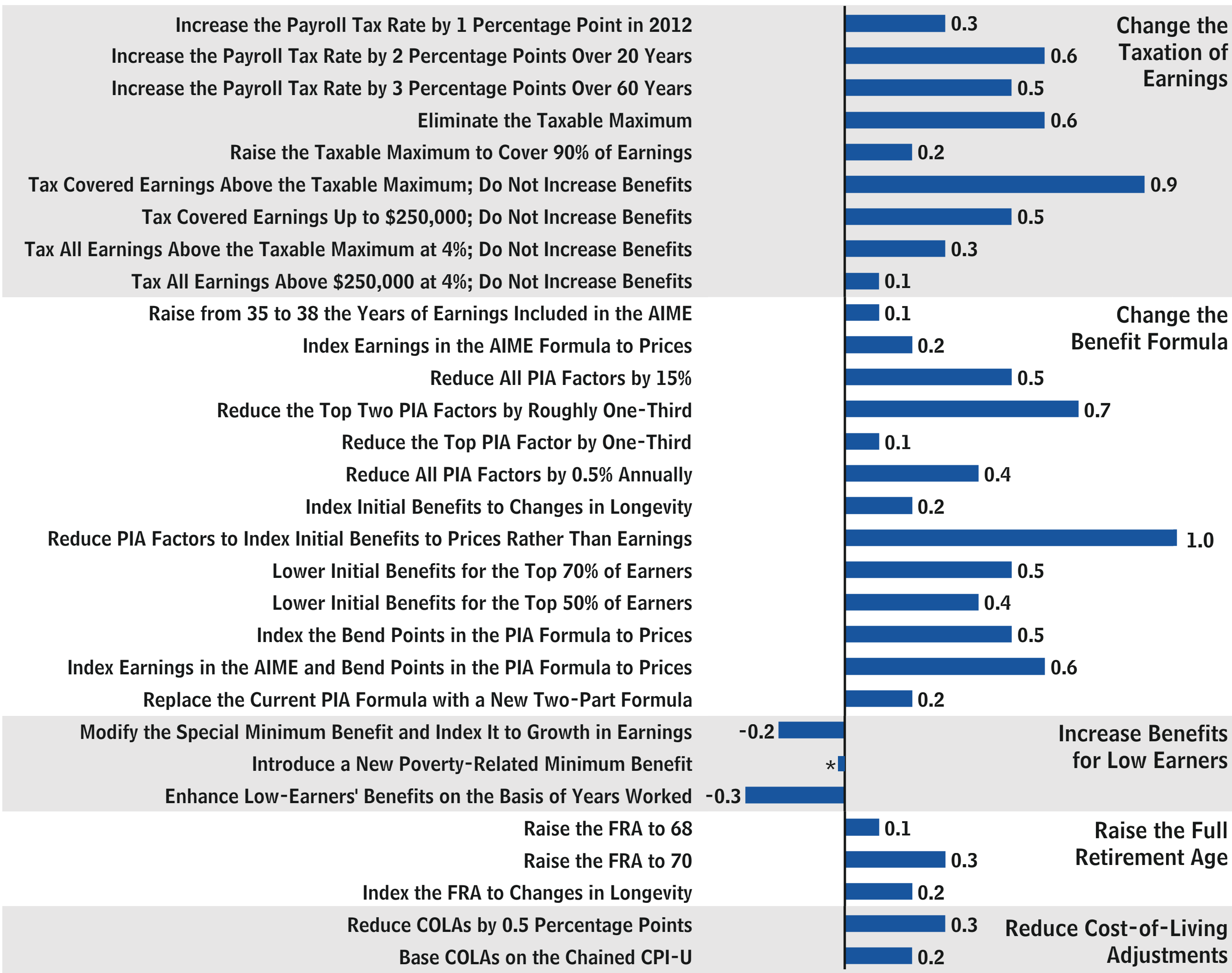
**Summary Figure 1.**

# Effects of the Policy Options on the OASDI Trust Fund Actuarial Balance




Source: Congressional Budget Office.

Notes: The actuarial balance is the present value of revenues plus the OASDI trust fund balance at the beginning of 2010, minus the present value of outlays from 2010 to 2084, minus a year's worth of benefits as a reserve at the end of the period, expressed as a percentage of the present value of GDP over the period.

The AIME for a retired worker who reaches age 62 after 1990 is calculated on the highest 35 years of earnings on which that worker paid Social Security taxes (up to the taxable maximum, $106,800 in 2010). Earnings before age 60 are indexed to compensate for inflation and for real (inflation-adjusted) growth in wages; earnings after age 59 enter the computations at nominal values. Dividing total earnings by 420 (35 years times 12 months) yields the AIME.

The PIA is the monthly payment to a worker who begins receiving retirement benefits at the full retirement age or to a disabled worker who has never received a retirement benefit reduced for age. For workers who turn 62, become disabled, or die in 2010 (for calculation of survivor benefits), the PIA formula is 90 percent of the first $761 of the AIME plus 32 percent of the AIME between $761 and $4,586 plus 15 percent of the AIME over $4,586. Those percentages constitute the PIA factors.

A COLA is an annual increase in benefits indexed to consumer prices. Under current law, the COLA equals the percentage increase in the CPI-W; the chained CPI-U is an alternative measure of inflation.

OASDI = Old-Age, Survivors, and Disability Insurance; GDP = gross domestic product; AIME = average indexed monthly earnings; PIA = primary insurance amount; FRA = full retirement age; COLA = cost-of-living adjustment; CPI-W = consumer price index for all urban wage earners and clerical workers; chained CPI-U = chained CPI for all urban consumers; * = between -0.05 and 0.05 percentage points.