

COMPARISON OF PROPOSED PLANS AC-10 AND AC-11 WITH THE PRESENT
FEDERAL OLD-AGE INSURANCE PLAN AND PLAN AC-1

Including a summary comparison
of AC Plans 1 to 11.

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ACTUARIAL COMPUTATIONS FOR PLANS AC-10 AND AC-11

The purpose of this brief report is to present data in regard to Plans AC-10 and AC-11 as compared (1) with the present Title II, (2) with the present Title II modified by the age 65 amendment, and (3) with Plan AC-1. In this brief foreword there will be presented a summary of the provisions of these two plans and a discussion of the limitations involved in the cost estimates presented.

The benefit formula under Plan AC-10 is the same as that used for Plan AC-1. However, under Plan AC-10 allowances for wives and widows of annuitants are not payable until age 65 rather than age 60 as under Plan AC-1. In addition, under Plan AC-10 benefits are provided for dependent children of deceased covered individuals and for wives of covered individuals dying before age 65. The allowance for dependent children has been taken as 75% of the annuity based on the total wages that the individual would have earned if he had lived to age 65 and continued to receive wages at the same rate. (This amount might presumably be varied according to the number of dependent children, averaging out at the 75% figure.) Wives of deceased covered individuals receive an annuity of 75% of that based on the total wages that her husband would have earned if he had lived to age 65 and continued to receive wages at the same rate; this annuity is payable to the widow upon attainment of age 65 if she is not an annuitant in her own right.

The cost of the benefits under Plan AC-10, measured in terms of payroll, is 5.55% (see Table A).

Under Plan AC-11 a new formula is substituted; it differs from the AC-1 formula and the present formula as shown below:

<u>Earnings</u>	<u>Present</u>	<u>Plan AC-1</u>	<u>Plan AC-11</u>
First \$3,000	6%	6%	6%
Next \$12,000	1	1	1
Next \$30,000	1	$\frac{1}{4}$	$\frac{1}{3}$
Excess over \$45,000	$\frac{1}{3}$	$\frac{1}{4}$	$\frac{1}{3}$

Expressed in terms of an annual annuity.

All other provisions of Plan AC-11 as to benefits for wives and widows are the same as in Plan AC-1. As a result of the new formula, annuity benefits for Plan AC-11 are slightly larger than those under Plan AC-1 in the later years. There will be no appreciable effect for 20 to 25 years since the two formulas produce identical results for total wages of \$45,000 or less. The benefits for death after retirement will be slightly reduced under Plan AC-11 as compared to AC-1 due to the slightly larger annuities, as a result of which the $3\frac{1}{2}\%$ of total credited wages is reduced more rapidly.

The cost of the benefits under Plan AC-11, measured in terms of payroll, is 5.59% (see Table A).

The maximum monthly annuity for a single person earning \$3000 per year and working for 45 years is \$75.00 under Plan AC-11, as

compared with \$56.25 under Plan AC-1 and \$85.00 under the present Title II. For a married man the corresponding figures are \$84.38 for Plan AC-1 and \$85.00 for Plan AC-1 and the present Title II.

In the "Cost Estimates" report there were set down 23 assumptions which were made in order to carry out the estimates. In such a plan as this one and others proposed to the Advisory Council many additional assumptions have to be made in order to determine the costs for the various survivorship benefits and allowances for wives and dependent children. All of the assumptions made have seemed quite reasonable and consistent, but it is obvious that there are great uncertainties in estimating marital and dependency conditions in the far-distant future as well as in estimating the proportion of women who will be or will have been gainfully occupied. Previous estimates are probably of a higher degree of reliability since they involve less empirical factors. Thus, even to a greater degree than heretofore, the estimates of the progress of reserve from 1937 to 1980 should be taken only as yardsticks by means of which comparisons are possible, rather than as representing either the final truth or even the best estimates of probable results.

The reserve, in all cases, is regarded as developed from the excess of appropriations over benefits invested to earn 3% interest. Appropriations are assumed to be the estimated tax receipts under Title VIII less expense allowances.

In Table A there is presented a summary of the provisions of

various proposed modifications of the present Title II, including AC Plans 1 to 11. In addition to summarizing the material presented in the two previous AC reports, there is shown the equivalent level percent for the benefits and the appropriations. The level percent for the benefits indicates the percentage of payroll which would be required to exactly support the benefits according to the assumptions used in the cost estimates. Similarly, the equivalent level percent for the appropriations represents the level percentage of payroll which is equivalent to the graded scale of appropriations arising from the tax schedule under Title VIII. In considering these level percents it should be remembered that they are subject to wide fluctuation, depending upon a great many factors such as those pointed out in the "Cost Estimates" report. It is conceivable that the combination of many factors tending to improve mortality, increase efficiency by early retirements, etc., could increase ultimate costs by as much as 50%. However, these figures are extremely valuable in comparing the cost of one plan with another since they are all based on the same general assumptions and are thus quite valid when considered relatively.

One criterion which is sometimes set up in regard to these proposed plans is that all individuals should receive benefits which are actuarially equivalent to the taxes under Title VIII (counting only the employee tax). It is thus necessary to consider the net level percent of payroll which is required to support the benefits for the extreme case of a man who enters at age 20 with a level annual

wage of \$3000. In Plans AC-1 and AC-11 it is necessary to take account of the fact that some of the men will be married when they attain age 65 and thus will receive larger benefits. In addition, a monthly benefit will be paid to surviving widows; this benefit is not available under the present Title II.

In Table B there are presented net level percents for the present Title II and Plans AC-1 and AC-11 for this \$3000 individual, assuming that various proportions of the men attaining age 65 are married. In considering the proportion of men who are married, those whose wives are annuitants in their own right should not be counted as "married" men.

Under the present Title II the net level percent is 3.05% which is slightly more than the ultimate 3% tax rate so that the above criterion is satisfied. In addition, some allowance should be made for administrative expenses. A reasonable allowance seems to be .30% of payroll. This is based on 5% of the ultimate 6% tax rate and should be a constant for each individual rather than a percentage of the individual level percent. While the administrative expenses might be considered to be approximately the same regardless of wage, it seems a sound arbitrary policy to measure it also in terms of percentage of payroll.

For Plan AC-1 the net level percent ranges from 2.34% for a man who will be single at 65 to 3.33% for a man who will have a wife when he attains age 65. It is estimated that about 75% of the men attaining age 65 will be married. However, it is estimated that ultimately

about half of these men will not receive an allowance for their wives because the wives will be annuitants in their own right. Thus, assuming that 40% of the men attaining age 65 are "married", the net level percent is 2.73%. This takes account of the various probabilities involved, both mortality contingencies and the contingency of being married at age 65. If the estimated administrative expense of .30% of payroll is added to this net level percent, a total cost of 3.03% seems plausible. This is slightly more than the ultimate 3% tax rate under Title VIII.

For Plan AC-11 the net level percent ranges from 2.80% for a man who will be single at age 65 to 3.51% for a man who will have a wife when he attains age 65. Again assuming that 40% of the men are "married" (i.e., married to women who are not annuitants in their own right), the aggregate net level percent required is 3.12%. Adding the assumed administrative loading to this, a gross overall cost of 3.42% is arrived at. This is well in excess of the ultimate 3% tax rate under Title VIII.

In conclusion, from the above estimates it appears that both Plans AC-1 and AC-11, as well as the present Title II, satisfy the criterion that the actuarial value of future benefits shall be greater than the maximum employee tax rate under Title VIII, when both mortality and possible marital condition are taken into account. All of the figures given assume retirement at age 65; retirement at a later age would lower the cost. However, since the individual may retire at age

65, it seems to be a reasonable assumption that the criterion shall be satisfied for retirement at age 65. A further factor of safety in satisfying the criterion is the fact that mortality appears to be constantly improving. If this is the case, the required net level percents would be appreciably higher than those shown, the increase probably ranging from 10% to 25%.

Plan AC-10 - Table I

ESTIMATED NUMBER OF PERSONS RECEIVING MONTHLY ANNUITY BENEFITS UNDER PLAN AC-10

(All figures in thousands of persons)

Calendar Year	Male Annuitants		Female Annuitants	Eligible Widows of		Dependent Children	Total Receiving Annuities ^{c/}
	With Allow- ance for Wife	Without Allow- ance for Wife		Annui- tants ^{a/}	Covered ^{b/}		
1940	266	676	124	7	1	89	1399
1945	387	952	222	132	23	800	3170
1950	514	1349	342	321	85	1214	4744
1955	592	1734	517	539	192	1381	6007
1960	664	2215	738	698	315	1393	7151
1965	685	2544	922	825	432	1382	7936
1970	688	2890	1130	913	520	1373	8660
1975	641	3221	1429	965	548	1365	9265
1980	480	3546	1886	949	508	1338	9633

^{a/} Includes all widows of annuitants who are receiving benefits. Does not include those under age 65 who will receive benefits when they attain age 65, or those over 65 who are receiving benefits in their own right.

^{b/} Includes all widows aged 65 and over of covered individuals who died before age 65. Does not include those under age 65 who will receive benefits when they attain age 65, or those over 65 who are receiving benefits in their own right.

^{c/} Includes all annuitants, wives of annuitants for whom allowance is received, eligible widows, dependent children, and mothers of dependent children (there is roughly one such mother for every three dependent children).

Plan AC-10 - Table II

ESTIMATED BENEFIT PAYMENTS UNDER PLAN AC-10

(ALL figures in millions of dollars)

Calendar Year	Annuitants In Own Right	Allowance For Wives	Eligible Widows of Annuitants	Dependent Covered Children	Death Benefits	Total Benefits
1940	181	24	1	0	26	244
1945	317	39	19	3	63	547
1950	543	63	49	13	112	942
1955	803	84	93	33	165	1,362
1960	1,138	104	133	60	222	1,842
1965	1,414	117	175	91	282	2,263
1970	1,725	126	211	120	332	2,697
1975	2,075	126	243	138	382	3,146
1980	2,457	100	261	140	427	3,563

As Percentage of Payroll

1940	.61%	.08%	*	*	.04%	.09%	.82%
1945	1.05	.13	.06%	.01%	.35	.21	1.81
1950	1.71	.20	.15	.04	.51	.35	2.96
1955	2.40	.25	.28	.10	.55	.49	4.07
1960	3.25	.30	.38	.17	.53	.63	5.26
1965	3.88	.32	.48	.25	.50	.77	6.20
1970	4.54	.33	.56	.32	.48	.87	7.10
1975	5.25	.32	.62	.35	.46	.97	7.97
1980	6.22	.26	.66	.35	.45	1.08	9.02

* Less than .005%.

DESCRIPTION OF PLAN:

- A. Benefit Formula: Same as Plan AC-1.
- B. Allowance for Wife: 50% of husband's basic annuity if over 65 and not an annuitant in own right.
- C. Allowance for Widow of Annuitant: 75% of husband's basic annuity upon attainment of age 65 if not an annuitant in own right.
- D. Allowance for Widow of Covered Individual Dying before Age 65: 75% of annuity based on total wages that husband would have earned if he had lived to age 65 (based on past wage rate). Paid upon attainment of age 65 if not an annuitant in own right.
- E. Allowance for Dependent Children: 75% of annuity based on total wages that father would have earned if he had lived to age 65.
- F. Death Benefits: Same as present Title II for death before age 65. For death after 65 the death benefit is a refund of the difference, if any, between 3 $\frac{1}{2}$ % of total credited wages and annuity payments actually received by the annuitant and his widow, and dependents.

Plan AC-10 - Table III

COMPARISON OF BENEFIT PAYMENTS UNDER THREE MODIFICATIONS OF TITLE II

(All figures in millions of dollars)

Calendar Year	Present Title II	Age 65 Amendment	Plan AC-1	Plan AC-10	As % of Column 1		
					Column 2	Column 3	Column 4
Benefit Payments in Year							
1940	48	35	244	244	73%	508%	508%
1942	82	301	336	373	367	410	455
1945	218	395	466	547	181	214	251
1950	538	669	815	942	124	151	176
1955	921	1,028	1,217	1,362	112	132	148
1960	1,430	1,526	1,712	1,842	107	120	129
1965	1,875	1,975	2,152	2,263	105	115	121
1970	2,355	2,490	2,615	2,697	106	111	115
1975	2,934	3,051	3,110	3,146	104	106	107
1980	3,576	3,668	3,593	3,563	103	100	100
Cumulative Benefit Payments							
1940	105	78	277	277	74	264	264
1942	232	425	914	968	183	394	417
1945	749	1,512	3,185	2,440	302	292	326
1950	2,810	4,325	5,574	6,383	154	198	227
1955	6,661	8,762	10,880	12,381	132	163	186
1960	12,803	15,424	18,497	20,675	120	144	161
1965	21,423	24,476	28,455	31,226	114	133	146
1970	32,240	35,927	40,640	43,877	111	126	136
1975	45,704	50,018	55,186	58,695	109	121	128
1980	62,288	67,087	72,176	75,669	108	116	121

Plan AC-10 - Table IV

PROGRESS OF RESERVE UNDER PLAN AC-10 WITH PRESENT SCALE OF TAXES

(All figures in millions of dollars)

<u>Calendar Year</u>	<u>Appropriation</u>	<u>Benefit Payments</u>	<u>Interest on Reserve</u>	<u>Federal Subsidy^{a/}</u>	<u>Balance in Reserve</u>	<u>Cumulative Appropriations</u>	<u>Cumulative Benefit Payments</u>
1937	528	4	0	0	524	528	4
1938	535	11	16	0	1,064	1,063	15
1939	542	18	32	0	1,620	1,605	33
1940	827	244	49	0	2,252	2,432	277
1941	829	318	68	0	2,831	3,261	595
1942	829	373	85	0	3,372	4,090	968
1943	1,125	430	101	0	4,168	5,215	1,398
1944	1,137	495	125	0	4,935	6,352	1,893
1945	1,148	547	148	0	5,684	7,500	2,440
1950	1,813	942	292	0	10,897	15,507	6,382
1955	1,904	1,362	456	0	16,200	24,847	12,381
1960	1,994	1,842	590	0	20,394	34,638	20,675
1965	2,080	2,263	685	0	23,322	44,868	31,226
1970	2,165	2,697	742	0	24,941	55,525	43,877
1975	2,251	3,146	753	0	24,970	66,608	58,695
1980	2,259	3,563	706	0 ^{a/}	22,926 ^{a/}	77,887	75,669

^{a/} A Federal subsidy is introduced when the reserve falls below 10 billion dollars. This will not occur until many years after 1980. An annual Federal subsidy of 616 million dollars in each year after 1980 is necessary to maintain the reserve at the 1980 level.

Plan AC-10 - Table V

PROGRESS OF RESERVE UNDER PLAN AC-10 WITH NEW SCALE OF TAXES^{a/}

(All figures in millions of dollars)

Calendar Year	Appropriation	Benefit Payments	Interest on Reserve	Federal Subsidy ^{b/}	Balance in Reserve	Cumulative	
						Appropriations	Benefit Payments
1937	528	4	0	0	524	528	4
1938	535	11	16	0	1,064	1,063	15
1939	542	18	32	0	1,620	1,605	33
1940	827	244	49	0	2,252	2,432	277
1941	829	318	68	0	2,831	3,261	595
1942	829	373	85	0	3,372	4,090	968
1943	1,125	430	101	0	4,168	5,215	1,398
1944	1,137	495	125	0	4,935	6,352	1,893
1945	1,148	547	148	0	5,684	7,500	2,440
1950	1,511	942	283	0	10,287	14,906	6,382
1955	1,587	1,362	397	0	13,844	22,691	12,381
1960	1,662	1,842	469	0	15,931	30,851	20,675
1965	1,733	2,263	491	0	16,337	39,376	31,226
1970	1,804	2,697	462	0	14,957	48,257	43,877
1975	1,876	3,146	370	0	11,435	57,492	58,695
1980	1,882	3,563	300	1,381 ^{b/}	10,000	66,891	75,669

^{a/} Schedule of taxes and expense allowances in arriving at appropriations:

Period	Tax Rate	Expense as % of Taxes
1937-39	2%	8 1/3%
1940-42	3	6 2/3
1943-45	4	5
1946-	5	5

^{b/} A Federal subsidy is introduced when the reserve falls below 10 billion dollars. This first occurs in 1977 when the subsidy necessary is 688 million dollars.

Plan AC-11 - Table I

ILLUSTRATIVE MONTHLY ANNUITIES UNDER PLANS AC-1 AND AC-11

<u>Years of Coverage</u>	<u>Present Formula</u>	<u>AC-1 Formula for</u>		<u>AC-11 Formula for</u>	
		<u>Single^{a/}</u>	<u>Married^{b/}</u>	<u>Single^{a/}</u>	<u>Married^{b/}</u>

Average Monthly Wage of \$25

5	*	*	*	*	*
15	\$16.25	\$16.25	\$24.38	\$16.25	\$24.38
25	18.75	18.75	28.12	18.75	28.12
35	21.25	21.25	31.88	21.25	31.88
45	23.75	23.75	35.62	23.75	35.62

Average Monthly Wage of \$50

5	15.00	15.00	22.50	15.00	22.50
15	20.00	20.00	30.00	20.00	30.00
25	25.00	25.00	37.50	25.00	37.50
35	30.00	27.50	41.25	27.50	41.25
45	35.00	30.00	45.00	30.00	45.00

Average Monthly Wage of \$100

5	17.50	17.50	26.25	17.50	26.25
15	27.50	26.25	39.38	26.25	39.38
25	37.50	31.25	46.88	31.25	46.88
35	47.50	36.25	54.38	36.25	54.38
45	53.75	39.38	59.07	41.25	61.88

Average Monthly Wage of \$150

5	20.00	20.00	30.00	20.00	30.00
15	35.00	30.00	45.00	30.00	45.00
25	50.00	37.50	56.25	37.50	56.25
35	57.50	41.25	61.88	45.00	67.50
45	65.00	45.00	67.50	52.50	78.75

Average Monthly Wage of \$250

5	25.00	25.00	37.50	25.00	37.50
15	50.00	37.50	56.25	37.50	56.25
25	62.50	43.75	65.62	50.00	75.00
35	75.00	50.00	75.00	62.50	85.00
45	85.00	56.25	84.38	75.00	85.00

* Not eligible because total wages are less than \$2000.

a/ Including married men whose wives are annuitants in their own right and such married women.

b/ Excluding men whose wives are annuitants in their own right and such married women.

Plan AC-11 - Table II

AVERAGE MONTHLY ANNUITIES UNDER PLAN AC-11 COMPARED WITH THOSE
UNDER PLAN AC-1

Calendar Year	Males with Allowance for Wife		Females and Other Males		Eligible Widows	
	Plan AC-1	Plan AC-11	Plan AC-1	Plan AC-11	Plan AC-1	Plan AC-11
1940	\$22.50	\$22.50	\$15.00	\$15.00	\$11.20	\$11.20
1945	25.40	25.40	16.90	16.90	11.80	11.80
1950	30.80	30.80	20.50	20.50	12.70	12.70
1955	35.30	35.30	23.50	23.50	14.30	14.30
1960	39.30	39.40	26.20	26.30	15.80	15.80
1965	42.60	43.10	28.40	28.70	17.70	17.90
1970	45.80	46.90	30.50	31.20	19.30	19.70
1975	49.00	51.10	32.70	34.10	21.00	21.90
1980	52.00	55.10	34.60	36.70	22.90	24.30

Plan AC-11 - Table III

ESTIMATED BENEFIT PAYMENTS UNDER PLAN AC-11 BY TYPE OF BENEFIT

(All figures in millions of dollars)

Calendar Year	Annuity Benefits			Death Benefits		Total Benefit Payments
	Annuitants In Own Right	Allowances For Wives	Eligible Widows	For Death Before 65	For Death After 65	
1937	--	--	--	4	--	4
1938	--	--	--	11	--	11
1939	--	--	--	18	--	18
1940	180	36	2	26	--	244
1941	218	43	6	34	--	301
1942	243	47	10	36	--	336
1943	267	51	15	44	1	378
1944	296	56	21	52	2	427
1945	317	60	26	60	3	466
1950	542	98	63	104	8	815
1955	803	133	116	148	17	1,217
1960	1,140	173	181	192	30	1,716
1965	1,430	201	260	240	41	2,172
1970	1,765	229	342	276	54	2,666
1975	2,164	249	430	309	71	3,223
1980	2,606	238	512	333	89	3,778

Plan AC-11 - Table IV

COMPARISON OF BENEFIT PAYMENTS UNDER THREE MODIFICATIONS OF TITLE II

(All figures in millions of dollars)

<u>Calendar Year</u>	<u>Present Title II</u>	<u>Age 65 Amendment</u>	<u>Plan AC-1</u>	<u>Plan AC-11</u>	<u>AC-11 as % of AC-1</u>
Benefit Payments in Year					
1940	48	35	244	244	100.0%
1942	124	301	336	336	100.0
1945	218	395	466	466	100.0
1950	538	669	815	815	100.0
1955	921	1,028	1,217	1,217	100.0
1960	1,430	1,526	1,712	1,716	100.2
1965	1,875	1,975	2,152	2,172	100.9
1970	2,355	2,490	2,615	2,666	102.0
1975	2,934	3,051	3,110	3,223	103.6
1980	3,576	3,668	3,593	3,778	105.1
Cumulative Benefit Payments					
1940	105	78	277	277	100.0
1942	232	425	914	914	100.0
1945	749	1,512	2,185	2,185	100.0
1950	2,810	4,325	5,574	5,574	100.0
1955	6,661	8,762	10,880	10,880	100.0
1960	12,803	15,424	18,497	18,504	100.0
1965	21,423	24,476	28,455	28,523	100.2
1970	32,240	35,927	40,640	40,892	100.6
1975	45,704	50,018	55,186	55,866	101.2
1980	62,288	67,087	72,176	73,636	102.0

Plan AC-11 - Table V

PROGRESS OF RESERVE UNDER PLAN AC-11 WITH PRESENT SCALE OF TAXES
UNDER TITLE VIII

(All figures in millions of dollars)

Calendar Year	Appropri- ation	Benefit Payments	Interest on Reserve	Federal Subsidy ^{a/}	Balance in Reserve	Cumulative	
						Appropri- ations	Benefit Payments
1937	528	4	0	0	524	528	4
1938	535	11	16	0	1,064	1,063	15
1939	542	18	32	0	1,620	1,605	33
1940	827	244	49	0	2,252	2,432	277
1941	829	301	68	0	2,848	3,261	578
1942	829	336	85	0	3,426	4,090	914
1943	1,125	378	103	0	4,276	5,215	1,292
1944	1,137	427	128	0	5,114	6,352	1,719
1945	1,148	466	153	0	5,949	7,500	2,185
1950	1,813	815	314	0	11,788	15,507	5,574
1955	1,904	1,217	503	0	17,968	24,847	10,880
1960	1,994	1,716	666	0	23,156	34,638	18,504
1965	2,080	2,172	792	0	27,091	44,868	28,523
1970	2,165	2,666	877	0	29,612	55,525	40,892
1975	2,251	3,223	909	0	30,227	66,608	55,866
1980	2,259	3,778	865	0 ^{a/}	28,184	77,887	73,636

^{a/} A Federal subsidy is introduced when the reserve falls below 10 billion dollars. This will not occur until many years after 1980. An annual Federal subsidy of 673 million dollars in each year after 1980 is necessary to maintain the reserve at the 1980 level.

Plan AC-11 - Table VI

COMPARISON OF RESERVES UNDER THREE MODIFICATIONS OF TITLE II^{a/}

(All figures in millions of dollars)

<u>Calendar Year</u>	<u>Present Title II</u>	<u>Age 65 Amendment</u>	<u>Plan AC-1</u>	<u>Plan AC-11</u>
1940	2,337	2,462	2,252	2,252
1942	4,005	3,956	3,426	3,426
1945	7,343	6,722	5,949	5,949
1950	14,732	13,278	11,738	11,738
1955	22,765	20,540	17,968	17,968
1960	30,066	27,092	23,163	23,156
1965	36,307	32,535	27,162	27,091
1970	41,625	37,015	29,888	29,612
1975	45,402	39,902	30,998	30,227
1980	46,641	40,206	29,901	28,184

^{a/} In all modifications it is assumed that the present scale of taxes under Title VIII is maintained.

Table A

SUMMARY OF PROVISIONS OF VARIOUS MODIFICATIONS OF TITLE II

Plan	Monthly Benefits Begin	Formula	Monthly Benefits For				Age Require- ment for Women	Death Benefits		Tax Scale	Benefits in 1980*	Reserve in 1980*	Subsidy ^{a/} in 1980*	Equivalent Level Percent	
			Wives of Annuitants	Widows of Annuitants	Widows of Covered	Dependent Children		Before 65	After 65					Benefits in 1980*	Approp.
Present Title II	1942	Present	No	No	No	No	--	Yes	Yes	Present	3,576	46,641	0	5.06%	5.06%
Age 65 Amendment	1942	Present	No	No	No	No	--	Yes	Yes	Present	3,668	40,339	199	5.22	5.06
Age 65 Amendment	1940	Present	No	No	No	No	--	Yes	Yes	Present	3,668	38,975	240	5.25	5.06
Plan AC-1	1940	New	Yes	Yes	No	No	60	Yes	Yes	Present	3,593	29,901	437	5.41	5.06
Plan AC-1	"	"	"	"	"	"	"	"	"	2-5% ^{b/}	3,593	12,214	1,345	5.41	4.36
Plan AC-1	"	"	"	"	"	"	"	"	"	2-5% ^{c/}	3,593	9,500	1,426	5.41	3.96
Plan AC-2	1940	New	No	Yes	No	No	60	Yes	No	Present	3,493	37,660	104	5.15	5.06
Plan AC-3 Formula A	1940	New	No	No	No	No	--	Yes	Yes	Present	3,655	27,573	567	5.51	5.06
Plan AC-3 Formula B	1940	New	No	No	No	No	--	Yes	Yes	Present	3,658	25,486	634	5.56	5.06
Plan AC-4	1942	Present	No	No	No	No	--	Yes	Yes	2-4% ^{d/}	3,668	10,000	1,862	5.22	3.59
Plan AC-5	1942	Present	No	No	No	No	--	Yes	Yes	2-5% ^{d/}	3,668	12,799	1,401	5.22	4.13
Plan AC-6	1942	Present	No	No	No	No	--	Yes	Yes	2-9% ^{e/}	3,668	9,316	0	5.22	5.22
Plan AC-7	1940	New	Yes	Yes	No	Yes	60	Yes	Yes	Present	3,093	10,000	534	5.58	5.06
Plan AC-8	1942	New	No	No	No	No	--	Yes	Yes	2-6% ^{f/}	2,603	11,260	0	4.02	4.01
Plan AC-9 Formula A	1940	New	Yes	Yes	Yes	Yes	65	No	No	2-5% ^{c/}	2,296	8,700	153	4.09	3.96
Plan AC-9 Formula B	1940	New	Yes	Yes	No	No	65	Yes	No	Present	3,285	19,666	436	5.41	5.06
Plan AC-10	1940	New	Yes	Yes	Yes	Yes	65	Yes	Yes	Present	3,563	22,926	616	5.55	5.06
Plan AC-10	"	"	"	"	"	"	"	"	"	2-5% ^{b/}	3,563	10,000	1,381	5.55	4.36
Plan AC-11	1940	New	Yes	Yes	No	No	60	Yes	Yes	Present	3,778	28,184	673	5.59	5.06

* In millions of dollars.

a/ Subsidy required in each year after 1980 to hold reserve level at 1980 figure.

b/ Increasing by 3 year intervals.

c/ 2% for 8 years, increasing by 5 year intervals thereafter.

d/ Increasing by 5 year intervals.

e/ 2% for 3 years, 3% for 20 years, 4½% for 5 years, 6% for 13 years, and 9% thereafter.

f/ 2% for 3 years, 3% for 20 years, 4½% for 20 years, and 6% thereafter.

Table B

NET LEVEL PERCENT OF PAYROLL REQUIRED TO SUPPORT THE BENEFITS
 UNDER VARIOUS PLANS FOR A MAN ENTERING AT AGE 20
 WITH A LEVEL ANNUAL WAGE OF \$3000

Assumed Pro- portion of <u>Married Men^{a/}</u>	Present <u>Title II</u>	Plan <u>AC-1</u>	Plan <u>AC-11</u>
None	3.05%	2.34%	2.80%
25%	3.05	2.59	3.00
40%	3.05	2.73	3.12
50%	3.05	2.84	3.21
75%	3.05	3.08	3.41
100%	3.05	3.33	3.61

a/ This column gives various possibilities as to the proportion of men attaining age 65 who are married and whose wives are not annuitants in their own right.

Note: These figures are based on the U. S. White Males and Females Mortality Tables at 3% interest. It is assumed that all wives are five years younger than their husband. It is also assumed that all men retire at age 65. No allowance is made for administrative expenses.