

Update to Figure 9 from the “Plan For a New Future: The Impact of Social Security Reform on People of Color,” A Report of the Commission to Modernize Social Security

(updated as of October 2012)

Figure 9 (updated) Commission to Modernize Social Security Plan			
Revenue Options	Income as % of Taxable Payroll	Adequacy Options	Cost as % of Taxable Payroll
Gradually increase payroll tax by 1.15 percentage points for employers and employees each, over 20 years	1.62	Increase benefits by a uniform amount at age 85	0.10
Eliminate cap but count earnings toward benefits with flatter formula	2.18	Pay widowed spouse 75% benefit with "average earner" benefit cap	0.06
Cover all new state and local workers	0.17	Provide 5 years of dependent care credits at half of average wage	0.24
Treat salary reduction plans like 401(k)s	0.22	Update special minimum benefit to 125% of poverty at full benefit age, wage index	0.19
		Reinstate student benefit	0.07
		Increase benefit by uniform amount equal to 5% of average benefit	0.75
		Administrative fixes	0.08
Total Revenue Raised	4.19	TOTAL COST OF BENEFIT IMPROVEMENTS	1.49
Actuarial Deficit	-2.67		
Amount Remaining	1.52	Amount remaining	0.03