

increase the excess to about 21 percent, 26 percent, and 31 percent, respectively. Although there is reason to be skeptical about the reliability of 75-year projections, particularly for the third 25-year segment, estimated cost increases of this magnitude would be likely to cause considerable concern about the program's funding for the middle of the next century.

UNCERTAINTY OF COST PROJECTIONS

Projections of the costs of earnings sharing proposals--and of program costs in general--are based on sets of assumptions about future economic and demographic events, such as fertility, mortality, economic growth, and labor force participation. As such, these projections are subject to error, and this uncertainty increases with the length of the projection period. Therefore, in a program such as Social Security where projections are often made with reference to a 75-year time span, all estimates--and particularly those furthest into the future--should be used with caution.

Recognizing this problem, the trustees of the Social Security trust funds present projections of trust fund operations over the next 75 years based on at least three different sets of assumptions about demographic changes and the performance of the economy. The various sets of assumptions are constructed in order to provide estimates that range from optimistic to pessimistic with regard to their impacts on the Social Security trust funds. To illustrate, under the optimistic, or Alternative I, assumptions of the 1984 Trustees' report, the average cost of the OASDI program over the next 75 years is estimated as 10.01 percent of taxable payroll. The comparable figure under the pessimistic, or Alternative III, assumptions is 17.22 percent, or about 72 percent higher than under the optimistic projections and a third higher than under the II-B assumptions. 11/

Demographic Factors

To a large extent, the ability to finance future benefits under current law depends on the growth and composition of the population. Moreover, various factors such as improvements in mortality rates and changes in disability rates have important effects on the size of the beneficiary population during the projection period. For instance, the 1984 II-B assumptions incorporate mortality improvements in 1984 equal to the average annual gain experienced during the 1968-1980 period, with the rate of improvement declining

11. Similar relationships among costs occur under the various sets of assumptions used for the 1985 Trustees' Report.

over time. If this rate of improvement is altered to be 50 percent higher than the II-B assumptions--as in the Alternative III assumptions--the 75-year actuarial balance becomes about 1.07 percent of taxable payroll in deficit rather than 0.06 in deficit. While mortality improvements would increase the size of the working age population slightly, and therefore increase revenues, the considerable increase in the number of beneficiaries would have a much more substantial effect on outlays.

On the other hand, factors such as fertility rates and labor force participation rates are important determinants of the size of the work force upon whom payroll taxes are levied. If fertility rates are assumed to be 20 percent lower than the 2.0 birth per woman rate used in the II-B assumptions, the long-range balance declines by over 1 percent of taxable payroll, from -0.06 percent to -1.15 percent.

Trends in marriage and divorce rates also are crucial, because such rates are likely to have important consequences for child bearing, labor force behavior, and beneficiary status. These factors are especially critical to estimates of program costs under alternative benefit computation procedures such as earnings sharing.

As discussed in Chapter IV, CBO has examined the sensitivity of the results to changes in two factors that may be thought to have an important impact on future beneficiaries: divorce rates and labor force participation rates of women. In one alternative scenario, participation rates are assumed to increase more rapidly and reach an ultimate level about 10 percent higher than in the II-B assumptions. In another scenario, this higher rate of participation in the labor force is combined with a 20 percent higher divorce rate.

The DYNASIM projections using the increased rates of divorce and labor force participation suggest that, overall, current law benefits would be about 0.7 percent higher than the baseline projection. Under these alternative assumptions, estimates of 2030 benefit payments under the Generic I plan are about 1.1 percent higher than for current law, in contrast to the 1.6 percent difference when the baseline assumptions are used. Thus, it appears that the higher labor force participation and divorce rates themselves would not substantially alter the relative costs of earnings sharing proposals.

Economic Factors

Assumptions about the performance of the economy also are critical to projections of Social Security outlays, income, and trust fund balances.

Economic factors that enter into these projections include growth in gross national product, in productivity, and in wage and nonwage compensation per worker. Other factors include the future rates of unemployment, price increases, and interest.

For example, if a 2.0 percent real wage growth assumption is substituted for the 1.5 percent in the II-B set of assumptions, the 75-year balance improves from -0.06 percent of taxable payroll to 0.62 percent. Alternatively, if the ultimate inflation rate is assumed to be 5 percent rather than 4 percent annually, the balance improves from -0.06 to 0.12 percent. The favorable effect of inflation on trust fund balances occurs because, assuming that real wages remain constant, price increases will be reflected in nominal wages--and, therefore, in trust fund revenues--more rapidly than in OASDI benefit payments because of the lag in indexing benefits to inflation.

One key variable for the purposes of evaluating the distribution of benefits under current law and under earnings sharing is the relative wage levels of male and female workers. Although it is generally agreed that female labor force participation rates, particularly those of married women, will continue to increase during the remainder of this century, controversy persists about the earnings gap between men and women and whether this gap will diminish over time. In part as a result of this uncertainty, the earnings gap under each of the different sets of assumptions is maintained at its current level. If this gap were to narrow and if the labor supply patterns of women continued to become more like those of men, the cost estimates for earnings sharing options--and those under current law as well--would be much different from those estimated in the HHS report.

Differences in Results of the Simulation and the Actuarial Models

Another element of uncertainty in examining the cost and beneficiary impacts of earnings sharing plans is that, although both estimation techniques use the same assumptions about aggregate economic and demographic events, the simulation and the actuarial models produce somewhat different beneficiary populations for 2030. These differences result primarily from fundamental distinctions in the models' treatments of individual beneficiaries. For example, the actuarial model used by the Social Security Administration applied divorce and remarriage rates through tables based on the ages of the two spouses, whereas the DYNASIM model uses a marriage cohort approach that also allocates divorces according to length of marriage, the relationship of the spouses' wage rates, and other factors. As a

consequence, it would be quite surprising if the models produced populations with identical characteristics.

Similarly, women's work histories are constructed differently under the two models. Their labor force experience as simulated by DYNASIM results in more women having insured status as workers than does the actuarial model. DYNASIM indicates that fewer married women would be eligible only for spouses' benefits, and more would be either dually entitled or entitled only as worker beneficiaries. These differences appear to have an effect on both the estimates of current law benefit payments and on the costs of the earnings sharing plans.

COSTS OF INCREMENTAL OPTIONS

Less comprehensive changes in the Social Security programs were also discussed in the HHS report, and were described as options that might be implemented either as part of the transition to earnings sharing or as alternatives to the more far-reaching plans. These incremental options--24 in all--were presented as illustrations of program changes designed to address specific concerns with the current program. CBO did not directly evaluate all of these options, but rather attempted to determine whether combinations of the options might be successful at alleviating problems associated with the disparities between the benefits of the survivors of one- and two-earner couples and the relatively low benefits available to divorced spouses. Accordingly, this appendix will not directly evaluate the HHS cost estimates for the incremental options, but will instead discuss general questions about the costs of these proposals.

Range of Social Security Benefit Costs

The largest component of the federal costs associated with the HHS options is, of course, benefit payments under Social Security. In the long run, HHS estimates that the plans could have a negligible impact on total benefits, or could increase benefit costs by up to 10 percent, depending on the specific plan. (Estimates of the potential administrative costs were not supplied in the HHS report.) The most expensive plans in the long run tend to be those that are directed at improving the benefits for two-earner couples and their survivors, such as the inheritance of earnings credits or the modification of the current dual entitlement provisions. Those with small costs often deal with modifications of the number of years of earnings to be included in the computation of benefits or with the various qualifications for disability

benefits. The costs of two options, voluntary earnings sharing and the provision of homemaker credits, could not be estimated.

Unlike the earnings sharing plans, however, the incremental options would begin to affect benefit payments shortly after enactment. For example, the option to increase benefits for those 85 and older beginning in January 1986 was estimated to increase costs by \$1.2 billion in calendar year 1986, and by \$8.0 billion over the 1986-1990 period. The most expensive options over the next five years were the change in dual entitlement rules--under which the offset for the spouse's or surviving spouse's benefit would be changed from \$1 for every \$1 of the person's own worker benefit to \$1 for every \$2--and the provision of child care increment years (a 2 percent benefit increase for every year in which the recipient had a child under age seven and no earnings in that year). These two options would each increase Social Security benefit costs by over \$11 billion over the 1986-1990 period. Moreover, these are the costs of providing such benefit increases to only those becoming eligible after 1985. If they were to be extended to all beneficiaries, the costs would be much larger.

On the other hand, several options would have relatively small costs over the next five years. For instance, the option that would increase divorced spouses' benefits for those who had long marriages would, according to the HHS report, increase costs by less than \$200 million over the period. In general, the smaller-cost items would provide additional benefits to fewer recipients, relatively small increases to these recipients, or both.

Other Federal Costs

As discussed earlier, many poorer Social Security recipients also receive benefits from other federal assistance programs such as SSI and Food Stamps. At the other end of the income spectrum, more affluent recipients are affected by the partial taxation of Social Security benefits. Thus, any increase in Social Security benefits to either low- or high-income recipients would have a smaller federal budget impact than the increase in Social Security benefits, because it also would work either to reduce other outlays or to increase income tax revenues.

For an illustration of these offsetting effects, consider the option that would raise benefits for the very old by 10 percent. Approximately 6 percent of these beneficiaries in June 1985 were concurrent recipients of Social Security and SSI benefits, with their Social Security benefits averaging \$233 per month and their federal SSI payments averaging \$97. A 10 percent benefit increase would result in approximately 35 percent of these

persons losing their eligibility for federal SSI payments, and the average affected recipient would lose \$22 per month in federal SSI payments. Therefore, federal SSI payments in calendar 1986 would fall by about \$40 million. In addition, the loss of SSI eligibility would cause some current SSI recipients to lose Medicaid eligibility as well, reducing federal Medicaid costs by about \$40 million. Moreover, Food Stamp benefits would be reduced by another \$5 million. Thus, while Social Security benefits would rise by \$1.2 billion that year, the net effect on federal spending would be close to \$1.1 billion.

On the income tax side, approximately 9 percent or 0.2 million of the very old were simulated to have total incomes high enough to be affected by the taxation of benefits. Of the additional \$1.2 billion in Social Security benefits paid under the option, CBO estimates that approximately \$130 million in Social Security benefit payments would be received by those paying income taxes on their benefits. For those currently paying income taxes on their Social Security benefits, however, only a portion of their benefits are subject to the income tax. As a result, only about 4 percent to 5 percent of total benefits to the age 85-and-over population actually affect income tax liabilities. Assuming a 10 percent benefit increase would raise these "countable" benefits by roughly the same percentage, income tax revenues would grow by about \$15 million in 1986.

Although the offsets in other portions of the federal budget would be relatively small in the example above, other options might have more significant interactions with other programs. For instance, if a flat dollar benefit increase for the very old was provided rather than the 10 percent increase--assuming the same total increase in Social Security benefits--there would be much larger SSI, Medicaid, and Food Stamp offsets and smaller income tax effects than those displayed above.

APPENDIX B

MICROSIMULATION TECHNIQUES

In order to analyze the distributional impact of changes in the Social Security system, a data file must be created to represent the U.S. population for years into the future, and that file must include all of the information necessary for the calculation of benefits. One way to construct these data files--and the method employed by both HHS and CBO--uses microsimulation models, or more specifically, the Dynamic Simulation of Income Model (DYNASIM). DYNASIM takes a recent sample of the U.S. population and generates a similar population sample for a future year by simulating for each individual important demographic and economic events, such as births, family formation, labor force participation, and earnings. This appendix presents a brief overview of DYNASIM and a discussion of the limitations of this approach.

DYNASIM: A GENERAL DESCRIPTION

DYNASIM is a microsimulation model originally designed at The Urban Institute as a tool for analyzing the impacts of policy decisions that would affect the economic and demographic choices individuals and families would face during future years.^{1/} The original DYNASIM model has since been modified in a number of important aspects, and its second-generation version now has more compartmentalized structure.^{2/} DYNASIM's major components are the Family and Earnings History (FEH) model and the Jobs and Benefit History (JBH) model. Output from the FEH model, including information on marital status, marital history, labor force status and history, is fed into the JBH model, and the JBH model produces a data file with Social Security coverage and benefits, private pension coverage and benefits, and other characteristics for each person in the file.

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1. For more details see Guy Orcutt, Steven Caldwell, and Richard Wertheimer II, *Policy Exploration Through Microanalytic Simulation* (Washington, D.C.: The Urban Institute, 1976).
 2. Jon Johnson, Richard Wertheimer II, and Sheila Zedlewski, "The Dynamic Simulation of Income Model," vols. I and II, Project Report 1434-03 (Washington, D.C.: The Urban Institute, November 1983).



DYNASIM ages its population one year at a time. Each person represented in the file is first processed through the demographic modules for the simulation of events such as divorce, marriage, birth, death, and leaving home. This is followed by the simulation of economic characteristics including labor force participation, hours and weeks worked, and earnings. The simulated characteristics of the population are adjusted to reflect either historical target figures or assumed targets for future years.^{3/ 4/}

Once the FEH model has produced an output file for a given year--an output file that contains longitudinal records for labor force and marital status variables--DYNASIM moves to a second stage in which the JBH model simulates job changes, Social Security and private pension plan coverage, retirement and disability income, and retirement decisions.

Currently, DYNASIM begins with the 1973 Exact Match File--a match of the Census Bureau's March 1973 Current Population Survey (CPS), Social Security earnings records, and Internal Revenue Service 1972 tax return information--as its initial input file.^{5/} Demographic and labor force information was derived from the 1973 CPS data, while Social Security earnings histories before 1973 were available from the Social Security records. Some of the variables needed for the simulation, such as length of marriage, had to be imputed from information that was available on the CPS records. Approximately one-half of the records from this modified file are then selected in inverse proportion to their sample weights to produce a file in which all records have identical sample weights.

The versions of DYNASIM used by HHS in its report differ in certain ways from those used by CBO. For example, slightly different equations are used to predict which couples get divorced. A more important difference is that the disability component of the HHS version was modified to produce longer spells of disability and to increase the mortality rates for the disabled. This causes the HHS and CBO models to have different projections

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3. Because the initial data file used in the simulation contains data for 1972, the model's output must be aligned with historical information up through the present in order to have an appropriate basis for simulating future events.
 4. The files used in this report as well as the HHS report were generated by creating targets consistent with the Intermediate B (II-B) economic and demographic assumptions of the 1983 *Annual Report* of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Fund, and constraining the output from the FEH model to align with these targets.
 5. The IRS component of the Exact Match File is not used by the DYNASIM model, and is therefore not retained as part of the initial input file.

of benefit costs for beneficiaries under age 62, although the models have similar results for elderly recipients.

LIMITATIONS OF THE APPROACH

Although microsimulation modelling can be a valuable addition to the set of analytical tools used by policy analysts, current models have several limitations. Among these are:

- o Lack of consensus as to the appropriate specifications for many important behavioral relationships;
- o Reliance on externally determined economic and demographic assumptions to guide the model;
- o Lack of recent databases that could be used as the initial files for simulating Social Security benefits;
- o Lack of program-specific information for determining eligibility; and
- o Shortness of the historical period over which the behavioral relationships are estimated relative to the length of the projection period.

Behavioral Relationships

In many instances, the behavioral relationships embodied in DYNASIM are much less sophisticated than the best empirical research in the literature. This circumstance usually results from one of two problems. First, the best research in a given field usually employs databases that are not comparable with the Current Population Survey (CPS) that generally serves as the initial file for a DYNASIM run. For example, many labor supply studies of older men have used data from the National Longitudinal Surveys or the Retirement History Study, and these studies employ many more variables than are provided in the CPS. Therefore the specific equations estimated in those studies cannot be translated into a corresponding equation in DYNASIM. In addition, these analyses are often cross-sectional estimates--that is, focusing on behavior in a single period--whereas the purpose of DYNASIM is to produce realistic longitudinal--multiyear--patterns. Second, the statistical methods used in these studies are often too cumbersome or too expensive for population simulations of 60,000 cases over a 58-year projection period.

The lack of behavioral models that can track behavior over time forces users of simulation models to specify the levels and rates for many key variables such as population size and age distribution, average earnings and rate of growth in earnings, labor force participation, and incidence of disability. As a result, the accuracy of the simulation is dependent on the assumptions imposed on the model's output by the user. In this report, the exogenously determined assumptions are the II-B assumptions of the 1983 Trustees' Report--except for CBO's sensitivity analysis.

As a set, the II-B assumptions are not necessarily internally consistent.^{6/} For example, the rates of real wage growth and unemployment are determined without regard to labor force growth after the turn of the century; divorce rates are assumed to remain at their 1978 levels despite the assumption of continued increases in the labor force participation rates for women; and fertility rates are expected to increase during the remainder of this century at the same time that women are increasing their paid work effort. On the other hand, use of the II-B assumptions constrained the simulated results to be as consistent as possible with the estimates produced by the SSA's Office of the Actuary. Moreover, the choice of assumptions was also constrained by the lack of alternatives that contained the economic and demographic factors necessary for Social Security projections out to the year 2030.

Economic and Demographic Assumptions

There is little consensus at the present time as to what factors determine many of the demographic and economic events required for the simulation. Empirical researchers using sophisticated methods find different relationships between variables, and few have even attempted to estimate equations that can predict trends in economic and demographic behavior.

Lack of Databases

A third limitation of the existing dynamic simulation models is the absence of recent databases with longitudinal earnings histories to use as the initial input file for the simulations, or to validate the simulation results. The 1973 Exact Match file serves as the starting point for DYNASIM simulations. A similar file was generated with the 1978 CPS, but many cases could

6. For a further discussion of this issue, see Appendix B: Report of the Panel of Consultants to the 1979 Advisory Council on Social Security, in *Social Security Financing and Benefits* (1979).

not be matched with their Social Security earnings records. Both are somewhat outdated given the rapid economic, demographic, and social changes experienced by American society in recent years.

Program-Specific Information

The validity of the simulations is also constrained by the lack both of specific details required for determining program eligibility and benefit levels--such as degree of medical impairment--and of modules to represent the behavior of the agencies administering the program. One area in which this is a major problem is in determining eligibility for Disability Insurance (DI) benefits, where much of the recent concern has focused on program administration.

Historical Period

Finally, virtually all of the behavioral relationships incorporated into DYNASIM have been estimated on a relatively short historical period, one that may not be ideal for 50-year projections. For example, the labor supply decisions of men and women are modeled on the basis of 13 years--1967 to 1979--of data from the Michigan Panel Study of Income Dynamics. This period was one of major disruptions in labor markets--relatively high unemployment rates and rapid labor force growth as a result of the aging of the baby boom population and the reentry of married women into the paid work force--and therefore such data may not be appropriate for projections of future labor market patterns. In addition, the marriage module is founded on data from the early 1970s, and the education decisions are based on even earlier data. While it is highly likely that the relative importance of factors affecting these decisions changes over time, it is difficult in practice to predict how these relationships will change. In large part, changes are incorporated into DYNASIM through the overall target rates imposed on the model by the user.



APPENDIX C

ADDITIONAL TABLES



TABLE C-1. ANNUAL BENEFITS IN THE YEAR 2030 UNDER
RETROSPECTIVE GENERIC EARNINGS SHARING
BY BENEFIT UNDER CURRENT LAW
(Numbers of beneficiaries in thousands;
benefits in 1984 dollars) ^{a/}

Benefits Under Current Law	Number of Beneficiaries	Average Benefit Under Plan		Beneficiaries Who Would Gain At Least 5 % ^{b/}		Beneficiaries Who Would Lose At Least 5 % ^{b/}	
		Percent Change ^{c/}	Average Gain	Number	Average Loss	Number	Loss
Married Couples^{d/}							
Total	12,880	16,620	-0.3	2,630	2,050	2,950	1,890
Less than \$12,500	2,110	10,510	2.4	590	2,150	390	1,650
\$12,500 - \$15,000	2,450	13,690	-1.0	390	2,240	620	1,610
\$15,000 - \$17,500	2,960	16,140	-0.6	610	1,820	690	1,780
\$17,500 - \$20,000	2,500	18,520	-0.7	500	1,900	600	2,070
\$20,000 or more	2,860	22,490	-0.2	540	2,220	640	2,260
Widows							
Total	15,320	9,150	-0.5	5,900	1,920	5,040	2,380
Less than \$7,500	4,730	6,480	12.5	2,300	1,700	420	1,170
\$7,500 - \$10,000	4,790	9,360	6.6	2,260	2,030	1,220	1,490
\$10,000 - \$12,500	3,630	10,820	-2.9	1,070	2,200	1,750	1,980
\$12,500 or more	2,160	11,730	-18.3	270	1,890	1,650	3,760
Divorced Women with Deceased Ex-Husbands							
Total	6,400	8,560	3.9	3,490	1,800	1,700	2,480
Less than \$7,500	2,850	6,850	20.2	2,130	1,670	220	1,330
\$7,500 - \$10,000	1,950	9,200	6.0	980	1,930	540	1,630
\$10,000 - \$12,500	1,030	10,600	-4.3	310	2,190	490	2,350
\$12,500 or more	570	11,250	-21.3	70	2,140	440	4,240

(Continued)

TABLE C-1. (Continued)

Benefits Under Current Law	Number of Beneficiaries	Average Benefit Under Plan		Beneficiaries Who Would Gain At Least 5 % b/ Average Gain		Beneficiaries Who Would Lose At Least 5 % b/ Average Loss	
		Percent Change <u>c/</u>	Number	Number	Number	Number	Number
Other Divorced Women							
Total	2,930	7,220	16.6	2,090	1,470	100	880
Less than \$7,500	2,310	6,470	20.3	1,760	1,450	70	780
\$7,500 or more	620 ^{d/}	10,000	8.5	330	1,570	30	1,120
Widowers							
Total	3,810	10,280	6.2	1,850	1,340	240	1,770
Less than \$7,500	1,010	6,500	12.6	550	1,410	50	1,270
\$7,500 - \$10,000	1,180	9,410	8.2	700	1,370	90	1,740
\$10,000 - \$12,500	850	11,530	3.9	370	1,280	70	2,310
\$12,500 or more	760	15,210	3.0	230	1,190	40	1,440
Divorced Men							
Total	4,360	8,800	-7.9	670	1,160	2,570	1,590
Less than \$7,500	1,200	5,730	0.1	350	1,150	450	870
\$7,500 - \$10,000	1,380	8,030	-8.1	220	1,150	850	1,450
\$10,000 - \$12,500	920	9,920	-10.9	60	1,240	650	1,860
\$12,500 or more	860	13,130	-9.8	40	1,200	620	2,020

SOURCE: Congressional Budget Office simulations.

- a. See the text for a description of the plan. Beneficiaries depicted in this table are age 62 or older and would account for approximately three-quarters of all beneficiaries in the simulated population.
- b. The average gains (losses) are for the beneficiaries whose benefits under the plan would be at least 5 percent higher or lower than their benefits under current law in the simulation year.
- c. Relative to benefit under current law.
- d. Couples in which both spouses would receive benefits under current law and at least one spouse is age 62 or older.
- e. This group includes about 500,000 divorced women with benefits under current law between \$7,500 and \$10,000; 100,000 with benefits between \$10,000 and \$12,500; and 30,000 with benefits of \$12,500 or more. Estimates of the effects of the plan on these groups are not provided because of small sample sizes.

TABLE C-2. ANNUAL BENEFITS IN THE YEAR 2030 UNDER
RETROSPECTIVE MODIFIED EARNINGS SHARING
BY BENEFIT UNDER CURRENT LAW
(Numbers of beneficiaries in thousands;
benefits in 1984 dollars) ^{a/}

Benefits Under Current Law	Number of Beneficiaries	Average Benefit Under Plan		Beneficiaries Who Would Gain At Least 5 % ^{b/} Average		Beneficiaries Who Would Lose At Least 5 % ^{b/} Average	
		Under Plan	Percent Change ^{c/}	Number	Gain	Number	Loss
Married Couples^{d/}							
Total	12,880	16,990	2.0	3,890	2,000	2,190	1,640
Less than \$12,500	2,110	11,460	11.7	1,330	2,040	150	1,430
\$12,500 - \$15,000	2,450	14,270	3.2	760	2,010	330	1,190
\$15,000 - \$17,500	2,960	16,360	0.8	720	1,790	540	1,460
\$17,500 - \$20,000	2,500	18,670	0.1	520	1,920	540	1,710
\$20,000 or more	2,860	22,580	0.2	560	2,250	620	2,010
Widows							
Total	15,320	9,180	-0.1	6,040	1,930	4,990	2,370
Less than \$7,500	4,730	6,550	13.8	2,430	1,720	380	1,130
\$ 7,500 - \$10,000	4,790	9,380	6.9	2,260	2,030	1,210	1,440
\$10,000 - \$12,500	3,630	10,820	-2.9	1,070	2,200	1,750	1,980
\$12,500 or more	2,160	11,730	-18.3	270	1,890	1,650	3,760
Divorced Women with Deceased Ex-Husbands							
Total	6,400	8,630	4.7	3,590	1,850	1,680	2,470
Less than \$7,500	2,850	6,980	22.6	2,210	1,760	200	1,240
\$ 7,500 - \$10,000	1,950	9,220	6.2	1,000	1,920	540	1,590
\$10,000 - \$12,500	1,030	10,600	-4.2	310	2,190	490	2,350
\$12,500 or more	570	11,250	-21.3	70	2,140	440	4,240

(Continued)

TABLE C-2. (Continued)

Benefits Under Current Law	Number of Beneficiaries	Average Benefit		Beneficiaries Who Would Gain At Least 5 % b/		Beneficiaries Who Would Lose At Least 5 % b/	
		Under Plan	Percent Change c/	Number	Average Gain	Number	Average Loss
Other Divorced Women							
Total	2,930	7,450	20.3	2,350	1,590	70	930
Less than \$7,500	2,310	6,750	25.5	2,020	1,590	40	840
\$7,500 or more	620 ^{e/}	10,030	8.9	340	1,600	30	1,030
Widowers							
Total	3,810	10,290	6.3	1,860	1,350	240	1,690
Less than \$7,500	1,010	6,520	13.0	560	1,410	40	960
\$7,500 - \$10,000	1,180	9,420	8.3	700	1,380	90	1,740
\$10,000 - \$12,500	850	11,540	4.0	370	1,280	70	2,180
\$12,500 or more	760	15,210	3.0	230	1,190	40	1,440
Divorced Men							
Total	4,360	8,850	-7.3	760	1,140	2,450	1,600
Less than \$7,500	1,200	5,860	2.5	440	1,120	370	830
\$7,500 - \$10,000	1,380	8,080	-7.5	220	1,140	810	1,430
\$10,000 - \$12,500	920	9,930	-10.8	60	1,240	640	1,860
\$12,500 or more	860	13,130	-9.8	40	1,200	620	2,020

SOURCE: Congressional Budget Office simulations.

- a. See the text for a description of the plan. Beneficiaries depicted in this table are age 62 or older and would account for approximately three-quarters of all beneficiaries in the simulated population.
- b. The average gains (losses) are for the beneficiaries whose benefits under the plan would be at least 5 percent higher or lower than their benefits under current law in the simulation year.
- c. Relative to benefit under current law.
- d. Couples in which both spouses would receive benefits under current law and at least one spouse is age 62 or older.
- e. This group includes about 500,000 divorced women with benefits under current law between \$7,500 and \$10,000; 100,000 with benefits between \$10,000 and \$12,500; and 30,000 with benefits of \$12,500 or more. Estimates of the effects of the plan on these groups are not provided because of small sample sizes.

TABLE C-3. ANNUAL BENEFITS IN THE YEAR 2030
UNDER GENERIC EARNINGS SHARING I
BY BENEFIT UNDER CURRENT LAW
(Numbers of beneficiaries in thousands;
benefits in 1984 dollars) ^{a/}

Benefits Under Current Law	Number of Beneficiaries	Average Benefit Under Plan		Beneficiaries Who Would Gain At Least 5 % ^{b/}		Beneficiaries Who Would Lose At Least 5 % ^{b/}	
		Under Plan	Percent Change ^{c/}	Number	Average Gain	Number	Average Loss
Married Couples^{d/}							
Total	12,880	16,590	-0.5	1,980	1,870	2,340	1,870
Less than \$12,500	2,110	10,340	0.7	380	1,940	370	1,440
\$12,500 - \$15,000	2,450	13,630	-1.5	250	2,120	470	1,750
\$15,000 - \$17,500	2,960	16,150	-0.5	490	1,630	530	1,750
\$17,500 - \$20,000	2,500	18,520	-0.7	390	1,780	450	2,190
\$20,000 or more	2,860	22,510	-0.1	470	2,010	530	2,130
Widows							
Total	15,320	9,230	0.4	2,930	1,730	1,680	2,720
Less than \$7,500	4,730	5,990	4.1	980	1,400	220	1,310
\$ 7,500 - \$10,000	4,790	8,980	2.3	1,110	1,880	540	2,160
\$10,000 - \$12,500	3,630	11,150	0.1	660	1,990	490	2,750
\$12,500 or more	2,160	13,690	-4.7	170	1,750	430	4,110
Divorced Women with Deceased Ex-Husbands							
Total	6,400	8,490	3.0	1,990	1,420	510	2,610
Less than \$7,500	2,850	6,210	9.0	1,270	1,210	100	1,100
\$ 7,500 - \$10,000	1,950	9,020	3.8	510	1,670	150	1,530
\$10,000 - \$12,500	1,030	11,070	-0.1	160	2,130	120	2,830
\$12,500 or more	570	13,360	-6.6	50	1,710	130	4,730

(Continued)