

TABLE C-3. (Continued)

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	Number	Average Gain	Number	Average Loss
Other Divorced Women							
Total	2,930	6,920	11.8	1,760	1,240	120	660
Less than \$7,500	2,310	6,140	14.1	1,490	1,190	80	580
\$7,500 or more	620 ^{e/}	9,840	6.8	270	1,490	30	870
Widowers							
Total	3,810	10,140	4.8	1,430	1,180	130	1,590
Less than \$7,500	1,010	6,200	7.4	440	1,040	40	1,240
\$7,500 - \$10,000	1,180	9,290	6.8	540	1,260	30	1,700
\$10,000 - \$12,500	850	11,480	3.4	280	1,220	50	2,000
\$12,500 or more	760	15,160	2.7	160	1,210	20	1,170
Divorced Men							
Total	4,360	8,960	-6.3	490	1,000	2,280	1,340
Less than \$7,500	1,200	5,720	-0.1	250	990	370	700
\$7,500 - \$10,000	1,380	8,190	-6.3	170	890	740	1,210
\$10,000 - \$12,500	920	10,220	-8.2	40	1,410	580	1,540
\$12,500 or more	860	13,380	-8.0	30	1,150	590	1,720

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-4. ANNUAL BENEFITS IN THE YEAR 2030
UNDER MODIFIED 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/ Average		Beneficiaries Who Would Lose At Least 5% b/ Average	
		Percent Change ^{c/}	Number	Gain	Number	Loss	
Married Couples^{d/}							
Total	12,880	16,960	1.8	3,390	1,810	1,640	1,550
Less than \$12,500	2,110	11,230	9.4	1,200	1,810	170	1,010
\$12,500 - \$15,000	2,450	14,220	2.8	660	1,800	220	1,200
\$15,000 - \$17,500	2,960	16,400	1.0	610	1,650	370	1,440
\$17,500 - \$20,000	2,500	18,700	0.3	430	1,800	380	1,660
\$20,000 or more	2,860	22,610	0.3	490	2,040	490	1,900
Widows							
Total	15,320	9,270	0.8	3,220	1,710	1,650	2,700
Less than \$7,500	4,730	6,090	5.8	1,270	1,400	180	1,290
\$ 7,500 - \$10,000	4,790	9,000	2.5	1,120	1,890	540	2,030
\$10,000 - \$12,500	3,630	11,150	0.1	660	1,990	490	2,720
\$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	8,600	4.4	2,380	1,490	510	2,530
Less than \$7,500	2,850	6,460	13.4	1,630	1,370	90	930
\$ 7,500 - \$10,000	1,950	9,030	4.0	530	1,650	160	1,400
\$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)

TABLE C-4. (Continued)

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	Number	Average Gain	Number	Average Loss
Other Divorced Women							
Total	2,930	7,230	16.7	2,160	1,420	90	650
Less than \$7,500	2,310	6,510	21.1	1,880	1,400	50	510
\$7,500 or more	620 ^{e/}	9,880	7.3	290	1,510	40	850
Widowers							
Total	3,810	10,160	4.9	1,430	1,190	130	1,450
Less than \$7,500	1,010	6,230	8.0	450	1,060	30	940
\$7,500 - \$10,000	1,180	9,290	6.9	540	1,280	30	1,700
\$10,000 - \$12,500	850	11,490	3.5	280	1,220	50	1,780
\$12,500 or more	760	15,160	2.7	160	1,210	20	1,170
Divorced Men							
Total	4,360	9,000	-5.8	590	990	2,160	1,360
Less than \$7,500	1,200	5,840	2.0	340	980	290	670
\$7,500 - \$10,000	1,380	8,220	-5.9	180	890	710	1,200
\$10,000 - \$12,500	920	10,220	-8.2	40	1,410	570	1,540
\$12,500 or more	860	13,380	-8.0	30	1,150	590	1,720

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-5. ANNUAL BENEFITS IN THE YEAR 2030
 UNDER MODIFIED EARNINGS SHARING II
 BY BENEFIT UNDER CURRENT LAW
 (Numbers of beneficiaries in thousands;
 benefits in 1984 dollars) ^{a/}

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
Married Couples ^{d/}							
Total	12,880	16,900	1.4	3,350	1,810	1,900	1,720
Less than \$12,500	2,110	11,180	8.9	1,190	1,810	220	1,240
\$12,500 - \$15,000	2,450	14,180	2.5	650	1,790	260	1,270
\$15,000 - \$17,500	2,960	16,340	0.7	600	1,650	430	1,590
\$17,500 - \$20,000	2,500	18,670	0.1	420	1,790	410	1,680
\$20,000 or more	2,860	22,480	-0.2	480	2,050	580	2,220
Widows							
Total	15,320	8,140	-11.5	3,220	1,710	7,960	2,720
Less than \$7,500	4,730	5,770	0.3	1,270	1,400	1,180	1,440
\$7,500 - \$10,000	4,790	8,010	-8.7	1,120	1,890	2,580	2,240
\$10,000 - \$12,500	3,630	9,700	-12.9	660	1,990	2,410	2,700
\$12,500 or more	2,160	10,950	-23.8	170	1,750	1,780	4,310
Divorced Women with Deceased Ex-Husbands							
Total	6,400	7,700	-6.5	2,380	1,490	2,440	2,860
Less than \$7,500	2,850	6,290	10.4	1,630	1,370	420	1,330
\$7,500 - \$10,000	1,950	8,070	-7.1	530	1,650	900	2,310
\$10,000 - \$12,500	1,030	9,450	-14.7	160	2,130	680	2,980
\$12,500 or more	570	10,350	-27.6	50	1,710	440	5,250

(Continued)

TABLE C-5. (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	
		Under Plan	Percent Change <u>c/</u>	Number	Gain	Number	Loss
Other Divorced Women							
Total	2,930	7,210	16.4	2,160	1,420	150	870
Less than \$7,500	2,310	6,490	20.7	1,880	1,400	100	760
\$7,500 or more	620 ^{e/}	9,850	7.0	290	1,510	50	1,120
Widowers							
Total	3,810	10,130	4.7	1,430	1,190	180	1,480
Less than \$7,500	1,010	6,220	7.9	450	1,060	40	870
\$7,500 - \$10,000	1,180	9,280	6.6	540	1,280	50	1,320
\$10,000 - \$12,500	850	11,440	3.1	280	1,220	60	2,000
\$12,500 or more	760	15,150	2.6	160	1,210	20	1,560
Divorced Men							
Total	4,360	8,980	-6.0	590	990	2,220	1,370
Less than \$7,500	1,200	5,780	1.0	340	980	340	780
\$7,500 - \$10,000	1,380	8,200	-6.1	180	890	720	1,220
\$10,000 - \$12,500	920	10,220	-8.2	40	1,410	570	1,540
\$12,500 or more	860	13,380	-8.0	30	1,150	590	1,720

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-6. ANNUAL BENEFITS IN THE YEAR 2030
 UNDER MODIFIED EARNINGS SHARING III
 BY BENEFIT UNDER CURRENT LAW
 (Numbers of beneficiaries in thousands;
 benefits in 1984 dollars) ^{a/}

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
Married Couples ^{d/}							
Total	12,880	17,070	2.5	3,880	1,760	1,320	1,580
Less than \$12,500	2,110	11,420	11.2	1,340	1,820	70	1,240
\$12,500 - \$15,000	2,450	14,440	4.4	910	1,630	120	1,110
\$15,000 - \$17,500	2,960	16,520	1.8	700	1,620	280	1,410
\$17,500 - \$20,000	2,500	18,780	0.7	440	1,770	340	1,570
\$20,000 or more	2,860	22,600	0.3	480	2,060	510	1,830
Widows							
Total	15,320	8,990	-2.2	3,250	1,710	5,300	1,500
Less than \$7,500	4,730	6,090	5.8	1,280	1,410	220	530
\$7,500 - \$10,000	4,790	8,910	1.5	1,130	1,890	1,420	840
\$10,000 - \$12,500	3,630	10,760	-3.4	660	1,990	1,950	1,290
\$12,500 or more	2,160	12,560	-12.5	170	1,750	1,710	2,420
Divorced Women with Deceased Ex-Husbands							
Total	6,400	8,400	2.0	2,500	1,510	1,720	1,490
Less than \$7,500	2,850	6,490	13.9	1,730	1,400	200	750
\$7,500 - \$10,000	1,950	8,720	0.4	560	1,640	660	1,190
\$10,000 - \$12,500	1,030	10,640	-3.9	160	2,130	490	1,490
\$12,500 or more	570	12,840	-10.2	50	1,710	360	2,440

(Continued)

TABLE C-6. (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/	Average Number	Average Gain	Average Number	Average Loss
Other Divorced Women							
Total	2,930	7,300	17.9	2,260	1,450	70	690
Less than \$7,500	2,310	6,610	22.8	1,970	1,440	20	380
\$7,500 or more	620 ^{e/}	9,890	7.4	290	1,520	40	880
Widowers							
Total	3,810	10,160	4.9	1,430	1,190	130	1,250
Less than \$7,500	1,010	6,250	8.3	450	1,060	10	610
\$7,500 - \$10,000	1,180	9,290	6.8	540	1,280	40	1,160
\$10,000 - \$12,500	850	11,490	3.6	280	1,220	50	1,450
\$12,500 or more	760	15,150	2.6	160	1,210	20	1,330
Divorced Men							
Total	4,360	9,070	-5.1	590	990	2,060	1,270
Less than \$7,500	1,200	5,880	2.7	350	980	230	600
\$7,500 - \$10,000	1,380	8,300	-5.0	180	890	680	1,080
\$10,000 - \$12,500	920	10,330	-7.2	40	1,410	560	1,390
\$12,500 or more	860	13,430	-7.7	30	1,150	590	1,650

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-7. ANNUAL BENEFITS IN THE YEAR 2030
 UNDER GENERIC EARNINGS SHARING IV
 BY BENEFIT UNDER CURRENT LAW
 (Numbers of beneficiaries in thousands;
 benefits in 1984 dollars) a/

Benefit Under Current Law	Number of Beneficiaries	Average Benefit		Beneficiaries Who Would Gain <u>b/</u>	
		Under Plan	Percent Change <u>c/</u>	Number	Average Gain
Married Couples^{d/}					
Total	12,880	17,060	2.4	1,980	1,870
Less than \$12,500	2,110	10,650	3.8	380	1,940
\$12,500 - \$15,000	2,450	14,100	1.9	250	2,120
\$15,000 - \$17,500	2,960	16,600	2.3	490	1,630
\$17,500 - \$20,000	2,500	19,060	2.2	390	1,780
\$20,000 or more	2,860	23,050	2.3	470	2,010
Widows					
Total	15,320	9,540	3.7	2,930	1,730
Below \$7,500	4,730	6,050	5.2	980	1,400
\$7,500 - \$10,000	4,790	9,220	5.1	1,110	1,880
\$10,000 - \$12,500	3,630	11,520	3.4	660	1,990
\$12,500 or more	2,160	14,510	1.0	170	1,750
Divorced Women with Deceased Ex-Husbands					
Total	6,400	8,700	5.5	1,990	1,420
Below \$7,500	2,850	6,250	9.7	1,270	1,210
\$7,500 - \$10,000	1,950	9,150	5.3	510	1,670
\$10,000 - \$12,500	1,030	11,410	3.1	160	2,130
\$12,500 or more	570	14,470	1.1	50	1,710

 (Continued)

TABLE C-7. (Continued)

Benefit Under Current Law	Number of Beneficiaries	Average Benefit Under Plan	Percent Change <u>c/</u>	Beneficiaries Who Would Gain b/	
				Number	Average Gain
Other Divorced Women					
Total	2,930	6,960	12.4	1,760	1,240
Less than \$7,500	2,310	6,160	14.6	1,490	1,190
\$7,500 or more	620 ^{e/}	9,910	7.6	270	1,490
Widowers					
Total	3,810	10,200	5.4	1,430	1,180
Less than \$7,500	1,010	6,240	8.3	440	1,040
\$7,500 - \$10,000	1,180	9,340	7.3	540	1,260
\$10,000 - \$12,500	850	11,600	4.5	280	1,220
\$12,500 or more	760	15,200	2.9	160	1,210
Divorced Men					
Total	4,360	9,690	1.4	490	1,000
Less than \$7,500	1,200	5,950	4.0	250	990
\$7,500 - \$10,000	1,380	8,870	1.5	170	890
\$10,000 - \$12,500	920	11,220	0.8	40	1,410
\$12,500 or more	860	14,610	0.4	30	1,150

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. Beneficiaries are considered to have gained if their benefits under the plan would be at least 5 percent higher 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.



APPENDIX D

DESCRIPTION OF HHS INCREMENTAL OPTIONS

The Department of Health and Human Services report discusses a total of 24 incremental options, designed to improve protection for:

- o Widows and widowers;
- o Working women;
- o Divorced women; and
- o Homemakers 1/

WIDOWS AND WIDOWERS

The largest number of the incremental options assessed by HHS were directed at either increasing benefits for widowed beneficiaries or extending eligibility for certain widowed persons not now eligible for benefits. Some of these options would affect significant numbers of beneficiaries while others would focus on relatively small groups.

Option 1

The first option evaluated by HHS would allow surviving spouses--and divorced surviving spouses--to inherit the earnings credits of their deceased spouses for the years in which they were married. These earnings would be combined with the surviving spouses' own earnings--subject to the limitation that total earnings could not exceed the maximum taxable wage in any year--and a benefit based on these combined earnings would be computed. A surviving spouse would be eligible for the higher of the new benefit or the current law benefit.

1. More detailed description of these options may be found in Chapter VII of the HHS report.

Option 2

A variant of the first option would be to allow surviving spouses--and divorced surviving spouses--to combine their own earnings records with the entire earnings records of their spouses or former spouses to compute new benefits. For divorced surviving spouses, this option would permit them to use the earnings records of any of their former spouses to whom they were married at least 10 years. Thus, as under current law, more than one spouse could receive benefits based on the same set of earnings.

Option 3

An alternative to the inheritance of earnings approach is to base benefits to surviving spouses on two-thirds of the sum of the deceased spouses' benefits and the surviving spouses' benefits. Thus, the surviving member of a two-earner couple could receive higher benefits than under current law, while survivors of one-earner couples would continue to get the same amount as now.

Option 4

An option designed to help younger widows without minor children is to provide an "adjustment benefit" to a worker's surviving spouse age 55-59. The benefit would equal 71.5 percent of the deceased worker's basic benefit and would be payable for up to six months after the worker's death. This benefit is designed to provide income for a limited period after a worker's death to a widow or widower who might otherwise have no source of income. After the six-month period, the surviving spouse is expected to have made the economic transition from married to widowed status.

Option 5

One relatively simple way to increase benefits for certain women is to eliminate any actuarial reductions in benefits affecting disabled widows regardless of age. That is, the benefits would equal 100 percent of the deceased workers' basic benefits. Moreover, disabled widows under age 50 would become eligible for benefits for the first time.

Option 6

One version of this option would be to liberalize the eligibility requirements for disabled surviving spouses' benefits by extending the period after a

worker dies during which the surviving spouse is eligible for disabled widow(er)'s benefits. The current seven-year period would be increased by three months for every quarter of coverage earned by the surviving spouse after the worker's death.

Option 7

Eligibility for disabled widow(er)'s benefits would be extended to 10 years after a worker's death, instead of the current 7-year period.

Option 8

Another option for increasing the benefits of surviving spouses who are disabled would be to use the same definition of disability as for disabled workers. Under current law, applicants for disabled worker benefits are evaluated on vocational factors, age, and education as well as medical factors, whereas applicants for disabled widow(er)s' benefits may qualify on medical criteria only. This option would eliminate that distinction.

Option 9

Under current law, a worker's own delayed retirement credits are not allowed to affect the total benefits for which the worker might be eligible under the program's dual entitlement provisions. This proposal would allow the dollar amount of the worker's own delayed retirement credits to be added to the total benefit to be received as a surviving spouse.

Option 10

An option directed toward increasing the benefits of all very old beneficiaries including widows and widowers would be to raise benefits by 10 percent for all those age 85 and over.

WORKING WOMEN

The current treatment of two-earner couples and the surviving spouses of such couples is a major factor behind the interest in earnings sharing, and eight HHS incremental options address that concern to a certain degree.

Two of these options alter the interaction between the worker's benefit and the spouse's or survivor's benefit, and the other six modify the calculation of the worker's benefit for years spent caring for children.

Option 11

The first option for working women is one that would change the current offset between a worker's benefits and those the worker might be eligible for as a spouse. This option would change the current \$1-for-\$1 offset to a \$1-for-\$2 offset. That is, for every two dollars of a person's own retired worker benefit, the spouse's or survivor's benefit would be reduced by one dollar.

Option 12

This option would pay a working spouse's benefit to each member of a two-earner couple, and the benefit would be 25 percent of the lesser of the worker's benefit or the spouse's or surviving spouse's benefit. For example, if a person was eligible for a worker's benefit of \$400 and a spouse's benefit of \$200, then he or she would receive \$450 per month--\$400 plus 25 percent of \$200--rather than \$400 as under current law.

Option 13

Another method that could be used to increase benefits for some workers would be to allow a worker to exclude up to 10 years from the regular number of years used in computing benefits. The child care dropout years in this option would be used after the regular dropout years, but could not increase the total dropout years to more than 10. This option is relatively more advantageous to disabled workers than retired workers, because those becoming disabled before age 47 typically have fewer than five dropout years whereas currently retired workers would have five dropout years. Under this option, each could have as many as 10 excluded years of earnings.

Option 14

This option is similar to Option 13 except that the child care dropout years would be in addition to the dropout years allowed under current law. Thus, for workers turning age 62 after 1990, the number of years of earnings included in the benefit computations would range from 25 years to 35 years depending upon the number of child care dropout years.

Option 15

Under this option, the number of child care years--years with no earnings and with a child under age seven--would be used to increase the worker's benefit directly. Specifically, each child care year up to 10 years would increase the worker's benefit by 2 percent, but the maximum benefit under this calculation could not exceed that for which a maximum earner of the same age and benefit type would be eligible.

Option 16

Another alternative would be to use child care credits for the purpose of calculating the special minimum benefit, a benefit specifically designed to provide additional benefits to long-term, low-wage workers. Under this option, the number of years that could be used to calculate the special minimum benefit would be increased from 30 to 35, and up to 10 years of child care could be used as years meeting the criteria of coverage for the special minimum. A year of child care would be defined as any year in which the worker had a child under age seven living with him or her and in which total earnings were below the amount needed for a year of coverage under the special minimum.

Option 17

A more generous version of Option 16 would be to take the special minimum benefit as modified under Option 16 and replace the price-indexing of the special minimum benefit with wage-indexing.

Option 18

The last of the options designed to address the treatment of working women is to use child care years to relax the insured status requirements for Disability Insurance benefits. This option would allow child care years not to be considered in the determination of whether a person meets the recency of work requirement--generally, a person has to have worked in 20 of the last 40 calendar quarters--for DI benefits. That is, if a person had a child under age seven living with him or her and had no earnings during the year, this year would not be included as one of the 10 years covered by the recency-of-work requirement.

DIVORCED WOMEN

The increase in divorce rates over the past quarter century has contributed to a growing concern about the economic status of divorced women, particularly the elderly and disabled among them. HHS analyzed four options targeted at improving benefits for divorced spouses.

Option 19

This option would raise benefits for many divorced spouses by increasing the divorced spouse's benefit by one percentage point for each year the marriage had lasted beyond 10 years and up to 35 years. Thus, a person divorced after 10 years of marriage would be eligible for the same 50 percent of the PIA of the former spouse as under current law, but one married 35 years or more would be eligible for a benefit equal to 75 percent of the former spouse's PIA.

Option 20

One method to expand eligibility for divorced spouses' and divorced surviving spouses' benefits would be to reduce the duration-of-marriage requirement from the current 10-year period to 5 years.

Option 21

An alternative that would increase a divorced person's disabled worker or retired worker benefit would be to increase the number of dropout years to be used in computing benefits. Under this option, one additional dropout year--up to a maximum of 5--would be provided for each year of a marriage that lasted at least 10 years and ended in divorce, when the person had no earnings. No benefits payable as a result of this provision could be received until at least two years had passed since the final divorce decree. In addition, such benefits would only be payable to unmarried people.

Option 22

The final HHS option for improving benefits to divorced women is to allow voluntary earnings sharing at divorce. Under this alternative, one member of the divorcing couple would have to request that the couple's total

earnings be split equally between the spouses on an annual basis. When one of the spouses died, the surviving ex-spouse would inherit the deceased spouse's earnings credits for the period of their marriage.

HOMEMAKERS

Homemakers are the final group for whom HHS presented options for benefit increases. One option is designed to replace the current system of spouses' and surviving spouses' benefits with homemaker credits, while the other would provide benefits to disabled homemakers.

Option 23

The first option would establish a system whereby imputed dollar values would be determined for homemaker services, and such dollar amounts would be placed into a person's earnings record in the same way the regular covered earnings are entered. The existing auxiliary benefits, such as those for spouses and surviving spouses, would be eliminated. A more restrictive version of this option would be to provide child care credits while retaining all current law benefits. The HHS report did not contain specific details on how the imputation for homemaker services would be determined.

Option 24

The final incremental option in the HHS report would provide benefits to disabled spouses of retired or disabled workers. The benefits would be restricted to spouses at least 50 years of age, and would be set at 37.5 percent of the retired or disabled worker's PIA. In addition, Medicare benefits would be available beginning 24 months after the first month of eligibility for cash benefits.

