C | Provisions Affecting Retirement Age

These provisions modify:
- the normal retirement age (NRA), the age at which individuals can retire and receive their full Primary Insurance Amount (PIA); or
- the earliest eligibility age (EEA), the age at which individuals can first begin receiving retirement benefits, currently age 65; or
- both of the above.

For each provision, we provide an estimate of the financial effect on the OASDI program over the long-range period (the next 75 years) and for the 75th year. We base all estimates on the intermediate assumptions described in the 2016 Trustees Report.

We group these provisions as follows:
- C1: NRA changes only;
- C2: EEA changes, with or without NRA changes.

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Category C: Retirement Age (2016 Trustees Report intermediate assumptions)

Present law shortfall in long-range actuarial balance is **2.66** percent of payroll and in annual balance for the 75th year is **4.35** percent of payroll.

	Description of proposed provisions	Change from present law (percent of payroll)		Shortfall eliminated	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
C1.1	After the normal retirement age (NRA) reaches 67 for those age 62 in 2022, increase the NRA 1 month every 2 years until the NRA reaches 68.	0.36	0.69	13%	16%
C1.2	After the normal retirement age (NRA) reaches 67 for those age 62 in 2022, increase the NRA 2 months per year until the NRA reaches 68.	0.45	0.69	17%	16%
C1.3	After the normal retirement age (NRA) reaches 67 for those age 62 in 2022, index the NRA to maintain a constant ratio of expected retirement years (life expectancy at NRA) to potential work years (NRA minus 20). We assume the NRA will increase 1 month every 2 years.	0.52	1.53	20%	35%
C1.4	After the normal retirement age (NRA) reaches 67 for those age 62 in 2022, increase the NRA 2 months per year until it reaches 69 for individuals attaining age 62 in 2034. Thereafter, increase the NRA 1 month every 2 years.	1.06	2.18	40%	50%
C1.5	Starting in 2017, allow workers to choose whether to have their payroll tax rate reduced by 2 percentage points. For each calendar year that a worker chooses to have their payroll tax reduced, their normal retirement age (NRA) increases 1 month. We assume 2/3 of workers each year will choose this payroll reduction. The General Fund of the Treasury reimburses the OASI and DI Trust Funds for the reduction in payroll tax revenue.	0.67	1.25	25%	29%
C1.6	After the normal retirement age (NRA) reaches 67 for those age 62 in 2022, increase the NRA by 1 month every 2 years until the NRA reaches 69. Also increase the age up to which the delayed retirement credit may be earned at the same rate (from 70 to 72). No change to earliest eligibility age.	0.50	1.34	19%	31%
C1.7	After the normal retirement age (NRA) reaches 67 for those attaining age 62 in 2022, increase the NRA by 3 months per year starting for attaining age 62 in 2023 until it reaches 69 for those attaining age 62 in 2030. Increase the age up to which delayed retirement credits may be earned from 70 to 72 on the same schedule. Increase the widow(er) NRA in the same manner. The earliest eligibility age (EEA) for worker's and widow(er)'s benefit is unchanged.	0.84	1.33	32%	31%
C2.1	Increase the earliest eligibility age (EEA) by two months per year for those age 62 starting in 2018 and ending in 2035 (EEA reaches 65 for those age 62 in 2035).	-0.07	-0.42	-3%	-10%
C2.2	After the normal retirement age (NRA) reaches 67 for those age 62 in 2022, index the NRA to maintain a constant ratio of expected retirement years (life expectancy at NRA) to potential work years (NRA minus 20). We assume the NRA will increase 1 month every 2 years. Also, raise the earliest eligibility age (EEA) for retired-workers, aged widow(er)s, and disabled widow(er)s by the same amount as the NRA starting for those attaining EEA in 2017.	0.51	1.41	19%	32%

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Category C: Retirement Age (continued)

Present law shortfall in long-range actuarial balance is **2.66** percent of payroll and in annual balance for the 75th year is **4.35** percent of payroll.

	Description of proposed provisions	Change from present law (percent of payroll)		Shortfall eliminated	
		Long-range actuarial balance	Annual balance in 75th year	Long-range actuarial balance	Annual balance in 75th year
C2.3	After the normal retirement age (NRA) reaches 67 for those age 62 in 2022, index the NRA to maintain a constant ratio of expected retirement years (life expectancy at NRA) to potential work years (NRA minus 20). We assume the NRA will increase 1 month every 2 years. Also, increase the earliest eligibility age (EEA) by the same amount as the NRA starting for those age 62 in 2022 so as to maintain a 5 year difference between the two ages. Include a hardship exemption with no EEA/NRA change for a worker with 25 years of earnings (with 4 quarters of coverage each), and average indexed monthly earnings (AIME) less than 250 percent of the poverty level (wage-indexed from 2013). The hardship exemption is phased out for those with AIME above 400 percent of the poverty level.	0.40	1.14	15%	26%
C2.4	After the normal retirement age (NRA) reaches 67 for those age 62 in 2022, increase both the NRA and the earliest eligibility age (EEA) by 36/47 of a month per year until the NRA and EEA reach 70 and 65 respectively. For each year, the computed NRA and EEA round down to the next lower full month.	0.74	1.92	28%	44%
C2.5	Increase the normal retirement age (NRA) 3 months per year starting for those age 62 in 2017 until the NRA reaches 70 in 2032. Thereafter, index the NRA to maintain a constant ratio of expected retirement years (life expectancy at NRA) to potential work years (NRA minus 20). We assume the NRA will increase 1 month every 2 years. Also, increase the earliest eligibility age (EEA) from 62 to 64 at the same time the NRA increases from 67 to 69; that is, for those attaining age 62 in 2021 through 2028. Keep EEA at 64 thereafter.	1.43	2.71	54%	62%
C2.6	Increase the normal retirement age (NRA) and the earliest eligibility age (EEA) for those age 62 in 2020-21 to 68 and 63, respectively, and then by 3 months per year in 2022-25 to 69 and 64, respectively.	0.89	1.15	33%	26%
C2.7	Increase the normal retirement age (NRA) and the earliest eligibility age (EEA) for those age 62 starting in 2017 by 3 months per year until EEA reaches 64 in 2024 and NRA reaches 69 in 2028.	0.85	1.15	32%	26%
C2.8	Starting in 2019, convert all disabled-worker beneficiaries to retired-worker status upon attainment of their earliest eligibility age (EEA) rather than their normal retirement age (NRA). After conversion, apply the early retirement reduction for retirement at EEA (currently about 27.5 percent for those age 62 in 2019) phased in over 40 years.	0.44	0.82	16%	19%

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