

**C. ESTIMATED OPERATIONS AND STATUS OF THE TRUST FUNDS DURING THE PERIOD OCTOBER 1, 1989, TO DECEMBER 31, 1994**

This subsection presents estimates of the operations and status of the OASI and DI Trust Funds during the period October 1, 1989, to December 31, 1994, based on the assumptions described in the preceding subsections. As previously stated, no changes are assumed to occur in the present statutory provisions and regulations under which the OASDI program operates.<sup>1</sup>

These estimates indicate that the assets of the OASI and DI Trust Funds would be sufficient to permit the timely payment of benefits throughout the next 5 years under each of the four sets of assumptions shown. The assets of the OASI Trust Fund are estimated to increase substantially during 1990-94 under each alternative. DI assets are also expected to increase rapidly in 1990-94, except based on the alternative III assumptions. Under these adverse conditions, DI assets would cease growing by the end of the 5-year projection period, and would be depleted within another 4 years thereafter.

The estimated operations of the OASI Trust Fund shown in this report under alternatives I, II-A, and II-B are significantly less favorable than the corresponding estimates in the 1989 Annual Report. This change is primarily attributable to a reduction in actual payroll tax income in the last 2 years, compared to prior expectations, and a corresponding revision in projections of future tax income. Although the amounts of total wages and salaries in 1988 and 1989 were close to prior estimates, their distribution by wage level was somewhat different than estimated. In particular, recent data indicate that the proportion of covered earnings that is taxable (i.e., the proportion that is below the contribution and benefit base) has declined somewhat. As a result, projected tax income is reduced (by roughly \$3 to \$4 billion annually for OASDI) compared to the projections in the 1989 report. Projected income is also lower as a result of lower actual and projected interest earnings on trust fund assets. The estimated operations of the OASI Trust Fund shown in this report under alternative III are very similar to the corresponding estimates in the 1989 report.

For the DI Trust Fund during 1990-94, the estimated operations in this report under alternatives I, II-A, and II-B are also somewhat less favorable than the corresponding estimates from the 1989 report, for the same reasons cited above. In contrast, the alternative III projections are somewhat more favorable than in the 1989 report.

*OASI Trust Fund operations*

Estimates of the operations and status of the OASI Trust Fund during calendar years 1990-94 are shown in table 13 based on each of the four alternative sets of assumptions, which are described in a preceding

<sup>1</sup> The estimates shown in this subsection reflect 12 months of benefit payments in each year of the short-range projection period. In practice, 13 benefit payments can be made in certain years, with the next year having only 11 payments. This situation can result from the statutory requirement that benefit checks be delivered early when the normal check delivery date is a Saturday, Sunday, or legal public holiday. For example, the benefit checks for December 1992 would normally be delivered on January 3, 1993; however, because that day will be a Sunday, and the two preceding days a Saturday and a holiday, the checks will actually be delivered on December 31, 1992. The annual benefit figures are shown as if those benefit checks will be delivered on the usual date.

subsection. Actual operations for calendar year 1989 are also shown in the table.

The increases in estimated income shown in table 13 on the basis of each set of assumptions reflect increases in estimated taxable earnings as well as the increase in the OASI tax rate that became effective for 1990. For each alternative, employment and earnings are assumed to increase in every year through 1994 (except that employment declines temporarily during each of the economic recessions assumed under alternative III). The number of persons with taxable earnings under the OASDI program is expected to increase on the basis of alternatives I, II-A, II-B, and III, from 132 million during calendar year 1989 to about 139 million, 138 million, 137 million, and 133 million, respectively, by 1994. The total annual amount of taxable earnings is expected to increase from about \$2,260 billion in 1989 to \$3,088 billion, \$3,088 billion, \$3,053 billion, and \$2,870 billion, in 1994, on the basis of alternatives I, II-A, II-B, and III, respectively. (In 1989 dollars—taking account of assumed increases in the CPI from 1989 to 1994 based on each alternative—the estimated amounts of taxable earnings in 1994 are \$2,688 billion, \$2,568 billion, \$2,465 billion, and \$2,186 billion, on the basis of alternatives I, II-A, II-B, and III, respectively.) These increases are due in part to the increases in the contribution and benefit base in 1990-94 under the automatic-adjustment provisions. The increases in taxable earnings are also due to (1) projected increases in employment levels and average earnings in covered employment, and (2) various provisions enacted into law in 1983-87, including the mandatory coverage of all newly hired Federal civilian employees and the voluntary coverage of certain Federal employees who were not previously covered.

TABLE 13.—ESTIMATED OPERATIONS OF THE OASI TRUST FUND BY ALTERNATIVE,  
CALENDAR YEARS 1989-94  
(Amounts in billions)

Calendar year	Income	Disbursements	Net increase in fund	Fund at end of year	Contingency fund	
					Amount <sup>1</sup>	Ratio <sup>2</sup>
1989	\$264.7	\$212.5	\$52.2	\$155.1	\$125.4	59
Alternative I:						
1990	287.5	227.9	59.6	214.7	178.5	78
1991	312.7	240.7	72.0	286.7	239.7	100
1992	336.8	252.6	84.3	370.9	313.3	124
1993	361.6	264.2	97.4	468.3	398.9	151
1994	386.5	274.9	111.6	579.9	498.2	181
Alternative II-A:						
1990	287.1	228.1	59.0	214.1	178.5	78
1991	312.1	242.5	69.5	283.6	239.1	99
1992	336.5	257.4	79.1	362.7	310.3	121
1993	362.2	272.1	90.1	452.8	390.8	144
1994	388.6	286.7	101.9	554.7	482.8	168
Alternative II-B:						
1990	286.7	228.1	58.6	213.7	178.5	78
1991	309.8	243.7	66.2	279.8	238.6	98
1992	333.3	259.5	73.7	353.6	306.3	118
1993	358.3	275.9	82.4	436.0	381.4	138
1994	384.7	292.5	92.3	528.3	465.8	159

TABLE 13.—ESTIMATED OPERATIONS OF THE OASI TRUST FUND BY ALTERNATIVE,  
CALENDAR YEARS 1989-94 (Cont.)  
[Amounts in billions]

Calendar year	Income	Disbursements	Net increase in fund	Fund at end of year	Contingency fund	
					Amount <sup>1</sup>	Ratio <sup>2</sup>
Alternative III:						
1990 .....	\$281.6	\$228.3	\$53.3	\$208.3	\$178.5	78
1991 .....	294.9	245.2	49.7	258.0	232.1	95
1992 .....	318.0	262.6	55.4	313.4	283.2	108
1993 .....	343.7	285.8	57.9	371.4	340.5	119
1994 .....	361.5	308.8	52.8	424.1	399.5	129

<sup>1</sup>Represents assets at beginning of year, plus advance tax transfers for January.

<sup>2</sup>Represents assets at beginning of year, plus advance tax transfers, as a percentage of disbursements during the year. See text concerning interpretation of these ratios.

<sup>3</sup>Figures for 1989 represent actual experience.

Note: Totals do not necessarily equal the sums of rounded components.

Rising disbursements during calendar years 1990-94 reflect the assumed automatic benefit increases previously shown, as well as the long-range upward trend in the numbers of beneficiaries and in the amounts of average monthly earnings underlying benefits payable by the program. The growth in the number of beneficiaries in the past and the expected growth in the future result both from the increase in the aged population and from the increase in the proportion of the population which is eligible for benefits. The latter increase is primarily due to various amendments enacted after 1950, which modified eligibility provisions and extended coverage to additional categories of employment.

Growth has also occurred, and will continue to occur, in the proportion of eligible persons who, in fact, receive benefits. This growth is due to several factors, among which are (1) the amendments enacted since 1950 which affect the conditions governing the receipt of benefits and (2) the increasing percentage of eligible persons who are aged 70 and over and who therefore may receive benefits regardless of earnings.

The estimates shown in table 13 indicate that income would substantially exceed disbursements in every year of the short-range projection period, based on each of the four alternative sets of assumptions used in this report. The assets of the OASI Trust Fund at the beginning of 1989, including advance tax transfers for January, were equal to 59 percent of the fund's disbursements in 1989. As described in the introduction to this section, this ratio is known as the "contingency fund ratio"; it provides a useful measure of the relative level of trust fund assets. During 1989, income exceeded disbursements by \$52.2 billion. As a result, the contingency fund ratio increased to about 78 percent at the beginning of 1990.

Assets are estimated to increase substantially in each year of the short-range projection period, based on each of the four alternative sets of assumptions. The increase in the contingency fund ratio from 78 percent at the beginning of 1990 to the vicinity of 130-180 percent at the beginning of 1994 is due, in part, to the increases in the OASI tax rate that became effective in 1988 and 1990. Asset growth is also assisted by recent increases in taxable earnings that have generally exceeded the rate of growth in benefit payments and the expected continuation of this experience (except under alternative III).

In interpreting the contingency fund ratios in table 13, it should be noted that, at the beginning of any month, assets of at least 8-9 percent of annual expenditures are required to make the benefit payments that are due at the beginning of the month. Therefore, the difference between the estimated contingency fund ratios shown above, and the minimum level of 8-9 percent, represents the reserve available to handle adverse contingencies.

#### *DI Trust Fund operations*

The estimated operations and status of the DI Trust Fund during calendar years 1990-94 on the basis of the four sets of assumptions are shown in table 14, together with figures on actual experience in 1989. On the basis of each alternative, income is estimated to increase steadily during 1990-94. This increase reflects the same factors, insofar as they apply to income to the DI Trust Fund, that are reflected in the estimated increase in income to the OASI Trust Fund during the same period.

TABLE 14.—ESTIMATED OPERATIONS OF THE DI TRUST FUND BY ALTERNATIVE, CALENDAR YEARS 1989-94  
(Amounts in billions)

Calendar year	Income	Disbursements	Net increase in fund	Fund at end of year	Contingency fund	
					Amount	Ratio <sup>c</sup>
1989 .....	\$24.8	\$23.8	\$1.0	\$7.9	\$9.0	38
Alternative I:						
1990 .....	29.7	25.1	4.6	12.5	10.4	41
1991 .....	32.3	26.2	6.1	18.6	15.2	58
1992 .....	34.8	27.2	7.6	26.1	21.4	79
1993 .....	37.3	28.3	9.0	35.2	29.1	103
1994 .....	39.9	29.5	10.4	45.6	38.4	130
Alternative II-A:						
1990 .....	29.6	25.4	4.2	12.1	10.4	41
1991 .....	32.2	27.0	5.2	17.3	14.8	55
1992 .....	34.6	28.7	5.8	23.1	20.1	70
1993 .....	37.1	30.6	6.5	29.6	26.1	85
1994 .....	39.7	32.6	7.1	36.7	32.8	101
Alternative II-B:						
1990 .....	29.5	25.4	4.1	12.0	10.4	41
1991 .....	31.9	27.1	4.8	16.8	14.7	54
1992 .....	34.2	29.0	5.2	22.1	19.6	68
1993 .....	36.7	31.0	5.7	27.8	25.0	81
1994 .....	39.3	33.2	6.1	33.8	30.9	93
Alternative III:						
1990 .....	28.9	25.7	3.2	11.1	10.4	40
1991 .....	30.2	27.9	2.4	13.5	13.7	49
1992 .....	32.4	30.3	2.2	15.7	16.2	54
1993 .....	34.8	33.4	1.3	17.0	18.6	56
1994 .....	36.2	36.8	-7	16.3	20.0	54

<sup>1</sup>See footnote 1 of table 13.

<sup>2</sup>See footnote 2 of table 13.

<sup>3</sup>See footnote 3 of table 13.

Note: Totals do not necessarily equal the sums of rounded components.

Disbursements are estimated to increase because of automatic benefit increases and because of projected increases in the amounts of average monthly earnings on which benefits are based. In addition, on the basis of all four sets of assumptions, the number of DI beneficiaries is projected to continue increasing throughout the short-range projection period.

The projected growth in the number of DI beneficiaries primarily reflects the effects of (1) gradual increases in the number of persons estimated to be insured for disability benefits and (2) assumed increases

in the proportion of those insured who become disabled. The proportion of insured workers who become disabled in a given year has fluctuated substantially in past years, and the causes for the variation have not been precisely determined. The trend has generally been upward since 1982, but shows some signs of leveling off. An increasing trend has been projected in past annual reports; actual increases, however, have frequently been larger than expected. In this report, with the exception of alternative I, the proportion of workers becoming disabled is assumed to continue increasing somewhat beyond the short-range period but is not assumed to return to the high levels experienced during the 1970s. Under alternative I, this proportion is assumed to decline slightly from its level in 1989.

The continuing spread of Acquired Immunodeficiency Syndrome (AIDS) has recently contributed to a significant increase in both DI awards and terminations. Due to the extremely high mortality rates of affected individuals, the total number of disabled workers currently receiving benefits has not increased greatly as a result of AIDS. Although many aspects of AIDS are well understood, there remains considerable uncertainty regarding future medical advances and future incidence of the disease. To reflect this uncertainty, the projected numbers of benefit awards to AIDS patients (and their projected longevity) are varied by alternative. Through 1992, the projected range of results under the alternative sets of assumptions is very similar to the corresponding range developed by the Centers for Disease Control. Under the intermediate sets of assumptions, benefit awards to people with AIDS are projected to continue to increase steadily in the short range. Under alternative I the number of new awards begins to decline in the near future, while the number projected under alternative III increases at a very rapid rate throughout the short-range period.

At the beginning of 1989, the assets of the DI Trust Fund (including advance tax transfers for January) represented 38 percent of annual expenditures. During 1989, DI income exceeded DI expenditures by about \$1.0 billion. Thus, DI assets increased slightly during the year, and the contingency fund ratio grew to about 41 percent for the beginning of 1990. Income is estimated to exceed expenditures through 1994 under the alternative I, II-A, and II-B sets of assumptions, as a result of the continuing favorable economic experience and the increase in the DI tax rate that became effective in 1990. Under alternatives I, II-A, and II-B, the DI contingency fund ratio is projected to increase steadily in 1990-94, reaching more than 90 percent by the beginning of 1994, based on alternative II-B, or higher levels, based on alternatives I or II-A.

Under the conditions assumed for alternative III, DI assets would grow slowly in 1990-93, to about 56 percent of annual expenditures at the beginning of 1993. Under these assumptions, however, the DI Trust Fund would begin to decline in 1994 and would be depleted in 1998 in the absence of corrective legislation, as will be discussed in the next section.

*Combined OASI and DI Trust Fund operations*

The estimated operations and status of the OASI and DI Trust Funds, combined, during calendar years 1990-94 on the basis of the four alternatives, are shown in table 15, together with figures on actual experience in 1989. These figures are the sums of the corresponding figures shown in tables 13 and 14.

TABLE 15.—ESTIMATED OPERATIONS OF THE OASI AND DI TRUST FUNDS, COMBINED, BY ALTERNATIVE, CALENDAR YEARS 1989-94  
[Amounts in billions]

Calendar year	Income	Disbursements	Net increase in funds	Funds at end of year	Contingency fund	
					Amount <sup>1</sup>	Ratio <sup>2</sup>
1989 .....	\$289.4	\$236.2	\$53.2	\$163.0	\$134.4	57
Alternative I:						
1990 .....	317.2	253.0	64.2	227.2	188.9	75
1991 .....	345.0	266.9	78.1	305.2	254.9	95
1992 .....	371.6	279.7	91.8	397.1	334.7	120
1993 .....	398.9	292.5	106.4	503.4	428.0	146
1994 .....	426.4	304.4	122.0	625.5	536.5	176
Alternative II-A:						
1990 .....	316.7	253.5	63.2	226.2	188.9	74
1991 .....	344.2	269.5	74.7	300.9	253.9	94
1992 .....	371.1	286.1	85.0	385.8	330.4	115
1993 .....	399.3	302.7	96.6	482.4	416.8	138
1994 .....	428.4	319.3	109.0	591.5	515.7	161
Alternative II-B:						
1990 .....	316.3	253.5	62.7	225.7	188.9	74
1991 .....	341.7	270.8	70.9	296.7	253.3	94
1992 .....	367.5	288.5	79.0	375.7	325.9	113
1993 .....	394.9	306.8	88.1	463.8	406.4	132
1994 .....	424.0	325.6	98.4	562.1	496.7	153
Alternative III:						
1990 .....	310.5	254.0	56.5	219.5	188.9	74
1991 .....	325.1	273.1	52.1	271.5	245.8	90
1992 .....	350.4	292.8	57.6	329.1	299.4	102
1993 .....	378.5	319.2	59.3	388.4	359.1	112
1994 .....	397.7	345.6	52.1	440.5	419.6	121

<sup>1</sup>See footnote 1 of table 13.

<sup>2</sup>See footnote 2 of table 13.

<sup>3</sup>See footnote 3 of table 13.

Note: Totals do not necessarily equal the sums of rounded components.

At the beginning of 1989, the contingency fund ratio for the OASI and DI Trust Funds combined was 57 percent, as shown in table 15. During 1989, total income to the two trust funds was \$53.2 billion higher than total expenditures, resulting in combined OASDI assets at the beginning of 1990 which represented about 74 percent of estimated combined expenditures for the year. Based on alternatives I, II-A, and II-B, the contingency fund ratio for the combined funds is projected to increase substantially, exceeding 150 percent at the beginning of 1994, based on alternative II-B, or higher levels, based on alternatives I or II-A. Under the alternative III assumptions, assets would grow more slowly, but would still reach 121 percent at the beginning of 1994.

Section 215(i) of the Social Security Act defines an "OASDI fund ratio" for the purpose of determining automatic benefit increases in 1984 and later. If this ratio is below a specified threshold, the benefit increase would be based on the lesser of certain wage and price increases. Following the final repayment in January 1986 of amounts borrowed from the HI Trust Fund, the "OASDI fund ratio" specified for the purpose of determining benefit increases is equal to the contingency fund

ratio shown in table 15. Under all four alternatives, this ratio would not be lower than the 20.0-percent threshold applicable in 1989 and later. Thus, the benefit-increase "stabilizer" provision would not be triggered at any time during the short-range projection period under any of the sets of assumptions used in this report.

Figure 1 illustrates the pattern of the estimated future contingency fund ratios under the four alternatives for OASI and DI, combined. Contingency fund ratios for selected years prior to 1990, and estimates for 1990-94 under the four alternatives, are shown in table 16 for OASI, DI, and both funds combined. In evaluating the ratios shown in figure 1 and table 16, it should be recalled that a minimum of 8.9 percent is needed to meet monthly cash-flow requirements. The shaded area in figure 1 depicts this requirement.

FIGURE 1.—ESTIMATED CONTINGENCY FUND RATIOS, FOR OASI AND DI TRUST FUNDS COMBINED, CALENDAR YEARS 1989-94

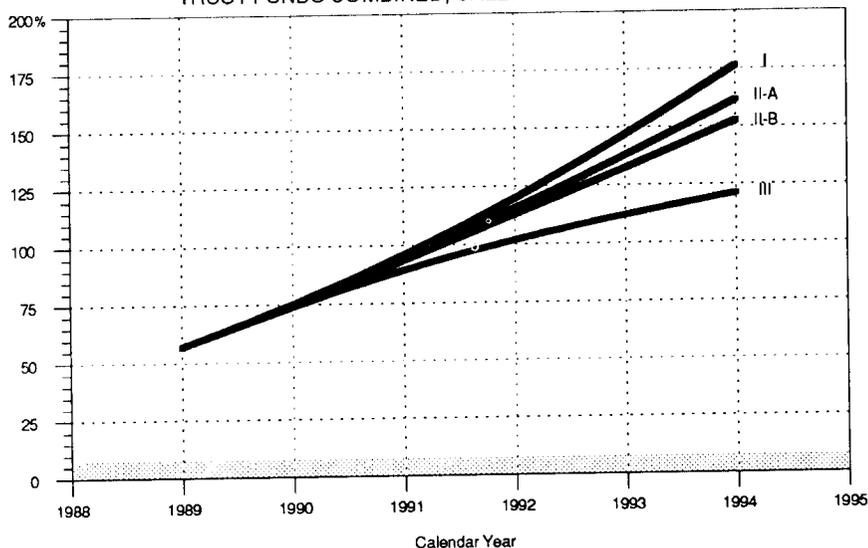


TABLE 16.—CONTINGENCY FUND RATIOS<sup>1</sup> BY TRUST FUND, SELECTED CALENDAR YEARS 1950-89, AND ESTIMATED FUTURE RATIOS BY ALTERNATIVE, CALENDAR YEARS 1990-94  
[In percent]

Calendar year	OASI Trust Fund	DI Trust Fund	OASI and DI Trust Funds, combined
<b>Past experience:</b>			
1960 .....	1,156	—	1,156
1955 .....	405	—	405
1960 .....	180	304	186
1965 .....	109	121	110
1970 .....	101	126	103
1975 .....	63	92	66
1980 .....	23	35	25
1981 .....	18	21	18
1982 .....	15	17	15
1983 .....	15	14	14
1984 .....	20	35	21
1985 .....	24	27	24
1986 .....	28	38	29
1987 .....	30	44	31
1988 .....	41	38	41
1989 .....	59	38	57
<b>Alternative I:</b>			
1990 .....	78	41	75
1991 .....	100	58	95
1992 .....	124	79	120
1993 .....	151	103	146
1994 .....	181	130	176
<b>Alternative II-A:</b>			
1990 .....	78	41	74
1991 .....	99	55	94
1992 .....	121	70	115
1993 .....	144	85	138
1994 .....	168	101	161
<b>Alternative II-B:</b>			
1990 .....	78	41	74
1991 .....	98	54	94
1992 .....	118	68	113
1993 .....	138	81	132
1994 .....	159	93	153
<b>Alternative III:</b>			
1990 .....	78	40	74
1991 .....	95	49	90
1992 .....	108	54	102
1993 .....	119	56	112
1994 .....	129	54	121

<sup>1</sup>Represents assets at beginning of year, plus (for 1984 and later) advance tax transfers for January, as a percentage of disbursements during the year.

Table 17 shows that expenditures in calendar year 1989 from both trust funds, combined, were 10.47 percent of taxable payroll for the year—1.76 percentage points less than the income rate of 12.23 percent. Since 1982, the cost rate has generally declined—from about 11.9 percent in 1982 to 10.5 percent in 1989. This reduction was primarily attributable to the combined effect of (1) the continuing favorable economic experience, which has resulted in faster growth in covered earnings than in benefit payments, and (2) the declining proportion of beneficiaries with benefits determined under the computation method used prior to the 1977 amendments. As described in various other references, the benefit computation procedure in effect prior to the 1977 amendments had the unintended effect of increasing benefit levels for new beneficiaries at a faster rate than the increase in average wages. Other factors contributing to the recent decline in cost rates include rapid growth in the work force (as the last of the “baby boom” reached working age), declines in the number of certain types of beneficiaries (such as children of retired, disabled, or deceased workers) as a result of both demographic causes and various past amendments, and the provisions of the 1983 amendments that reduced benefits and expanded coverage of employment.

Several of these factors appear to be in the process of changing somewhat, compared to their trend since 1983. The cost rate for 1990 is estimated to *increase* slightly, as a result of an expected aggregate percentage increase in benefit payments that exceeds the estimated increase in taxable payroll. The higher-than-trend increase in benefit payments is attributable to the 4.7-percent benefit increase for December 1989, and the change to the “\$1-for-\$3” benefit offset rate for beneficiaries at ages 65 through 69 under the retirement test (effective in January 1990). Simultaneously, a lower-than-trend increase in taxable payroll is expected due to significantly slower growth in covered workers, and to a decline in average net earnings from self-employment (resulting from the new deduction for 1990 and later, as described in a previous section of this report).

Based on alternatives I and II-A, the OASDI cost rate is estimated to decline slowly during the short-range projection period, reaching 9.88 and 10.36 percent, respectively, in 1994. Based on alternative II-B, the cost rate would remain in the neighborhood of 10.6 percent through 1994. Under alternative III, it would increase significantly, to 12.06 percent in 1994. These percentages are shown in table 17 for both trust funds, separately and combined. Table 17 also shows a comparison of the cost rates with the corresponding income rates. As explained previously, the income rate represents the sum of the combined employee-employer contribution rate and the income derived from the Federal income taxation of OASDI benefits, expressed as a percentage of effective taxable payroll. The difference between the income rate and the cost rate for a given year is referred to as the “balance” for that year.

TABLE 17.—COMPARISON OF INCOME RATES AND COST RATES, BY TRUST FUND, SELECTED CALENDAR YEARS 1950-89, AND ESTIMATED RATES BY ALTERNATIVE, CALENDAR YEARS 1990-94  
[As a percentage of taxable payroll]

Calendar year	OASI Trust Fund			DI Trust Fund			Total		
	Income rate	Cost rate	Balance	Income rate	Cost rate	Balance	Income rate	Cost rate	Balance
<b>Past experience:</b>									
1950 .....	3.00	1.17	1.83	—	—	—	3.00	1.17	1.83
1955 .....	4.00	3.34	.66	—	—	—	4.00	3.34	.66
1960 .....	5.50	5.59	-.09	0.50	0.30	0.20	6.00	5.89	.11
1965 .....	6.75	7.23	-.48	.50	.70	-.20	7.25	7.93	-.68
1970 .....	7.30	7.32	-.02	1.10	.81	.29	8.40	8.12	.28
1975 .....	8.75	9.29	-.54	1.15	1.36	-.21	9.90	10.65	-.75
1980 .....	9.04	9.32	-.28	1.12	1.37	-.25	10.16	10.69	-.53
1981 .....	9.40	9.96	-.56	1.30	1.39	-.09	10.70	11.35	-.65
1982 .....	9.15	10.59	-1.44	1.65	1.34	.31	10.80	11.93	-1.13
1983 .....	9.91	10.27	-.36	1.33	1.22	.10	11.24	11.49	-.25
1984 .....	10.58	10.08	.49	1.01	1.16	-.14	11.59	11.24	.35
1985 .....	10.71	9.96	.76	1.07	1.13	-.06	11.79	11.09	.70
1986 .....	10.59	9.84	.74	1.01	1.12	-.10	11.60	10.96	.64
1987 .....	10.57	9.58	.98	1.00	1.09	-.10	11.56	10.68	.89
1988 .....	11.22	9.54	1.69	1.06	1.07	-.01	12.28	10.61	1.68
1989 <sup>1</sup> .....	11.17	9.42	1.75	1.06	1.05	.01	12.23	10.47	1.76
<b>Alternative I:</b>									
1990 .....	11.36	9.47	1.89	1.21	1.04	.17	12.58	10.52	2.06
1991 .....	11.39	9.36	2.03	1.21	1.02	.19	12.59	10.38	2.22
1992 .....	11.39	9.21	2.17	1.21	.99	.22	12.60	10.21	2.39
1993 .....	11.39	9.08	2.31	1.21	.97	.24	12.60	10.05	2.55
1994 .....	11.39	8.92	2.47	1.21	.96	.25	12.60	9.88	2.72
<b>Alternative II-A:</b>									
1990 .....	11.38	9.51	1.87	1.21	1.06	.15	12.59	10.57	2.03
1991 .....	11.39	9.46	1.93	1.21	1.05	.16	12.60	10.51	2.09
1992 .....	11.39	9.42	1.98	1.21	1.05	.16	12.60	10.47	2.13
1993 .....	11.40	9.37	2.03	1.21	1.05	.16	12.61	10.42	2.19
1994 .....	11.40	9.31	2.09	1.21	1.06	.15	12.61	10.36	2.25
<b>Alternative II-B:</b>									
1990 .....	11.40	9.54	1.86	1.21	1.06	.15	12.61	10.60	2.01
1991 .....	11.39	9.58	1.81	1.21	1.07	.14	12.60	10.64	1.96
1992 .....	11.40	9.59	1.80	1.21	1.07	.14	12.61	10.67	1.94
1993 .....	11.40	9.61	1.79	1.21	1.08	.13	12.61	10.69	1.92
1994 .....	11.41	9.60	1.81	1.21	1.09	.12	12.62	10.69	1.93
<b>Alternative III:</b>									
1990 .....	11.42	9.76	1.66	1.21	1.10	.11	12.63	10.85	1.78
1991 .....	11.40	10.14	1.26	1.21	1.15	.06	12.61	11.29	1.32
1992 .....	11.41	10.15	1.26	1.21	1.17	.04	12.62	11.32	1.30
1993 .....	11.42	10.36	1.05	1.21	1.21	( <sup>2</sup> )	12.63	11.58	1.05
1994 .....	11.43	10.77	.66	1.21	1.29	-.07	12.64	12.06	.58

<sup>1</sup>Income rates for 1983, 1985, and 1990 are adjusted to include the lump-sum payments from the general fund of the Treasury (or adjustments to such payments) for the cost of noncontributory wage credits for military service in 1940-56.

<sup>2</sup>Figures shown are preliminary.

<sup>3</sup>Income rate differs from cost rate by less than 0.005 percent of taxable payroll.

Note: Totals do not necessarily equal the sums of rounded components.

As stated previously, estimates of the operations of the trust funds during calendar years 1990-94 have been presented in the preceding tables of this section on the basis of four different sets of economic assumptions, because of the uncertainty of future economic and demographic developments. Under the provisions of the Social Security Act, however, estimates of the expected operations and status of the trust funds during the next 5 *fiscal* years are required to be shown in this report. Accordingly, detailed estimates of the expected operations and status of the trust funds during each fiscal year 1990-94 are shown in the remaining tables of this section for the two intermediate sets of assumptions (alternatives II-A and II-B) only. Similar detailed estimates are also shown on a calendar-year basis for 1990-94.

Data on the actual operations of the OASI Trust Fund for selected years during 1940-89, and estimates of the expected operations of the trust fund during 1990-94 on the basis of the intermediate sets of assumptions, are shown in tables 18 and 19 on a fiscal- and calendar-year basis, respectively. Corresponding figures on the operations of the DI Trust Fund are shown in tables 20 and 21. Operations of both trust funds combined are shown in tables 22 and 23. (Data relating to the operations of the two trust funds for years not shown in tables 18-23 are contained in past annual reports.) The figures shown in tables 19, 21, and 23 for 1981, 1982, 1987, and 1988 are adjusted to reflect 12 months of benefit payments in each year. Similarly, the estimated figures for 1992 and 1993 are also so adjusted.

TABLE 18.—OPERATIONS OF THE OASI TRUST FUND DURING SELECTED FISCAL YEARS 1940-89 AND ESTIMATED FUTURE OPERATIONS DURING FISCAL YEARS 1990-94 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
[In millions]

Fiscal year:	Income					Disbursements						
	Total	Net contributions <sup>1</sup>	Income from taxation of benefits	Payments from the general fund of the Treasury <sup>2</sup>	Net interest <sup>3</sup>	Total	Benefit payments <sup>4</sup>	Administrative expenses	Transfers to Railroad Retirement program	Interfund borrowing transfers <sup>5</sup>	Net increase in fund	Fund at end of period
Past experience:												
1940 .....	\$592	\$550	—	—	\$42	\$28	\$16	\$12	—	—	\$564	\$1,745
1945 .....	1,434	1,310	—	—	124	267	240	27	—	—	1,167	6,613
1950 .....	2,367	2,106	—	\$4	257	784	727	57	—	—	1,583	12,893
1955 .....	5,525	5,087	—	—	438	4,427	4,333	103	-\$10	—	1,098	21,141
1960 .....	10,360	9,843	—	—	517	11,073	10,270	202	600	—	-713	20,829
1965 .....	16,443	15,857	—	—	586	15,962	15,226	300	436	—	482	20,180
1970 .....	31,746	29,955	—	442	1,350	27,321	26,268	474	579	—	4,425	32,616
1975 .....	58,757	56,017	—	447	2,292	56,676	54,847	848	982	—	2,081	39,948
1980 .....	100,051	97,608	—	557	1,886	103,228	100,626	1,160	1,442	—	-3,177	24,566
1981 .....	121,572	119,016	—	540	2,016	122,304	119,421	1,298	1,585	—	-732	23,834
1982 .....	126,629	124,246	—	675	1,708	137,928	134,661	1,474	1,793	—	-11,299	12,535
1983 .....	148,434	136,127	—	6,096	6,210	151,827	148,025	1,551	2,251	\$17,519	14,125	26,661
1984 .....	160,729	156,553	\$2,132	125	1,919	159,820	155,831	1,585	2,404	—	909	27,570
1985 .....	179,881	175,305	3,151	105	1,321	169,210	165,310	1,589	2,310	—	6,308	33,877
1986 .....	195,331	187,007	3,329	2,293	2,701	178,534	174,340	1,609	2,585	-4,364	3,642	37,519
1987 .....	206,846	199,554	3,323	69	3,900	186,101	182,003	1,541	2,557	-13,155	20,745	58,265
1988 .....	235,720	226,409	3,335	55	5,922	197,021	192,502	1,729	2,790	—	38,700	96,964
1989 .....	260,457	247,116	3,638	43	9,660	209,102	204,600	1,657	2,845	—	51,355	148,319
Alternative II-A:												
1990 .....	280,261	263,299	2,928	34	14,000	224,014	219,322	1,670	3,022	—	56,247	204,566
1991 .....	305,458	281,982	4,718	6	18,752	239,081	234,161	1,769	3,150	—	66,378	270,944
1992 .....	328,476	299,292	5,155	20	24,008	253,649	248,536	1,847	3,266	—	74,827	345,770
1993 .....	355,578	320,604	5,600	15	29,359	268,475	263,153	1,917	3,405	—	87,103	432,873
1994 .....	382,281	340,946	6,026	12	35,297	283,095	277,606	1,981	3,508	—	99,186	532,060
Alternative II-B:												
1990 .....	280,120	263,104	2,928	34	14,054	224,014	219,322	1,670	3,022	—	56,106	204,425
1991 .....	303,881	280,023	4,735	413	18,710	239,926	235,006	1,769	3,150	—	63,955	288,380
1992 .....	325,491	296,345	5,194	20	23,931	255,543	250,413	1,845	3,285	—	69,947	338,327
1993 .....	351,970	317,002	5,671	16	29,281	271,834	266,473	1,916	3,445	—	80,136	418,483
1994 .....	378,374	337,015	6,139	12	35,208	288,351	282,788	1,987	3,576	—	90,023	508,486

See following page for footnotes.

<sup>1</sup>Under the Congressional Budget Act of 1974 (Public Law 93-344), fiscal years 1977 and later consist of the 12 months ending on September 30 of each year. The act further provides that the calendar quarter July-September 1976 is a period of transition from fiscal year 1976, which ended on June 30, 1976, to fiscal year 1977, which began on October 1, 1976.

<sup>2</sup>Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$5,388 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82, less (2) all reimbursements received prior to 1983 for the costs of such credits. An adjustment to these amounts totaling \$466 million was transferred to the trust fund from the general fund of the Treasury in 1984.

<sup>3</sup>Includes payments (1) in 1947-52 and in 1967 and later, for costs of noncontributory wage credits for military service performed before 1957; (2) in 1972-83, for costs of deemed wage credits for military service performed after 1956; and (3) in 1969 and later, for costs of benefits to certain uninsured persons who attained age 72 before 1968.

<sup>4</sup>Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust fund on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For years prior to 1967, a description of the method of accounting for administrative expenses is contained in the 1970 Annual Report.

Beginning in October 1973, the figures shown include relatively small amounts of gifts to the fund. Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust fund for interest on amounts owed under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust fund to the general fund on advance tax transfers is reflected. The amount shown for 1983 includes \$6.677 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82, and (2) unnegotiated benefit checks issued before 1983. The amount shown for 1984 includes an interest adjustment of \$1.732 million on government contributions on deemed wage credits for military service in 1957-83. The amounts shown for 1985 and 1986 include interest adjustments of \$76.5 million and \$11.5 million, respectively, on unnegotiated checks issued before April 1985.

<sup>5</sup>Beginning in 1967, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$288 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

<sup>6</sup>Positive figure represents amounts lent to the OASI Trust Fund from the DI and HI Trust Funds. Negative figures represent amounts repaid from the OASI Trust Fund to the DI and HI Trust Funds.

TABLE 19.—OPERATIONS OF THE OASI TRUST FUND DURING SELECTED CALENDAR YEARS 1940-89 AND ESTIMATED FUTURE OPERATIONS DURING CALENDAR YEARS 1990-94 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
(In millions)

Calendar year	Income					Disbursements					Net increase in fund	Fund at end of period
	Total	Net contributions	Income from taxation of benefits	Payments from the general fund of the Treasury	Net interest	Total	Benefit payments	Administrative expenses	Transfers to Railroad Retirement program	Interfund borrowing transfers		
Past experience:												
1940	\$368	\$325	—	—	\$43	\$62	\$35	\$26	—	—	\$306	\$2,031
1945	1,420	1,285	—	—	134	304	274	30	—	—	1,116	7,121
1950	2,928	2,667	—	\$4	257	1,022	961	61	—	—	1,905	13,721
1955	6,167	5,713	—	—	454	5,079	4,968	119	—	—	1,087	21,663
1960	11,382	10,866	—	—	516	11,198	10,677	203	318	—	184	20,324
1965	16,610	16,017	—	—	593	17,501	16,737	328	436	—	—890	18,235
1970	32,220	30,256	—	449	1,515	29,848	28,798	471	579	—	2,371	32,454
1975	59,605	56,816	—	425	2,364	60,395	58,517	896	982	—	—790	36,987
1980	105,841	103,456	—	540	1,845	107,678	105,083	1,154	1,442	—	—1,837	22,823
1981	125,361	122,627	—	675	2,060	126,695	123,803	1,307	1,585	—	—1,334	21,490
1982	125,198	123,673	—	680	845	142,119	138,806	1,519	1,793	\$17,519	598	22,088
1983	150,584	138,337	—	5,541	6,706	152,999	149,221	1,528	2,251	—	—2,416	19,672
1984	169,328	164,122	\$2,835	105	2,266	161,883	157,841	1,638	2,404	—	7,445	27,117
1985	184,239	176,958	3,208	2,203	1,871	171,150	167,248	1,592	2,310	—4,364	8,725	35,842
1986	197,393	190,741	3,424	160	3,069	181,000	176,813	1,601	2,585	—13,155	3,239	39,081
1987	210,736	202,735	3,257	55	4,690	187,668	183,587	1,524	2,557	—	23,068	62,149
1988	240,770	229,775	3,384	43	7,568	200,020	195,454	1,776	2,790	—	40,750	102,899
1989	264,653	250,195	2,439	34	11,985	212,489	207,971	1,673	2,845	—	52,164	155,063
Alternative II-A:												
1990	287,145	266,466	4,400	6	16,272	228,105	223,423	1,660	3,022	—	59,039	214,103
1991	312,067	285,913	4,823	20	21,312	242,540	237,602	1,788	3,150	—	69,527	283,630
1992	336,479	304,582	5,268	15	26,614	257,361	252,231	1,864	3,266	—	79,118	362,748
1993	362,190	324,206	5,711	12	32,261	272,116	266,779	1,932	3,405	—	90,074	452,821
1994	388,636	344,169	6,131	9	38,327	286,720	281,218	1,995	3,508	—	101,916	554,737
Alternative II-B:												
1990	286,742	265,655	4,400	413	16,273	228,105	223,423	1,660	3,022	—	58,637	213,700
1991	309,816	283,664	4,846	20	21,287	243,666	238,728	1,788	3,150	—	66,150	279,850
1992	333,254	301,382	5,312	16	26,544	259,505	254,358	1,862	3,285	—	73,749	353,599
1993	358,273	320,294	5,791	12	32,176	275,869	270,490	1,934	3,445	—	82,404	436,002
1994	384,748	340,207	6,255	9	38,277	292,463	286,883	2,004	3,576	—	92,285	528,287

See following page for footnotes.

<sup>1</sup>Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$5,388 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82, less (2) all reimbursements received prior to 1983 for the costs of such credits. An adjustment to these amounts totaling \$466 million was transferred to the trust fund from the general fund of the Treasury in 1984.

<sup>2</sup>Includes payments (1) in 1947-51 and in 1966 and later, for costs of noncontributory wage credits for military service performed before 1957; (2) in 1971-82, for costs of deemed wage credits for military service performed after 1956; and (3) in 1968 and later, for costs of benefits to certain uninsured persons who attained age 72 before 1968.

<sup>3</sup>Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust fund on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For years prior to 1967, a description of the method of accounting for administrative expenses is contained in the 1970 Annual Report. Beginning in October 1973, the figures shown include relatively small amounts of gifts to the fund. Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending

trust fund for interest on amounts owed under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust fund to the general fund on advance tax transfers is reflected. The amount shown for 1983 includes \$6,677 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82, and (2) unnegotiated benefit checks issued before 1983. The amount shown for 1984 includes an interest adjustment of \$1,732 million on government contributions on deemed wage credits for military service in 1957-83. The amount shown for 1985 includes an interest adjustment of \$88 million on unnegotiated checks issued before April 1985.

<sup>4</sup>Beginning in 1966, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$288 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

<sup>5</sup>Positive figure represents amounts lent to the OASI Trust Fund from the DI and HI Trust Funds. Negative figures represent amounts repaid from the OASI Trust Fund to the DI and HI Trust Funds.

TABLE 20.—OPERATIONS OF THE DI TRUST FUND DURING SELECTED FISCAL YEARS 1960-89 AND ESTIMATED FUTURE OPERATIONS DURING FISCAL YEARS 1990-94 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
(In millions)

Fiscal year	Income					Disbursements						Fund at end of period
	Total	Net contributions <sup>2</sup>	Income from taxation of benefits	Payments from the general fund of the Treasury <sup>3</sup>	Net interest <sup>4</sup>	Total	Benefit payments <sup>5</sup>	Administrative expenses	Transfers to Railroad Retirement program	Interfund borrowing transfers <sup>6</sup>	Net increase in fund	
<b>Past experience:</b>												
1960	\$1,034	\$987	—	—	\$47	\$533	\$528	\$32	-\$27	—	\$501	\$2,167
1965	1,237	1,175	—	—	62	1,495	1,392	79	24	—	-257	2,007
1970	4,380	4,141	—	\$16	223	2,954	2,795	149	10	—	1,426	5,104
1975	7,920	7,356	—	52	512	7,982	7,701	253	29	—	-62	8,191
1980	17,376	16,805	—	118	453	15,320	14,998	334	-12	—	2,056	7,680
1981	12,993	12,589	—	130	273	17,280	16,846	405	29	—	-4,288	3,392
1982	21,398	20,866	—	168	363	18,035	17,437	572	26	—	3,363	6,755
1983	21,846	19,036	—	1,295	1,515	18,231	17,544	659	28	-\$5,081	-1,466	5,290
1984	17,732	16,394	\$143	—	1,195	18,379	17,772	585	22	—	-647	4,643
1985	17,984	16,876	217	—	891	19,294	18,648	603	43	2,540	1,230	5,873
1986	20,130	18,139	229	1,017	746	20,196	19,529	600	68	2,541	2,475	8,348
1987	20,047	19,324	-16	—	738	21,222	20,427	738	57	—	-1,175	7,173
1988	22,369	21,736	56	—	577	22,269	21,405	803	61	—	100	7,273
1989	24,479	23,694	135	—	650	23,389	22,550	751	88	—	1,090	8,363
<b>Alternative II-A:</b>												
1990	28,394	27,475	158	—	761	24,951	24,142	763	46	—	3,444	11,807
1991	31,614	30,217	228	88	1,081	26,584	25,724	818	41	—	5,031	16,838
1992	33,800	32,060	262	—	1,478	28,289	27,389	863	37	—	5,511	22,349
1993	36,514	34,344	293	—	1,877	30,111	29,163	909	39	—	6,403	28,752
1994	39,167	36,528	326	—	2,313	32,094	31,097	955	42	—	7,074	35,825
<b>Alternative II-B:</b>												
1990	28,375	27,453	158	—	764	24,951	24,142	763	46	—	3,424	11,787
1991	31,412	30,007	229	102	1,074	26,673	25,813	818	41	—	4,739	16,527
1992	33,469	31,746	264	—	1,459	28,483	27,583	863	38	—	4,985	21,512
1993	36,090	33,953	297	—	1,840	30,445	29,496	909	41	—	5,645	27,157
1994	38,693	36,107	331	—	2,254	32,602	31,599	958	45	—	6,091	33,247

See following page for footnotes.

<sup>1</sup>Under the Congressional Budget Act of 1974 (Public Law 93-344), fiscal years 1977 and later consist of the 12 months ending on September 30 of each year. The act further provides that the calendar quarter July-September 1976 is a period of transition from fiscal year 1976, which ended on June 30, 1976, to fiscal year 1977, which began on October 1, 1976.

<sup>2</sup>Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$402 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82, less (2) all reimbursements received prior to 1983 for the costs of such credits. An adjustment to these amounts totaling \$62 million was transferred to the trust fund from the general fund of the Treasury in 1984.

<sup>3</sup>Includes payments (1) in 1967 and later, for costs of noncontributory wage credits for military service performed before 1957; and (2) in 1972-83, for costs of deemed wage credits for military service performed after 1956.

<sup>4</sup>Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust fund on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For years prior to 1967, a description of the method of accounting for administrative expenses is contained in the 1970 Annual Report. Beginning in July 1974, the figures shown include relatively small amounts of gifts to the fund.

Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust fund for interest on amounts owed under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust fund to the general fund on advance tax transfers is reflected. The amount shown for 1983 includes \$660 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82, and (2) unnegotiated benefit checks issued before 1983. The amount shown for 1984 includes an interest adjustment of \$169 million on government contributions on deemed wage credits for military service in 1957-83. The amount shown for 1985 includes an interest adjustment of \$14.8 million on unnegotiated checks issued before April 1985.

<sup>5</sup>Beginning in 1967, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$48 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

<sup>6</sup>Negative figure represents amounts lent by the D1 Trust Fund to the OASI Trust Fund. Positive figures represent repayment of these amounts.

<sup>7</sup>Reflects \$195 million in transfers from the D1 Trust Fund to the general fund of the Treasury to correct estimated amounts transferred for calendar years 1984 and 1985.

TABLE 21.—OPERATIONS OF THE DI TRUST FUND DURING SELECTED CALENDAR YEARS 1960-89 AND ESTIMATED FUTURE OPERATIONS DURING CALENDAR YEARS 1990-94 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
(In millions)

Calendar year	Income					Disbursements						Fund at end of period
	Total	Net contributions	Income from taxation of benefits	Payments from the general fund of the Treasury	Net interest	Total	Benefit payments	Administrative expenses	Transfers to Railroad Retirement program	Interfund borrowing transfers	Net increase in fund	
<b>Past experience:</b>												
1960	\$1,063	\$1,010	—	—	\$53	\$600	\$568	\$36	—\$5	—	\$464	\$2,289
1965	1,247	1,188	—	—	59	1,687	1,573	90	24	—	—440	1,606
1970	4,774	4,481	—	\$16	277	3,259	3,085	164	10	—	1,514	5,614
1975	8,035	7,444	—	90	502	8,790	8,505	256	29	—	—754	7,354
1980	13,871	13,255	—	130	485	15,872	15,515	368	—12	—	—2,001	3,629
1981	17,078	16,738	—	168	172	17,658	17,192	436	29	—	—580	3,049
1982	22,715	21,995	—	174	546	17,992	17,376	590	26	—	—358	2,691
1983	20,682	17,991	—	1,121	1,569	18,177	17,524	625	28	—\$5,081	—2,505	5,195
1984	17,309	15,945	\$190	—	1,174	18,546	17,898	626	22	—	—1,237	3,959
1985	19,301	17,191	222	1,017	870	19,478	18,827	608	43	2,540	2,363	6,321
1986	19,439	18,399	238	—	803	20,522	19,853	600	68	2,541	1,459	7,780
1987	20,303	19,691	—36	—	648	21,425	20,519	849	57	—	—1,122	6,658
1988	22,699	22,039	61	—	600	22,494	21,695	737	61	—	206	6,864
1989	24,795	23,993	95	—	707	23,753	22,911	754	88	—	1,041	7,905
<b>Alternative II-A:</b>												
1990	29,596	28,410	205	88	894	25,417	24,591	780	46	—	4,179	12,084
1991	32,150	30,638	236	—	1,277	26,983	26,111	831	41	—	5,167	17,251
1992	34,576	32,631	271	—	1,675	28,739	27,826	876	37	—	5,838	23,089
1993	37,124	34,730	301	—	2,093	30,586	29,625	922	39	—	6,538	29,626
1994	39,743	36,874	335	—	2,534	32,622	31,612	968	42	—	7,121	36,747
<b>Alternative II-B:</b>												
1990	29,522	28,322	205	102	893	25,417	24,591	780	46	—	4,104	12,009
1991	31,901	30,398	237	—	1,266	27,101	26,230	830	41	—	4,800	16,809
1992	34,207	32,287	273	—	1,648	28,957	28,044	875	38	—	5,250	22,059
1993	36,657	34,307	305	—	2,046	30,956	29,994	922	41	—	5,701	27,760
1994	39,256	36,450	340	—	2,465	33,173	32,157	972	45	—	6,082	33,842

See following page for footnotes.

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<sup>1</sup>Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$402 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82, less (2) all reimbursements received prior to 1983 for the costs of such credits. An adjustment to these amounts totaling \$62 million was transferred to the trust fund from the general fund of the Treasury in 1984.

<sup>2</sup>Includes payments (1) in 1966 and later, for costs of noncontributory wage credits for military service performed before 1957; and (2) in 1971-82, for costs of deemed wage credits for military service performed after 1956.

<sup>3</sup>Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust fund on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For years prior to 1967, a description of the method of accounting for administrative expenses is contained in the 1970 Annual Report. Beginning in July 1974, the figures shown include relatively small amounts of gifts to the fund. Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust fund for interest on amounts owed under the interfund borrowing provisions. Also, beginning

in 1983, interest paid from the trust fund to the general fund on advance tax transfers is reflected. The amount shown for 1983 includes \$660 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82, and (2) unnegotiated benefit checks issued before 1983. The amount shown for 1984 includes an interest adjustment of \$169 million on government contributions on deemed wage credits for military service in 1957-83. The amount shown for 1985 includes an interest adjustment of \$14.8 million on unnegotiated checks issued before April 1985.

<sup>4</sup>Beginning in 1966, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$48 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

<sup>5</sup>Negative figure represents amounts lent by the DI Trust Fund to the OASI Trust Fund. Positive figures represent repayment of these amounts.

<sup>6</sup>Reflects \$195 million in transfers from the DI Trust Fund to the general fund of the Treasury to correct estimated amounts transferred for calendar years 1984 and 1985.

TABLE 22.—OPERATIONS OF THE OASI AND DI TRUST FUNDS, COMBINED, DURING SELECTED FISCAL YEARS 1960-89 AND ESTIMATED FUTURE OPERATIONS DURING FISCAL YEARS 1990-94 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
(In millions)

Fiscal year <sup>1</sup>	Income				Disbursements							
	Total	Net contributions <sup>2</sup>	Income from taxation of benefits	Payments from the general fund of the Treasury <sup>3</sup>	Net interest <sup>4</sup>	Total	Benefit payments <sup>5</sup>	Administrative expenses	Transfers to Railroad Retirement program	Interfund borrowing transfers <sup>6</sup>	Net increase in funds	Funds at end of period
Past experience:												
1960 .....	\$11,394	\$10,830	—	—	\$564	\$11,606	\$10,798	\$234	\$574	—	-\$212	\$22,996
1965 .....	17,681	17,032	—	—	648	17,456	16,618	379	459	—	224	22,187
1970 .....	36,127	34,096	—	\$458	1,572	30,275	29,063	623	589	—	5,851	37,720
1975 .....	66,677	63,374	—	499	2,804	64,658	62,547	1,101	1,010	—	2,018	48,138
1980 .....	117,427	114,413	—	675	2,339	118,548	115,624	1,494	1,430	—	-1,121	32,246
1981 .....	134,565	131,606	—	670	2,289	139,584	136,267	1,703	1,614	—	-5,019	27,226
1982 .....	148,027	145,113	—	843	2,072	155,963	152,097	2,046	1,820	—	-7,936	19,290
1983 .....	170,280	155,163	—	7,391	7,725	170,058	165,569	2,210	2,279	\$12,437	12,660	31,950
1984 .....	178,461	172,946	\$2,275	125	3,114	178,199	173,603	2,170	2,426	—	262	32,212
1985 .....	197,865	192,181	3,368	105	2,211	188,504	183,959	2,192	2,353	-1,824	7,538	39,750
1986 .....	215,461	205,146	3,558	3,310	3,447	198,730	193,869	2,209	2,653	-10,613	6,117	45,867
1987 .....	226,893	218,878	3,307	69	4,638	207,323	202,430	2,279	2,614	—	19,570	65,437
1988 .....	258,090	248,145	3,390	55	6,500	219,290	213,907	2,532	2,851	—	38,800	104,237
1989 .....	284,936	270,811	3,772	43	10,310	232,491	227,150	2,407	2,934	—	52,445	156,682
Alternative II-A:												
1990 .....	308,655	290,774	3,087	34	14,761	248,964	243,463	2,433	3,068	—	59,691	216,373
1991 .....	337,073	312,199	4,946	94	19,834	265,665	259,885	2,588	3,191	—	71,408	287,781
1992 .....	362,276	331,352	5,417	20	25,487	281,938	275,924	2,710	3,303	—	80,338	368,119
1993 .....	392,093	354,948	5,894	15	31,235	298,587	292,317	2,826	3,444	—	93,506	461,625
1994 .....	421,448	377,474	6,352	12	37,610	315,188	308,702	2,936	3,550	—	106,260	567,885
Alternative II-B:												
1990 .....	308,495	290,557	3,087	34	14,818	248,965	243,464	2,433	3,068	—	59,530	216,212
1991 .....	335,293	310,030	4,964	515	19,784	266,599	260,819	2,588	3,191	—	68,694	284,907
1992 .....	358,960	328,091	5,458	20	25,391	284,027	277,996	2,708	3,323	—	74,933	359,839
1993 .....	388,060	350,955	5,968	16	31,121	302,279	295,968	2,825	3,486	—	85,780	445,619
1994 .....	417,067	373,122	6,470	12	37,463	320,953	314,387	2,945	3,621	—	96,114	541,733

See following page for footnotes.

<sup>1</sup>Under the Congressional Budget Act of 1974 (Public Law 93-344), fiscal years 1977 and later consist of the 12 months ending on September 30 of each year. The act further provides that the calendar quarter July-September 1976 is a period of transition from fiscal year 1976, which ended on June 30, 1976, to fiscal year 1977, which began on October 1, 1976.

<sup>2</sup>Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$5,790 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82, less (2) all reimbursements received prior to 1983 for the costs of such credits. An adjustment to these amounts totaling \$528 million was transferred to the trust funds from the general fund of the Treasury in 1984.

<sup>3</sup>Includes payments (1) in 1947-52 and in 1967 and later, for costs of noncontributory wage credits for military service performed before 1957; (2) in 1972-83, for costs of deemed wage credits for military service performed after 1956; and (3) in 1969 and later, for costs of benefits to certain uninsured persons who attained age 72 before 1968.

<sup>4</sup>Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust funds on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For years prior to 1967, a description of the method of accounting for administrative expenses is contained in the 1970 Annual Report.

Beginning in October 1973, the figures shown include relatively small amounts of gifts to the funds. Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust fund for interest on amounts owed under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust funds to the general fund of the Treasury on advance tax transfers is reflected. The amount shown for 1983 includes \$7,337 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82, and (2) unnegotiated benefit checks issued before 1983. The amount shown for 1984 includes an interest adjustment of \$1,901 million on government contributions on deemed wage credits for military service in 1957-83. The amounts shown for 1985 and 1986 include interest adjustments of \$91.3 million and \$11.5 million, respectively, on unnegotiated checks issued before April 1985.

<sup>5</sup>Beginning in 1967, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$336 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

<sup>6</sup>Positive figure represents amounts lent to the OASI Trust Fund from the H1 Trust Fund. Negative figures represent amounts repaid from the OASI Trust Fund to the H1 Trust Fund.

TABLE 23.—OPERATIONS OF THE OASI AND DI TRUST FUNDS, COMBINED, DURING SELECTED CALENDAR YEARS 1960-89 AND ESTIMATED FUTURE OPERATIONS DURING CALENDAR YEARS 1990-94 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS

(In millions)

Calendar year	Income				Disbursements						Funds at end of period	
	Total	Net contributions <sup>1</sup>	Income from taxation of benefits	Payments from the general fund of the Treasury <sup>2</sup>	Net interest <sup>3</sup>	Total	Benefit payments <sup>4</sup>	Administrative expenses	Transfers to Railroad Retirement program	Interfund borrowing transfers <sup>5</sup>		Net increase in funds
<b>Past experience:</b>												
1960 .....	\$12,445	\$11,876	—	—	\$569	\$11,792	\$11,245	\$240	\$314	—	\$647	\$22,613
1965 .....	17,857	17,205	—	—	651	19,187	18,311	418	459	—	-1,331	19,841
1970 .....	36,993	34,737	—	\$465	1,791	33,108	31,884	635	589	—	3,886	38,068
1975 .....	67,640	64,259	—	515	2,866	69,184	67,022	1,152	1,010	—	-1,544	44,342
1980 .....	119,712	116,711	—	670	2,330	123,550	120,598	1,522	1,430	—	-3,838	26,453
1981 .....	142,438	139,364	—	843	2,231	144,352	140,995	1,743	1,614	—	-1,914	24,539
1982 .....	147,913	145,667	—	854	1,391	160,111	156,182	2,109	1,820	\$12,437	239	24,778
1983 .....	171,266	156,328	—	6,662	8,276	171,177	166,744	2,153	2,279	—	89	24,867
1984 .....	186,637	180,066	\$3,025	105	3,440	180,429	175,739	2,264	2,426	—	6,208	31,075
1985 .....	203,540	194,149	3,430	3,220	2,741	190,628	186,075	2,200	2,353	-1,824	11,088	42,163
1986 .....	216,833	209,140	3,662	160	3,871	201,522	196,667	2,202	2,653	-10,613	4,698	46,861
1987 .....	231,039	222,425	3,221	55	5,338	209,093	204,106	2,373	2,614	—	21,946	68,807
1988 .....	263,469	251,814	3,445	43	8,168	222,514	217,149	2,513	2,851	—	40,955	109,762
1989 .....	289,448	274,189	2,534	34	12,692	236,242	230,882	2,427	2,934	—	53,206	162,968
<b>Alternative II-A:</b>												
1990 .....	316,741	294,876	4,605	94	17,166	253,523	248,014	2,440	3,068	—	63,218	226,187
1991 .....	344,218	316,551	5,059	20	22,588	269,523	263,713	2,619	3,191	—	74,694	300,881
1992 .....	371,056	337,213	5,538	15	28,289	286,100	280,057	2,740	3,303	—	84,956	385,837
1993 .....	399,313	358,936	6,013	12	34,353	302,702	296,404	2,854	3,444	—	96,611	482,448
1994 .....	428,379	381,043	6,466	9	40,861	319,342	312,830	2,962	3,550	—	109,036	591,484
<b>Alternative II-B:</b>												
1990 .....	316,264	293,977	4,605	515	17,166	253,523	248,014	2,440	3,068	—	62,741	225,709
1991 .....	341,718	314,062	5,083	20	22,553	270,768	264,958	2,618	3,191	—	70,950	296,659
1992 .....	367,461	333,669	5,585	16	28,192	288,463	282,402	2,738	3,323	—	78,999	375,657
1993 .....	394,931	354,601	6,096	12	34,222	306,825	300,484	2,856	3,486	—	88,105	463,762
1994 .....	424,003	376,657	6,595	9	40,742	325,636	319,040	2,976	3,621	—	98,367	562,129

See following page for footnotes.

<sup>1</sup>Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$5,790 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82, less (2) all reimbursements received prior to 1983 for the costs of such credits. An adjustment to these amounts totaling \$528 million was transferred to the trust funds from the general fund of the Treasury in 1984.

<sup>2</sup>Includes payments (1) in 1947-51 and in 1966 and later, for costs of noncontributory wage credits for military service performed before 1957; (2) in 1971-82, for costs of deemed wage credits for military service performed after 1956; and (3) in 1968 and later, for costs of benefits to certain uninsured persons who attained age 72 before 1968.

<sup>3</sup>Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust funds on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For years prior to 1967, a description of the method of accounting for administrative expenses is contained in the 1970 Annual Report. Beginning in October 1973, the figures shown include relatively small amounts of gifts to the

funds. Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust fund for interest on amounts owed under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust funds to the general fund of the Treasury on advance tax transfers is reflected. The amount shown for 1983 includes \$7,337 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82, and (2) unnegotiated benefit checks issued before 1983. The amount shown for 1984 includes an interest adjustment of \$1,901 million on government contributions on deemed wage credits for military service in 1957-83. The amount shown for 1985 includes an interest adjustment of \$102.8 million on unnegotiated checks issued before April 1985.

<sup>4</sup>Beginning in 1966, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$336 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

<sup>5</sup>Positive figure represents amounts lent to the OASI Trust Fund from the HI Trust Fund. Negative figures represent amounts repaid from the OASI Trust Fund to the HI Trust Fund.

**D. ACTUARIAL ANALYSIS OF BENEFIT DISBURSEMENTS FROM THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND WITH RESPECT TO DISABLED BENEFICIARIES**

*(Required by section 201(c) of the Social Security Act)*

Effective January 1957, monthly benefits have been payable from the OASI Trust Fund to disabled children aged 18 and over of retired and deceased workers in those cases for which the disability began before age 18. The age before which disability is required to have begun was subsequently changed to age 22. Effective February 1968, reduced monthly benefits have been payable from this trust fund to disabled widows and widowers at ages 50 and above.

On December 31, 1989, about 651,000 persons were receiving monthly benefits from the OASI Trust Fund because of their disabilities or the disabilities of children. This total includes 52,000 mothers and fathers (wives or husbands under age 65 of retired-worker beneficiaries and widows or widowers of deceased insured workers) who met all other qualifying requirements and were receiving unreduced benefits solely because they had disabled-child beneficiaries (or disabled children aged 16 or 17) in their care. Benefits paid from this trust fund to the persons described above totaled \$2,669 million in calendar year 1989. Table 24 shows these and similar figures for selected calendar years during 1960-89, and estimated experience for 1990-94.

**TABLE 24.— BENEFITS PAYABLE FROM THE OASI TRUST FUND WITH RESPECT TO DISABLED BENEFICIARIES, SELECTED CALENDAR YEARS 1960-94**  
(Beneficiaries in thousands; benefit payments in millions)

Calendar year	Disabled beneficiaries, end of year			Amount of benefit payments <sup>1</sup>		
	Total	Children <sup>2</sup>	Widows-widowers	Total	Children <sup>2</sup>	Widows-widowers <sup>1</sup>
<b>Past experience:</b>						
1960.....	117	117	—	\$59	\$59	—
1965.....	214	214	—	134	134	—
1970.....	316	281	36	301	260	\$41
1975.....	435	376	58	664	560	104
1980.....	519	460	59	1,223	1,097	126
1981.....	527	473	54	1,421	1,296	125
1982.....	533	484	49	1,566	1,451	115
1983.....	550	504	46	1,691	1,581	110
1984.....	574	528	47	1,882	1,707	175
1985.....	594	547	47	2,043	1,860	183
1986.....	614	565	49	2,198	2,001	197
1987.....	629	580	49	2,314	2,111	203
1988.....	640	591	49	2,503	2,292	211
1989.....	651	602	49	2,669	2,448	221
<b>Alternative II-A:</b>						
1990.....	667	616	50	2,907	2,668	239
1991.....	684	632	52	3,126	2,867	259
1992.....	702	648	55	3,365	3,079	287
1993.....	721	664	57	3,611	3,296	315
1994.....	739	681	59	3,860	3,521	339
<b>Alternative II-B:</b>						
1990.....	667	616	50	2,907	2,668	239
1991.....	684	632	52	3,141	2,880	261
1992.....	702	648	55	3,393	3,105	289
1993.....	721	664	57	3,659	3,341	318
1994.....	739	681	59	3,936	3,591	345

<sup>1</sup>Beginning in 1966, includes payments for vocational rehabilitation services.

<sup>2</sup>Also includes certain mothers and fathers (see text).

<sup>3</sup>In 1983 and prior years, reflects the offsetting effect of lower benefits payable to disabled widows and widowers who continue to receive benefits after attaining age 60 (62, for disabled widowers, prior to 1973) as compared to the higher nondisabled widow's and widower's benefits that would otherwise be payable.

Total benefit payments from the OASI Trust Fund with respect to disabled beneficiaries are estimated to increase from \$2,907 million in calendar year 1990 to \$3,860 million in calendar year 1994, based on alternative II-A, and to \$3,936 million in calendar year 1994, based on alternative II-B.

In calendar year 1989, benefit payments (including expenditures for vocational rehabilitation services) with respect to disabled persons from the OASI Trust Fund and from the DI Trust Fund (including payments from the latter fund to all children and spouses of disabled-worker beneficiaries) totaled \$25,581 million, of which \$2,669 million, or 10.4 percent, represented payments from the OASI Trust Fund. These and similar figures for selected calendar years during 1960-89 and estimates for calendar years 1990-94 are presented in table 25.

TABLE 25.—BENEFIT PAYMENTS UNDER THE OASDI PROGRAM WITH RESPECT TO DISABLED BENEFICIARIES, BY TRUST FUND, SELECTED CALENDAR YEARS 1960-94  
(Amounts in millions)

Calendar year	Total <sup>1</sup>	DI Trust Fund <sup>2</sup>	OASI Trust Fund	
			Amount <sup>3</sup>	Percentage of total
<b>Past experience:</b>				
1960 .....	\$627	\$568	\$59	9.4
1965 .....	1,707	1,573	134	7.9
1970 .....	3,386	3,085	301	8.9
1975 .....	9,169	8,505	664	7.2
1980 .....	16,738	15,515	1,223	7.3
1981 .....	18,613	17,192	1,421	7.6
1982 .....	18,942	17,376	1,566	8.3
1983 .....	19,215	17,524	1,691	8.8
1984 .....	19,782	17,900	1,882	9.5
1985 .....	20,879	18,836	2,043	9.8
1986 .....	22,054	19,856	2,198	10.0
1987 .....	22,841	20,527	2,314	10.1
1988 .....	24,211	21,708	2,503	10.3
1989 .....	25,581	22,911	2,669	10.4
<b>Alternative II-A:</b>				
1990 .....	27,501	24,595	2,907	10.6
1991 .....	29,241	26,115	3,126	10.7
1992 .....	31,195	27,830	3,365	10.8
1993 .....	33,240	29,629	3,611	10.9
1994 .....	35,477	31,616	3,860	10.9
<b>Alternative II-B:</b>				
1990 .....	27,501	24,595	2,907	10.6
1991 .....	29,375	26,234	3,141	10.7
1992 .....	31,441	28,048	3,393	10.8
1993 .....	33,657	29,997	3,659	10.9
1994 .....	36,097	32,161	3,936	10.9

<sup>1</sup>Beginning in 1966, includes payments for vocational rehabilitation services.

<sup>2</sup>Benefit payments to disabled workers and their children and spouses.

<sup>3</sup>Benefit payments to disabled children aged 18 and over, to certain mothers and fathers (see text), and to disabled widows and widowers (see footnote 3, table 24).