

*C. ESTIMATED OPERATIONS AND STATUS OF THE TRUST FUNDS DURING THE PERIOD OCTOBER 1, 1986, TO DECEMBER 31, 1991*

This subsection presents estimates of the operations and status of the OASI and DI Trust Funds during the period October 1, 1986, to December 31, 1991, 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.

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 short-range period under each of the four sets of assumptions shown. While the assets of the OASI Trust Fund are estimated to increase significantly during 1987-91 under each alternative, DI assets are expected to remain roughly constant (as a percentage of annual expenditures) for at least several years. Under adverse conditions, however, DI assets would decline substantially from their current level and would be depleted within about 10 years.

The estimated operations of the OASI Trust Fund shown in this report are somewhat more favorable than the corresponding estimates in the 1986 Annual Report. This improvement is attributable primarily to two factors: (1) the actual 1.3-percent benefit increase for December 1986, which was significantly lower than assumed, and (2) enactment into law of the Federal Employees' Retirement System Act of 1986 (Public Law 99-335), which will allow many noncovered Federal employees to become covered under the OASDI program. For the DI Trust Fund during 1987-91, the estimated operations in this report are generally similar to the corresponding estimates from the 1986 report. For DI, the favorable effects attributable to the same factors described above for the OASI Trust Fund are largely offset by the effects of a more rapid increase in the number of DI beneficiaries in 1986 than was anticipated and a projected continuation of this experience.

As in past reports, 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. The benefit checks for December 1987 would normally be delivered on January 3, 1988; however, because that day is a Sunday, and the two preceding days are a Saturday and a holiday, the checks will be delivered on December 31, 1987. The estimates are prepared as if those benefit checks were delivered on the usual date.

*OASI Trust Fund operations*

Estimates of the operations and status of the OASI Trust Fund during calendar years 1987-91 are shown in table 13 based on each of the four alternative sets of assumptions, which are described in a preceding subsection. Actual operations for calendar year 1986 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 increases in the OASI tax rate scheduled for 1988 and 1990. For each alternative, employment and earnings are assumed to increase in every year through 1991 (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 124 million during calendar year 1986 to about 134 million, 134 million, 132 million, and 127 million, respectively, by 1991. The total annual amount of taxable earnings is expected to increase from about \$1,830 billion in 1986 to \$2,536 billion, \$2,516 billion, \$2,498 billion, and \$2,362 billion, in 1991, on the basis of alternatives I, II-A, II-B, and III, respectively. (In 1986 dollars—taking account of assumed increases in the CPI from 1986 to 1991 based on each alternative—the estimated amounts of taxable earnings in 1991 are \$2,219 billion, \$2,142 billion, \$2,039 billion, and \$1,840 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 assumed to occur in 1987-91 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 1983-86, including the mandatory coverage of all newly hired Federal civilian employees and the voluntary coverage of those Federal employees who were not previously covered.

TABLE 13.—ESTIMATED OPERATIONS OF THE OASI TRUST FUND BY ALTERNATIVE, CALENDAR YEARS 1986-91  
[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>
1986 <sup>3</sup> .....	\$197.4	\$181.0	*\$3.2	\$39.1	\$50.8	28
Alternative I:						
1987 .....	211.7	188.3	23.4	62.4	55.8	30
1988 .....	242.6	198.9	43.7	106.1	82.7	42
1989 .....	263.4	209.9	53.5	159.6	128.2	61
1990 .....	287.4	222.1	65.3	224.9	183.4	83
1991 .....	308.7	233.6	75.1	300.0	250.1	107
Alternative II-A:						
1987 .....	210.9	188.5	22.4	61.5	55.8	30
1988 .....	239.9	200.3	39.7	101.2	81.6	41
1989 .....	259.9	212.7	47.2	148.4	122.9	58
1990 .....	284.1	226.8	57.4	205.7	171.9	76
1991 .....	305.3	239.9	65.4	271.1	230.7	96
Alternative II-B:						
1987 .....	209.6	188.5	21.0	60.1	55.8	30
1988 .....	236.8	200.6	36.2	96.3	80.0	40
1989 .....	255.3	214.9	40.4	136.7	117.7	55
1990 .....	280.2	230.5	49.7	186.5	159.8	69
1991 .....	302.5	247.1	55.4	241.8	211.2	85
Alternative III:						
1987 .....	205.2	188.7	16.4	55.5	55.8	30
1988 .....	225.2	201.6	23.6	79.1	74.3	37
1989 .....	243.2	218.3	24.9	104.0	98.8	46
1990 .....	260.8	238.3	22.5	126.5	125.7	53
1991 .....	281.6	258.1	23.5	150.0	149.7	58

<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 1986 represent actual experience.

\*Reflects final interfund loan repayments of \$13.2 billion from the OASI Trust Fund to the DI and HI Trust Funds.

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

Rising disbursements during calendar years 1987-91 reflect the effects of 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 under 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 the amendments enacted after 1950, which modified the 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 exceed disbursements in every year, 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 1986, including advance tax transfers for January and amounts owed to the DI and HI Trust Funds, were equal to 28 percent of the fund's disbursements in 1986. 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 1986, income exceeded disbursements by \$16.4 billion. After accounting for the final repayments, in January and April 1986, of amounts owed to the HI and DI Trust Funds, respectively, the net increase in OASI assets in 1986 was \$3.2 billion. As a result, the contingency fund ratio increased to 30 percent at the beginning of 1987.

Assets are estimated to increase steadily in each year of the projection period, based on each of the four alternative sets of assumptions. The increase in the contingency fund ratio from the relatively low level of 30 percent at the beginning of 1987 to more adequate levels during the projection period is due, in part, to the increases in contribution rates scheduled for 1988 and 1990 under present law. Asset growth is also assisted by recent increases in taxable earnings that have 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, generally on the third day 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 1987-91 on the basis of the four sets of assumptions are shown in table 14, together with figures on actual experience in 1986. On the basis of each alternative, income is estimated to increase gradually during 1987-91. 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 1986-91  
[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>
1986 <sup>3</sup> .....	\$19.4	\$20.5	*\$1.5	\$7.8	\$7.8	38
Alternative I:						
1987 .....	20.5	20.8	-.3	7.4	9.4	45
1988 .....	23.2	21.5	1.7	9.1	9.4	44
1989 .....	25.0	22.3	2.7	11.8	11.2	50
1990 .....	30.2	23.2	7.0	18.8	14.4	62
1991 .....	32.6	24.2	8.4	27.3	21.5	89
Alternative II-A:						
1987 .....	20.4	21.1	-.7	7.0	9.4	44
1988 .....	22.9	21.9	1.0	8.0	9.0	41
1989 .....	24.6	23.0	1.6	9.7	10.1	44
1990 .....	29.7	24.2	5.5	15.1	12.1	50
1991 .....	32.1	25.5	6.6	21.7	17.8	70
Alternative II-B:						
1987 .....	20.3	21.1	-.9	6.9	9.4	44
1988 .....	22.6	22.0	.7	7.6	8.8	40
1989 .....	24.1	23.2	.9	8.5	9.6	41
1990 .....	29.2	24.6	4.7	13.2	10.9	45
1991 .....	31.7	26.1	5.6	18.7	15.8	61
Alternative III:						
1987 .....	19.8	21.6	-1.8	6.0	9.4	43
1988 .....	21.4	22.7	-1.3	4.7	7.8	34
1989 .....	22.8	24.5	-1.7	2.9	6.6	27
1990 .....	26.8	26.6	.2	3.1	5.2	20
1991 .....	28.9	28.9	.1	3.2	5.6	19

<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.

\*Reflects effect of final interfund loan repayment of \$2.5 billion from the OASI Trust Fund to the DI Trust Fund.

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 growth in the number of DI beneficiaries in recent years reflects the effects of (1) gradual increases in the number of persons insured for disability benefits, (2) increases in the proportion of those insured who become disabled, and (3) reductions in the percentages of beneficiaries who recover from disability. The recent increases in the proportion who become disabled represent a reversal of the downward trend that occurred during 1977-82. The downward trend followed earlier concerns that the higher numbers of newly disabled beneficiaries during the mid-1970s were causing the costs of the DI program to increase rapidly.

These concerns led to legislation in 1980 which required periodic reviews of the continuing eligibility of beneficiaries on the disability rolls. The implementation of this requirement resulted in relatively large numbers of benefits being terminated during 1981-83. The continuing disability reviews were subsequently suspended for a temporary period, however, and legislation in 1984 placed limitations on terminations due to recovery from disability. Consequently, such terminations fell sharply in 1984-86. Concurrently, the proportion of insured persons becoming disabled each year began to rise again. Part of these increases may be attributable to other provisions in the 1984 legislation which modified the procedures followed in awarding disability benefits to new claimants. Although increases in the proportion becoming disabled have been projected in past annual reports, the actual increases have been larger than expected. The proportion of workers becoming disabled is assumed to continue increasing beyond the short-range period but is not assumed to return to the high levels experienced during the 1970s. Furthermore, because of the actual experience in 1986, the proportions becoming disabled during the next several years, under each alternative in this report, are assumed to be somewhat greater than under the corresponding alternatives in the 1986 report.

At the beginning of 1986, the assets of the DI Trust Fund (including advance tax transfers for January) represented about 38 percent of annual expenditures. During 1986, DI expenditures exceeded DI income by about \$1.1 billion, but this was more than offset by the final interfund loan repayment from the OASI Trust Fund of \$2.5 billion. Thus, DI assets increased by nearly \$1.5 billion during the year. The contingency fund ratio at the beginning of 1987 was about 44 percent. Expenditures are estimated to continue to exceed income in 1987 under each of the alternative sets of assumptions. This situation is expected to reverse in 1988 as a result of the increase in the DI tax rate scheduled under present law. Except under alternative III, the DI contingency fund ratio is projected to remain at roughly 40 percent in 1988-89, and to increase steadily in 1990 and later due to the further increase in the tax rate scheduled for 1990.

Under the conditions assumed for alternative III, DI assets would decline to only 19 percent of outgo at the beginning of 1991. This level represents only a narrow margin above the 8-9 percent that is required just to meet benefit payments at the beginning of each month. In the event of somewhat more adverse experience than assumed under alternative III, either for the economy or for disability incidence and termination rates, DI assets could become insufficient to allow the timely payment of DI benefits within the short-range projection period. As will be discussed in the next section, under the alternative III assumptions, the DI Trust Fund would continue to decline and would be depleted in 1996.

#### *Combined OASI and DI Trust Fund operations*

The estimated operations and status of the OASI and DI Trust Funds, combined, during calendar years 1987-91 on the basis of the four alternatives, are shown in table 15, together with figures on actual experience in 1986. 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 1986-91  
[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>
1986 <sup>3</sup> .....	\$216.8	\$201.5	*\$4.7	\$46.9	\$58.5	29
<b>Alternative I:</b>						
1987 .....	232.2	209.2	23.0	69.9	65.2	31
1988 .....	265.8	220.5	45.4	115.2	92.1	42
1989 .....	288.4	232.2	56.2	171.5	139.4	60
1990 .....	317.6	245.4	72.2	243.7	197.8	81
1991 .....	341.3	257.8	83.5	327.2	271.7	105
<b>Alternative II-A:</b>						
1987 .....	231.3	209.7	21.7	68.5	65.2	31
1988 .....	262.9	222.2	40.7	109.2	90.5	41
1989 .....	284.6	235.7	48.8	158.0	133.0	56
1990 .....	313.8	251.0	62.8	220.8	184.0	73
1991 .....	337.4	265.4	72.0	292.8	248.5	94
<b>Alternative II-B:</b>						
1987 .....	229.8	209.7	20.2	67.0	65.2	31
1988 .....	259.4	222.6	36.8	103.9	88.7	40
1989 .....	279.5	238.1	41.4	145.2	127.3	53
1990 .....	309.4	255.1	54.4	199.6	170.8	67
1991 .....	334.2	273.2	60.9	260.5	227.0	83
<b>Alternative III:</b>						
1987 .....	225.0	210.4	14.6	61.5	65.2	31
1988 .....	246.7	224.3	22.3	83.8	82.0	37
1989 .....	266.0	242.9	23.1	106.9	106.4	44
1990 .....	287.6	264.9	22.7	129.6	130.9	49
1991 .....	310.5	286.9	23.6	153.2	155.3	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.

\*Reflects effect of final interfund loan repayment of \$10.6 billion from the OASI Trust Fund to the HI Trust Fund.

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

At the beginning of 1986, the contingency fund ratio for the OASI and DI Trust Funds combined was 29 percent, as shown in table 15. During 1986, total income to the two trust funds was \$15.3 billion higher than total expenditures. After accounting for the \$10.6-billion final repayment of amounts borrowed from the HI Trust Fund, total OASDI assets increased by \$4.7 billion. This increase resulted in combined OASDI assets at the beginning of 1987 which represented about 31 percent of estimated combined expenditures for the year. Based on alternatives II-A and II-B, the contingency fund ratio for the combined funds is projected to increase gradually to roughly 70 percent at the beginning of 1990. Somewhat faster growth would occur on the basis of alternative I, with combined assets reaching 81 percent of annual outgo at the beginning of 1990. Under the alternative III assumptions, assets would grow more slowly, reaching 49 percent at the beginning of 1990. Under each of the four alternatives, the level of projected assets is somewhat greater than the corresponding estimates from the 1986 Annual Report.

The estimates in table 15 indicate that, if necessary, a reallocation of tax rates between OASI and DI would prevent the assets of the DI Trust Fund from declining on the basis of the alternative III assumptions. Under alternatives I, II-A, and II-B, combined assets would increase substantially in 1990 and later, in part as a result of the increases

in the OASDI tax rate scheduled in 1988 and 1990. Assets would increase at a more gradual rate, based on alternative III.

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. With 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 now equal to the contingency fund ratio shown in table 15. Under all four alternatives, this ratio would not be lower than the 15.0-percent threshold applicable in 1987-88 or 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 1987, and estimates for 1987-91 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 required 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 1986-91

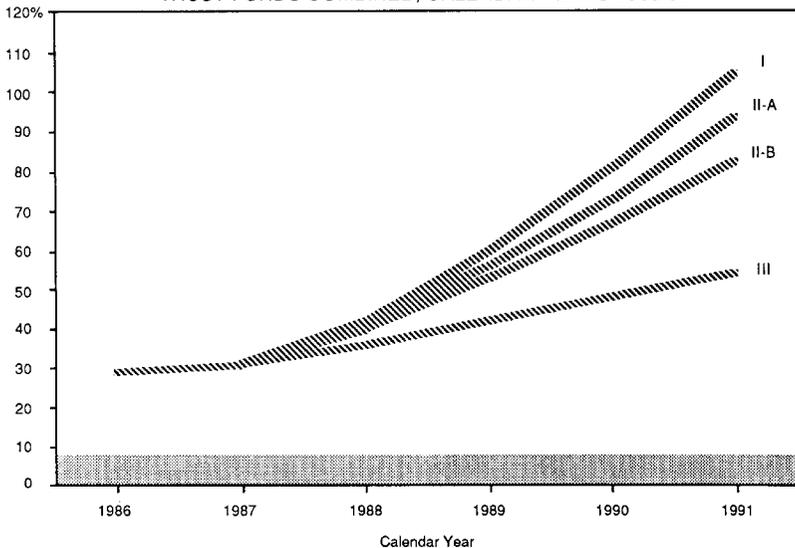


TABLE 16.—CONTINGENCY FUND RATIOS<sup>1</sup> BY TRUST FUND, SELECTED CALENDAR YEARS 1950-86, AND ESTIMATED FUTURE RATIOS BY ALTERNATIVE, CALENDAR YEARS 1987-91  
[In percent]

Calendar year	OASI Trust Fund	DI Trust Fund	OASI and DI Trust Funds, combined
<b>Past experience:</b>			
1950 .....	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
<b>Alternative I:</b>			
1987 .....	30	45	31
1988 .....	42	44	42
1989 .....	61	50	60
1990 .....	83	62	81
1991 .....	107	89	105
<b>Alternative II-A:</b>			
1987 .....	30	44	31
1988 .....	41	41	41
1989 .....	58	44	56
1990 .....	76	50	73
1991 .....	96	70	94
<b>Alternative II-B:</b>			
1987 .....	30	44	31
1988 .....	40	40	40
1989 .....	55	41	53
1990 .....	69	45	67
1991 .....	85	61	83
<b>Alternative III:</b>			
1987 .....	30	43	31
1988 .....	37	34	37
1989 .....	46	27	44
1990 .....	53	20	49
1991 .....	58	19	54

<sup>1</sup>See footnote 2 of table 13 for definition of contingency fund ratio.

Expenditures in calendar year 1986 from both trust funds, combined, were about 11.0 percent of taxable payroll for the year—0.6 percentage point less than the income rate of 11.6 percent. Based on alternatives I and II-A, the cost rate is estimated to decline slowly during the short-range projection period, reaching 10.19 and 10.58 percent, respectively, in 1991. Based on alternative II-B, the cost rate would remain at roughly its current level, and under alternative III, it would increase somewhat, to 12.17 percent in 1991. These percentages are shown in table 17 for both trust funds, separately and combined. Table 17 also shows cost rates for years prior to 1986 and 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.

TABLE 17.—COMPARISON OF INCOME RATES AND COST RATES, BY TRUST FUND, SELECTED CALENDAR YEARS 1950-85, AND ESTIMATED RATES BY ALTERNATIVE, CALENDAR YEARS 1986-91  
[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
1976 .....	8.75	9.42	-.67	1.15	1.44	-.29	9.90	10.86	-.96
1977 .....	8.75	9.46	-.71	1.15	1.50	-.35	9.90	10.97	-1.07
1978 .....	8.55	9.29	-.74	1.55	1.45	.10	10.10	10.74	-.64
1979 .....	8.66	8.88	-.22	1.50	1.35	.15	10.16	10.23	-.07
1980 .....	9.04	9.36	-.32	1.12	1.38	-.26	10.16	10.74	-.58
1981 .....	9.40	9.97	-.57	1.30	1.39	-.09	10.70	11.36	-.66
1982 <sup>1</sup> .....	9.15	10.59	-1.44	1.65	1.34	.31	10.80	11.94	-1.14
1983 <sup>1</sup> .....	9.91	10.27	-.36	*1.33	1.22	.10	*11.24	11.50	-.26
1984 <sup>1</sup> .....	10.58	10.08	.50	1.01	1.16	-.14	11.59	11.24	.35
1985 <sup>1</sup> .....	*10.72	9.99	.73	*1.07	1.14	-.06	*11.79	11.13	.66
<b>Alternative I:</b>									
1986 .....	10.59	9.86	.72	1.01	1.12	-.11	11.60	10.98	.62
1987 .....	10.57	9.67	.90	1.01	1.07	-.06	11.58	10.74	.84
1988 .....	11.23	9.56	1.67	1.07	1.04	.04	12.30	10.59	1.71
1989 .....	11.23	9.40	1.83	1.07	1.00	.07	12.31	10.40	1.90
1990 .....	11.37	9.35	2.02	1.21	.98	.24	12.59	10.33	2.26
1991 .....	11.39	9.24	2.15	1.21	.96	.26	12.60	10.19	2.41
<b>Alternative II-A:</b>									
1986 .....	10.59	9.90	.68	1.01	1.12	-.11	11.60	11.03	.57
1987 .....	10.57	9.72	.85	1.01	1.09	-.08	11.58	10.81	.77
1988 .....	11.23	9.70	1.53	1.07	1.06	.01	12.30	10.77	1.53
1989 .....	11.24	9.63	1.61	1.07	1.04	.03	12.31	10.67	1.64
1990 .....	11.40	9.64	1.76	1.22	1.03	.19	12.62	10.67	1.94
1991 .....	11.40	9.56	1.84	1.21	1.02	.20	12.61	10.58	2.03
<b>Alternative II-B:</b>									
1986 .....	10.59	9.91	.68	1.01	1.12	-.11	11.60	11.03	.57
1987 .....	10.57	9.79	.78	1.01	1.10	-.09	11.58	10.89	.69
1988 .....	11.23	9.82	1.41	1.07	1.08	(*)	12.30	10.90	1.41
1989 .....	11.24	9.88	1.36	1.07	1.07	.01	12.32	10.95	1.37
1990 .....	11.42	9.92	1.50	1.22	1.06	.16	12.64	10.98	1.66
1991 .....	11.40	9.92	1.49	1.21	1.05	.17	12.62	10.97	1.65
<b>Alternative III:</b>									
1986 .....	10.59	9.95	.64	1.01	1.13	-.12	11.60	11.08	.52
1987 .....	10.57	10.05	.53	1.01	1.15	-.14	11.58	11.20	.39
1988 .....	11.24	10.34	.90	1.07	1.17	-.09	12.31	11.50	.81
1989 .....	11.25	10.47	.79	1.07	1.18	-.10	12.33	11.64	.69
1990 .....	11.46	10.94	.51	1.22	1.22	(*)	12.68	12.17	.51
1991 .....	11.43	10.95	.48	1.22	1.22	-.01	12.64	12.17	.47

<sup>1</sup>Figures shown are preliminary.

<sup>2</sup>Income rates for 1983 and 1985 are adjusted to include the lump-sum payments from the general fund of the Treasury for the cost of noncontributory wage credits for military service in 1940-56.

<sup>3</sup>Cost rate exceeds income 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 1987-91 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 1987-91 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 1987-91.

Data on the actual operations of the OASI Trust Fund for selected years during 1940-86, and estimates of the expected operations of the trust fund during 1987-91 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 and 1982 are adjusted to reflect 12 months of benefit payments in each year. As stated previously, the estimated figures for 1987 and 1988 are also so adjusted.

TABLE 18.—OPERATIONS OF THE OASI TRUST FUND DURING SELECTED FISCAL YEARS 1940-86 AND ESTIMATED FUTURE OPERATIONS DURING FISCAL YEARS 1987-91 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
[In millions]

Fiscal year <sup>1</sup>	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>												
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	—	—	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	-4,364	6,308	33,877
1986 .....	195,331	187,007	3,329	2,293	2,701	178,534	174,340	1,609	2,585	-13,155	3,642	37,519
<b>Alternative II-A:</b>												
1987 .....	207,335	200,189	3,283	69	3,794	186,707	182,259	1,751	2,697	—	20,628	58,147
1988 .....	233,355	224,290	3,445	56	5,565	197,387	192,775	1,809	2,803	—	35,968	94,115
1989 .....	254,703	242,612	3,837	43	8,211	209,598	204,839	1,899	2,861	—	45,105	139,220
1990 .....	277,390	261,246	4,376	34	11,734	223,182	218,271	1,986	2,925	—	54,207	193,427
1991 .....	299,356	278,724	4,846	200	15,587	236,754	231,656	2,075	3,023	—	62,602	256,029
<b>Alternative II-B:</b>												
1987 .....	206,454	199,299	3,283	69	3,803	186,707	182,260	1,751	2,697	—	19,747	57,267
1988 .....	230,522	221,541	3,450	56	5,475	197,668	193,054	1,809	2,804	—	32,854	90,121
1989 .....	250,582	238,638	3,869	43	8,031	211,307	206,542	1,894	2,871	—	39,275	129,396
1990 .....	272,738	256,948	4,442	34	11,314	226,519	221,559	1,992	2,968	—	46,219	175,615
1991 .....	296,824	275,960	4,977	617	15,270	243,110	237,911	2,096	3,103	—	53,714	229,329

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 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 1940-86 AND ESTIMATED FUTURE OPERATIONS DURING CALENDAR YEARS 1987-91 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
(In millions)

Calendar 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
<b>Past experience:</b>												
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
<b>Alternative II-A:</b>												
1987 .....	210,938	203,039	3,252	56	4,591	188,532	184,058	1,776	2,697	—	22,406	61,487
1988 .....	239,940	229,657	3,503	43	6,737	200,272	195,639	1,830	2,803	—	39,668	101,156
1989 .....	259,932	246,061	3,950	34	9,887	212,734	207,955	1,919	2,861	—	47,198	148,353
1990 .....	284,120	265,762	4,521	200	13,637	226,768	221,836	2,007	2,925	—	57,352	205,705
1991 .....	305,323	282,757	4,952	21	17,594	239,911	234,792	2,095	3,023	—	65,413	271,117
<b>Alternative II-B:</b>												
1987 .....	209,560	201,687	3,252	56	4,566	188,532	184,059	1,776	2,697	—	21,028	60,109
1988 .....	236,828	226,661	3,509	43	6,614	200,642	196,009	1,829	2,804	—	36,185	96,294
1989 .....	255,320	241,678	3,991	34	9,617	214,885	210,098	1,916	2,871	—	40,435	136,729
1990 .....	280,215	261,766	4,596	617	13,235	230,488	225,504	2,016	2,968	—	49,727	186,456
1991 .....	302,473	280,087	5,102	22	17,263	247,123	241,900	2,120	3,103	—	55,350	241,806

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 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>\*</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 1960-86 AND ESTIMATED FUTURE OPERATIONS DURING FISCAL YEARS 1987-91 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
[In millions]

Fiscal year <sup>1</sup>	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	
Past experience:												
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
Alternative II-A:												
1987 .....	20,122	19,182	216	—	724	21,019	20,325	645	49	—	-898	7,450
1988 .....	22,406	21,514	240	—	653	21,721	20,972	700	49	—	685	8,136
1989 .....	24,227	23,249	263	—	715	22,723	21,881	796	46	—	1,505	9,640
1990 .....	28,371	27,204	298	—	870	23,920	22,999	873	48	—	4,451	14,091
1991 .....	31,484	29,858	334	68	1,224	25,167	24,185	944	38	—	6,318	20,409
Alternative II-B:												
1987 .....	20,036	19,097	216	—	724	21,019	20,325	645	49	—	-983	7,365
1988 .....	22,130	21,251	240	—	639	21,750	21,001	700	50	—	380	7,745
1989 .....	23,810	22,867	265	—	677	22,889	22,051	791	47	—	920	8,666
1990 .....	27,846	26,758	302	—	786	24,221	23,300	871	51	—	3,624	12,290
1991 .....	31,144	29,568	342	99	1,135	25,720	24,730	948	42	—	5,424	17,713

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 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 DI Trust Fund to the OASI Trust Fund. Positive figures represent repayment of these amounts.

TABLE 21.—OPERATIONS OF THE DI TRUST FUND DURING SELECTED CALENDAR YEARS 1960-86 AND ESTIMATED FUTURE OPERATIONS DURING CALENDAR YEARS 1987-91 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
[In millions]

Calendar 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:												
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	-\$5,081	-358	2,691
1983 .....	20,682	17,991	—	1,121	1,569	18,177	17,524	625	28	—	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
Alternative II-A:												
1987 .....	20,404	19,510	214	—	680	21,144	20,447	648	49	—	-739	7,041
1988 .....	22,925	22,012	242	—	671	21,928	21,157	722	49	—	997	8,038
1989 .....	24,622	23,581	271	—	770	23,001	22,141	813	46	—	1,621	9,659
1990 .....	29,713	28,311	307	68	1,027	24,237	23,300	889	48	—	5,476	15,134
1991 .....	32,061	30,293	344	—	1,425	25,495	24,497	960	38	—	6,567	21,701
Alternative II-B:												
1987 .....	20,270	19,380	214	—	676	21,143	20,446	648	49	—	-873	6,907
1988 .....	22,615	21,726	243	—	646	21,965	21,194	721	50	—	651	7,557
1989 .....	24,147	23,161	273	—	712	23,210	22,353	809	47	—	937	8,494
1990 .....	29,233	27,887	311	99	936	24,566	23,626	889	51	—	4,668	13,162
1991 .....	31,697	30,009	352	—	1,335	26,119	25,111	966	42	—	5,578	18,740

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 \$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 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.

TABLE 22.—OPERATIONS OF THE OASI AND DI TRUST FUNDS, COMBINED, DURING SELECTED FISCAL YEARS 1960-86 AND ESTIMATED FUTURE OPERATIONS DURING FISCAL YEARS 1987-91 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS  
[In millions]

Fiscal year <sup>1</sup>	Income					Disbursements						Funds 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 funds	
<b>Past experience:</b>												
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
<b>Alternative II-A:</b>												
1987 .....	227,456	219,371	3,499	69	4,517	207,726	202,584	2,396	2,746	—	19,730	65,598
1988 .....	255,762	245,804	3,685	56	6,217	219,109	213,747	2,510	2,852	—	36,653	102,251
1989 .....	278,930	265,861	4,101	43	8,926	232,321	226,720	2,694	2,907	—	46,610	148,860
1990 .....	305,761	288,450	4,674	34	12,604	247,102	241,270	2,859	2,973	—	58,659	207,519
1991 .....	330,841	308,582	5,180	268	16,811	261,921	255,841	3,019	3,062	—	68,920	276,439
<b>Alternative II-B:</b>												
1987 .....	226,491	218,396	3,499	69	4,527	207,726	202,584	2,396	2,746	—	18,765	64,632
1988 .....	252,652	242,792	3,690	56	6,114	219,418	214,054	2,510	2,854	—	33,234	97,866
1989 .....	274,391	261,505	4,135	43	8,708	234,196	228,593	2,685	2,918	—	40,195	138,061
1990 .....	300,584	283,706	4,744	34	12,100	250,741	244,859	2,863	3,019	—	49,843	187,905
1991 .....	327,968	305,528	5,319	716	16,405	268,831	262,641	3,044	3,145	—	59,138	247,042

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 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 HI Trust Fund. Negative figures represent amounts repaid from the OASI Trust Fund to the HI Trust Fund.

TABLE 23.—OPERATIONS OF THE OASI AND DI TRUST FUNDS, COMBINED, DURING SELECTED CALENDAR YEARS 1960-86 AND ESTIMATED FUTURE OPERATIONS DURING CALENDAR YEARS 1987-91 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	Intertfund borrowing transfers <sup>5</sup>	Net increase in funds	
<b>Past experience:</b>												
1960	\$12,445	\$11,876	—	—	\$569	\$11,798	\$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
<b>Alternative II-A:</b>												
1987	231,342	222,550	3,465	56	5,272	209,675	204,505	2,424	2,746	—	21,667	68,528
1988	262,865	251,669	3,745	43	7,408	222,200	216,795	2,552	2,852	—	40,665	109,193
1989	284,554	269,642	4,221	34	10,657	235,735	230,096	2,732	2,907	—	48,818	158,012
1990	313,832	294,073	4,828	268	14,664	251,005	245,136	2,896	2,973	—	62,827	220,839
1991	337,385	313,050	5,295	21	19,018	265,405	259,289	3,055	3,062	—	71,979	292,818
<b>Alternative II-B:</b>												
1987	229,830	221,068	3,465	56	5,242	209,675	204,505	2,424	2,746	—	20,155	67,016
1988	259,443	248,387	3,752	43	7,261	222,607	217,203	2,550	2,854	—	36,836	103,852
1989	279,467	264,839	4,264	34	10,330	238,095	232,451	2,725	2,918	—	41,372	145,224
1990	309,448	289,653	4,907	716	14,171	255,053	249,130	2,904	3,019	—	54,395	199,618
1991	334,169	310,096	5,454	22	18,598	273,241	267,010	3,085	3,145	—	60,928	260,546

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 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, 1986, about 614,000 persons were receiving monthly benefits from the OASI Trust Fund because of their disabilities or the disabilities of children. This total includes 54,000 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 \$2,198 million in calendar year 1986. Table 24 shows these and similar figures for selected calendar years during 1960-86, and estimated experience for 1987-91.

**TABLE 24.—BENEFITS PAYABLE FROM THE OASI TRUST FUND WITH RESPECT TO DISABLED BENEFICIARIES, SELECTED CALENDAR YEARS 1960-91**  
(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>2</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	59	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
<b>Alternative II-A:</b>						
1987.....	629	581	48	2,304	2,109	195
1988.....	644	597	47	2,470	2,271	199
1989.....	659	613	46	2,658	2,453	205
1990.....	674	628	46	2,855	2,643	212
1991.....	689	644	45	3,047	2,830	217
<b>Alternative II-B:</b>						
1987.....	629	581	48	2,304	2,109	195
1988.....	644	597	47	2,475	2,276	199
1989.....	659	613	46	2,684	2,477	207
1990.....	674	628	46	2,902	2,687	215
1991.....	689	644	45	3,138	2,915	223

<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 \$2,304 million in calendar year 1987 to \$3,047 million in calendar year 1991, based on

alternative II-A, and to \$3,138 million in calendar year 1991, based on alternative II-B.

In calendar year 1986, 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 \$22,055 million, of which \$2,198 million, or 10.0 percent, represented payments from the OASI Trust Fund. These and similar figures for selected calendar years during 1960-86 and estimates for calendar years 1987-91 are presented in table 25.

TABLE 25.—BENEFIT PAYMENTS UNDER THE OASDI PROGRAM WITH RESPECT TO DISABLED BENEFICIARIES, BY TRUST FUND, SELECTED CALENDAR YEARS 1960-91  
[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 .....	22,055	19,857	2,198	10.0
<b>Alternative II-A:</b>				
1987 .....	22,755	20,451	2,304	10.1
1988 .....	23,629	21,159	2,470	10.5
1989 .....	24,802	22,144	2,658	10.7
1990 .....	26,158	23,303	2,855	10.9
1991 .....	27,547	24,500	3,047	11.1
<b>Alternative II-B:</b>				
1987 .....	22,755	20,451	2,304	10.1
1988 .....	23,672	21,197	2,475	10.5
1989 .....	25,040	22,356	2,684	10.7
1990 .....	26,531	23,629	2,902	10.9
1991 .....	28,252	25,114	3,138	11.1

<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).