1) **The plans offered by the Simpson-Bowles Commission and the Bipartisan Policy Center's Debt Reduction Task Force addressed increases in life expectancy, but in different ways. You and your members chose to address longevity through the benefit formula. Please discuss your approach and how your members decided this was the best way to go.**

Any comprehensive Social Security reform must account for increased life expectancies – one of the primary drivers of the program's cost increases over time. The Bipartisan Policy Center's (BPC) Debt Reduction Task Force deliberated extensively over the policy options to accomplish this goal. Ultimately, we did not recommend increasing the program's early or full retirement ages beyond where they are currently scheduled to reach, but instead proposed to modestly reduce monthly benefits over time for those who continue to retire at those ages. A future retiree, however, could fully avoid those reductions by slightly postponing his or her scheduled retirement. (The reductions would not affect career low-income workers.) Furthermore, we called on the Social Security Administration to educate beneficiaries about the advantages of waiting to claim benefits – primarily, larger monthly checks for the duration of their retirement.

In its plan, the Task Force chose to "index the benefit formula" to account for increasing longevity instead of increase the retirement ages because many of us felt strongly that individuals should retain the option of retiring at age 62, as there are some individuals who, for physical or other reasons, simply cannot delay that decision. When our Social Security reform package was scored by the Chief Actuary of the program, he found that our longevity policy alone would close more than 40 percent of the Trust Fund's projected shortfall in the 75th year.

2) **How did your members decide which earners would be held harmless from the Task Force's benefit changes?**

Rather than holding a particular group "harmless," the Task Force actually decided to boost benefits for individuals who worked long careers but had low earnings. These are people who contributed decades to the American workforce and deserve to live their later years without fear of poverty. This updated special minimum benefit would apply to approximately 35 percent of retirees who work full careers.

Those with average career incomes above that level would have their projected scheduled benefits impacted in a progressive manner, with the largest reductions applying to those with average career earnings above the taxable maximum (currently $113,700). Importantly, even after our reforms are implemented, all beneficiaries (including those with high career incomes) would see larger monthly benefit checks than they would receive under current law after 2033, as the Social Security Trust Fund is on track to be exhausted in that year and benefits cut across the board by almost 25 percent. Additionally, as mentioned above, beneficiaries have the option to fully offset the adjustments associated with longevity by slightly postponing their retirements.

3) **The Task Force's eligibility for an increased minimum benefit for low earners includes the time spent taking care of children. Why did the Task Force believe it was important to include child care credits and were you concerned about whether the Social Security Administration would be able to effectively administer such a program?**

The Task Force felt that parents who spend years out of the workforce raising their children should not be disadvantaged when determining qualification for the special minimum benefit. Penalizing parents who stay at home would send the wrong message. Therefore, we proposed allowing up to eight years of caring for children under the age of six to count towards years of qualified earnings. We envisioned the Social Security Administration working with the Internal Revenue Service to administer the allowance, but we welcome adjustments to make the proposal easier to carry out.

4) **The Task Force, Simpson-Bowles and the President all have slightly different approaches to a benefit increase for long time beneficiaries that would be implemented if the chained consumer price index were to be adopted. Why did the Task Force use an age-based approach?**

In order to help ensure that retirees do not outlive their savings, the Task Force proposed a benefit bump for beneficiaries between the ages of 81 and 85. For each year between those ages, beneficiaries would receive an increase in their monthly benefits equal to 1 percent of the average worker's monthly benefit amount.

We formulated the bump to occur at particular ages – rather than, for example, after a certain number of years of collecting benefits – because one of our primary goals was to protect retirees against the increasing healthcare costs and eroding savings that often confront this demographic. With that in mind, however, the differences are relatively small between the various benefit bump proposals. The fact that many comprehensive Social Security reform packages include this type of bump reflects the importance of providing an adequate benefit to some of the most vulnerable retirees.