10. An increase in the contribution and benefit base to $10,800, to be reached in 3 steps—$7,800 in 1968, $9,000 in 1971, and $10,800 in 1974.

11. Increases in the contribution rates for the cash benefits part of the program. The change scheduled in the employer-employee rate for 1969 under present law (from 3.9 percent each to 4.4 percent each) would be raised by 0.1 percent, to 4.5 percent each. The change scheduled under present law for 1973 and thereafter (to 4.85 percent each) would be raised by 0.15 percent each, to 5.0 percent each.

For the self-employed, the increased scheduled under present law for 1969 (from the present 5.9 percent to 6.6 percent) would be raised by 0.2 percent and thus would come to 6.8 percent. This rate would remain in effect until 1973, at which time the increase to 7.0 percent scheduled under present law would go into effect.

At the present time, the social security program has a significantly favorable actuarial balance; that is, it is expected that over the long-range future the income to the program will considerably exceed the costs of the program. The benefit improvements recommended by the President will cost about 1½ percent of covered payroll. It is possible to meet about half of the cost of the recommended benefit improvements from the present favorable balance. The remainder of the cost of the proposed changes would be met through the increases in the contribution rates for the cash benefits part of the program and in the maximum amount of annual earnings subject to the tax and used in computing benefits.

The rate increase averaged over the long run would be equivalent to one-fourth of 1 percent of payroll; the earnings base increase is equivalent to one-half of 1 percent of payroll. These two financing recommendations would yield income equal to three-fourths of 1 percent of payroll, which, when combined with the actuarial balance of the present system, would fully meet the cost of the recommendations.

Hospital insurance protection for the disabled could be made available without any increase in the hospital insurance contribution rate because of the additional income that would result from the increased contribution base. Supplementary medical insurance protection would also be made available on the same basis as it is for the aged—that is, on a voluntary basis, with the beneficiary paying a monthly premium of $3 and the Federal Government paying a matching amount.