

which will not be fully effective until 2004 ($PIA/MWB=168/550=30.5$ percent) with the result being a figure of 32.6 percent. It is our feeling that the averaging technique simply implies too much. For example, it implies that the year 2004 is meaningful in terms of action taken by Congress effective in 1965. As noted above, it is difficult to accept any assumption positing no further change in the law until 2004. Further, it begs the question raised in the Announcement as to mathematical soundness. We do not really see how it can be argued, or even logically posited, that a precise mathematical calculation will lead to the goal sought by the ban on discrimination. In short, while fully aware of the meaningfulness of the relationship being reduced to percentage terms, the averaging approach seems to us to be an attempt at preciseness in an area where it is neither needed nor possible.

THE SUPPLEMENTARY BENEFIT ADJUSTMENT FACTOR

The second element in the formula is an adjustment factor to reflect the value of the supplemental benefits as compared to the value of the retirement benefits. Since 1943 this has been 50 percent, and the Announcement indicates this relationship would continue, notwithstanding the changes made in the 1965 amendments.

While it is not our intention to be quarrelsome, the rigidity of this adjustment factor following the 1965 Amendments gives us a good deal of trouble.⁸ Certainly the package of benefits tied to Social Security has increased—e.g., the hospital insurance benefit, the changes in the disability provisions, etc. Further, the factor would appear to turn on the correctness of certain assumptions such as a separation of disability and the like from pure old-age assistance benefits. While this approach can be taken, it implies a certainty to the relationship which we feel is bottomed on debatable assumptions. For example, we wonder whether the hidden values of Social Security should not be weighted in connection with this calculation. Specifically, under Social Security there is a degree of portability to the benefits which would be quite unusual for a private plan. We think this portability factor might make the total package, say, a quarter or a third more valuable than the face amounts indicate. And what of disability and medicare? Do they not add both tangibly and intangibly to the value of the Social Security package? Assuming that some weighting has been, or at least will be, given to the tangible impact, what of this intangible value? Is it sound to argue that the value of medical protection at a time when medical needs are most critical can be reduced to a monthly premium figure? Just the fact that it is added on means a kind of foot-in-the-door which should lead to further benefits as has been the case with the disability insurance which, for example, in the last go-round was improved. Might it not be fair to say the intangible value is worth 10 to 30 percent of the total value of the Social Security package?

To sum up, on the grounds that any factor in the formula must be based upon sound and reasonable premises beyond being arithmetically correct, we conclude that there just does not seem to be any mathematical precision possible with regard to this adjustment factor. Logic of course indicates that the primary retirement figure as a percentage of a base wage or salary understates the total old-age security. However, in seeking precision for this calculation, we think the rule becomes a numbers game where the merit of the adjustment factor gets lost because the alternative basic assumptions are subject to question and not conclusive. What might make more sense would be to use a base of 100 percent and simply state that a 50-percent wife's benefit plus other tangible and intangible benefits means the primary insurance amount should be adjusted by a 200-percent factor. While this approach would be controversial, it would follow the logic of the 50-percent test for employee contributions in that it is a "ball-park" figure. Its frailty, as we see it, is that the two adjustments are offsetting. We will deal with this problem later on.

ADJUSTMENT FOR EMPLOYEE'S SHARE

As is certainly not unexpected, the one aspect of the current formula which more than any other is the center of controversy is the measure of an employee's contribution towards his own Social Security benefits. This figure was set at

⁸ Indeed as we piece together the history of these rules, this adjustment has always remained static for unaccountable reasons.