

MEMORANDUM

To: Social Security Advisory Board
Subject: Update on the 2015 Technical Panel on Assumptions and Methods
Date: February 23, 2015

The 2015 Technical Panel on Assumptions and Methods recently held the fourth of its eight planned meetings on Friday, February 13th. The Panel held its first organizational meeting in November 2014 and subsequently held public business meetings once in each of the past three months. The current schedule calls for the Panel to meet for one day in March, two days in May (one is a make up for the planned April meeting date), and one day in June. The Panel will draft their report during July and August and deliver a report in September 2015. The Panel appears to be on schedule to meet this deadline.

A BRIEF SUMMARY OF MEETINGS HELD

NOVEMBER 2014. The Panel's initial meeting in November was held in executive session and included a discussion of the Panel's charter with members of the Board, a discussion of possible topics to investigate with the Office of the Chief Actuary, and separately with key congressional staff. The Panel met in the afternoon in a closed-door session to plan and organize their future activities.

DECEMBER 2014. The Panel met in open session on December 12th in the offices of the Advisory Board. In the morning session, the Panel met with the Chief Actuary and his staff to discuss the Trustees' responses to past Technical Panel recommendations, and the accuracy of past projections. Panel members Jeff Brown and Peter Diamond led a discussion about alternative ways of calculating "replacement rates" for presentation in the Trustees Report. During the afternoon session, the Chief Actuary's staff made a presentation on the projection of mortality rates, and Panel member Sam Gutterman led a discussion of mortality projection methods and other key issues of interest to the Panel with respect to the mortality rate assumption. The meeting concluded in executive session, as the Panel met with Public Trustee Bob Reischauer. The other Public Trustee, Charles Blahous, was unable to attend, but sent comments with Dr. Reischauer.

JANUARY 2015. The Panel met in open session on January 16 in Cambridge, Massachusetts in a conference room provided by the National Bureau of Economic Research (NBER). In the morning session, Panel members Katharine Abraham and Claudia Goldin gave a presentation on projecting labor force participation and the Chief Actuary and staff provided comments. Panel members Jeff Brown and Peter Diamond led a second round of discussion about alternative methods for calculating "replacement rates" for use in the Trustees Report. During the afternoon session, the Panel heard presentations from two invited experts on issues of long-range economic growth. John Campbell, Professor of Economics at Harvard University presented on the projection of long-range real interest rates, and Jim Stock, Professor of Political Economy at Harvard and the Kennedy School of Government presented on long-term economic growth prospects based largely on work during his recent tenure on the President's

Council of Economic Advisers. Because the meeting was held in Boston, we provided a teleconference link for the entirety of the meeting that was used by the trustees' staff members, members of the Office of the Chief Actuary and Advisory Board members.

FEBRUARY 2015. The Panel met in open session on February 13 in the offices of the Advisory Board. During the morning session, Panel member Ron Rindfuss made a presentation on the projection of fertility rates with a discussion provided by the Chief Actuary and his staff. Panel member Sam Gutterman made a presentation on the projection of mortality rates with a discussion provided by the Chief Actuary and his staff. In the afternoon, the Panel discussed projections of disability incidence and termination rates with separate presentations by the staff of the Chief Actuary's office, Prof. Jeffrey Liebman of Harvard's Kennedy School of Government (by video), and Panel member David Autor. The presentation by Prof. Liebman, in particular, is very important in laying the empirical foundations for a consensus on the explanations of past growth in the program (which varies over time) and for projections of the size of the program in the future (which is roughly in line with the modest growth currently projected by the Trustees). This discussion probably has direct implications for the Board's project on the solvency of the DI trust fund.

PUBLIC PARTICIPATION

Each of the meetings in December, January, and February were well attended by Trustee's staff members and other interested parties and included staff from Treasury, Labor, CMS, SSA, CBO and various think tanks and interest groups in DC. In Boston, NBER President Jim Poterba attended the meeting as well as a dozen or so others including staff from SSA and the Department of Labor and some academics from Boston College, Harvard and NBER. A teleconferencing link was made available for both the January and February meeting to accommodate the Trustee's and Chief Actuary's staff members as well as a few other select individuals who could not attend the meeting in person.

I have created a publicly accessible page on the SSAB website that provides a record of all the public documents from each meeting including the agenda, handouts and slide presentations. The page is located at <http://ssab.gov/TPAM2015Public.aspx> and will continue to be updated throughout the tenure of the Technical Panel.

REMAINING SCHEDULE

Future meetings are scheduled for March 13th (topics: immigration and uncertainty), May 7th & 8th (topics: economic assumptions), and June 19th (topics: TBA). The June 19th meeting will likely take place primarily in Executive session as the Panel finalizes its recommendations. Once the Panel has completed its report, in September, a final meeting to brief their recommendations to the Board, the Chief Actuary, and the Trustees will be scheduled.