Summary of the Financial Sanity Act (October 2019)

1. In half-year increments, moves the Social Security normal retirement age for people born after 1960 to age 70. So, for someone born in 1961, the normal retirement age is 67½. For someone born in 1962, the normal retirement age is 68. For someone born in 1968, it is age 70.
2. The age 70 normal retirement age is adjusted for each decade beginning on January 1, 2040, to account for changing life expectancy, so that the ratio of life expected to receive benefits (based on life expectancy at age 65, using 2036 as the initial base year), remains constant. Rounding to the closest half-year applies. Example: Assume life expectancy of a 65 year-old in 2036 is 20 years. (In 2036, Social Security normal retirement age 70.) The percent of life for which benefits are expected is 17.65 (i.e. 85-70/85). If life expectancy at age 65 in 2039 is 21 years, then the normal retirement age is 71 (i.e. 86 x .1765 = 15.2, 86 – 15.2 = 70.8; rounded to 71). For 2040 through 2049, the Social Security normal retirement age would be age 71. A new normal retirement age would be calculated in 2048, continuing to use the 17.65 percent figure from 2036, effective for the decade beginning on January 1, 2050.
3. Beginning in 2027, Social Security early retirement age is 5 years prior to normal retirement age. So, for someone born in 1960, it is age 62. For someone born in 1961, it is age 62½.
4. Beginning in 2027, Social Security late retirement age is normal retirement age plus 3 years. So, for someone born in 1960, it is age 70. For someone born in 1961, it is age 70½.
5. Beginning in 2027, Medicare retirement age (i.e. eligibility age) is Social Security normal retirement age. So, for people born in 1959, Medicare eligibility age is age 65. For people born in 1960, it is age 67. For people born in 1961, it is age 67½.
6. Beginning in 2025, eligibility for widow's and widower's benefits, etc., is moved back 3 years (from 50 to 53 and from 60 to 63).
7. Beginning in 2022, the cost-of-living adjustment for Social Security is changed from the Consumer Price Index (relating to wages) to the Chained Consumer Price Index for All Urban Consumers (which has been used for indexing of the Internal Revenue Code since 2018).
8. Beginning in 2022, tax subsidies for employer provided health insurance exist only for high deductible health plan coverage (as defined in Code §223(c)(2)).
9. Beginning in 2022, the co-insurance (i.e. the amount paid by the consumer) percentage under a high deductible health insurance plan must be at least 25 percent (until the maximum out-of-pocket amount is reached). Also, the deductible can be lower than current law minimums (and can be $0), if the co-insurance percentage is never below 50 percent (until the maximum out-of-pocket amount is reached).