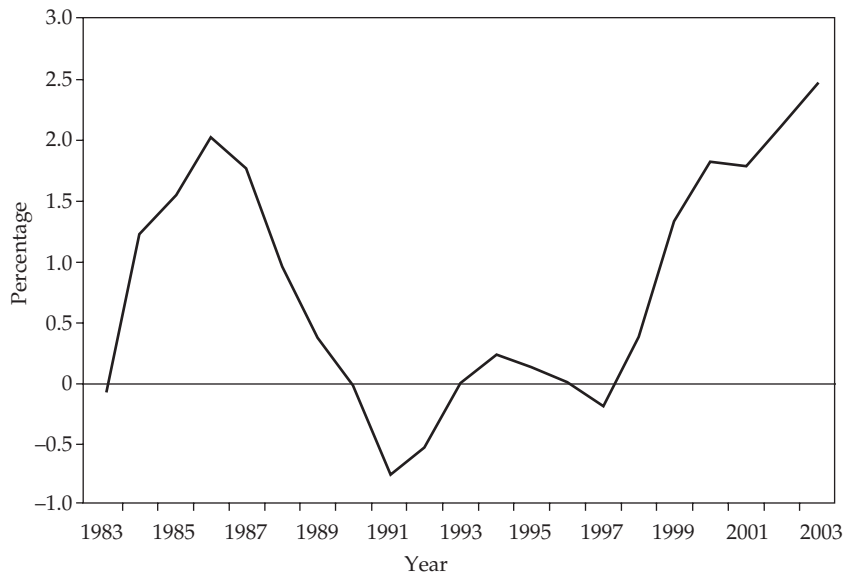


**Figure 1.1 U.S. Job Loss Due to International Trade, as a Share of Payroll Employment, 1983 to 2003**



Source: Groshen, Hobijn, and McConnell 2005.

**Table 2.1 Dependency Ratios**

	Total			Old-Age		
Historical data						
1950		.73			.14	
1960		.91			.17	
1970		.90			.19	
1980		.75			.20	
1990		.70			.21	
2000		.69			.21	
Projected data						
	Low	Med	High	Low	Med	High
2010	.66	.66	.65	.21	.21	.21
2020	.72	.71	.70	.26	.27	.28
2030	.81	.79	.78	.33	.35	.37
2040	.82	.81	.80	.33	.37	.42
2050	.81	.81	.82	.33	.38	.45
2060	.83	.83	.86	.33	.40	.49
2070	.82	.85	.91	.33	.42	.54
2080	.82	.86	.95	.33	.43	.58

Source: Office of the Actuary 2005, table V.A.1.

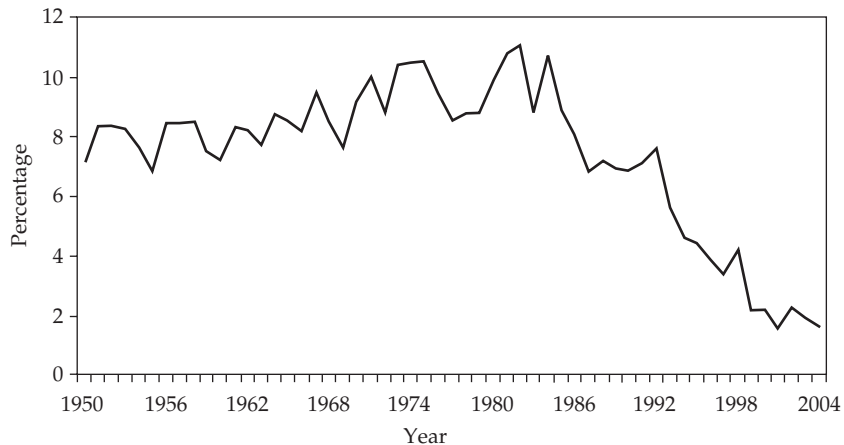
Note: The three assumption sets pertain to projected rates of fertility, mortality, and net immigration; total age dependency ratio has both young age (under twenty) and old age (sixty-five and older) in numerator; old-age dependency has only the old age category in numerator.

**Table 2.2 Beneficiary per Worker Ratios**

	OASI			DI		
Historical data						
1950		.061			na	
1960		.189			.007	
1970		.243			.028	
1980		.267			.042	
1990		.264			.031	
2000		.249			.043	
Projected data						
	Low	Med	High	Low	Med	High
2010	.256	.259	.264	.053	.056	.065
2020	.312	.324	.336	.052	.062	.074
2030	.368	.393	.418	.054	.068	.083
2040	.376	.419	.463	.053	.070	.087
2050	.366	.424	.491	.054	.073	.093
2060	.364	.437	.529	.054	.074	.096
2070	.361	.453	.575	.054	.074	.096
2080	.358	.465	.614	.055	.075	.097

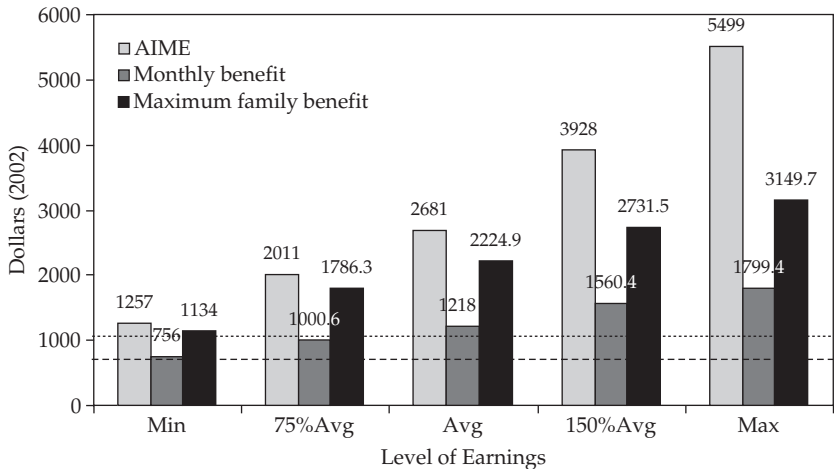
Source: Office of the Actuary 2006, table IV.B.2.

Figure 3.2 Personal Saving Rate, 1950 to 2004



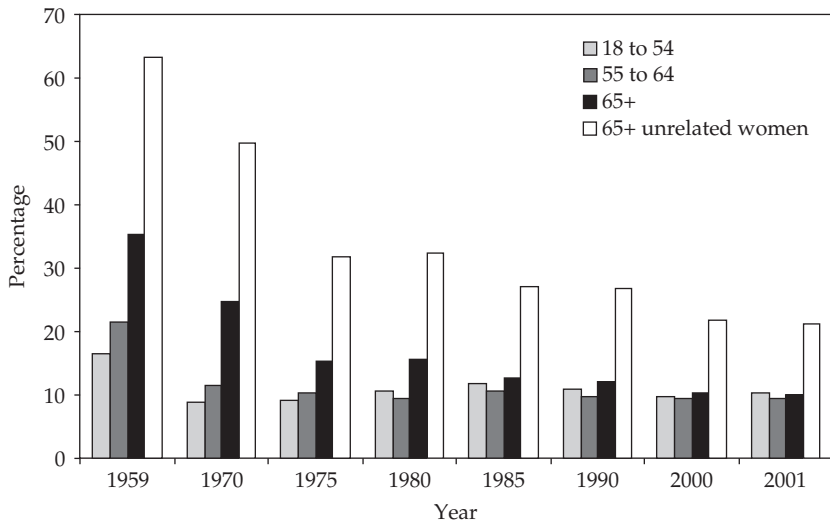
Source: Author's compilation from Reinsdorf 2004, chart 1.

**Figure 4.1 Monthly Benefit Amount for Selected Wage Levels**



Source: Office of Policy 2004, table 2.A26.

**Figure 4.2** Percent Poor, 1959 to 2001



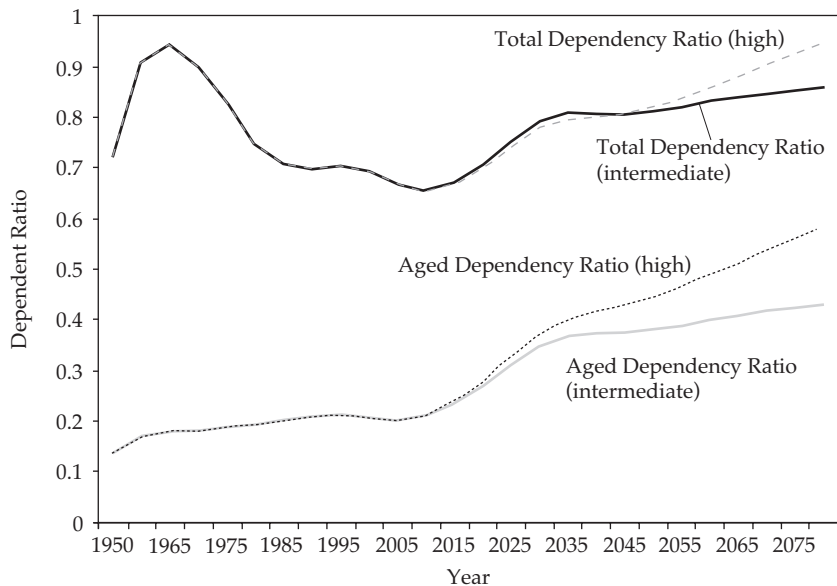
Source: Office of Policy 2004, table 3.E2.

**Figure 4.3 Ratio of Average Retirement Benefit to Average Wages, 1951 to 2001**



Source: Authors' calculations from Office of Policy 2005, tables 2.A8 and 5.C2.

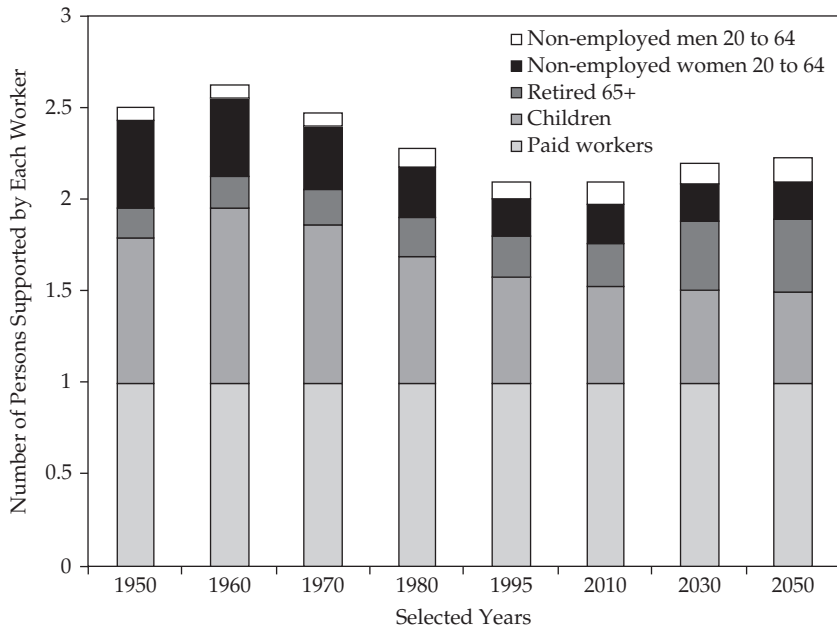
**Figure 4.4** Dependency Ratios (Intermediate and High Cost Assumptions)



Source: Office of the Actuary 2006, table V.A.2.

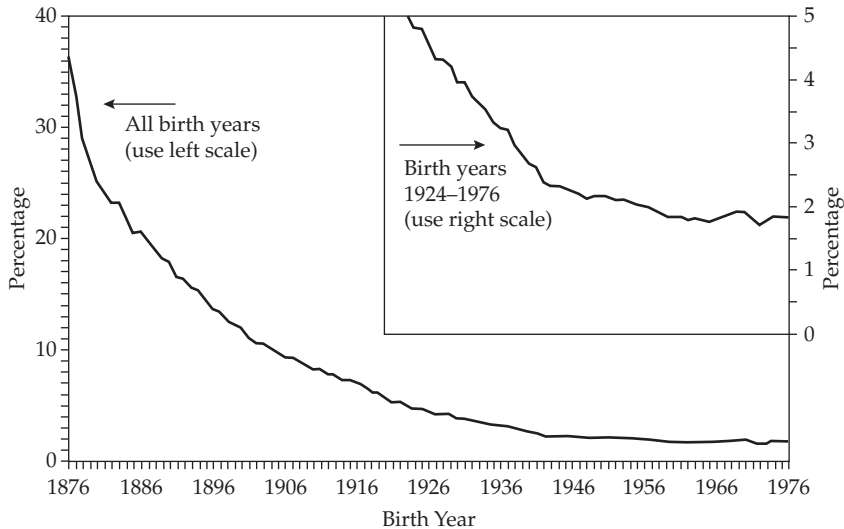


**Figure 4.5 Consumer-to-Worker Support Ratios**



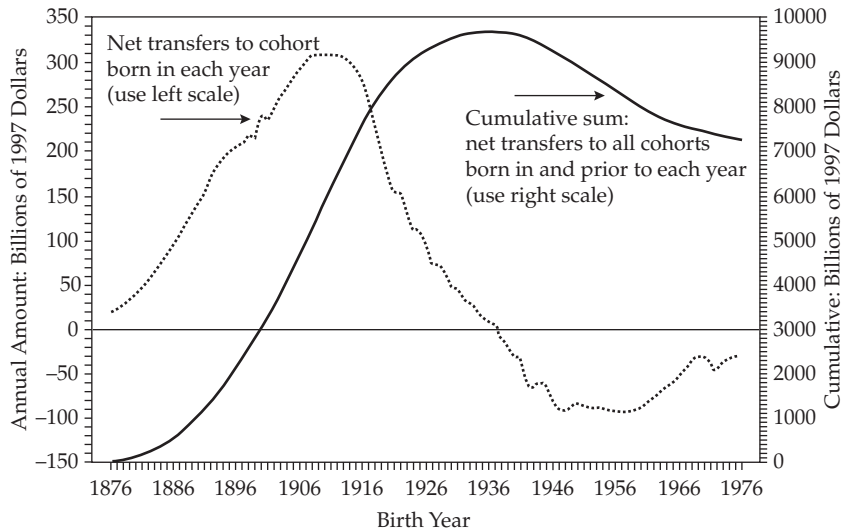
Source: Author's compilation from Reno and Olson 1998, table 1.

**Figure 4.6** Estimated Real Internal Rates of Return on Social Security Contributions



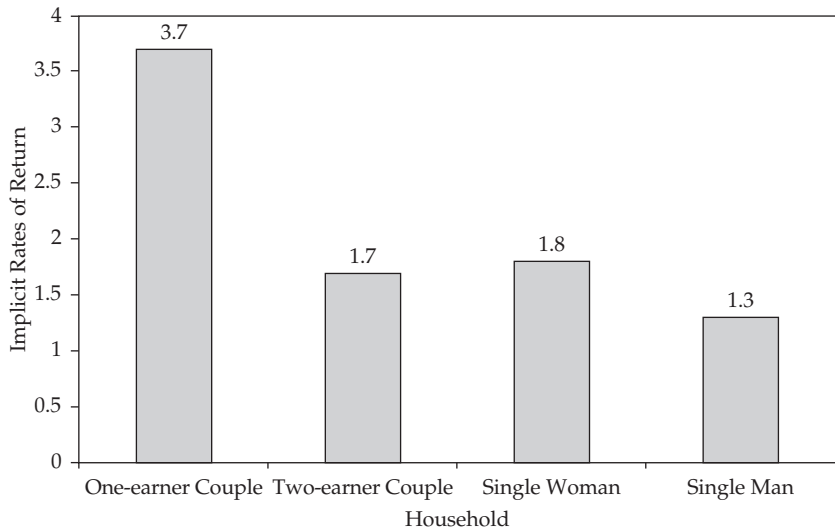
Source: Author's compilation from Leimer 1994.

**Figure 4.7 Social Security Net Intercohort Transfers**



Source: Author's compilation from Leimer 1994, figure 2.

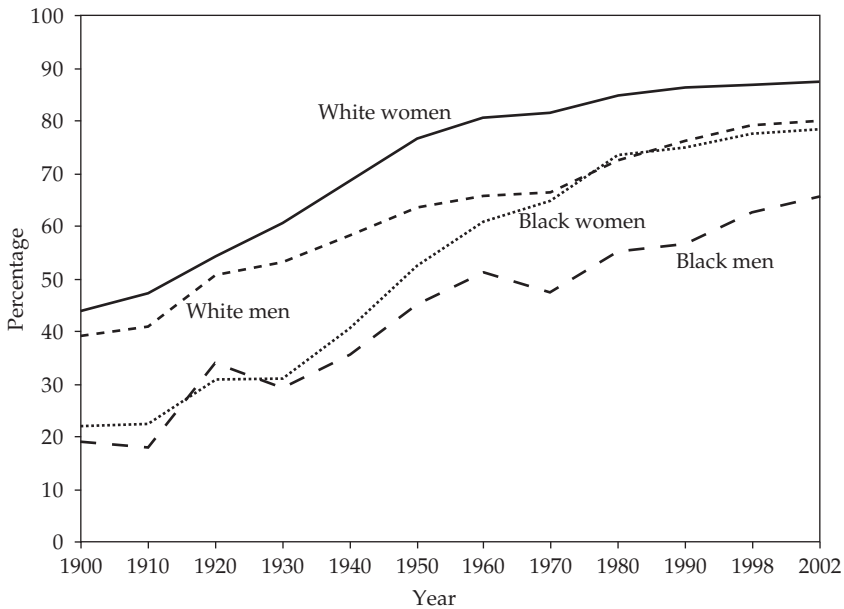
**Figure 4.8 Social Security's Implicit Rates of Return**



*Source:* U.S. General Accounting Office 1999, 29.

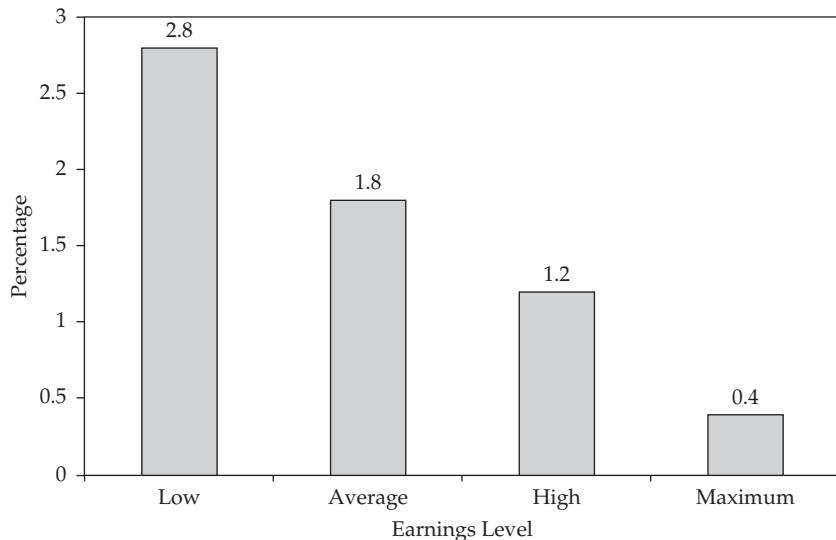
*Note:* Inflation-adjusted rates, hypothetical average earners born in 1973; estimates include all Social Security contributions and benefits, including disability, and reflect tax rates that would keep the system in actuarial balance on a pay-as-you-go basis; estimates for hypothetical workers with earnings equal to the national average each year; for one-earner couple, spouse does not work at all.

**Figure 4.9** Survivorship to Age Sixty-Five



Source: Author's compilation from Arias 2006, table 10.

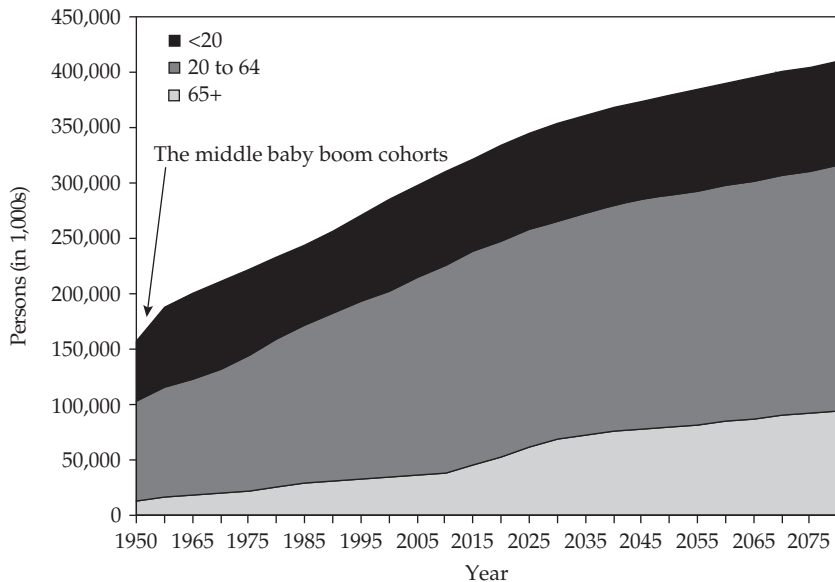
**Figure 4.10 Social Security's Implicit Rates of Return by Earnings Level**



*Source:* U.S. General Accounting Office 1999, 27.

*Note:* Inflation-adjusted rates for single women born in 1973; estimates include all Social Security contributions and benefits, including disability, and reflect tax rates that would keep the system in actuarial balance on a pay-as-you-go basis; estimates do not reflect differences in life expectancy, which would make relatively small differences in overall rates; returns for single men were roughly 0.5 percentage points lower in each earnings level. Each earnings level is for a specific amount of earnings per year: low (45 percent of average earnings); average (average Social Security covered earnings); high (160 percent of average); maximum (maximum taxable earnings in each year).

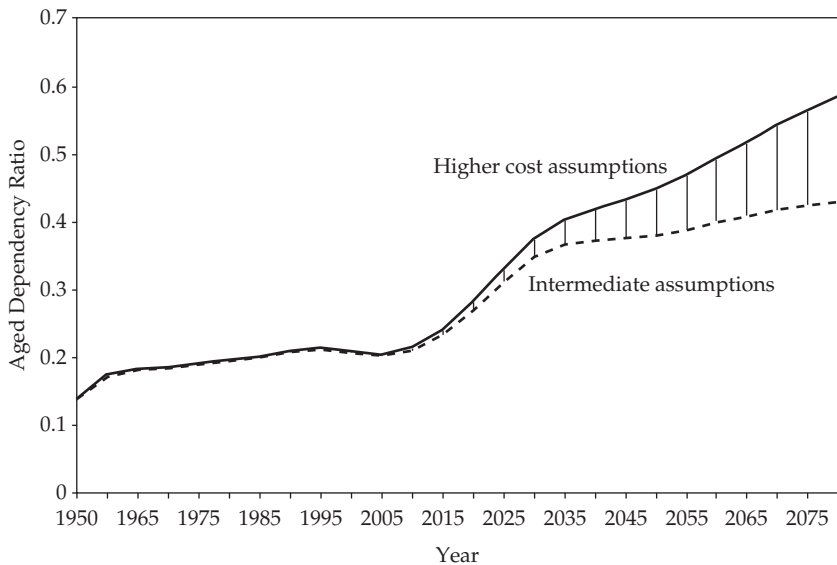
**Figure 4.11** Age Structure of the U.S. Population, 1950 to 2080



Source: Office of the Actuary 2005, table V.A.2.

Note: 1950 to 2000 is historical data; 2005 to 2080 based on intermediate assumptions.

Figure 4.12 Aged Dependency Ratio, 1950 to 2080

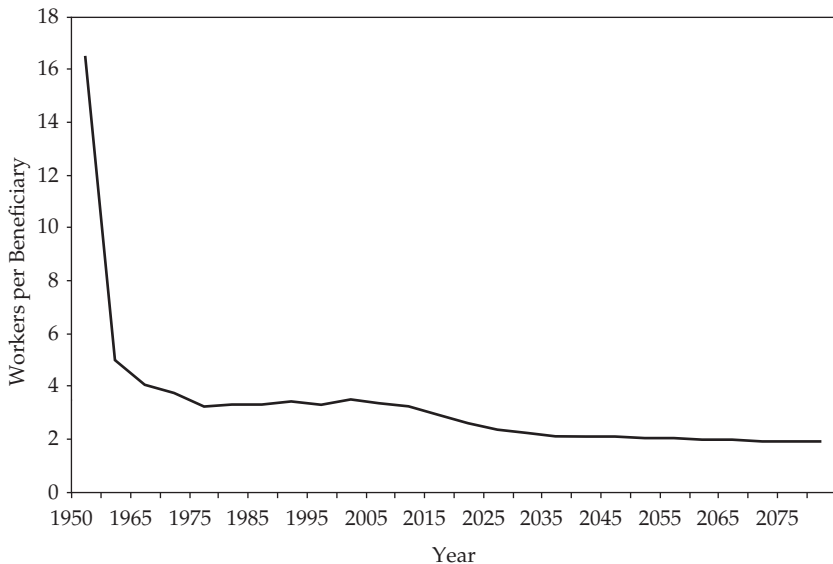


Source: Author's calculations.



**Figure 4.13 Ratio of Covered Workers to OASDI Beneficiaries, Intermediate Assumptions**

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Source: Author's calculations.

**Table 4.1 OASI Retired-Worker Beneficiaries**

	Total	Men	Women
All beneficiaries			
Average monthly benefit	959.90	1082.00	830.80
Number of cases (millions)	30.36	15.61	14.75
Beneficiaries with reduction for early retirement			
Average monthly benefit	898.10	1004.00	793.60
Number of cases (millions)	22.06	10.96	11.11
Beneficiaries without reduction for early retirement			
Average monthly benefit	1124.30	1265.50	943.90
Number of cases (millions)	8.30	4.66	3.64
Number of cases as percent of all beneficiaries	27.3	29.8	24.7

*Source:* Office of Policy 2004, table 3.

## Figure 5.1 Illustration of the Impact of Fund Management Fees on an Investment

Let's assume you invest \$10,000 in a fund of your choice, and you leave it there for twenty years. Let's assume an annual rate of return of 9 percent (whether that rate is net of inflation or not is irrelevant for purposes of the illustration). The following chart tells what would happen under various assumptions about fees and the presence of a deferred sales charge (that is, an end-of-term sales charge). We are assuming the fund is "no load" (that is, does not charge a commission on purchase).

<i>Annual operating expense</i>	2.0%	2.0%	1.5%	1.0%
<i>Deferred sales charge</i>	2.0%	0.0%	0.0%	0.0%
<i>Value at end of period</i>	\$37,215	\$37,415	\$41,424	\$45,839
<i>Total cost of fees</i>	\$18,828	\$18,628	\$14,620	\$10,205
<i>fees</i>	8,963	8,763	6,976	4,938
<i>forgone earnings</i>	9,865	9,865	7,644	5,267

Growing at 9 percent each year for twenty years, the \$10,000 became \$56,044. But one-third of that (or \$18,628) was paid to the investment fund that charged management fees of 2 percent; had it been in an investment fund that charged management fees of 1 percent, about one-fifth of the \$56,044 (or \$10,205) would have been lost in fees.

Source: Authors' compilation.

**Table 5.1 Rates of Return Illustrated**

Year	Start Value	Rate of Change	Multiply Factor	End Value
1999	\$1,000.00	+.25	1.25	\$1,250.00
2000	1,250.00	-.06	0.94	1,175.00
2001	1,175.00	-.07	0.93	1,092.75
2002	1,092.75	-.17	0.83	906.98
2003	906.98	+.25	1.25	1,133.73

*Source:* Authors' calculation.

## Figure 6.1 Interview Question about Social Security and Private Accounts

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People have different opinions about how the Social Security system might be changed for the future. When decisions about Social Security's future are being made, which do you think is *more* important?

Keeping Social Security as a program with a *guaranteed* monthly benefit based on a person's earnings during their working life?

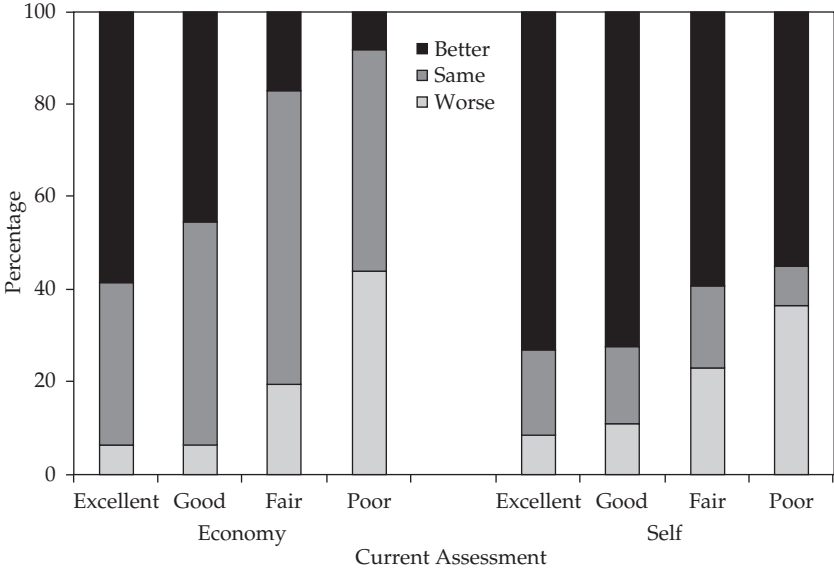
(or)

Letting younger workers *decide for themselves* how some of their own contributions to Social Security are invested, which would cause their future benefits to be higher or lower depending on how well their investments perform?

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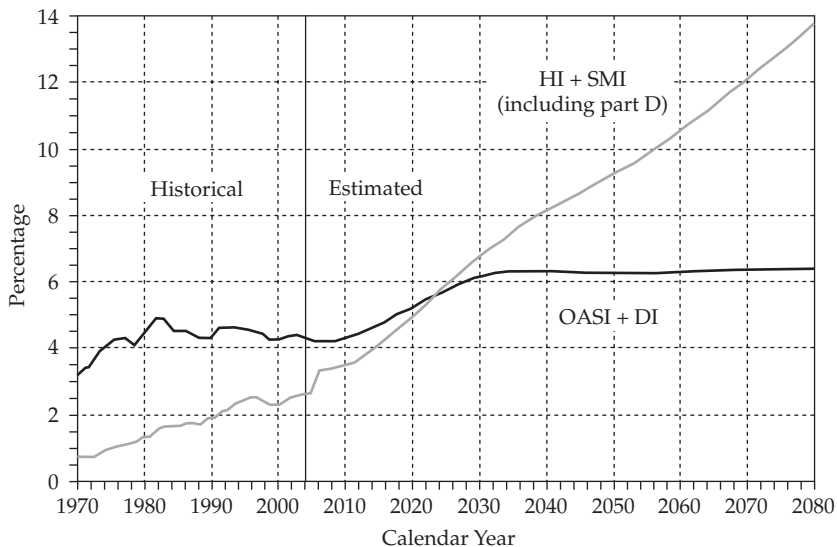
Source: Pew Research Center for the People and the Press 2005, question 34.

**Figure 6.2 Comparison of Current Assessments with Expected Direction of Change**



Source: Authors' calculations.

**Figure 6.3 Social Security and Medicare Cost as a Percentage of GDP**



*Source:* This figure is chart C of the summary published by the Board of Trustees (see note 25 in chapter 6).

**Table 6.1 Logit Regressions**

	1	2	3	4	5	6
Constant	.781 (.194)	1.096 (.210)	.629 (.216)	.676 (.230)	.478 (.235)	1.511 (.346)
Age	.000 -.017 (.003)	.0001 -.019 (.003)	.004 -.018 (.003)	.003 -.020 (.003)	.042 -.019 (.003)	.0001 -.019 (.004)
Female	.0001 -.683 (.086)	.0001 -.710 (.087)	.0001 -.735 (.087)	.0001 -.696 (.089)	.0001 -.684 (.090)	.0001 -.656 (.091)
Black	.0001 -.758 (.153)	.0001 -.836 (.155)	.0001 -.832 (.155)	.0001 -.729 (.157)	.0001 -.584 (.158)	.0001 -.592 (.162)
Education						
< HS diploma	.0001 -.971 (.180)	.0001 -1.044 (.181)	.0001 -1.132 (.184)	.0001 -1.169 (.187)	.0001 -1.189 (.187)	.0001 -1.110 (.190)
HS diploma	.0001 -.647 (.126)	.0001 -.702 (.127)	.0001 -.725 (.127)	.0001 -.745 (.129)	.0001 -.758 (.131)	.0001 -.755 (.133)
Some college	.017 -.303 (.128)	.010 -.330 (.128)	.004 -.370 (.129)	.002 -.395 (.131)	.001 -.432 (.133)	.002 -.425 (.135)
Postgraduate	.016 -.367 (.153)	.017 -.367 (.153)	.015 -.376 (.154)	.039 -.325 (.157)	.052 -.308 (.159)	.083 -.280 (.162)
Full-time work	.0001 -.391 (.092)	.0001 -.403 (.093)	.0001 -.371 (.093)	.0001 -.353 (.095)	.0001 -.404 (.096)	.0001 -.393 (.098)
Family income	.003 (.001)	.003 (.002)	.003 (.001)	.003 (.001)	.002 (.001)	.002 (.001)
Income censored	.003 .339 (.161)	.005 .365 (.161)	.002 .394 (.163)	.002 .393 (.166)	.033 .307 (.168)	.148 .233 (.173)
Religion						
Roman Catholic		.072 -.189 (.105)				
Other		.0001 -.455 (.113)				
Religion 2			.190 (.133)	.111 (.135)	.115 (.138)	.072 (.140)
			.153	.411	.405	.607



**Table 6.1** *Continued*

	1	2	3	4	5	6
Born-again			.323 (.096) .001	.134 (.100) .182	.130 (.101) .197	.120 (.103) .241
Ideology						
Very conservative				1.089 (.189) .0001	1.014 (.192) .0001	.879 (.197) .0001
Conservative				.477 (.102) .0001	.433 (.104) .0001	.329 (.107) .002
Liberal				-.219 (.130) .094	-.151 (.132) .252	-.118 (.133) .377
Very liberal				-.355 (.231) .124	-.293 (.233) .207	-.279 (.236) .237
Jobs are plentiful					.680 (.091) .0001	.515 (.096) .0001
Economy today						
Good						-.566 (.244) .020
Only fair						-1.206 (.248) .0001
Poor						-.938 (.273) .001
Cox & Snell R <sup>2</sup>	.070	.076	.079	.098	.115	.131
Nagelkerke R <sup>2</sup>	.099	.107	.111	.138	.163	.184
Percent correct prediction:						
Letting workers	12.6	15.5	18.2	23.5	30.2	33.7
Keeping same	95.6	95.7	94.7	93.4	92.5	92.1
All cases	70.0	71.0	71.0	71.8	73.2	73.9
Base n	1405	1405	1391	1391	1391	1378

*Source:* Authors' calculations.

*Note:* Religion 2 is coded 1 if Protestant, Roman Catholic, Mormon, and Other; else, 0. Family income is for previous year. Income censored is coded 1 for all cases of don't know or no answer. Reference category for education is baccalaureate; for full-time work, part-time or not employed; for religion, protestant; for ideology, moderate; for economy today, excellent. The cell entries are, from top, the regression coefficient, the standard error of the estimate (in parentheses), and the probability value associated with the t-test.

**Table 6.2 Political Ideology**

	VC	C	M	L	VL	total	<i>n</i> *
Gender							
Women	6.1	27.1	43.4	18.6	4.9	100.1	739
Men	5.4	32.0	43.8	14.8	4.1	100.1	699
Race-ethnicity							
White, non-hisp	6.1	31.8	42.9	15.2	4.1	100.1	1132
Black, non-hisp	7.0	20.1	46.8	23.1	3.0	100.0	142
Asian, non-hisp	0.0	22.2	53.3	24.4	0.0	99.9	18
Other, non-hisp	7.5	21.7	49.2	16.7	5.0	100.1	51
Hispanic	0.8	26.4	41.5	20.4	9.9	100.0	83
Education							
< HS dip	8.2	33.3	36.5	15.4	6.6	100.0	100
HS diploma/GED	6.7	30.4	46.6	13.1	3.2	100.0	386
post-HS trade	7.1	35.7	40.8	9.2	7.1	99.9	42
Some college	5.5	28.5	43.8	17.3	4.8	99.9	386
Baccalaureate	3.9	31.2	42.0	17.9	5.1	100.1	299
Postgraduate	3.7	20.7	45.2	26.7	3.7	100.0	219
Marital status							
Married	6.2	33.3	43.1	14.3	3.2	100.1	842
Divorced	5.1	26.3	48.6	14.5	5.4	99.9	180
Separated	0.0	21.1	38.2	30.3	10.5	100.1	31
Widowed	8.0	31.6	47.6	9.8	3.1	100.1	125
Never married	4.6	21.8	41.7	25.0	7.0	100.1	255
Employment							
Full-time	2.9	28.9	46.0	18.0	4.2	100.0	735
Part-time	10.9	26.3	37.5	20.5	4.8	100.0	173
Not employed	7.8	31.2	42.5	13.7	4.8	100.0	527
Family income (000s \$)							
< 10	14.2	25.9	37.1	16.2	6.6	100.0	78
10 to 20	5.3	24.8	48.9	16.4	4.6	100.1	134
20 to 30	6.3	32.2	40.2	17.8	3.5	100.0	179
30 to 40	7.0	32.7	42.3	13.7	4.4	100.1	161
40 to 50	5.8	31.0	42.7	16.4	4.0	99.9	139
50 to 75	4.6	26.5	46.1	18.1	4.6	99.9	238
75 to 100	2.8	31.9	46.4	14.5	4.4	100.0	163
100 to 150	4.4	25.3	43.7	19.2	7.4	100.0	123
150 +	1.4	30.1	47.3	17.8	3.4	100.0	83
No answer	6.2	34.0	39.0	18.1	2.7	100.0	140
Present financial situation							
Excellent	9.1	33.3	34.4	17.2	6.0	100.0	161
Good	6.1	33.1	43.0	12.9	4.8	99.9	634
Fair	3.2	26.0	48.3	20.0	2.4	99.0	459
Poor	8.9	22.8	40.0	20.5	7.8	100.0	166

**Table 6.2** *Continued*

	VC	C	M	L	VL	total	<i>n</i> *
Financial situation year hence							
Improve a lot	9.2	36.7	35.4	14.8	3.9	100.0	144
Improve some	4.6	31.7	43.6	16.7	3.4	100.0	788
Same	6.3	26.9	46.1	15.0	5.8	100.0	228
A little worse	4.5	18.5	48.9	20.1	8.0	100.0	198
A lot worse	13.3	21.4	39.8	19.4	6.1	100.0	46
Political party preference							
Republican	12.1	50.3	31.9	4.6	1.2	100.1	500
Independent	2.0	21.4	53.1	17.9	5.7	100.1	422
Democrat	2.9	17.4	46.0	26.9	6.8	100.0	455
No preference	4.5	27.0	39.3	22.5	6.7	100.0	41
US Response to Tsunami							
More than fair	9.4	35.0	43.5	9.8	2.2	99.9	515
Fair share	3.3	28.4	47.1	16.8	4.4	100.0	693
Less than fair	1.9	17.5	34.7	34.4	11.5	100.0	150
Age: mean	49.4	47.7	45.9	39.7	39.7		
SD	19.2	17.6	17.1	16.6	16.7		

*Source:* Authors' tabulations.

*Note:* VC = Very Conservative, C = Conservative, M = Moderate, L = Liberal, and VL = Very Liberal.

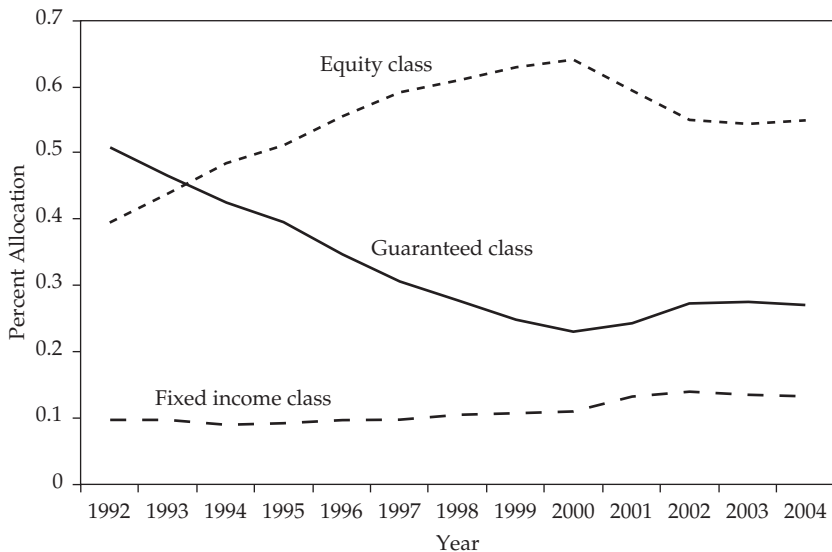
\*unweighted sample *n*.

**Table 6.3 What Works Well and What Doesn't, by Ideology**

	VC	C	M	L	VL
Social Security system					
Works pretty well	51.8	46.6	47.0	46.8	46.6
Major changes	36.9	34.3	35.7	33.2	38.3
Completely rebuilt	10.1	15.8	14.7	16.3	5.3
DK, NA	1.2	3.3	2.6	3.7	9.8
Health care system					
Works pretty well	40.0	33.4	24.6	17.5	28.0
Major changes	44.1	48.4	54.0	50.9	41.7
Completely rebuilt	11.8	16.3	20.7	27.5	30.3
DK, NA	4.1	1.8	0.6	4.1	0.0
Education system					
Works pretty well	33.7	43.5	37.5	25.5	27.1
Major changes	47.9	42.2	44.5	54.2	44.4
Completely rebuilt	16.0	12.9	15.6	19.8	28.6
DK, NA	2.4	1.4	2.4	0.6	0.0
Tax system					
Works pretty well	40.8	51.6	51.8	49.2	35.3
Major changes	34.9	28.3	29.6	32.5	27.1
Completely rebuilt	17.2	17.0	15.7	14.8	27.1
DK, NA	7.1	3.2	3.0	3.5	10.5
Legal system					
Works pretty well	35.1	41.5	48.1	48.8	35.3
Major changes	42.3	41.9	34.9	32.3	39.1
Completely rebuilt	16.7	14.8	13.1	15.4	23.3
DK, NA	6.0	1.8	3.8	3.5	2.3
unweighted <i>n</i>	86	441	630	223	58

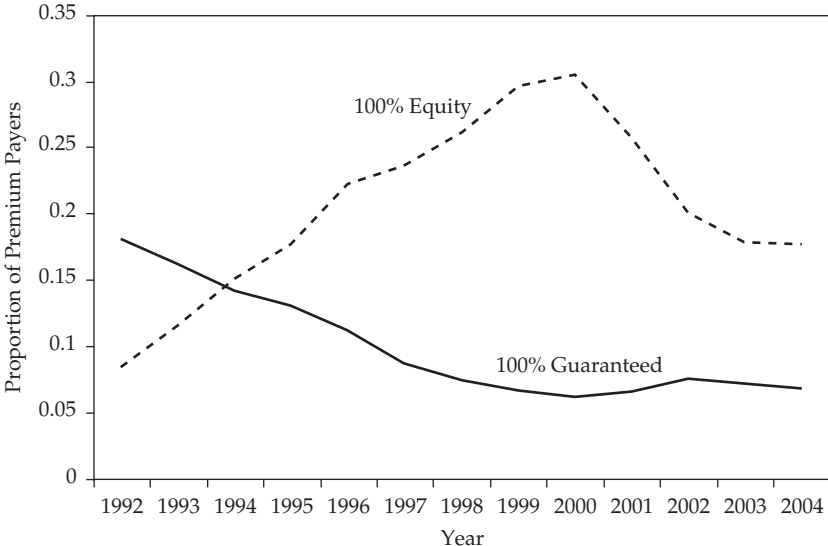
Source: Authors' tabulations.

**Figure 7.1** Average Premium Allocations by Asset Class, TIAA-CREF



Source: Author's calculations from Rugh 2004.

**Figure 7.2 Premium Allocations Among Participants Who Allocated 100 Percent to Equity or to Guaranteed Asset Class, TIAA-CREF**



Source: Author's calculations from Rugh 2004.

**Table 8.1** Heuristic of Public Meeting Strategies

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		Private Accounts	
		Nonpartisan	Partisan
Social Insurance	Nonpartisan	A	B
	Partisan	C	D

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*Source:* Authors' compilations.