

Jonathan Gruber

Public Finance and Public Policy

First Edition

Chapter 13: Social Security

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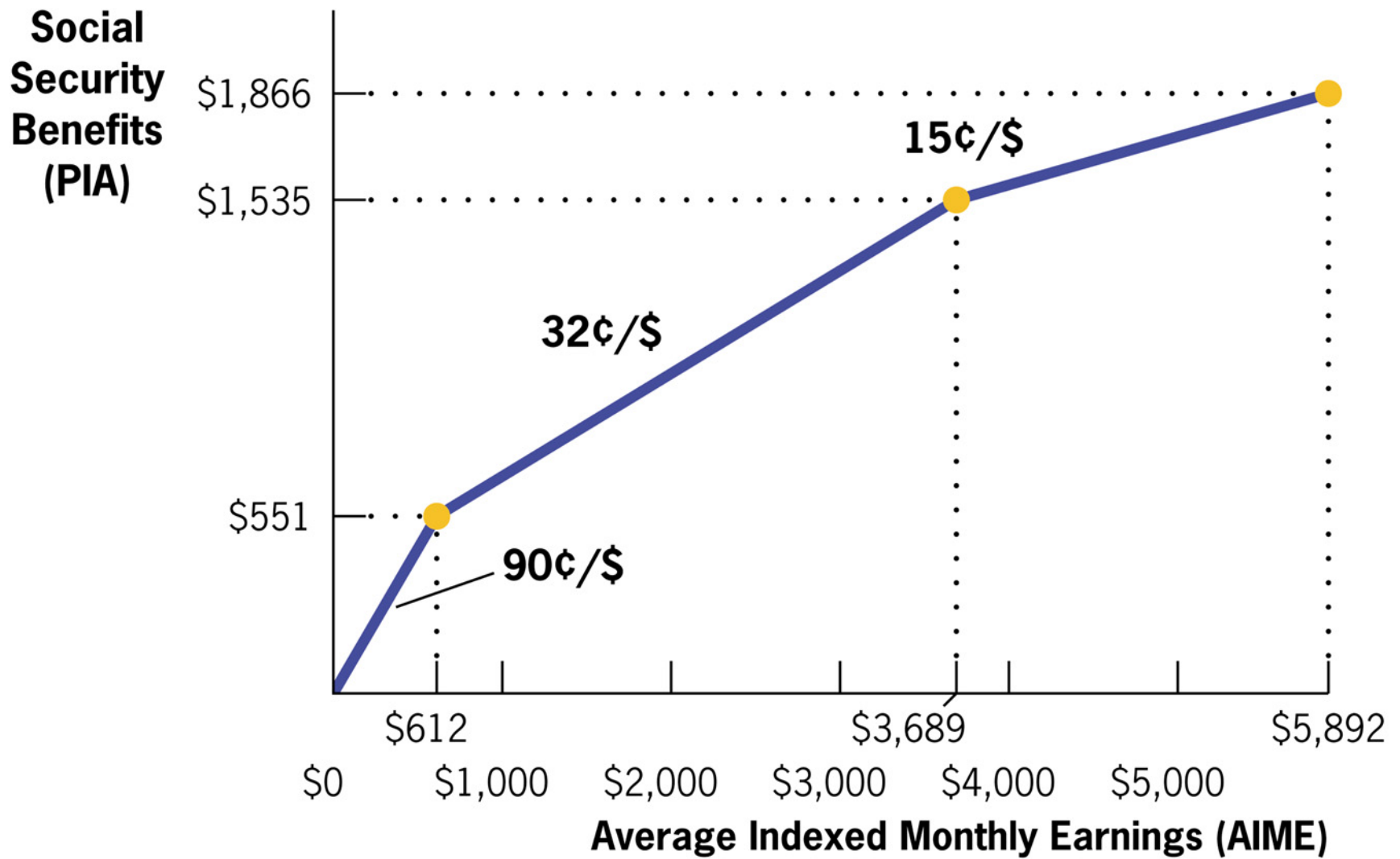


Figure 13.1 Translating Earnings into Social Security Benefits
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■ TABLE 13-1

Social Security in a Two-Period World

Period	Number of Young Workers	Earnings Per Young Worker	Taxes Paid Per Young Worker	Total Taxes Paid	Number of Old Retirees	Benefits to Old Retirees	Taxes Paid by Old Retirees	Rate of Return
1	100	\$20,000	0	0	0	0	—	—
2	105	\$21,000	\$2,100	\$220,500	100	\$2,205	0	Infinite
3	110	\$22,050	\$2,205	\$242,550	105	\$2,310	\$2,100	10%
4	115	\$23,153	\$2,315	\$266,225	110	\$2,420	\$2,205	10%
5	121	\$24,310	0	0	115	0	\$2,315	Negatively infinite

Table 13.1

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■ **TABLE 13-2**

Redistribution under Social Security for a Single Male

Earnings Level	Retirees Turn 65 in 1960	Retirees Turn 65 in 1995	Retirees Turn 65 in 2030
Low earner	\$26,100	\$12,500	-\$4,100
Average earner	\$36,500	-\$5,100	-\$56,200
High earner	\$36,800	-\$37,100	-\$248,500

Table 13.2

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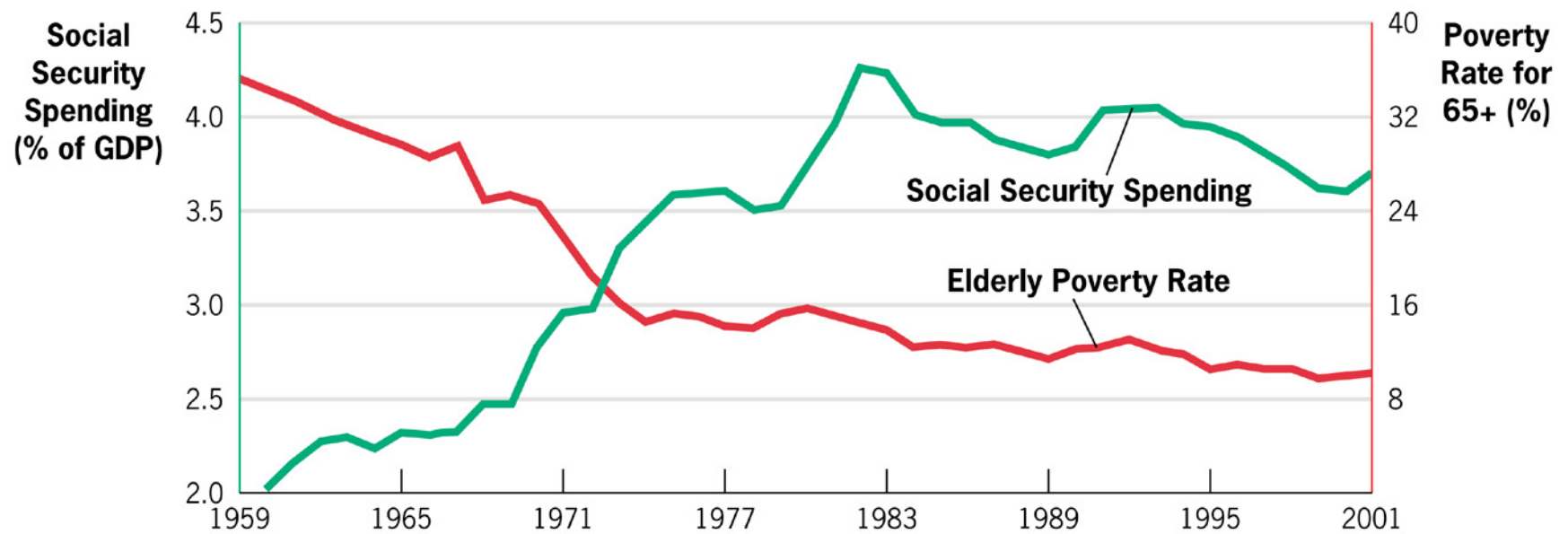


Figure 13.2 Elderly Poverty and Social Security, 1959–2001
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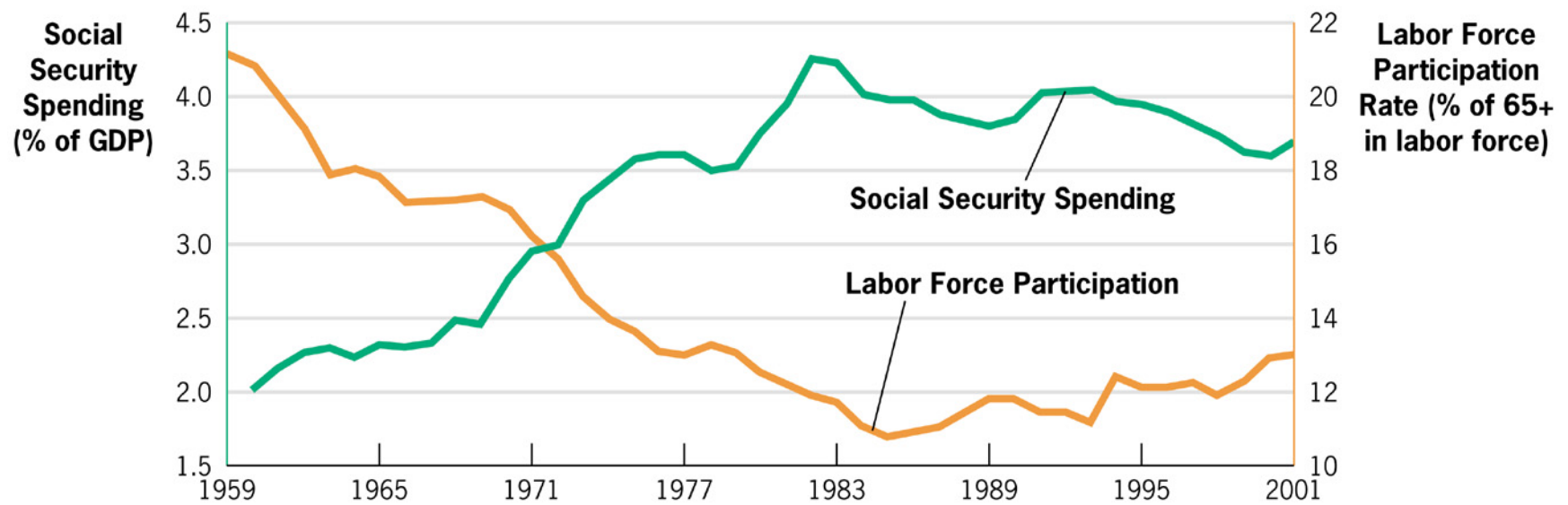


Figure 13.3 Elderly Work and Social Security, 1959–2001
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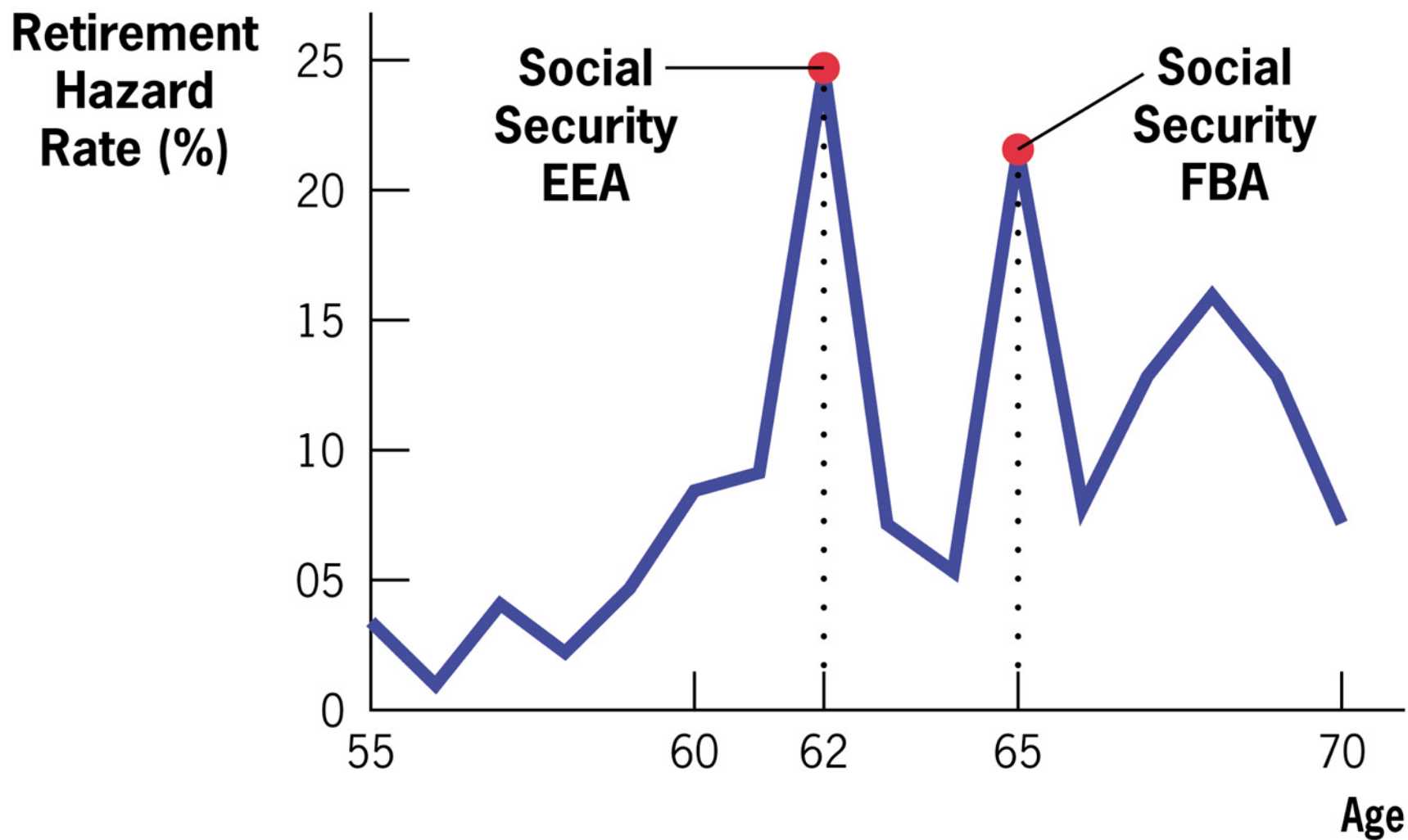


Figure 13.4 Hazard Rate of Retirement for Males in the United States
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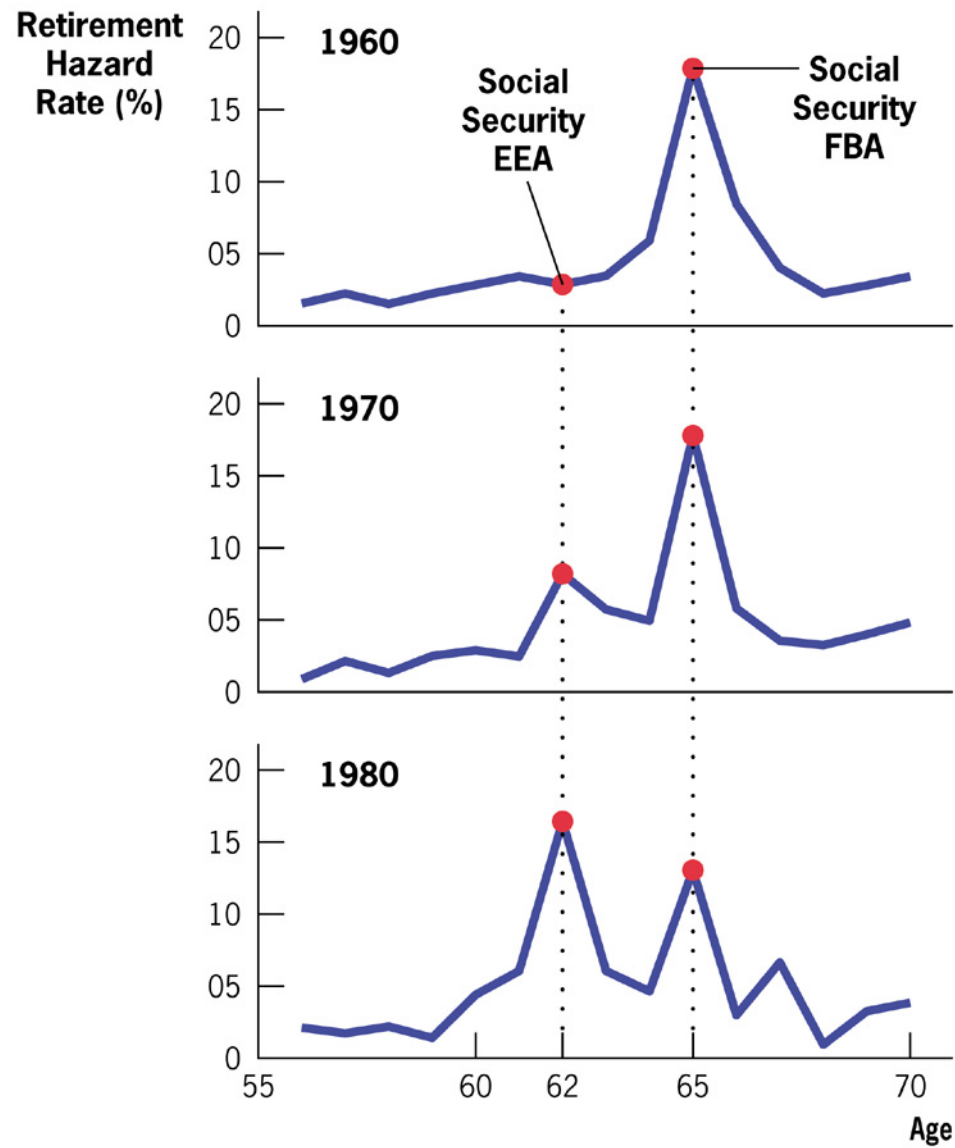


Figure 13.5 The Evolution of the U.S. Male Retirement Hazard
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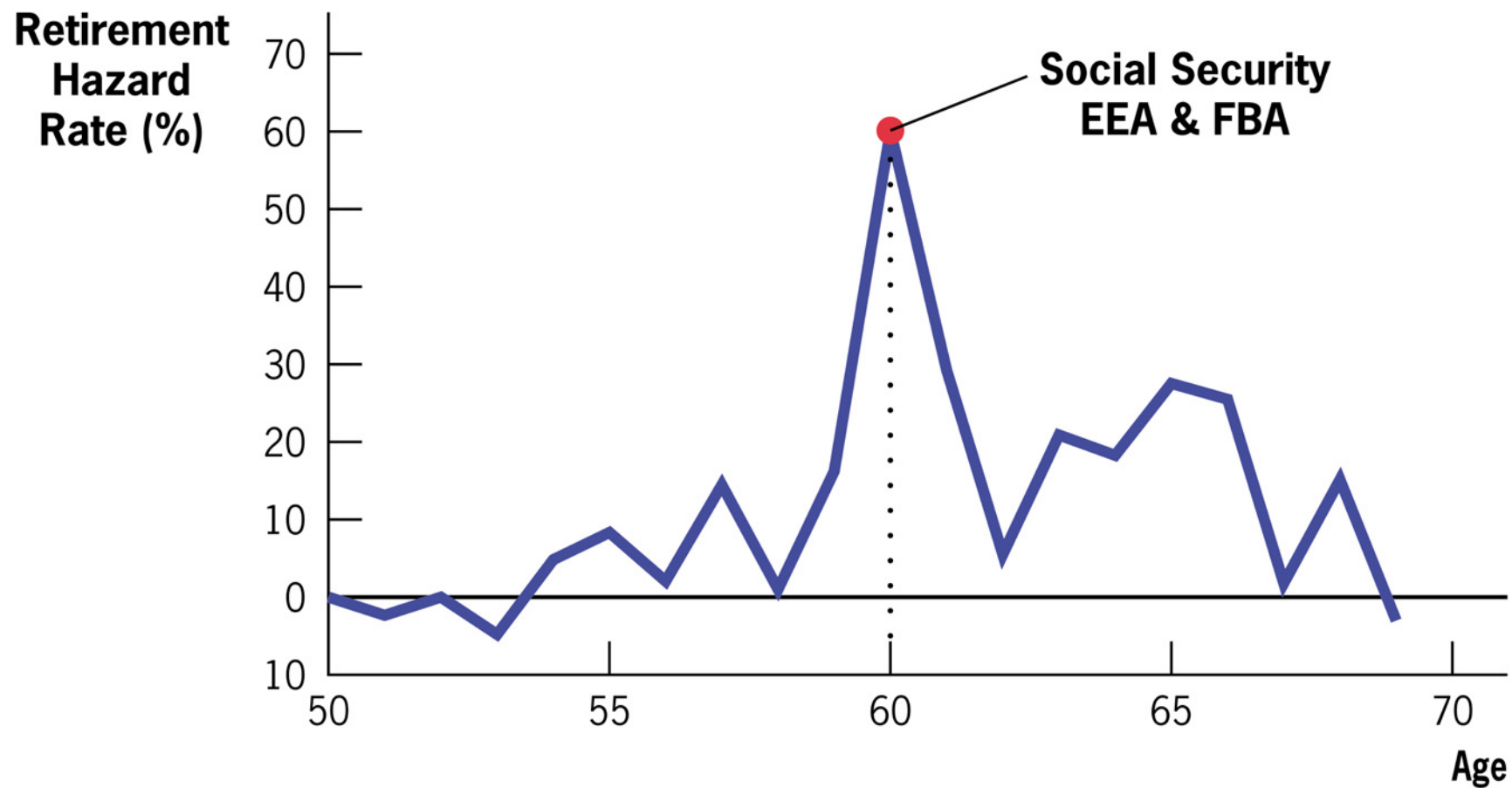


Figure 13.6 Hazard Rate of Retirement in France
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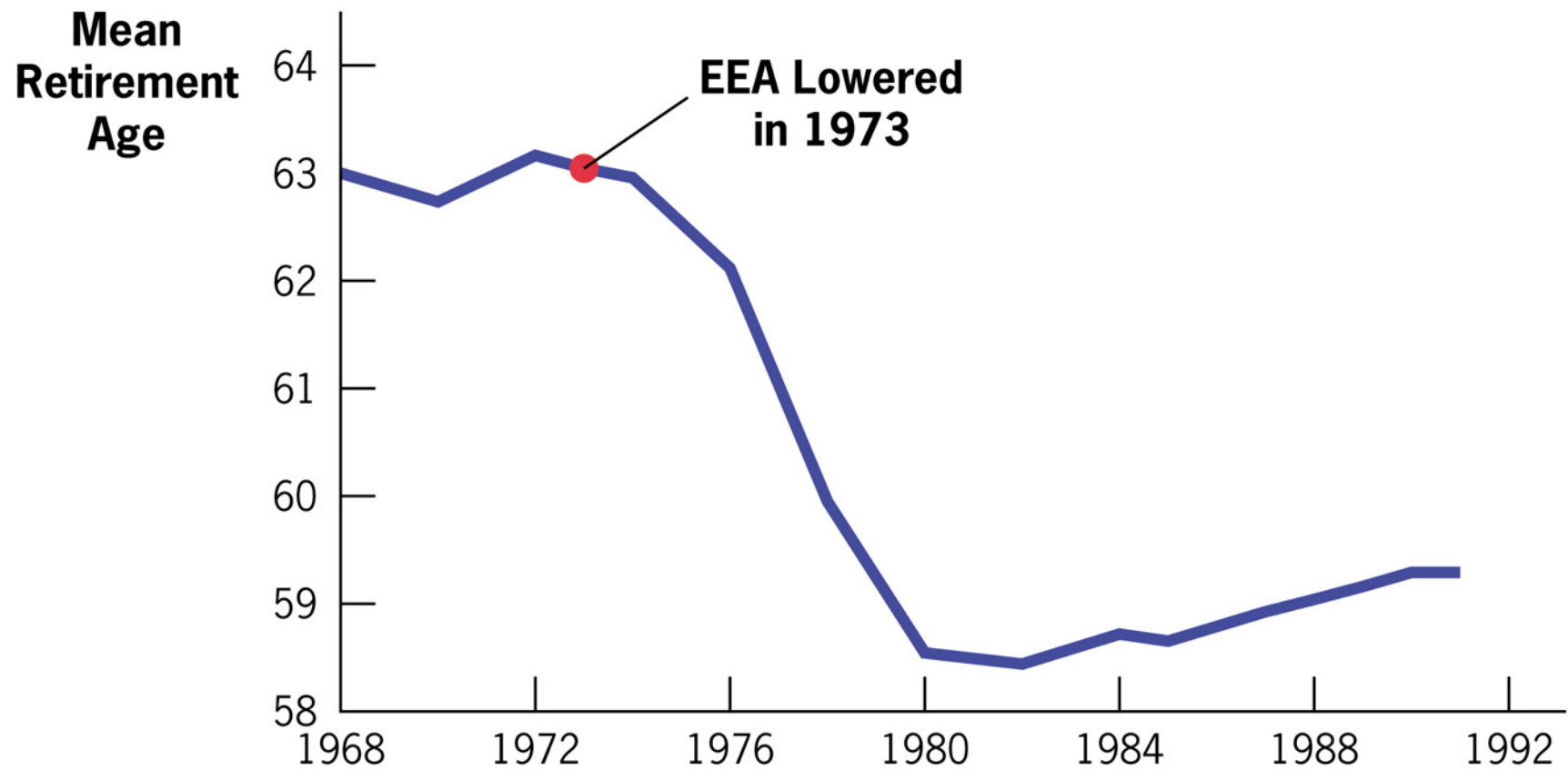


Figure 13.7 Change in Average Retirement Age in Germany from 1968 to 1992
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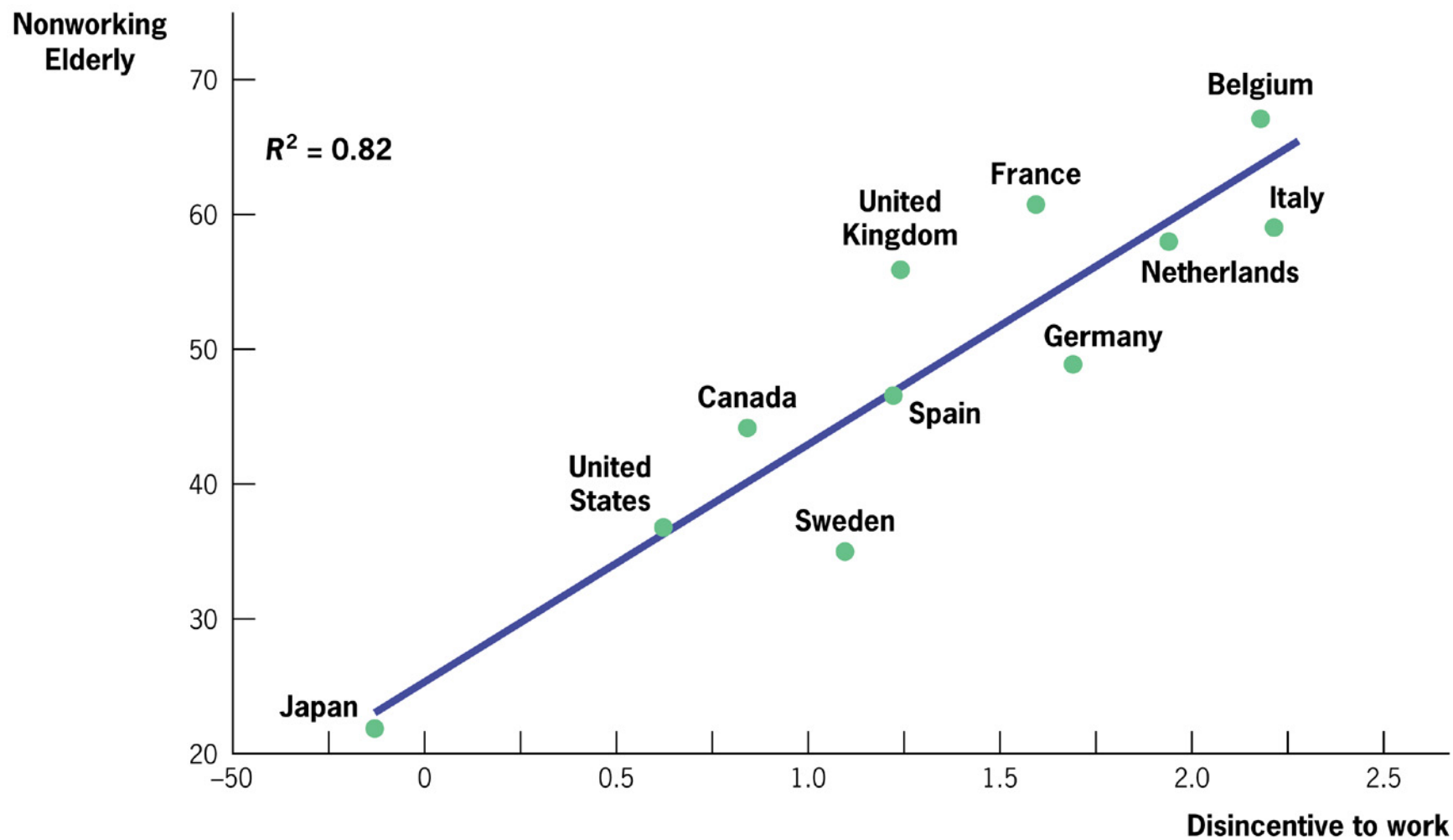


Figure 13.8 Implicit Taxes on Work and Nonwork
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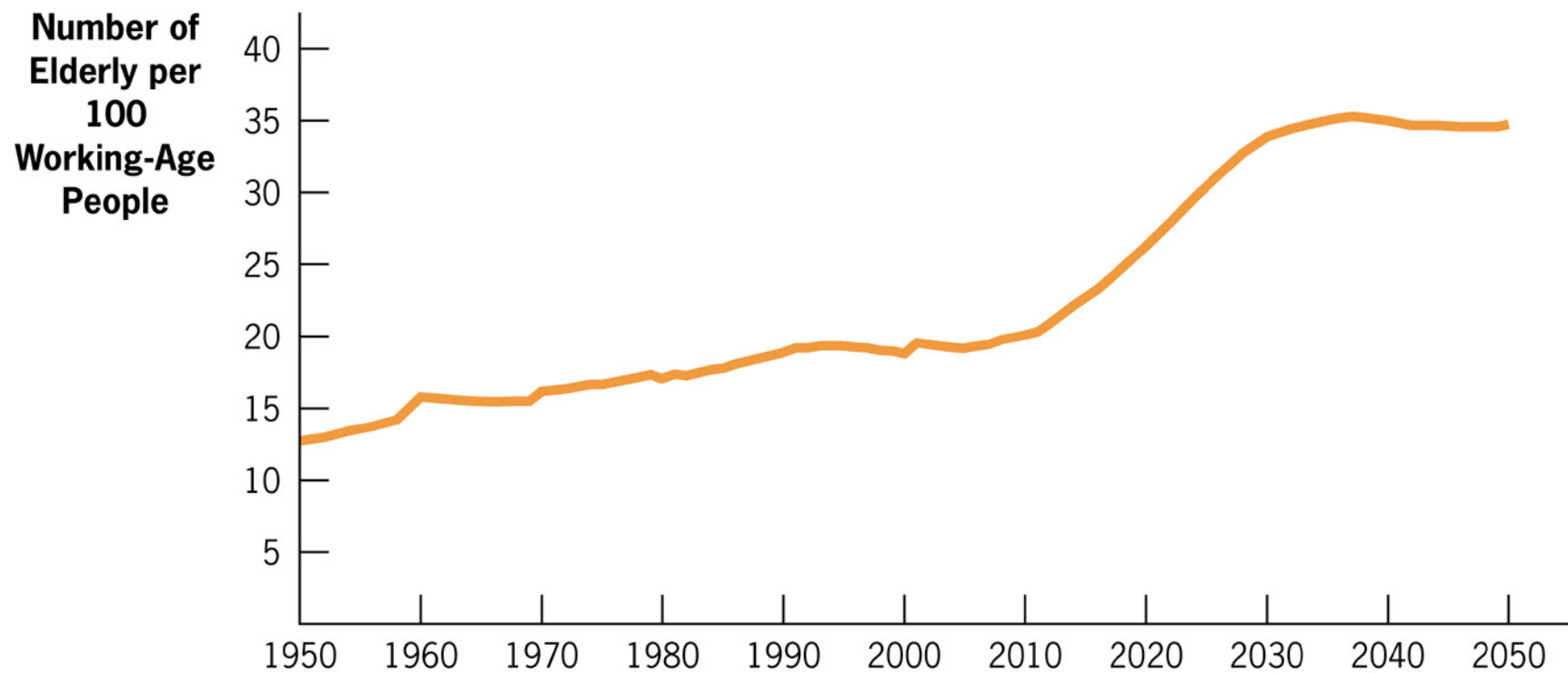


Figure 13.9 Ratio of Elderly to Working-Age Population, 1950–2050
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