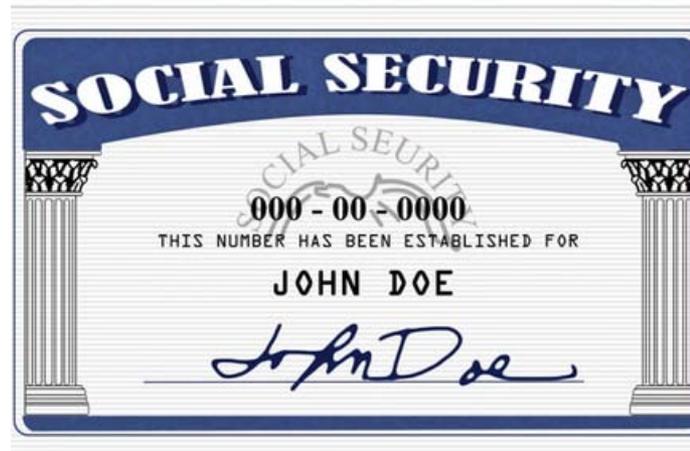




Economic Policy Institute

Social Security and the Fiscal Gap

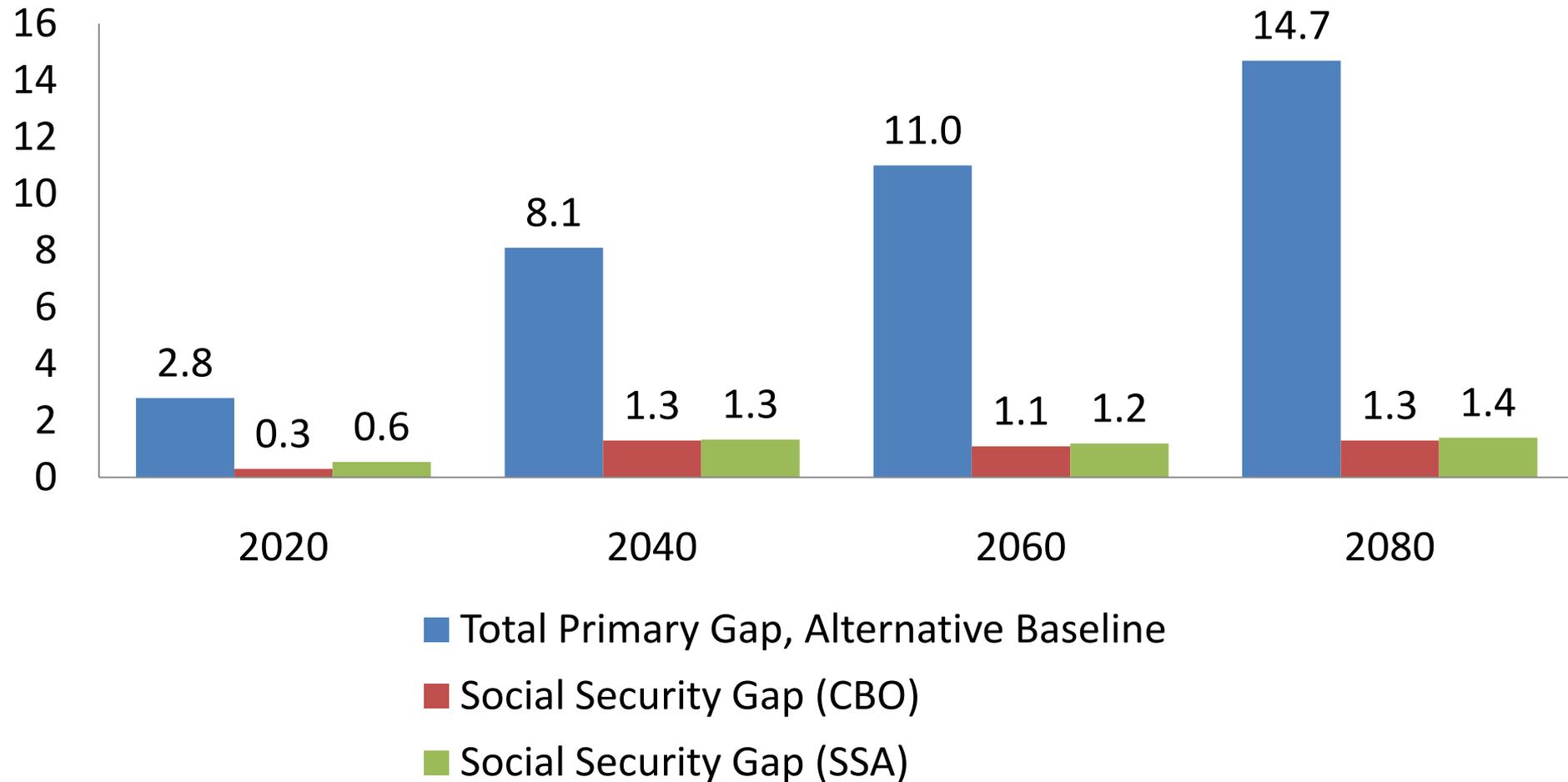


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July 22nd, 2010

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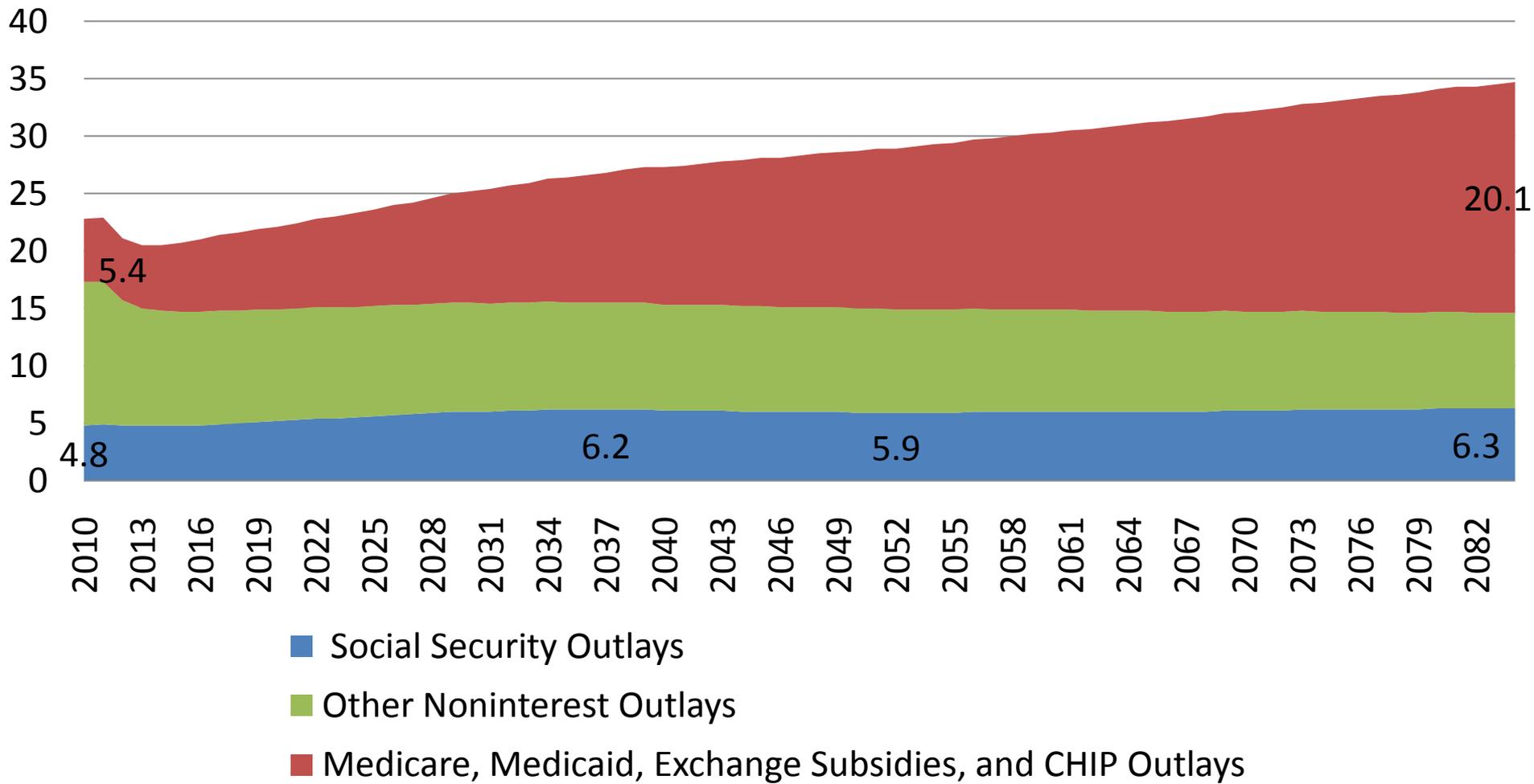
Primary Shortfall, share of GDP



Source: CBO Long Term Outlook 2010, CBO Social Security Options 2010, SSA Trustees Report 2009



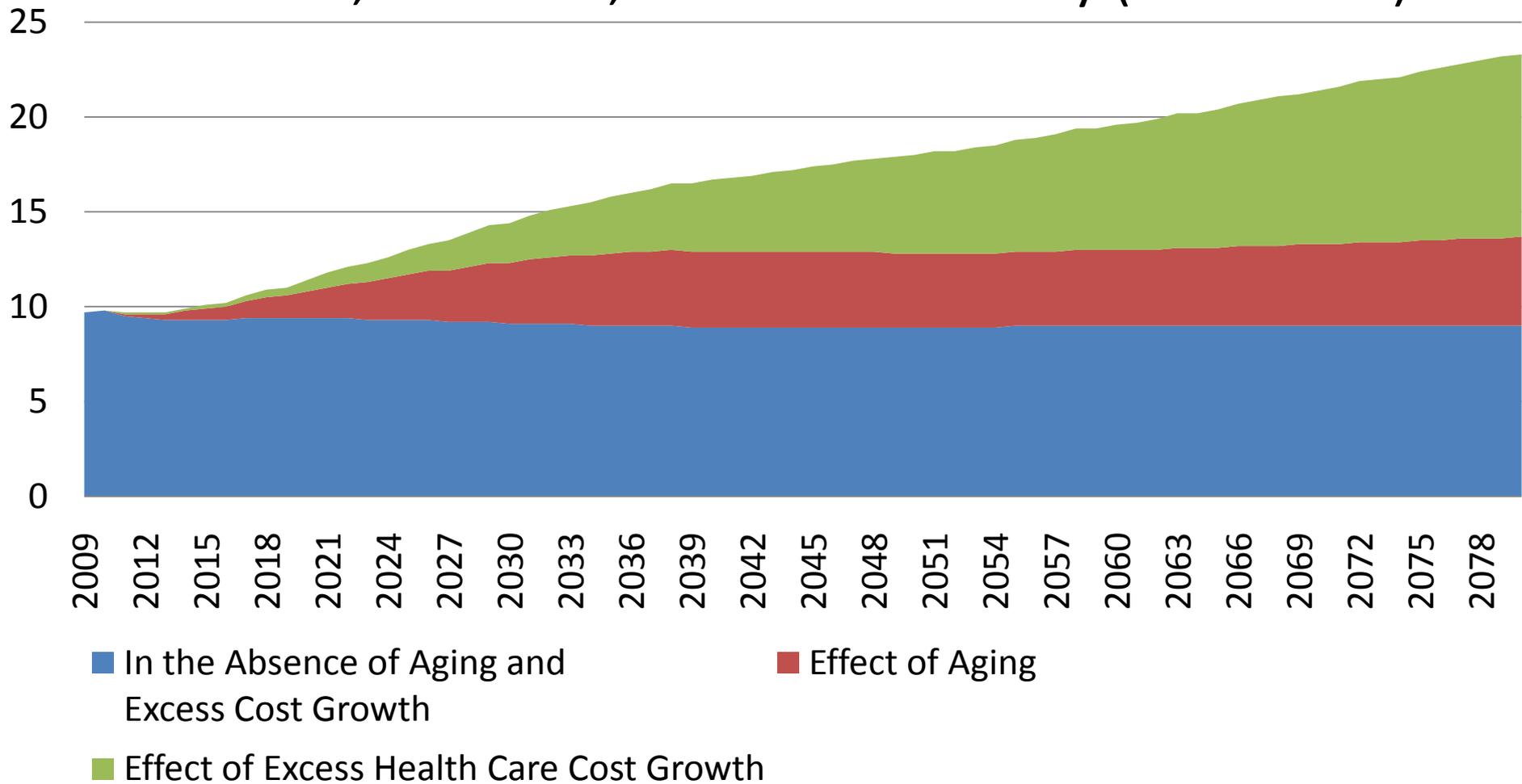
Primary Spending under Alternative Baseline, share of GDP



Source: CBO Long Term Outlook 2010



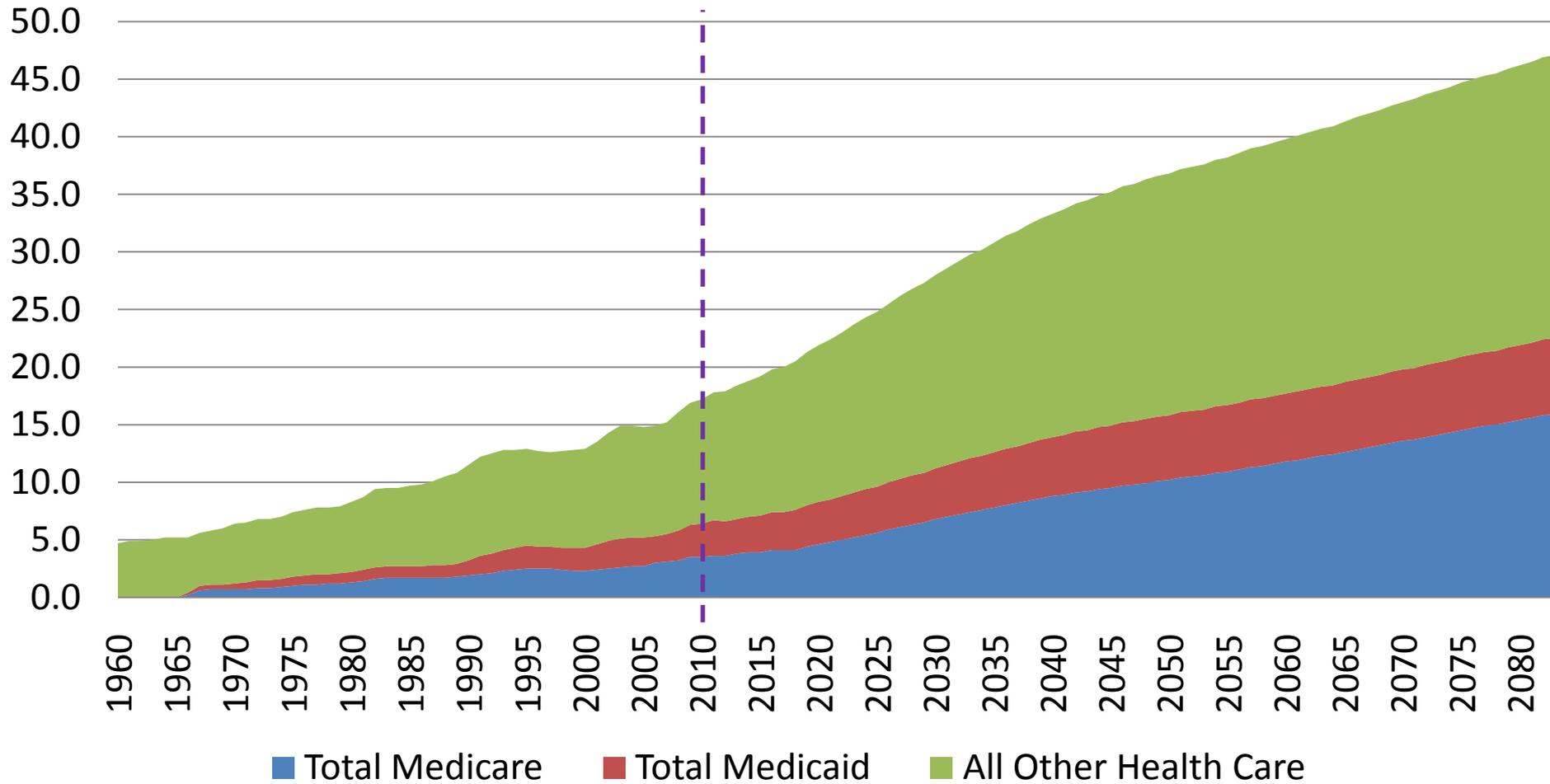
Factors Explaining Future Federal Spending on Medicare, Medicaid, and Social Security (Pre-PPACA)



Source: CBO Long Term Outlook 2009



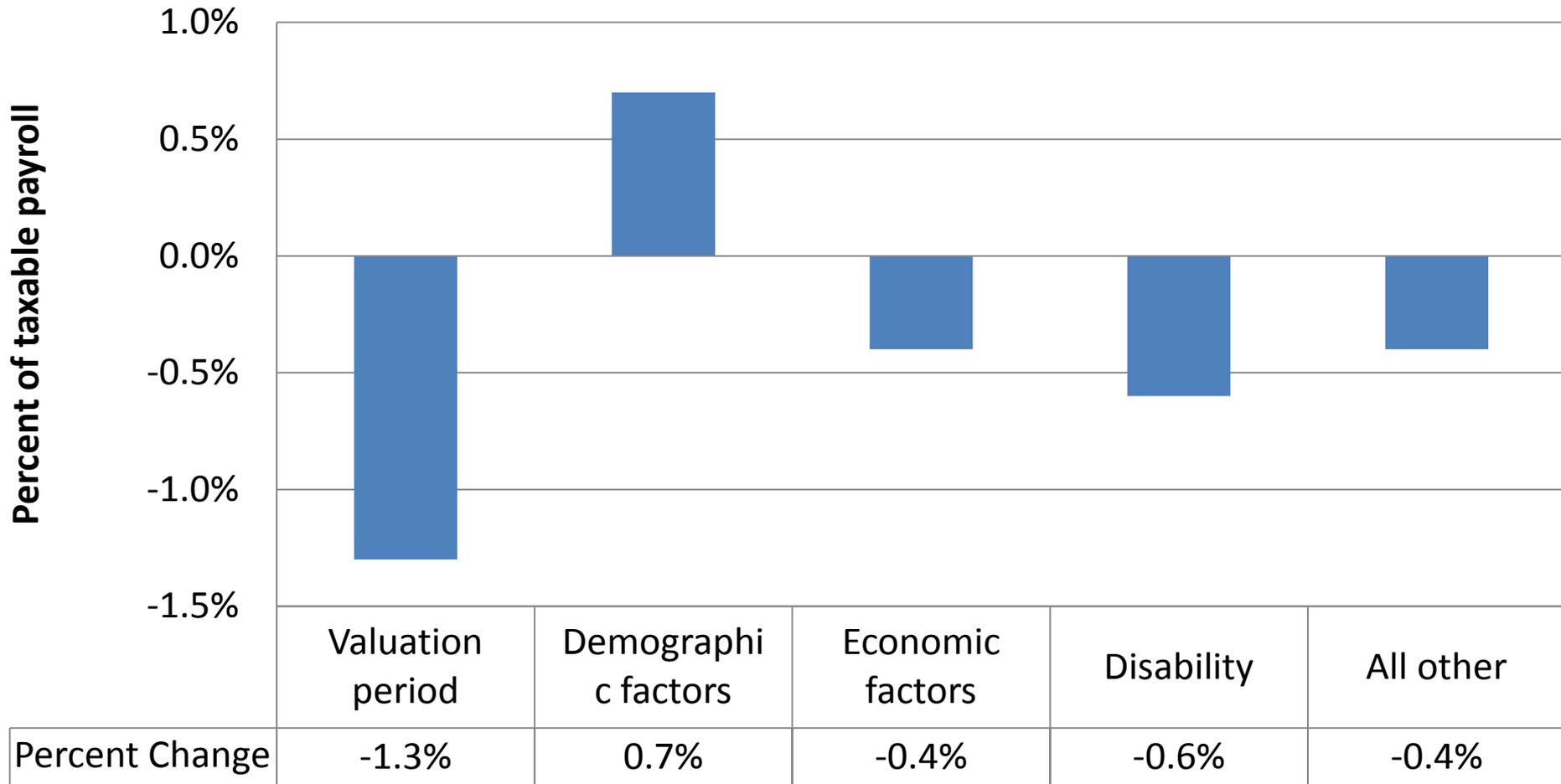
Health Care Cost Growth (Pre-PPACA)



Source: CBO Long Term Outlook 2009



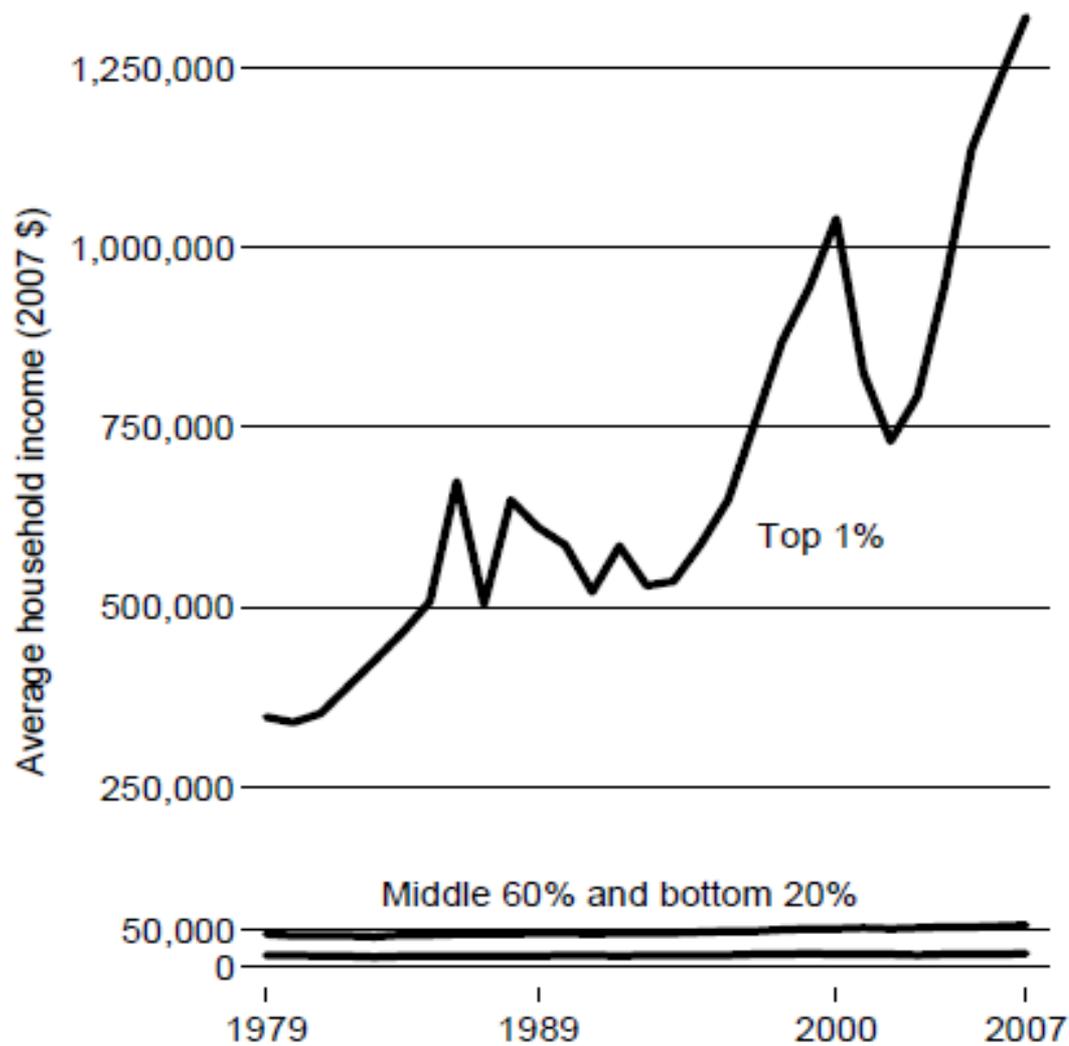
Change in 75-year actuarial balance of Social Security, 1983-2005, by reason for change



Source: Social Security Trustees Reports, 1983-2005

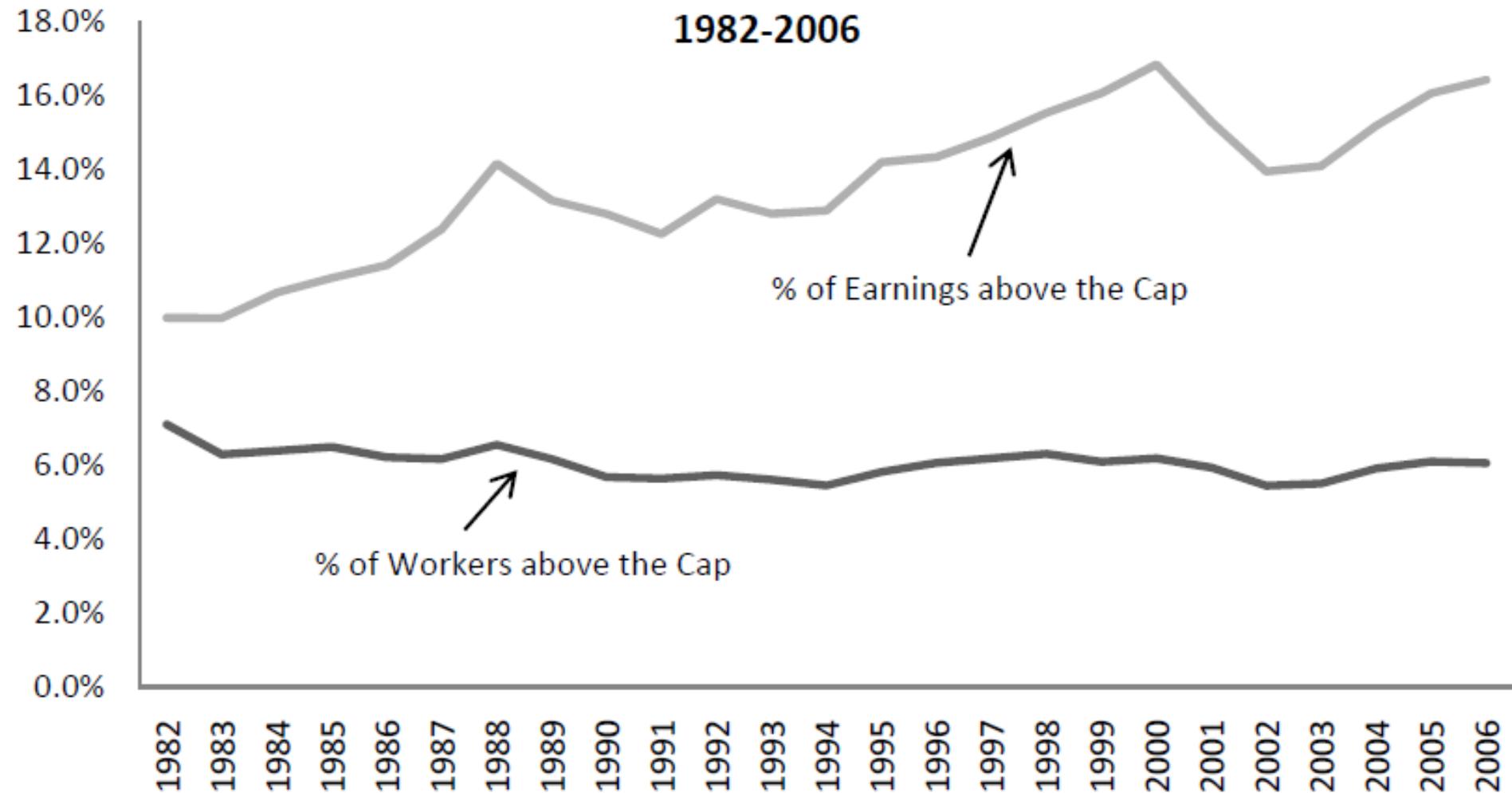


Inequality rising: inflation-adjusted household incomes, 1979-2007





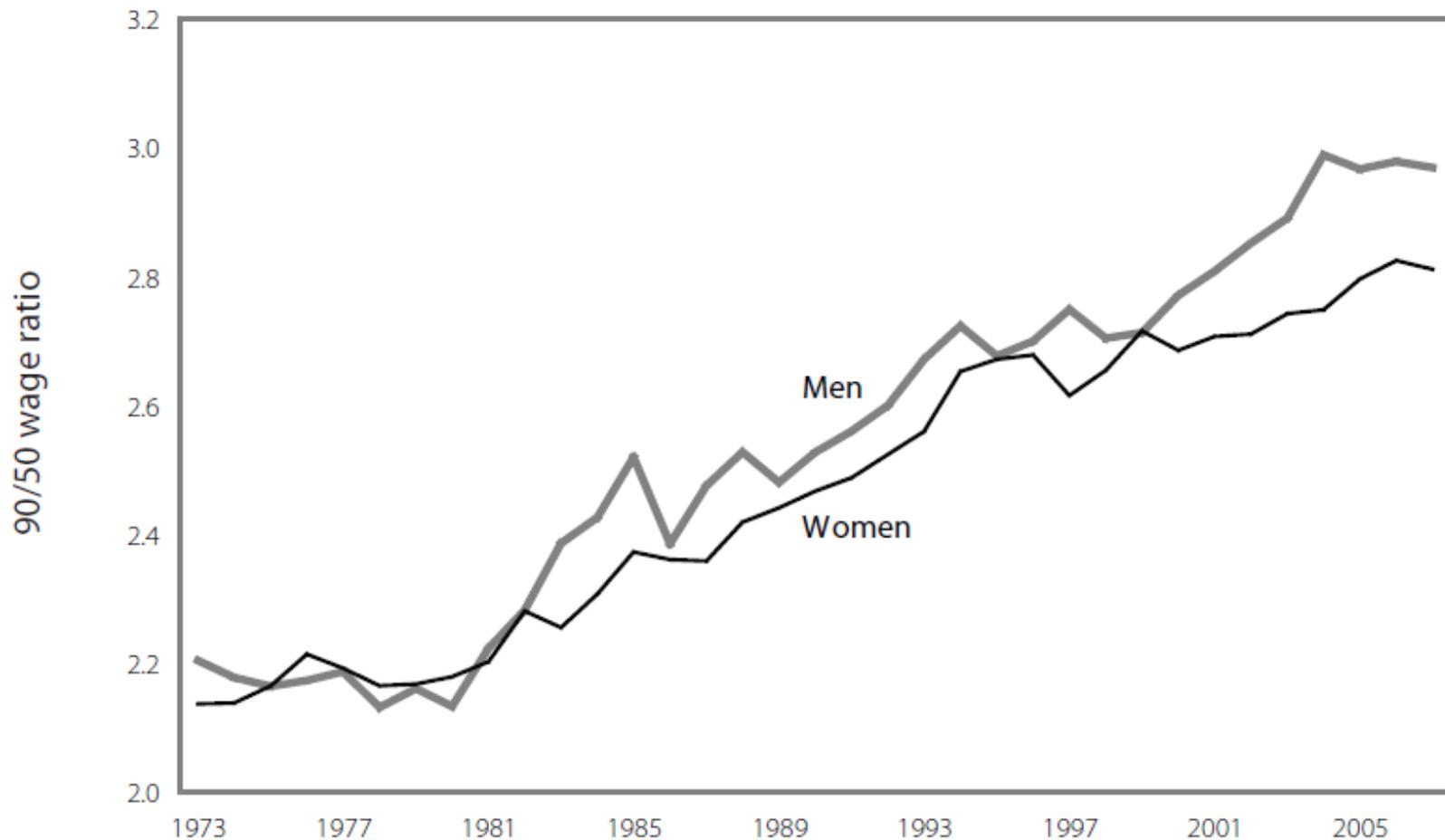
**Chart 1. Percent of Workers and Percent of Earnings Above the Cap
1982-2006**



Source: Author's calculations based on data from Social Security Administration, Annual Statistical Supplement, 2008.



95/50 percentile wage inequality, 1973-2007



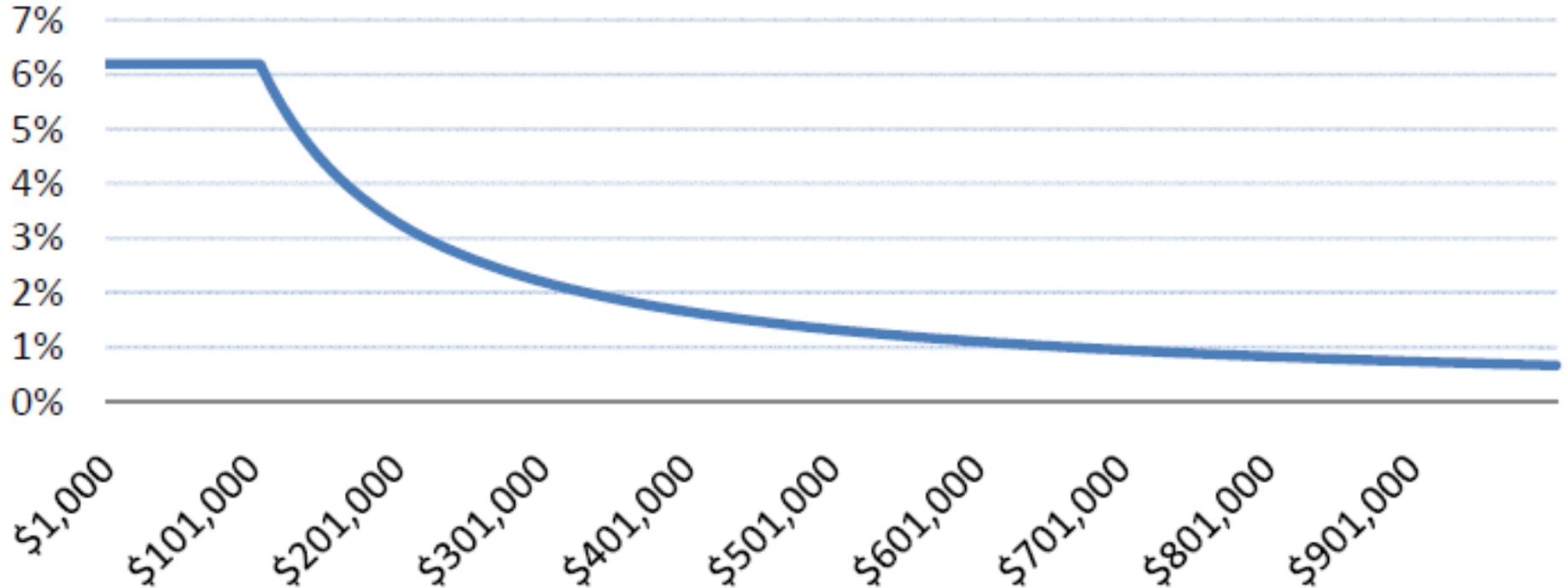
Source: Authors' analysis of CPS ORG data.

Figure 3M from: Mishel, Lawrence, Jared Bernstein, and Heidi Shierholz, *The State of Working America* 2008/2009. An Economic Policy Institute Book. Ithaca, N.Y.: ILR Press, an imprint of Cornell University Press, 2009.





Social Security tax paid as a share of earnings



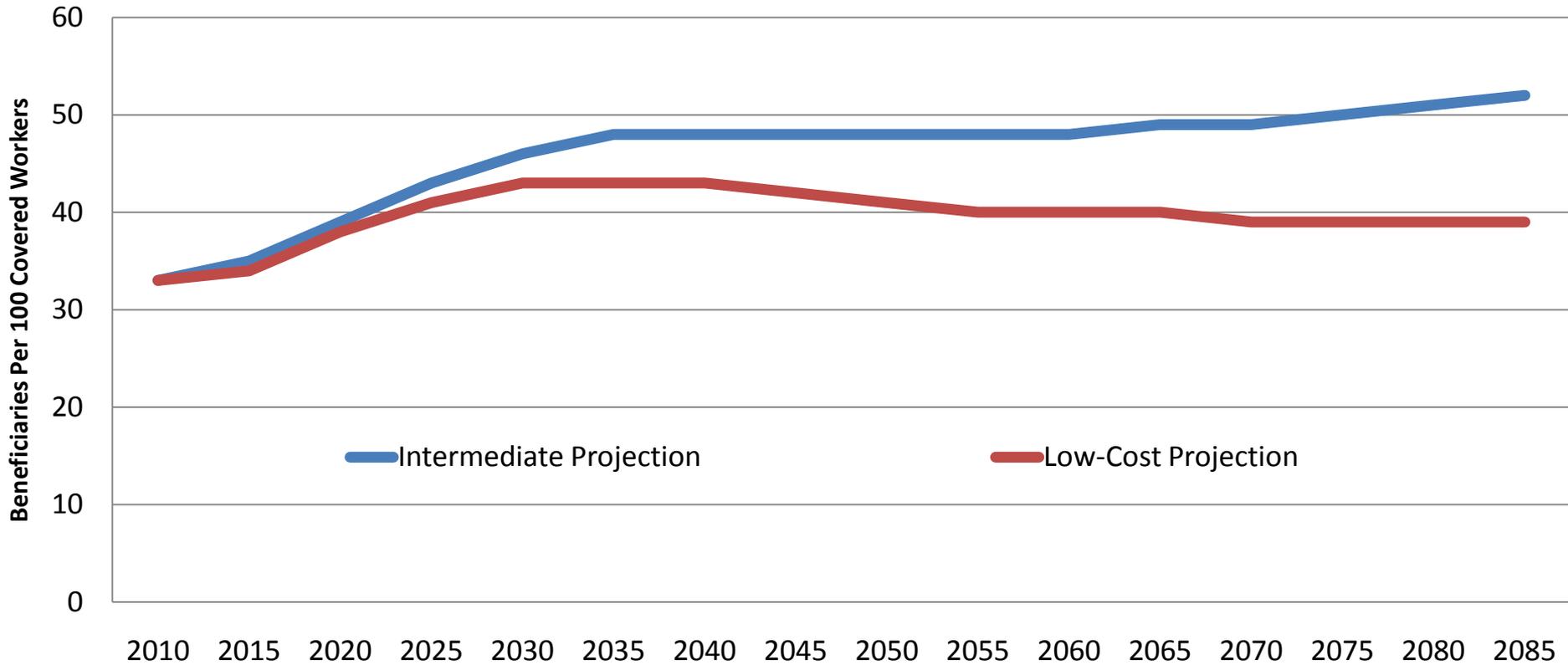
Source: EPI

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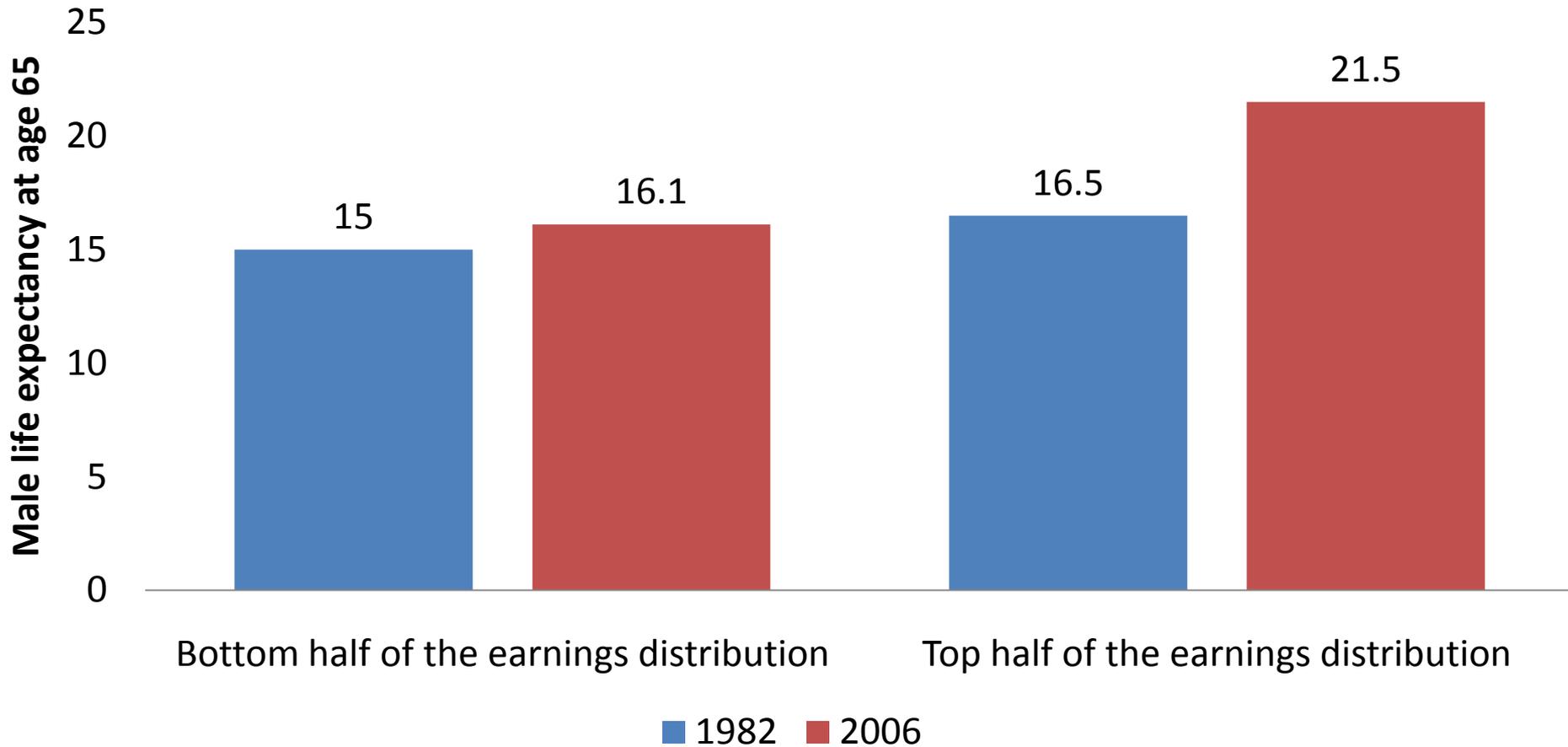
Beneficiary-worker ratio levels off



Source: 2009 Social Security Trustees Report.



Life expectancy has barely increased for low-income Americans



Source: EPI

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Over 40% of retirees are being forced to retire earlier than expected

Forced early retirement*

Percent of all retirees

Primary reason

Percent of retirees forced into early retirement

- Health reasons
- Job loss/downsizing
- Need to care for spouse/family

Investable assets

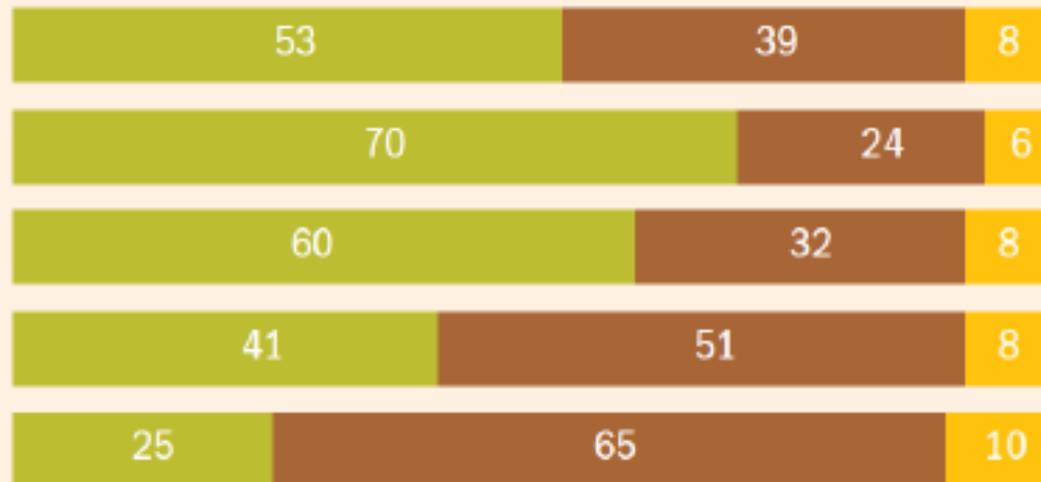
Overall 41

\$50K-\$100K 49

\$101K-\$250K 43

\$251K-\$1M 38

Over \$1M 30



* Percent of retirees who retired earlier than expected because of one of the following reasons: need to care for spouse/family, health challenges, or job loss/downsizing.

Source: McKinsey 2007