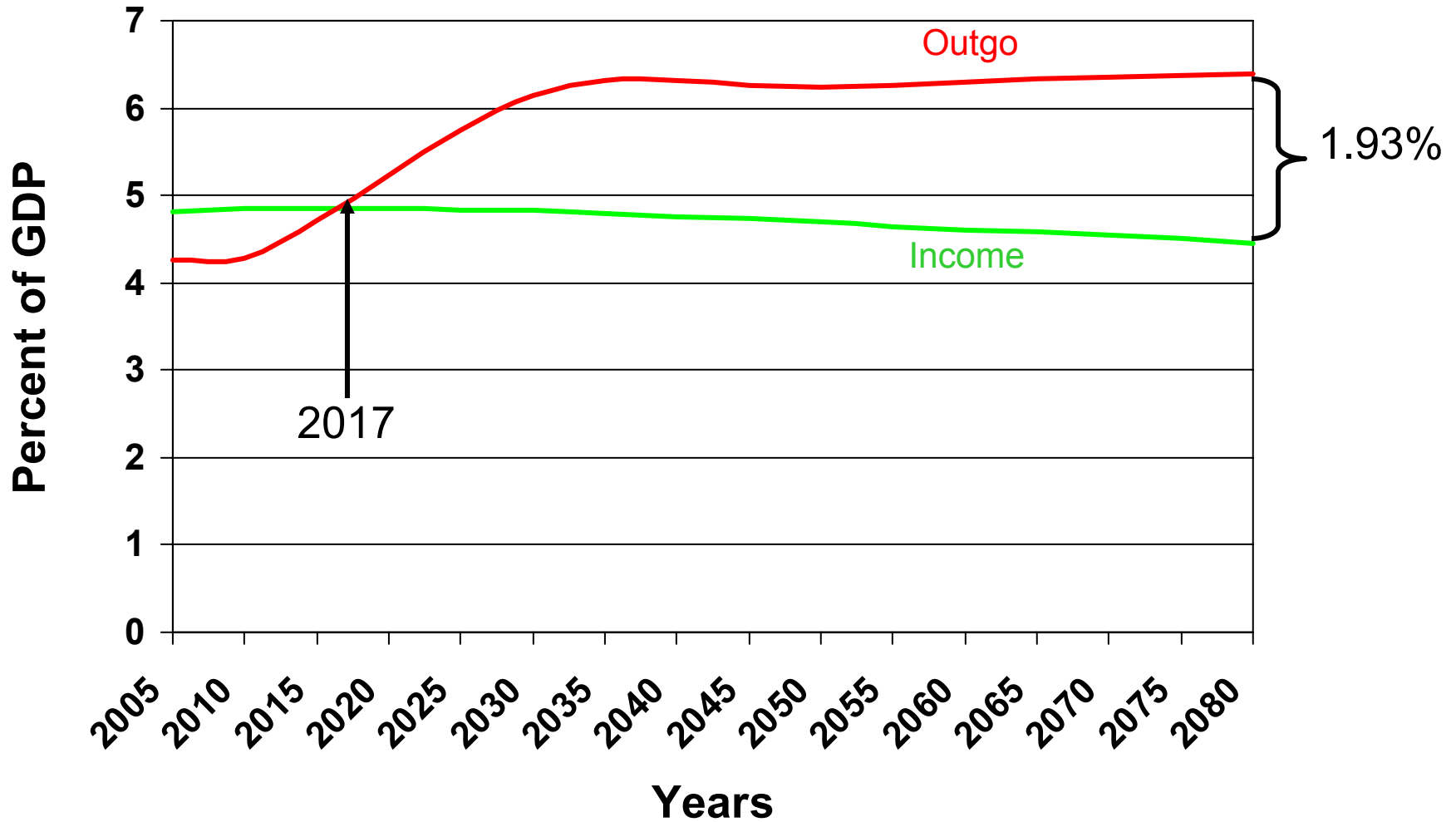


# Public Pension Reform Brief Overview

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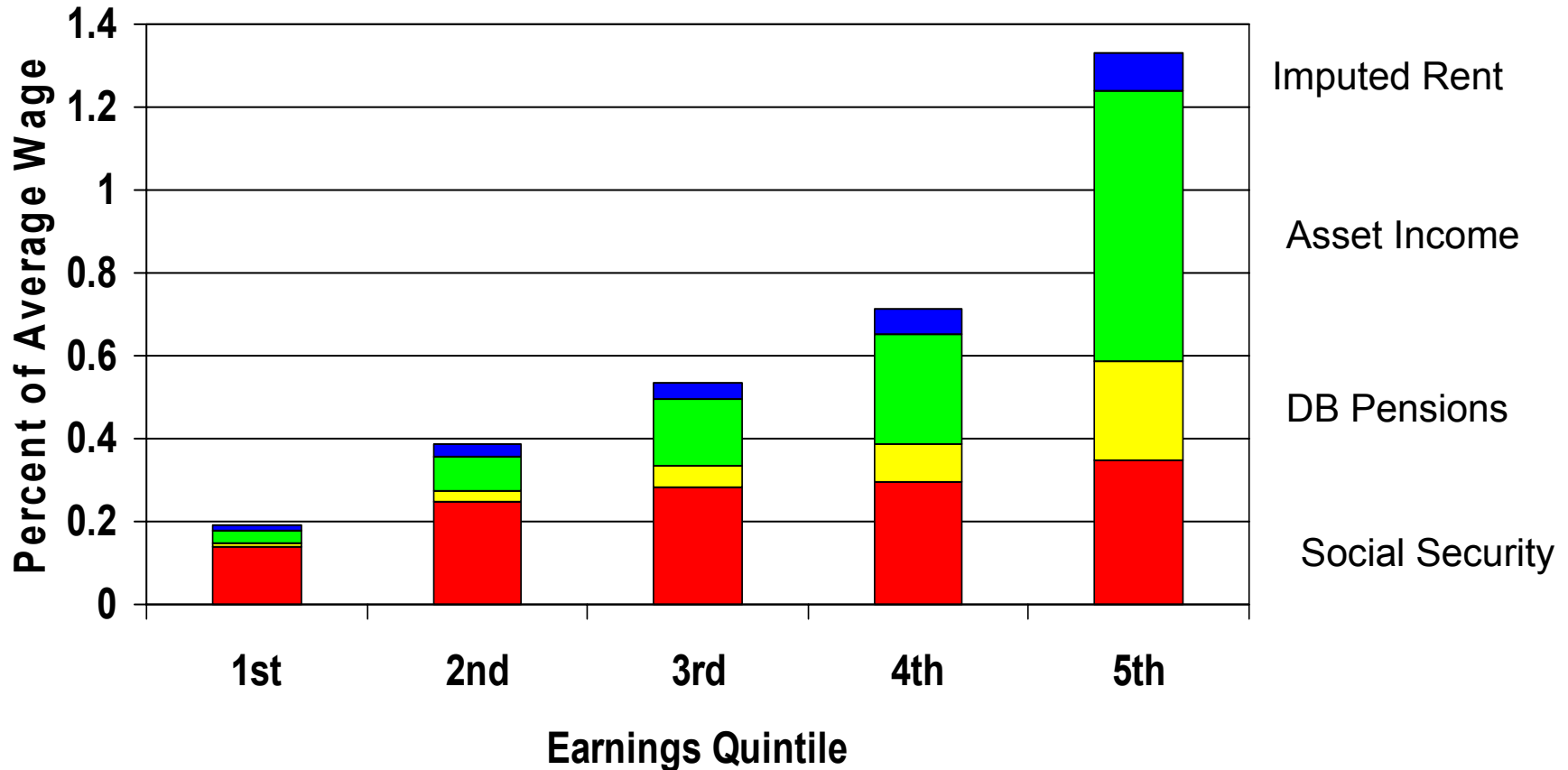
# OASI Income and Outgo



# Measures of Shortfall

Period	Discounted	As Percent of:	
	Present Value	Taxable Payroll	GDP
2005-2078	\$4.0 trillion	1.8	0.6
2005-Infinity	\$11.1 trillion	3.5	1.2
2078		5.8	1.9

# Non Labor Income by Lifetime Earnings Quintile, 2035 Retirees



## Projected Replacement Rates with and without SMI Premium

	Theoretical Average Earner	Actual Average Benefit		
		Total	Male	Female
<b>2004:</b>				
Annual Benefit	\$14,209	\$11,082	\$12,481	\$9,583
Percent of Ave Wage	41.9	32.7	36.8	28.3
-- after SMI premium	39.6	30.3	34.5	25.9
<b>2080:</b>				
Annual Benefit (2004\$)	\$28,421	\$22,166	\$24,965	\$19,167
Percent of Ave. Wage	36.3	28.3	31.9	24.5
-- after SMI premium	30.6	22.6	26.2	18.8

# Issues Under Discussion

1. Ideas with measurable (though not majority) support
  - a. Private accounts (but only until 2017?)
  - b. Increase in contribution ceiling (from \$90,000 (85%) to as much as \$175,000 (90%)?)
  - c. Reduction in benefits for higher earners. By 2075, “progressive price indexing” could reduce benefits by:
    - 42% for “high earner” (1.6 times average)
    - 28% for “average earner”
2. Ideas currently lacking measurable support
  - a. Contribution rate increase
  - b. Retirement age increase
  - c. Mandates to increase coverage of private pension system

# Retirement Plan Participation, Private Wage and Salary Workers, 2001

