

WWS 594, Class # 3

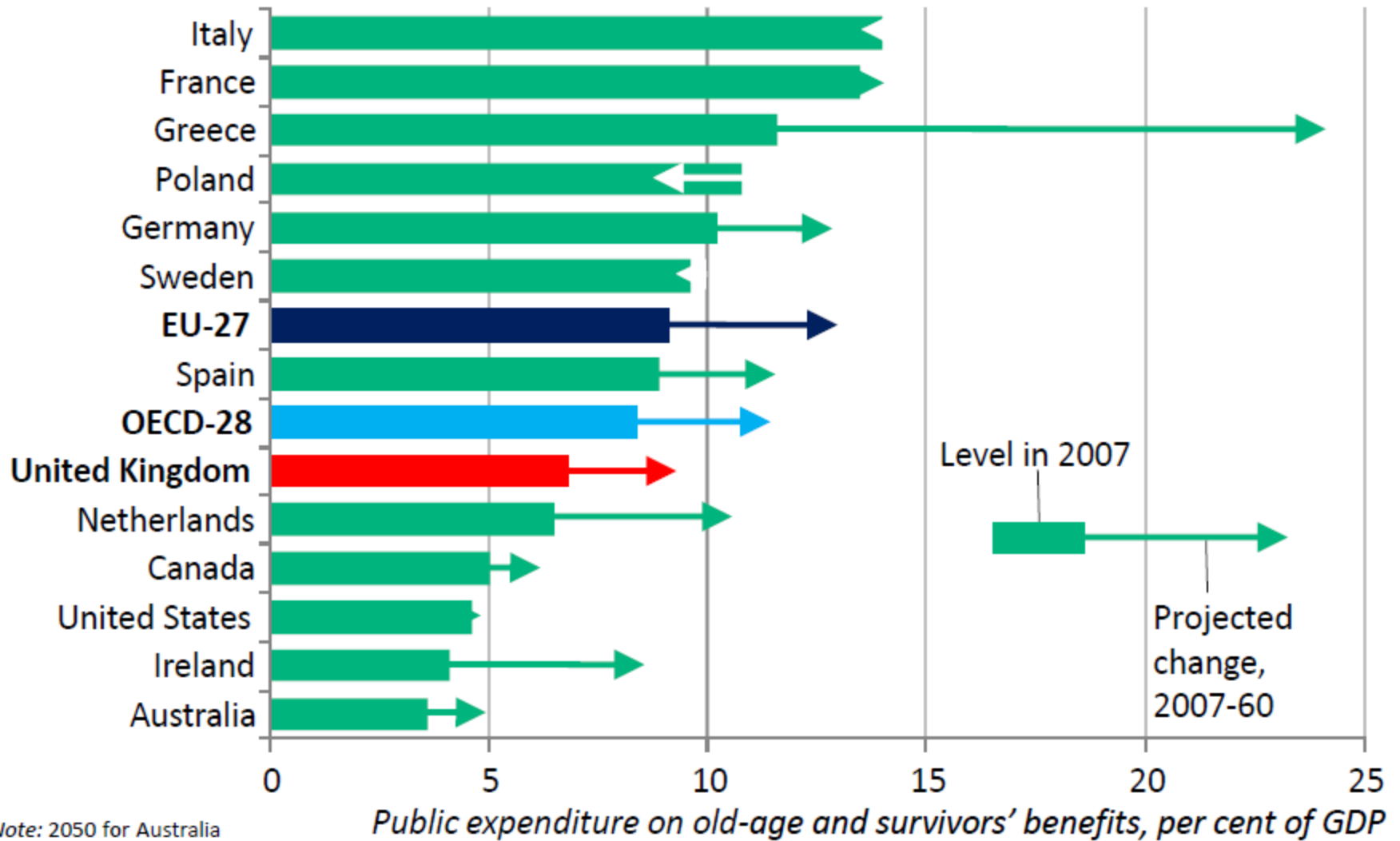
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From the OECD

Agenda: four key objectives and principles

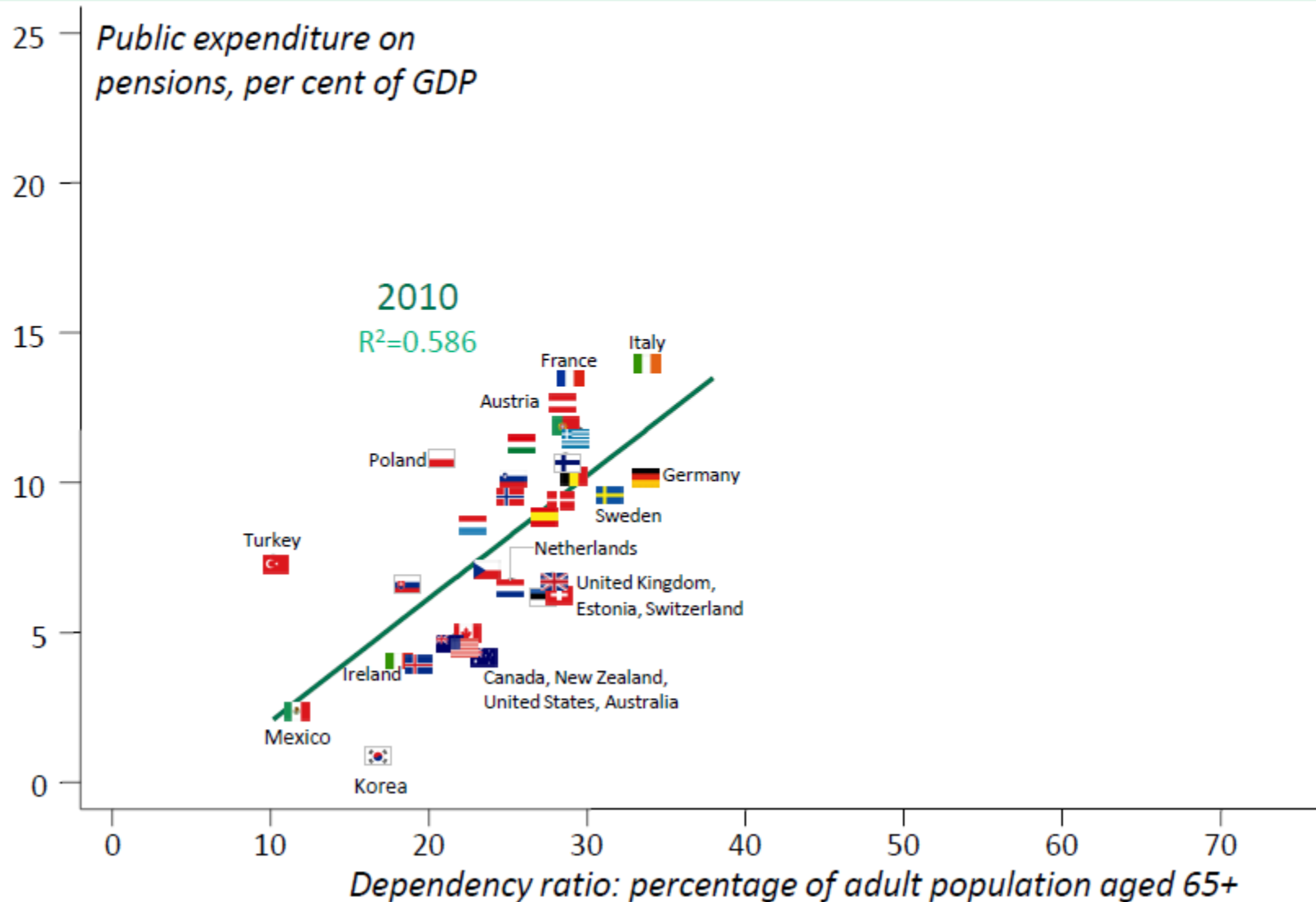
- Financial sustainability
- Work incentives
- Security in the face of risk and uncertainty
- Benefit adequacy and coverage

Public pension spending



Note: 2050 for Australia

Demographic (in)determinism



Normal pension age: long-term rules

Number of OECD-34 countries

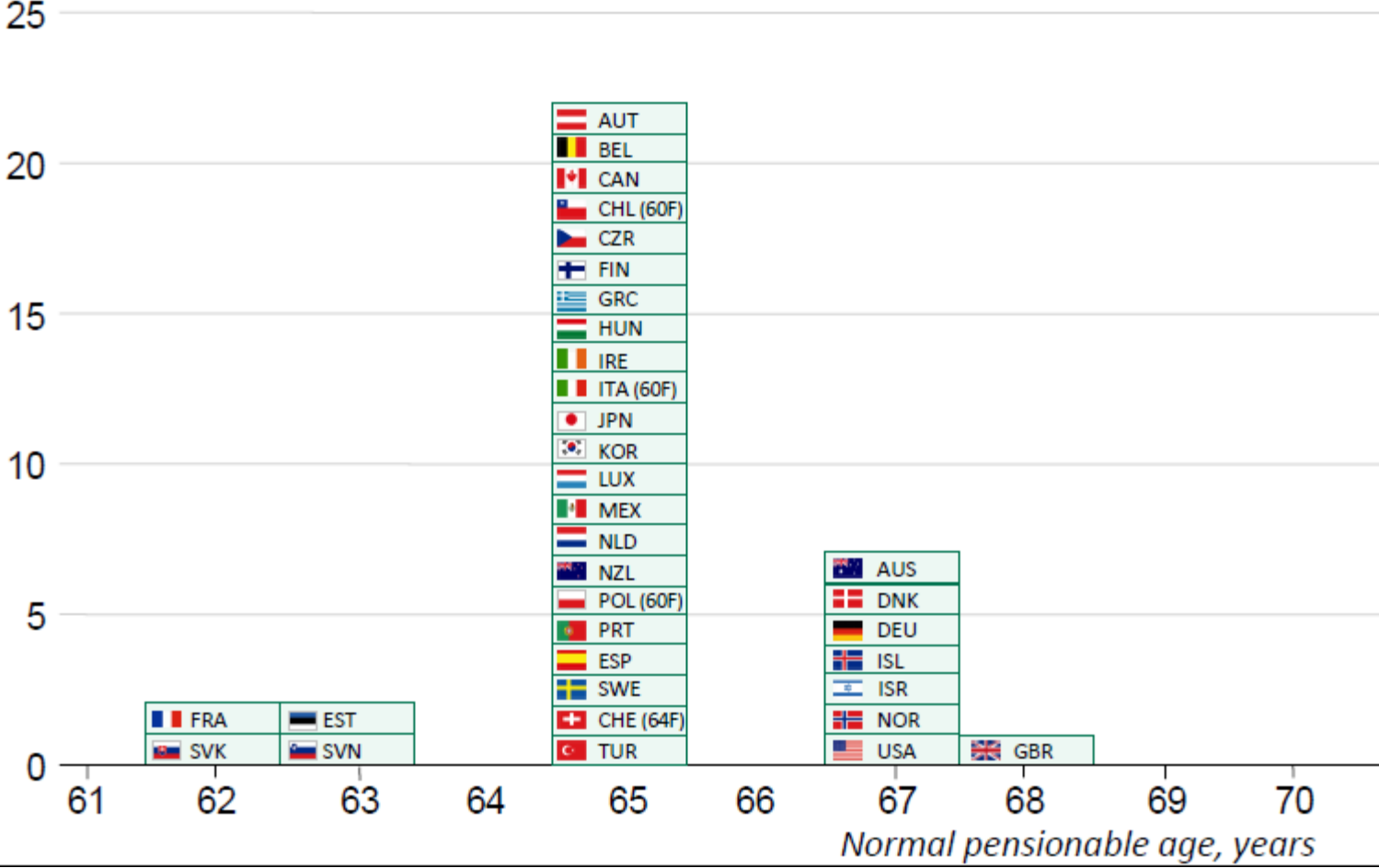


Table 2.A1—Covered employment and self-employment provisions, by year enacted

Year enacted	Coverage election or waiver	Provision
1935	...	All workers in commerce and industry (except railroads) under age 65 in the continental United States, Alaska, and Hawaii and on American vessels. (Covered after 1936.)
1939	...	Age restriction eliminated.
1946	...	Railroad and Social Security earnings combined to determine eligibility for and amount of survivors benefits.
1950	...	Regularly employed farm and domestic workers. Nonfarm self-employed (except members of professional groups). Federal civilian employees not under a federal retirement system. U.S. citizens employed outside the United States by American employers. Workers in Puerto Rico and the U.S. Virgin Islands (effective January 1, 1951).
	Elective by employer	State and local government employees not under a state and local government retirement system. Termination permitted 2 years after giving notice if group has 5 years of coverage when notice is given.
	Elective by employer and employee	Employees (other than members of the clergy) of nonprofit organizations (upon election by employer, each current employee given a choice as to coverage; new employees are covered). Nonprofit organizations permitted to terminate coverage 2 years after giving notice, if the organization has 8 years of coverage when notice is given.
1951	...	Railroad workers with less than 10 years of service, for all benefits. (After October 1951, coverage retroactive to 1937.)
1954	...	Farm self-employed. Professional self-employed except lawyers, dentists, physicians, and members of other medical groups (taxable years ending after 1954). Additional regularly employed farm and domestic workers. Homeworkers.

Table 2.A3—Annual maximum taxable earnings and contribution rates, 1937–2011

Year	Annual maximum taxable earnings (dollars)		Contribution rate (percent)							
			Employer and employee, each				Self-employed person			
	OASDI	HI	Total, OASDI and HI	OASI	DI	HI	Total, OASDI and HI	OASI	DI	HI
2011	106,800 ^a	e	7.65 ^g	5.3	0.9	1.45	15.3 ^g	10.6	1.8	2.9

e. Upper limit on earnings subject to HI taxes was repealed by OBRA 1993.

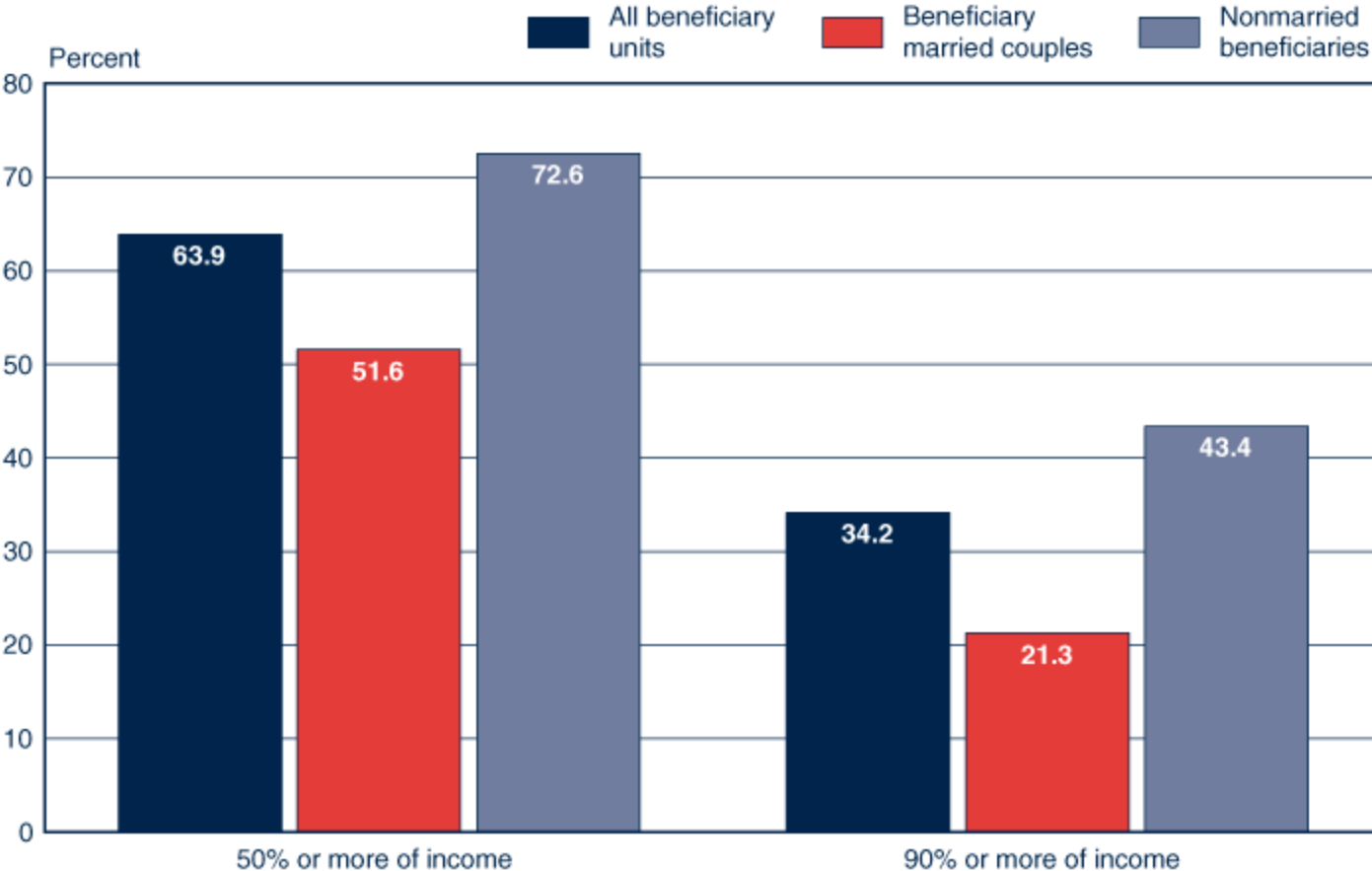
Table 2.A11—Formulas for computing PIA from AIME, cost-of-living adjustments, and minimum PIA for workers who were first eligible in 1979 or later, by year of first eligibility

Eligibility year	Calculation of PIA (based on percentage of AIME) ^a (dollars)			First applicable cost-of-living adjustment		Minimum PIA based on indexed earnings (dollars)
	90 percent of the first	Plus 32 percent of the next	Plus 15 percent of the amount above	Effective date	Percentage increase	
2011	749	3,768	4,517	December 2011	--	d

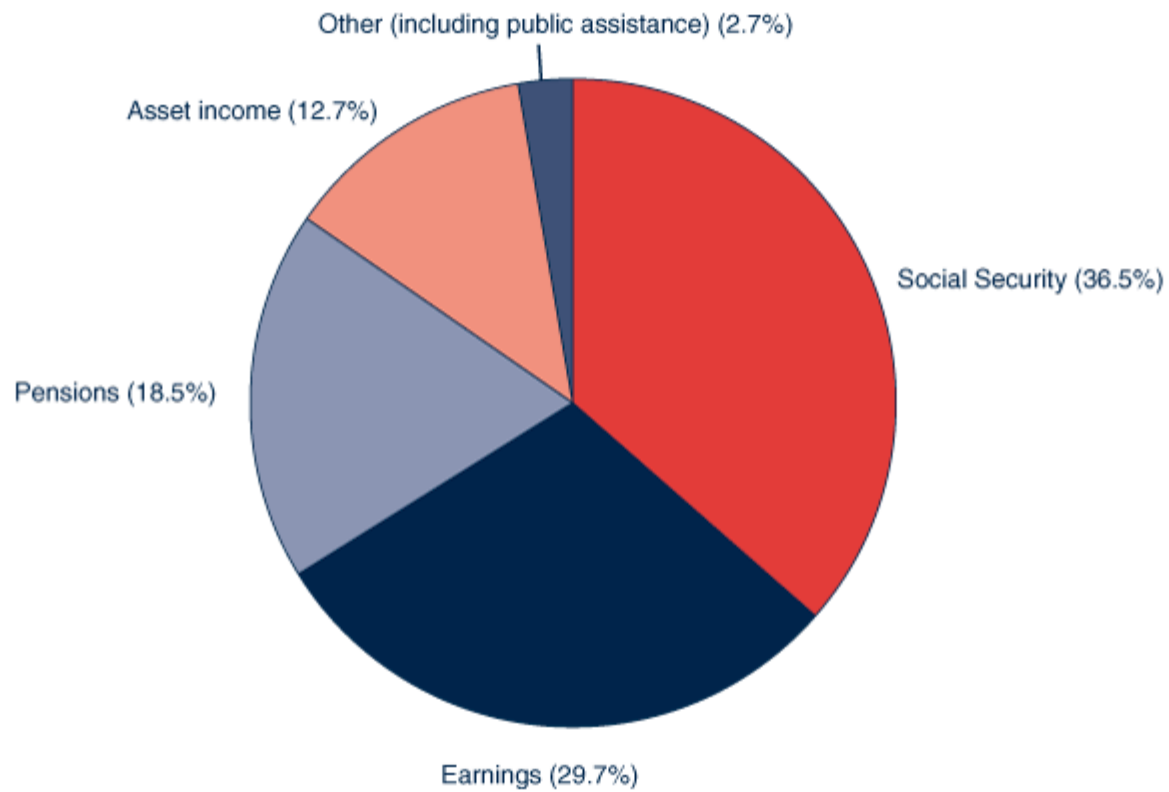
Table 2.A17.1—Full retirement age and maximum reduction of retired-worker benefits, by year of birth

Year of birth ^a	Year of attainment of age 62	Year of attainment of age 65	Full retirement age	Maximum reduction months	Maximum reduction at age 62 ^b
1935	1997	2000	65 years	36	0.2000000
1936	1998	2001	65 years	36	0.2000000
1937	1999	2002	65 years	36	0.2000000
1938	2000	2003	65 years and 2 months	38	0.2083333
1939	2001	2004	65 years and 4 months	40	0.2166667
1940	2002	2005	65 years and 6 months	42	0.2250000
1941	2003	2006	65 years and 8 months	44	0.2333333
1942	2004	2007	65 years and 10 months	46	0.2416667
1943–1954	2005–2016	2008–2019	66 years	48	0.2500000
1955	2017	2020	66 years and 2 months	50	0.2583333
1956	2018	2021	66 years and 4 months	52	0.2666667
1957	2019	2022	66 years and 6 months	54	0.2750000
1958	2020	2023	66 years and 8 months	56	0.2833333
1959	2021	2024	66 years and 10 months	58	0.2916667
1960 or later	2022 and later	2025 and later	67 years	60	0.3000000

Percentage of aged beneficiary units receiving Social Security benefits, by relative importance of benefits to total income, 2008



Shares of aggregate income, by source, 2008



NOTE: Totals do not necessarily equal the sum of the rounded components.

Chart B—Income and Cost Rates

(Percentage of taxable payroll)

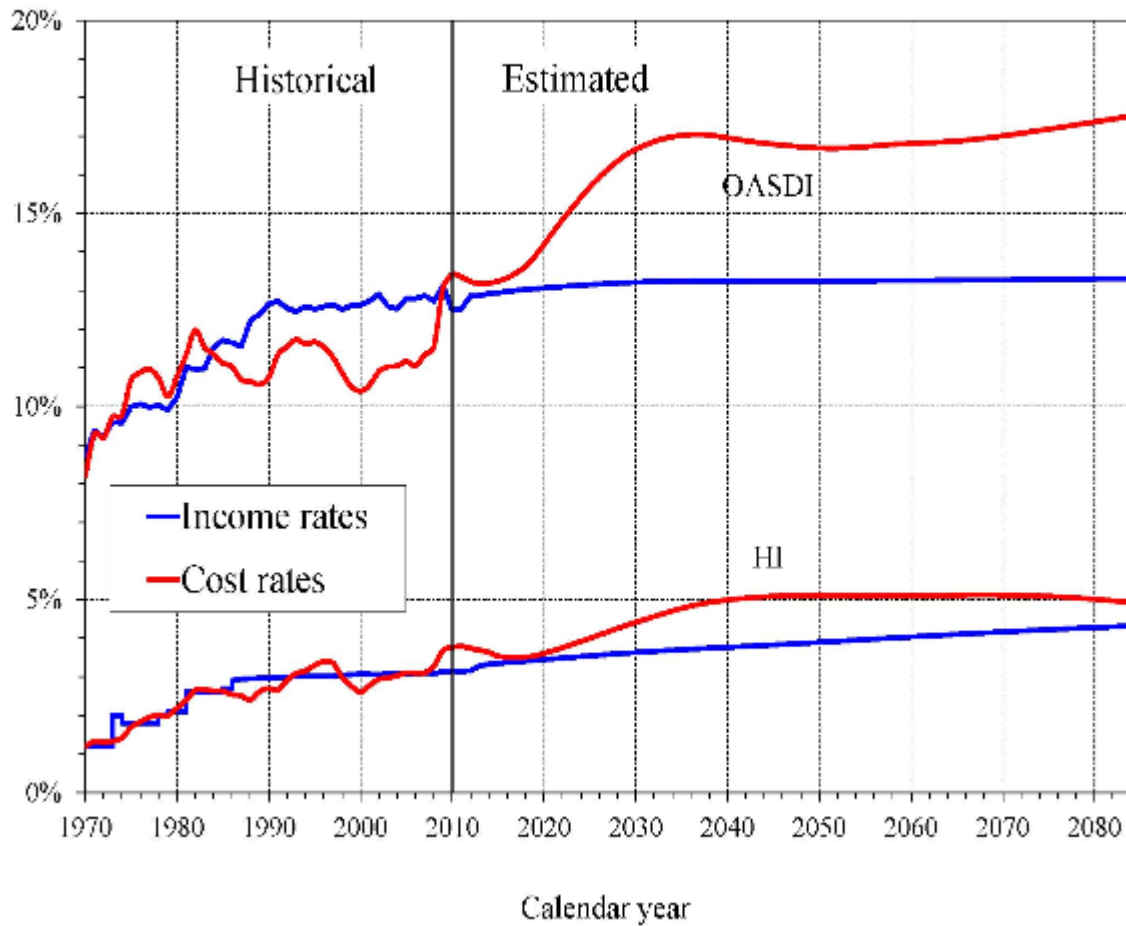
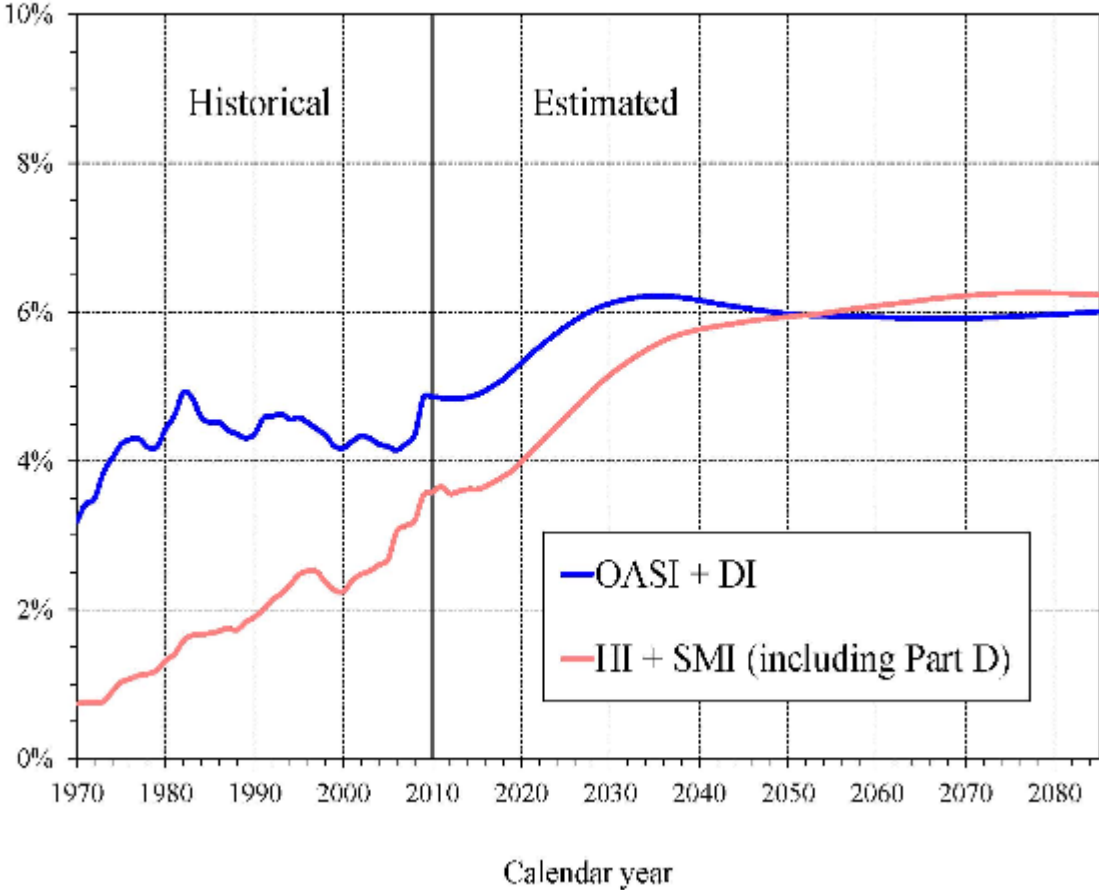


Chart A—Social Security and Medicare Cost as a Percentage of GDP

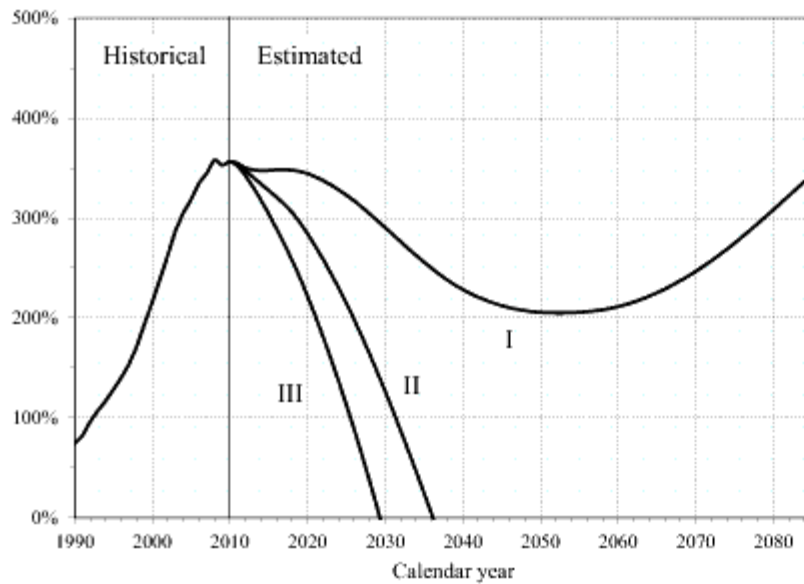


KEY DATES FOR THE TRUST FUNDS

	OASI	DI	OASDI	HI
First year outgo exceeds income excluding interest ^a	2017	2005	2010	2008
First year outgo exceeds income including interest ^a	2025	2009	2023	2008
Year trust funds are exhausted	2038	2018	2036	2024

^a Dates indicate the first year that a condition is projected to occur and to persist annually thereafter through 2085.

Figure II.D6.—Long-Range OASDI Trust Fund Ratios Under Alternative Assumptions
[Assets as a percentage of annual cost]



[D]