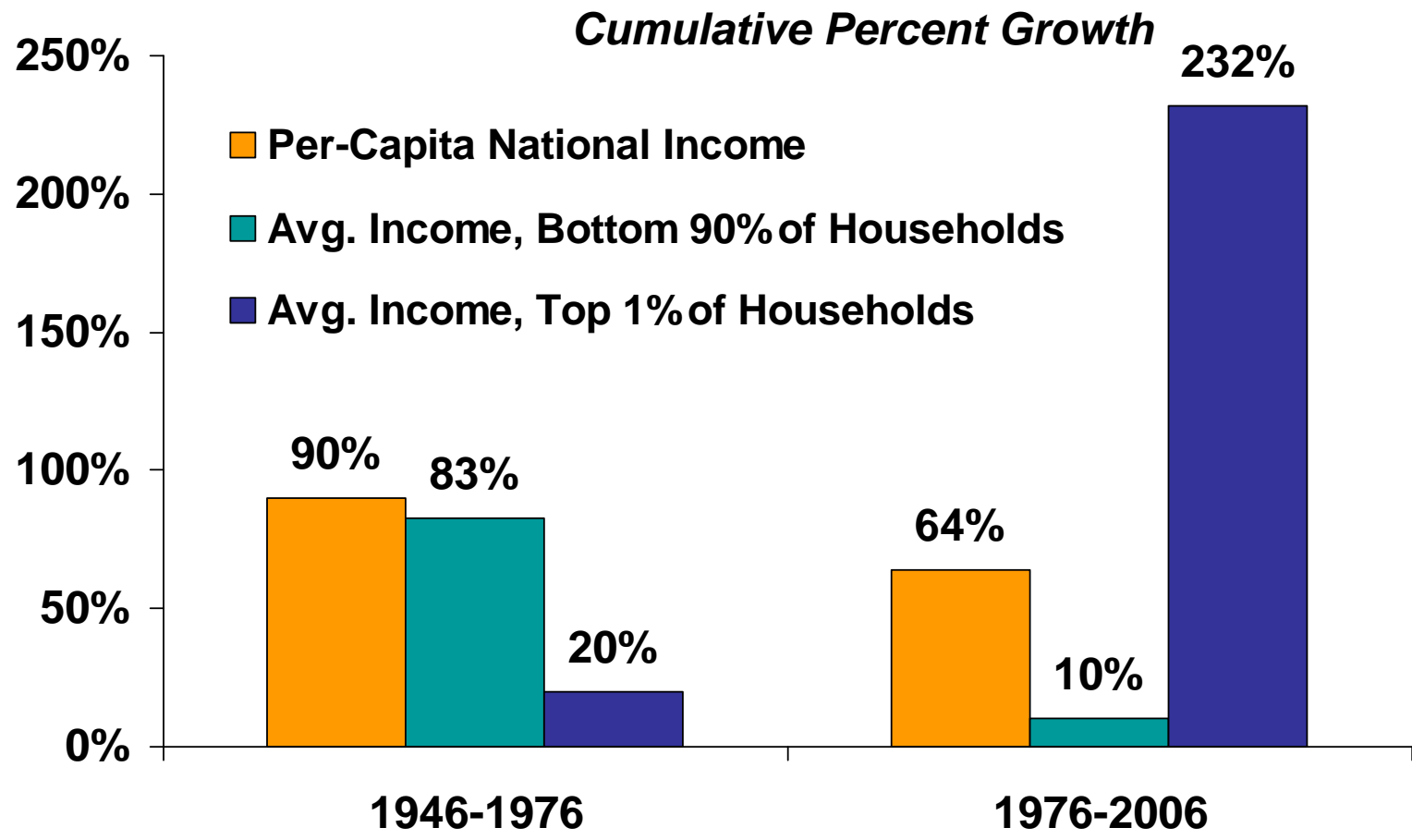




# **Slides to Accompany Presentation by Bob Greenstein**

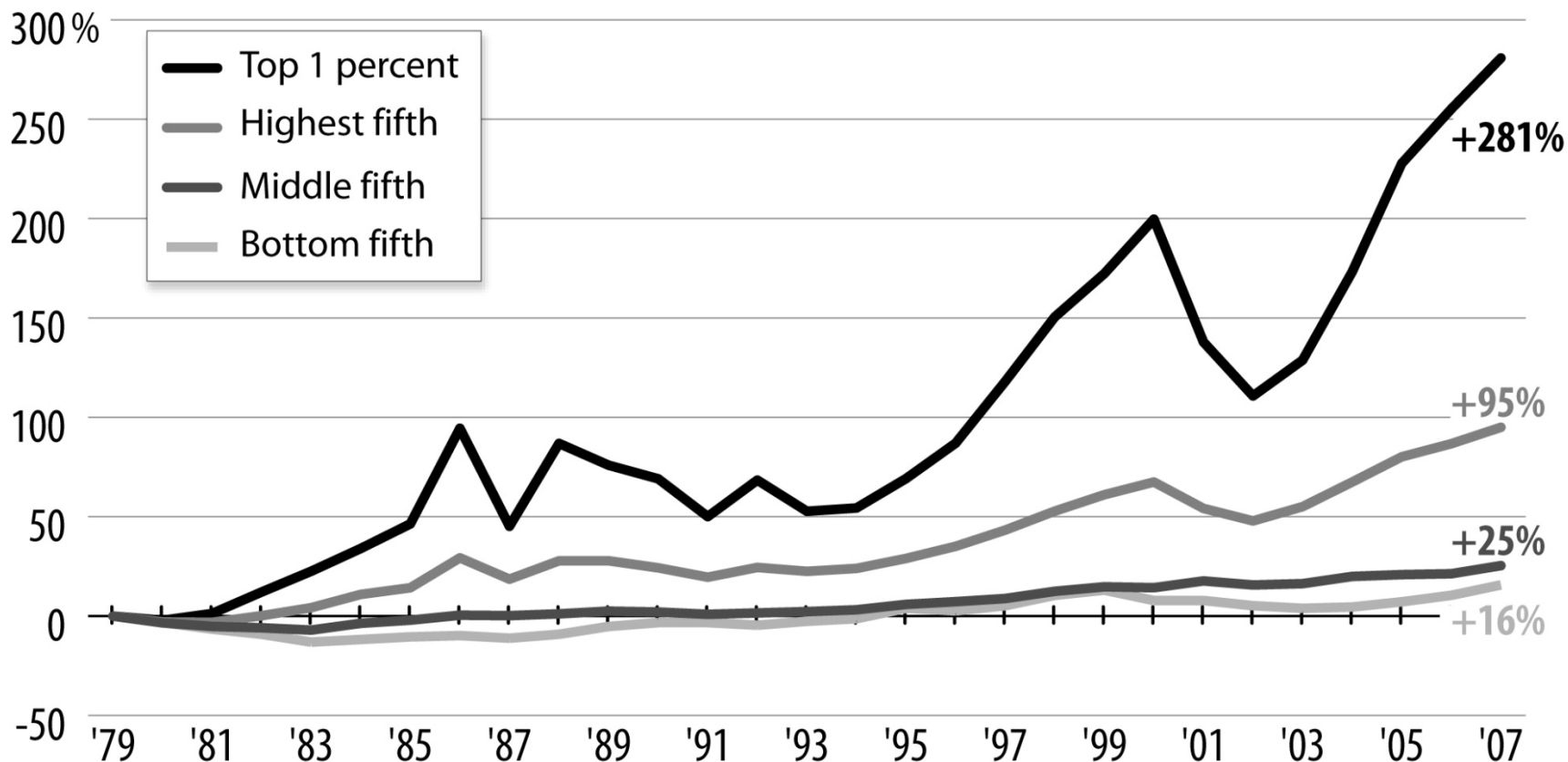
December 17, 2010

# Uneven Distribution of Gains Since Late 1970s Different From Earlier Era, When Growth Was Widely Shared



# Income Gains at the Top Dwarf Those of Low- and Middle-Income Households

Percent Change in After-Tax Income Since 1979



# Average After-Tax Income by Income Group 1979 - 2007 (in 2007 dollars)

Income Category	1979	2007	Percent Change	Dollar Change
			1979-2007	1979-2007
Lowest fifth	\$15,300	\$17,700	16%	\$2,400
Second fifth	\$31,000	\$38,000	23%	\$7,000
Middle fifth	\$44,100	\$55,300	25%	\$11,200
Fourth fifth	\$57,700	\$77,700	35%	\$20,000
Top fifth	\$101,700	\$198,300	95%	\$96,600
<i>Top 1 Percent</i>	<i>\$346,600</i>	<i>\$1,319,700</i>	<i>281%</i>	<i>\$973,100</i>

## Social Security Benefits Are Modest

Average Benefit, June 2010

Monthly Amount      Annual Amount

Retired Worker	\$1,170	\$14,040
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Aged Widow(er)	\$1,129	\$13,550
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Disabled Worker	\$1,065	\$12,780
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Source: Social Security Administration

## Social Security Benefits and Total Income

### Beneficiary Units 65 or Older, 2008

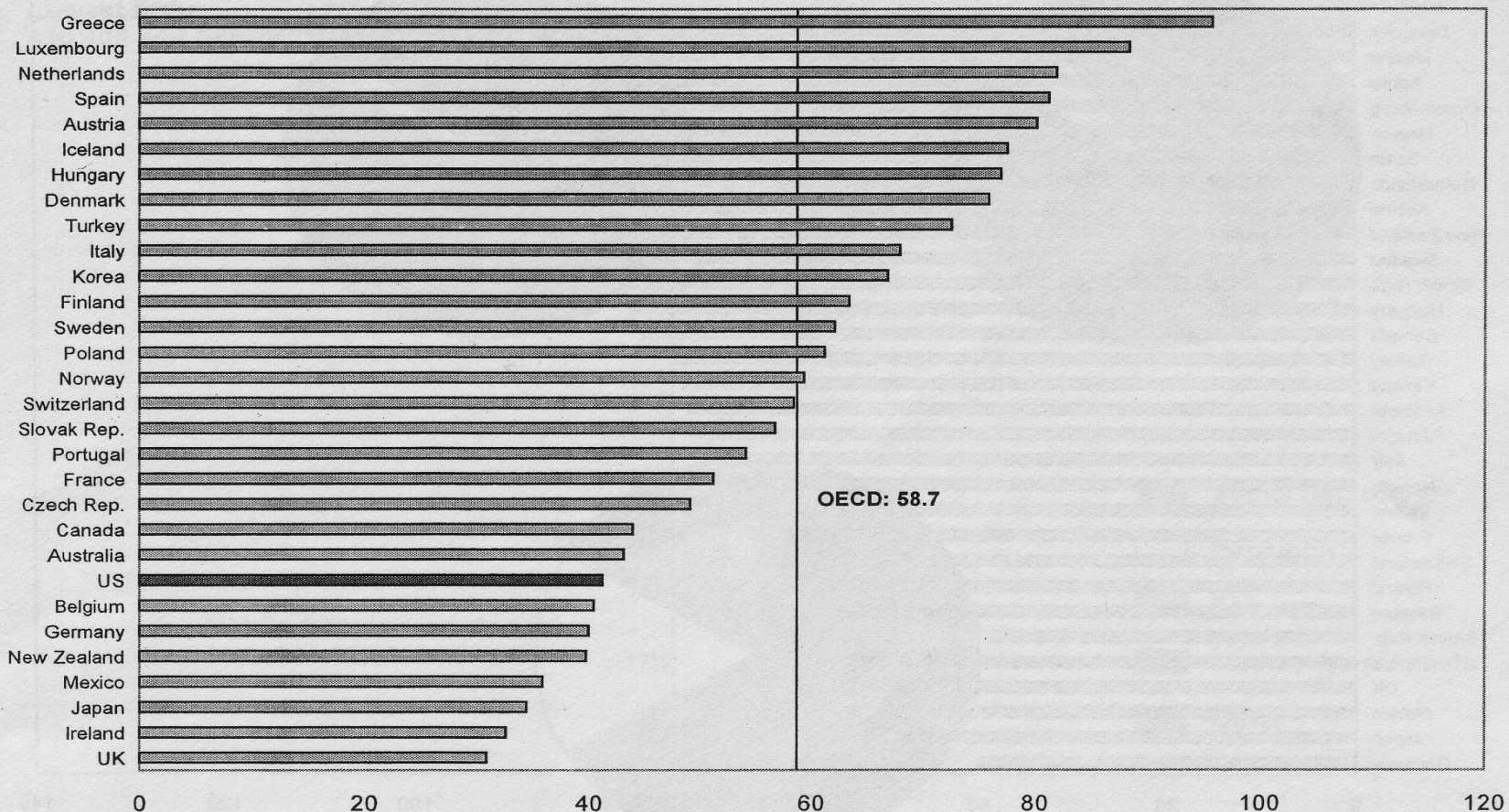
Benefit Quintile	Benefit Amount	Median Income
First	Up to \$9,989	\$10,517
Second	\$9,989 – 13,157	\$14,100
Third	\$13,157 – 16,757	\$20,579
Fourth	\$16,757 – 22,757	\$30,000
Fifth	\$22,757 and up	\$49,906

Source: Social Security Administration, *Income of the Population 55 or Older, 2008*, Table 3.A6.



# Social Security Replacement Rates in U.S. Are Comparatively Low

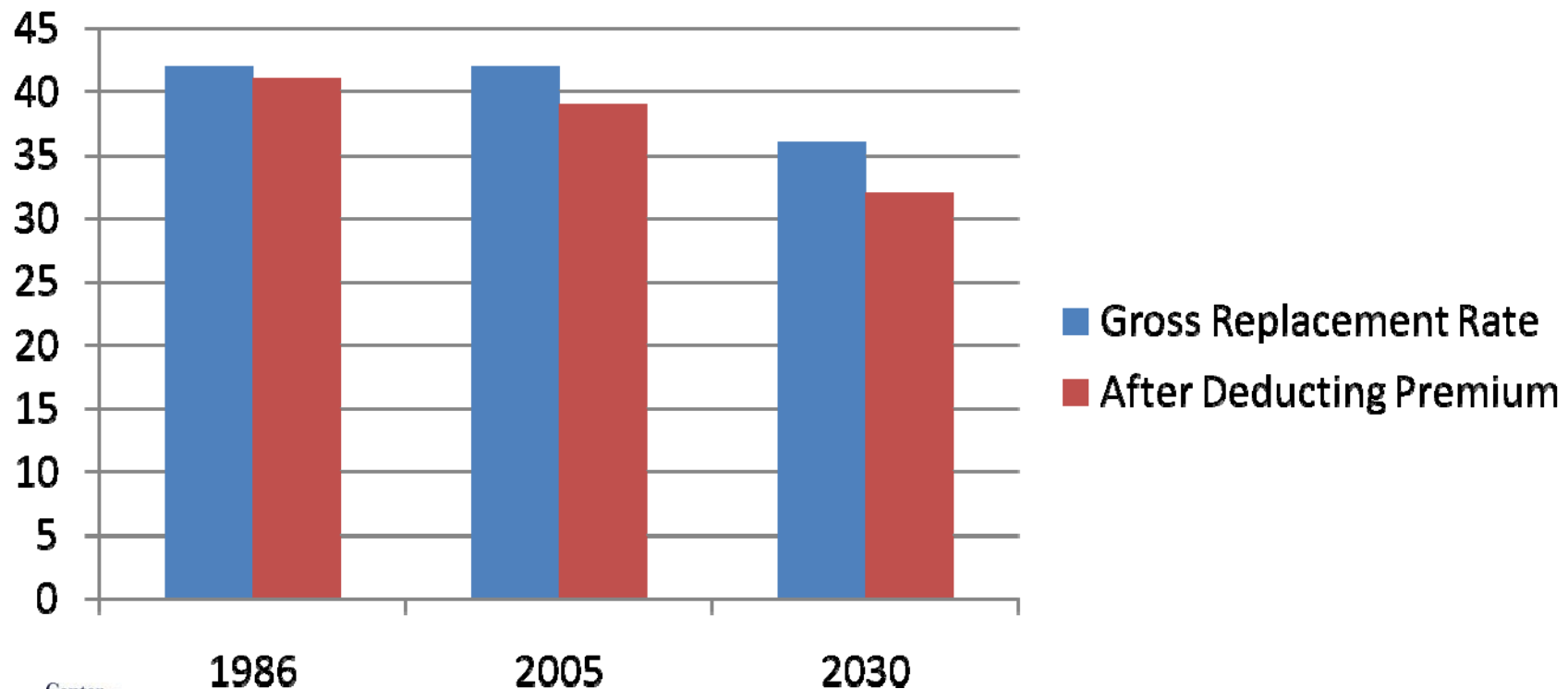
## Average Social Security Replacement Rates in OECD Countries



SOURCE: OECD 2005a & b. Low earners earn half of the average wage, while high earners earn twice the average wage. Illustrative full career workers draw benefits from each country's mandatory pension program at the normal retirement age.

# Social Security Replacement Rates Are Declining

Replacement Rate for Average Earner Retiring at Age 65  
Before and After Medicare Part B Premium  
(Medicare Premiums Prior to Health Reform)





# Experts Agree that There are Limits to How Much Projected Medicare/Medicaid Costs Can Be Reduced Without Cost Reductions in the Overall Health Care System

“[F]ederal health spending trends should not be viewed in isolation from the health care system as a whole. For example, Medicare and Medicaid cannot grow over the long term at a slower rate than cost in the rest of the health care system without resulting in a two - tier health care system.”

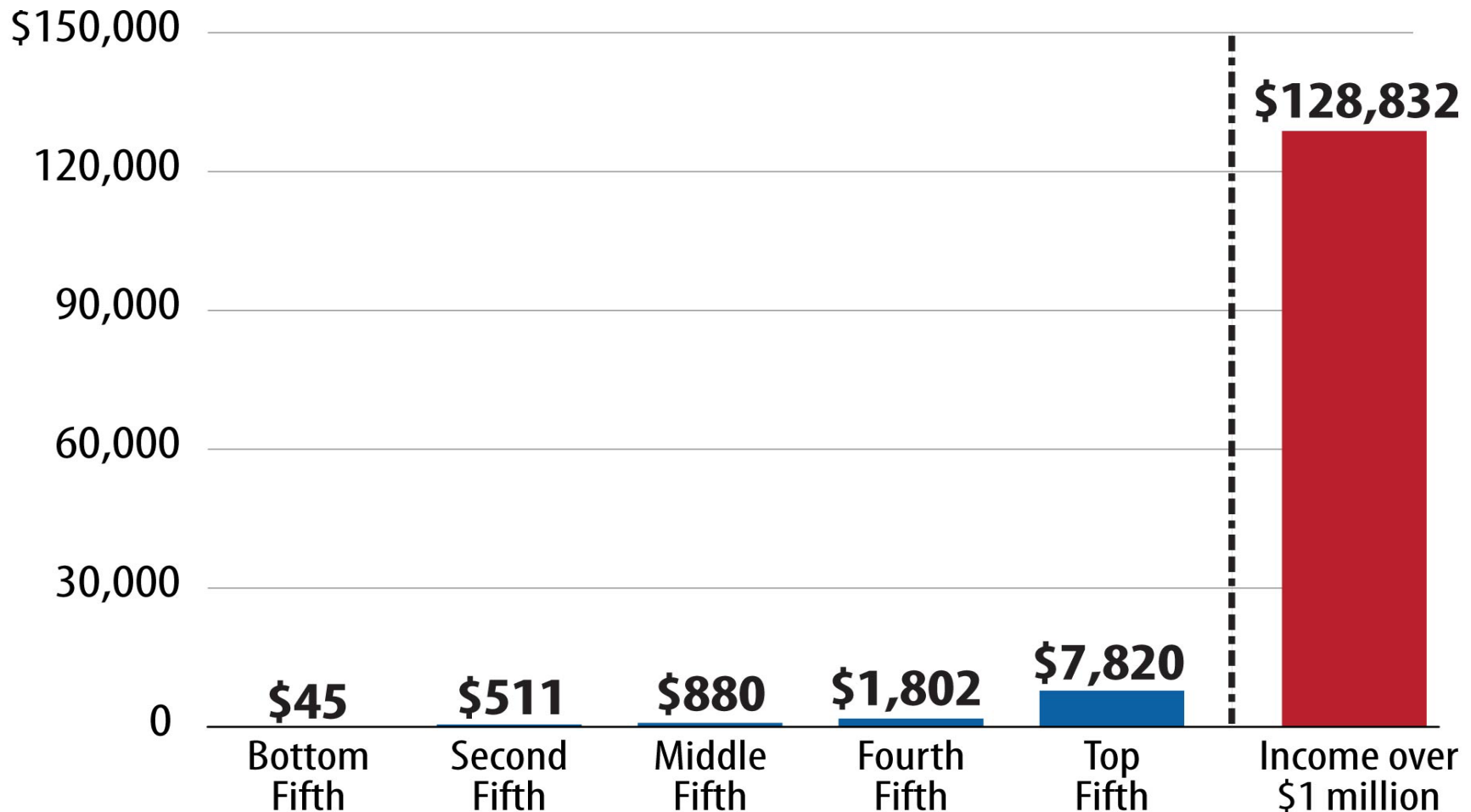
— **David Walker, then Comptroller General of the United States, 2005**

“Thus sustaining a lower rate of spending growth per capita in Medicare will only happen if there is a comparable rate of spending growth in the private sector.”

— **Gail Wilensky, Senior Fellow, Project Hope, former head of Medicare/Medicaid for administration of President George H.W. Bush**

“Many analysts believe that significantly constraining the growth of costs for Medicare and Medicaid over long periods of time, while maintaining broad access to health providers under those programs, can occur only in conjunction with slowing cost growth in the health care sector as a whole. Ultimately, therefore, restraining costs in Medicare and Medicaid requires restraining overall health care costs.”

# Average Dollar Benefit From Extending All of the 2001 and 2003 Tax Cuts *Selected Income Groups*



# Cost of Extending Tax Cuts Exclusively for Upper-Income Taxpayers Roughly Equals Social Security Shortfall

75 Year Cost, As a Share of GDP

