

OASDI taxes (excluding medicare) worth \$68,076, if 4 percent interest is assumed. (See table 3.) In 1967 the rate of tax for old-age, survivors, and disability insurance was 7.8 percent, and the maximum tax per worker was approximately \$515 per year. This total will be gradually increased until it reaches \$640 in 1973. The tax payments over his lifetime amount to approximately \$27,000, and the accumulated interest to \$41,000. After deducting 20 percent of the total value of his taxes for survivors and disability insurance, the amount paid in for old-age insurance alone would be \$54,461.

TABLE 3.—COST-BENEFIT RATIOS FOR PERSONS OF DIFFERENT AGE SCHEDULED UNDER THE CURRENT FEDERAL OLD-AGE INSURANCE PROGRAM

Age and starting date	Re- tire- ment date	Average annual wage	Total value of OASDI taxes ¹	Total value of taxes for old-age insurance alone ²	An- nual pen- sion	Value of pension for 14 years ³	Cost-bene- fit ratio (col. 5 divided by col. 7) (percent)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Married man:							
39 in 1937.....	1972	Maximum base.....	\$11,000	\$8,800	\$2,636	\$28,688	31
22 in 1937.....	1980	Maximum base.....	20,873	16,698	2,776	30,212	55
22 in 1945.....	1988	Maximum base.....	32,002	25,602	2,848	30,995	83
22 in 1949.....	1992	Maximum base.....	38,932	31,145	2,871	31,246	100
22 in 1955.....	1998	Maximum base.....	50,108	40,087	2,963	32,247	124
22 in 1967.....	2010	\$6,600 or more.....	68,076	54,461	3,024	32,911	165
22 in 1967.....	2010	\$4,950.....	51,057	40,846	2,496	27,164	150
22 in 1967.....	2010	\$3,300.....	34,038	27,230	1,927	20,977	130
Married man with working wife: 22 in 1967.....	2010	\$6,600 or more each.	136,152	108,922	4,032	43,881	248
Single person: 22 in 1967.....	2010	\$6,600 or more.....	68,076	54,461	2,016	21,941	248
Self-employed, married man: 22 in 1967.....	2010	\$6,600 or more.....	49,608	39,686	3,024	32,911	121

¹ Compounded at E-bond rates of interest until 1963 and 4 percent thereafter.

² 80 percent of column 4.

³ Discounted at 4 percent interest.

The maximum retirement benefit that this young worker is scheduled to receive is \$3,024 per year—\$2,016 for himself and \$1,008 for his aged wife. A pension of \$3,024 at age 65 could be financed with accumulated tax payments of only \$32,911—much less than the value of the taxes he is scheduled to pay in. This young worker's cost-benefit ratio is 165 percent.

Table 3 shows that if workers have paid in the maximum taxes and expect to continue to do so until retirement, the break-even point under the present law is 39 years of age. Workers older than this gain; workers less than 39 years of age lose. For those with incomes below the maximum wage base, the break-even age is lower. Young men who are married and earn less than the maximum wage base have relatively small cost-benefit ratios, even though in both cases shown in table 3 the cost exceeds the benefits. In addition, cost-benefit ratios are relatively low for self-employed young persons starting employment in 1967, but very high for single persons.

Over the years, the prospective cost-benefit ratios for the young entrant into the labor force have varied. Table 4 shows that in 1937 the cost-benefit ratio for the young worker starting employment at age 22 was 133 percent. At that time, it was thought that young workers