In the cost comparison in subsections A through E, it is assumed that the worker will have at his disposal the full amount he and his employer are paying into social security, if he decides to purchase private insurance coverage instead. Subsection F briefly indicates the comparative figures under alternative assumptions concerning whether the employer contribution to social security will be available to the employee.

Presented here are the comparative costs for survivors benefits, disability benefits, and retirement benefits, first separately and then combined. Given minor variations, survivors benefits are provided for by a family income policy based on decreasing term insurance; disability benefits are provided for by a disability income policy with a 180-day waiting period; and retirement benefits, by a no-refund retirement annuity contract.

A. SURVIVORS BENEFITS

In the case of the worker's death, the annual benefits expected of social security under the 1965 law are shown below, followed by the range of annual premiums which an insurance company would probably charge for the same benefits.

Year	Worker A	Worker B	Worker C
1968–82	$1,440.00	$2,428.80	$4,416.00
1983–85	1,408.80	1,831.20	3,024.00
1986	704.40	915.60	1,512.00
2006–life	775.20	1,006.80	1,663.20
Lump-sum death payments	234.60	255.00	255.00

ANNUAL PREMIUMS (FOR SURVIVORS BENEFITS)

Worker	1968–82	1983–85	1986	1987–2008
A	$100–$130	$100–$130	$50–$70	$60–$80
B	145– 180	125– 155	65– 95	75– 100
C	240– 300	200– 260	100–140	110–150

The basic assumptions regarding the expected social security benefits are—

(*a*) 75 percent of the primary insurance amount (PIA) for each child until age 22, assuming school attendance.

(*b*) 75 percent of PIA for the mother until the youngest child attains age 18.

(*c*) 82½ percent of PIA for the mother who resumes benefit at age 62, assuming no remarriage.

(*d*) The private insurance policy would not be issued until age 24 (1968), because social security requires 6 quarters of coverage before benefit payments commence.

(*e*) In the private insurance policy, no provision is made for children's benefits beyond age 18 if the child were disabled before age 18 and the disability continued beyond that age.