

to changes in these institutional arrangements in the next decade and a half. No attempt was made to predict dramatic changes which might possibly take place in the future with regard to individual and/or group views concerning the provision of income in retirement. Instead, an attempt was made to better understand what income the existing pension structure would provide and whether changes in this structure might indeed seem necessary or desirable.

It was necessary to make many assumptions to make the projection. Many of these resulted from inadequate data. Still others were necessary because it was impossible to know with certainty what changes in the U.S. pension system would occur in the future. Because the results of the simulation were in part dependent on the assumptions made, the simulation was run a number of times under different sets of assumptions. It would have been impossible in terms of time and cost to run the simulation using all possible combinations of assumptions; instead, only a few of interest and importance were considered.

In general, where doubt existed as to the appropriate assumption, the decision was made in favor of being consistently liberal, producing a probable upward bias in the income and asset projections. This was done to avoid the criticism that the research findings resulted from restrictive assumptions, restrictive in the sense that they conflicted with some other person's idea of normalcy.

Despite this bias, the results were definitely not encouraging with regard to the future economic situation for retired aged. The study found that, while the existing pension system can be expected by 1980 to have produced a sizable shift upward in the distribution of pension income for aged persons, there would still be a large proportion of aged units in 1980 with "very low" pension incomes. In addition, using various different measures of income "adequacy," it was found that little or no improvement in the adequacy of aged income (from pensions and assets) can be expected relative to the rising incomes of the rest of the U.S. population.⁹ Tables 1 through 5 present the projected distributions.

TABLE 1.—PROJECTED TOTAL PENSION INCOME DISTRIBUTION FOR RETIRED COUPLES AND UNMARRIED INDIVIDUALS, 1980¹
[In percent]

Total pension income	Couples	Unmarried units
Less than \$1,000 ²	5	32
\$1,000 to \$1,999.....	16	19
\$2,000 to \$2,999.....	28	31
\$3,000 to \$3,999.....	25	11
\$4,000 to \$4,999.....	14	5
\$5,000 to \$9,999.....	12	3
\$10,000 and over.....	(3)	(3)
Total.....	100	100

¹ Pension income includes benefits from social security, private pensions (including State and local plans), and Federal retirement programs.

² Includes units without pensions.

³ Less than 1 percent.

⁴ Totals may not sum to 100 percent due to rounding.

⁹ The standards used were the social security poverty index and the U.S. Bureau of Labor Statistics, "Budget for a Retired Couple."