be raised in the future and future trends in interest rates are difficult to forecast. Nevertheless, an examination of the cost-benefit ratios in the current law for young persons entering the system shows some of the problems ahead.

TABLE 2.—COST-BENEFIT RATIOS FOR PERSONS OF DIFFERENT AGE SCHEDULED UNDER THE CURRENT FEDERAL-OLD-AGE INSURANCE PROGRAM

Age and starting date	Retirement date	Average annual wage	Total value of OASDI taxes [1]	Total value of taxes for old-age insurance alone [2]	Annual pension	Value of pension for 14 years [3]	Cost-benefit ratio (col. 5 divided by col. 7) (percent)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Married man:							
30 in 1937	1972	Maximum base	$11,000	$8,800	$2,636	$28,688	31
22 in 1937	1980	do	20,873	16,698	2,776	30,212	55
22 in 1945	1988	do	32,002	25,602	2,848	30,995	83
22 in 1949	1992	do	38,932	31,145	2,871	31,246	100
22 in 1955	1998	do	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	do	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 col. 4.
[3] Discounted at 4 percent interest.

Table 2 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 even 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 2 the cost exceeds the benefit. In addition, cost benefit ratios are relatively low for self-employed young persons starting employment in 1967 but very high for single persons.

What can definitely be said about the current tax and benefit schedules is that benefits must be increased in the future if young persons today are going to get their money's worth. But, if benefits are increased in the future, will payroll tax rates also have to be increased? This will depend primarily on the extent to which growth in the labor force and increases in the productivity of labor can support the required increases in revenues without an increase in tax rates. Also, it will depend on whether or not the maximum wage base of the payroll tax is raised with increases in labor productivity. The historical development of the social security system has been toward the granting of more adequate benefits to persons regardless of whether they have paid for them. If this trend continues, substantial additional revenue will be needed to support both the insurance and the welfare objectives of the social security system. Continuous increases in the maximum wage base and either higher payroll tax rates or the development of other sources of revenue will probably be necessary.