tive costs for the same benefits. Putting aside health benefits, social security provides (1) old-age, (2) survivors, and (3) disability benefits in a single package. Since no private insurance carrier offers an equivalent policy, precise comparisons are most difficult. With the aid of actuaries in and out of the insurance industry, several sets of estimates have been obtained on the premiums required by commercial insurance carriers for providing the benefits that social security offers.

Worker	Present values of premiums and taxes at 3 percent interest (for survivors and disability benefits)	
	Private insurance	Social security
A	$2,500–$3,000	$1,250
B	3,500– 4,200	2,100
C	5,700– 7,400	4,600

Worker	Annual premium	Present values of premiums and taxes at 3-percent interest (for retirement benefits)	
		Private insurance	Social security
A	$120–$180	$2,700–$3,000	$2,960
B	150– 230	3,800– 5,200	4,900
C	250– 375	6,300– 8,500	10,800

Worker	Present values of premiums and taxes at 3-percent interest (for all 3 benefits)	
	Private insurance [1]	Social security
A	$5,300–$6,000	$4,210
B	7,900– 8,700	7,000
C	13,200–14,200	15,400

[1] The totals in the column are not equal to the summation of the figures quoted for the separate policies, because a company's rates may be low on one policy while high on another.

The workers A, B, and C referred to in the tables differ in relevant respects only in regard to earnings in 1966 and years thereafter. Worker A receives $1,800 per year, worker B $3,000 per year, worker C $6,600 per year.

With respect to survivors benefits and disability benefits, there seems to be a distinct cost advantage in social security vis-a-vis private insurance for the three hypothetical workers A, B, and C, with the assumed age, earnings, and family circumstances. As for retirement benefits alone, workers A and B appear to do as well in terms of comparative costs for coverage either under social security or private insurance, while worker C suffers a cost disadvantage. Taking the package of all three benefits, social security is shown to offer a cost advantage to workers A and B and to present worker C with a cost disadvantage. The tax-free nature of social security benefits increases the cost advantage to workers A and B and lowers the cost disadvantage to worker C. Even worker C may not suffer the cost advantage if he is required to pay premiums higher than those assumed in the computations for disability benefit coverage from private insurance. It should be pointed out the comparisons are based on monetary costs. Not treated in the study are the costs associated with compulsion under social security and those associated with seeking information for private insurance coverage.