
Highlights of distributional analysis of Graham reform proposal

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September 21, 2004

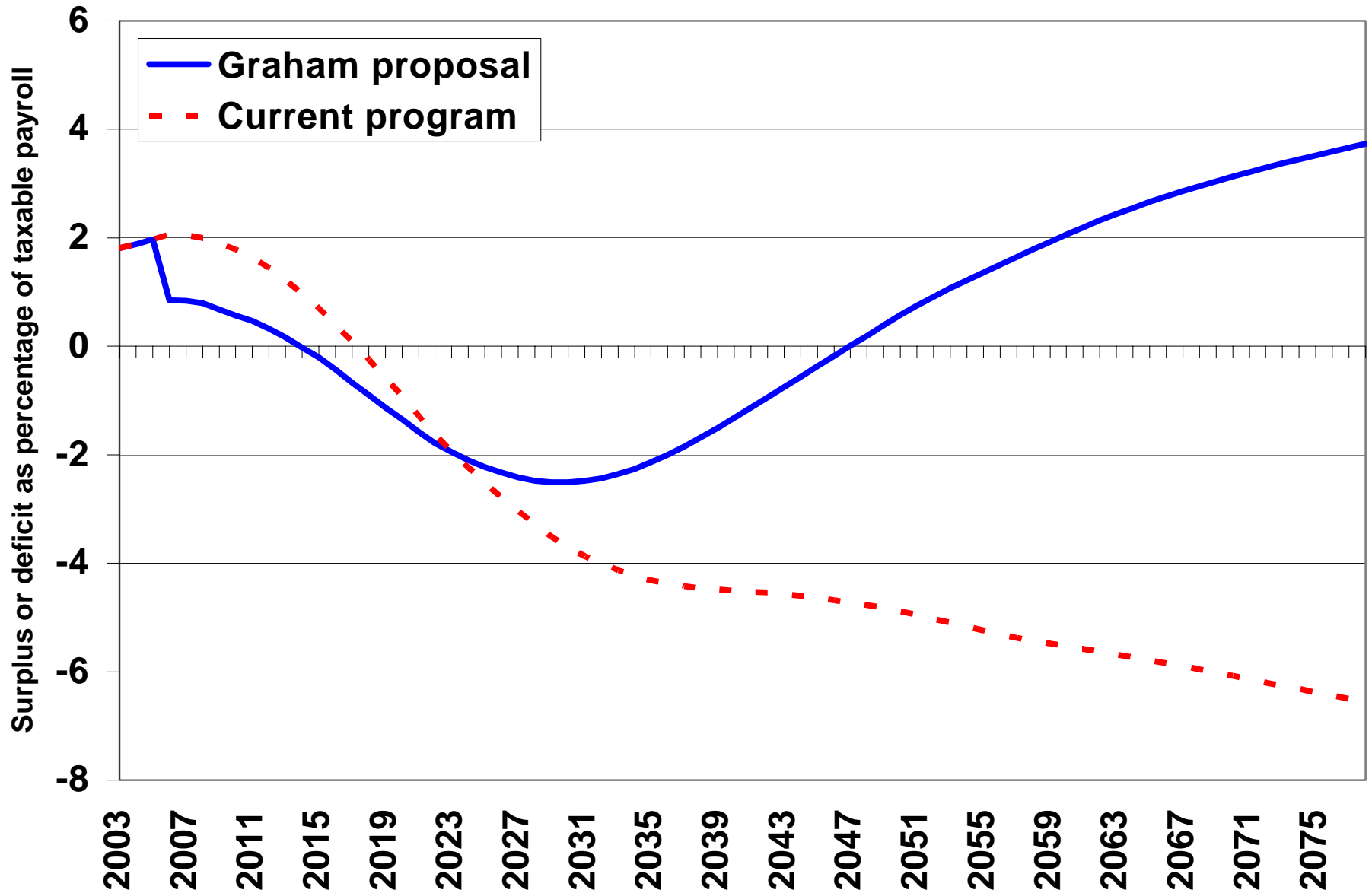
MINT (Modeling Income in the Near Term)

- Microsimulation model: uses thousands of real and simulated work histories
- Distributional analysis by income, gender, marital status, race, education, etc.
- Can calculate benefit levels, poverty rates, rates of return, etc.
- Focuses on baby boom cohorts retired in the 2020s; can be extended to examine effects of proposal on workers retired later (2060s), but less accurate

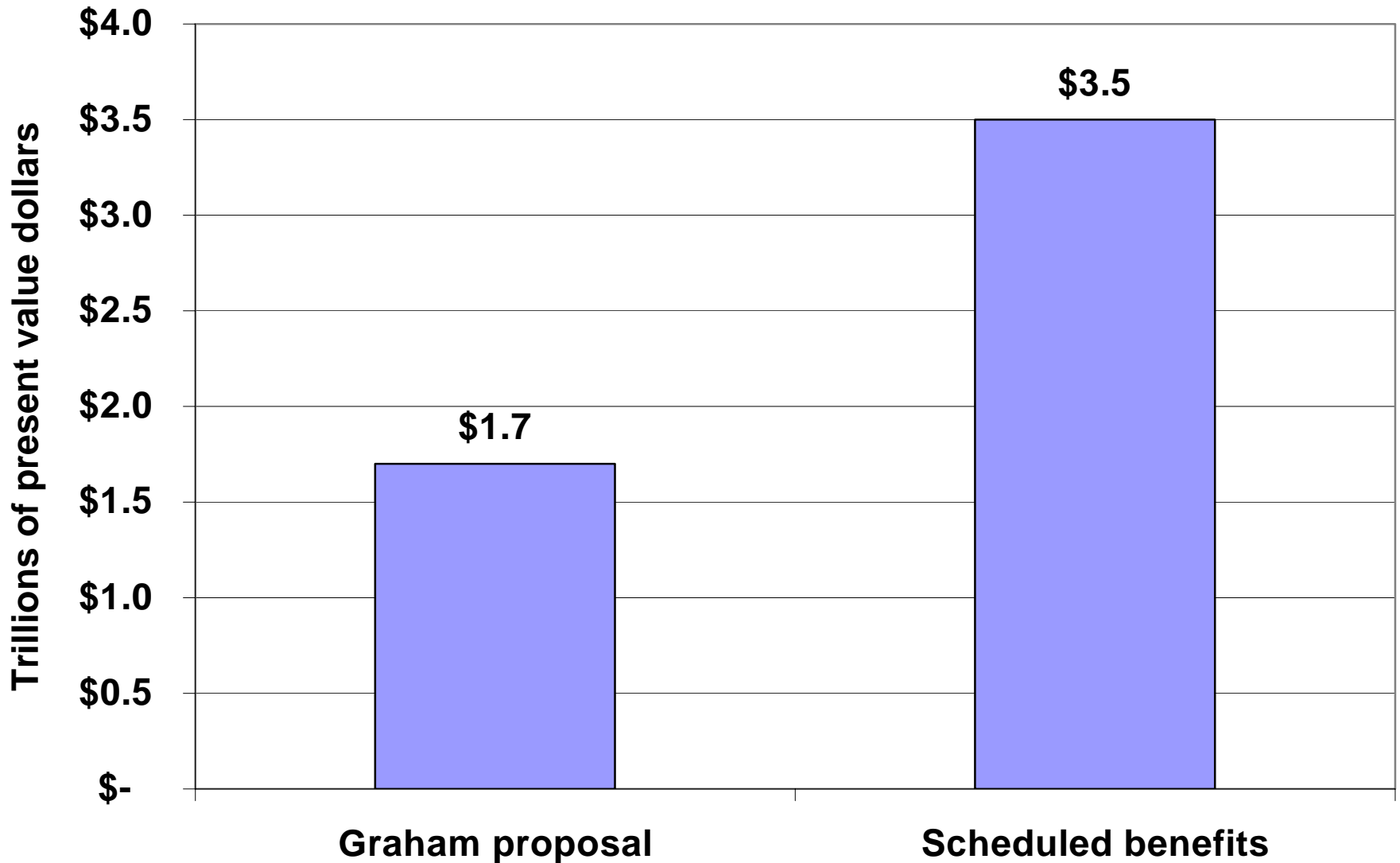
Notes

- Individuals aged 62 to 76 in year of analysis
- All dollar figures are in constant 2004 dollars
- Unless specified, benefit figures assume full annuitization of account balances
- Errors inherent to sampling and projection mean that small differences should not be over-interpreted
- Personal account investments involve risk; benefit levels would be distributed around averages

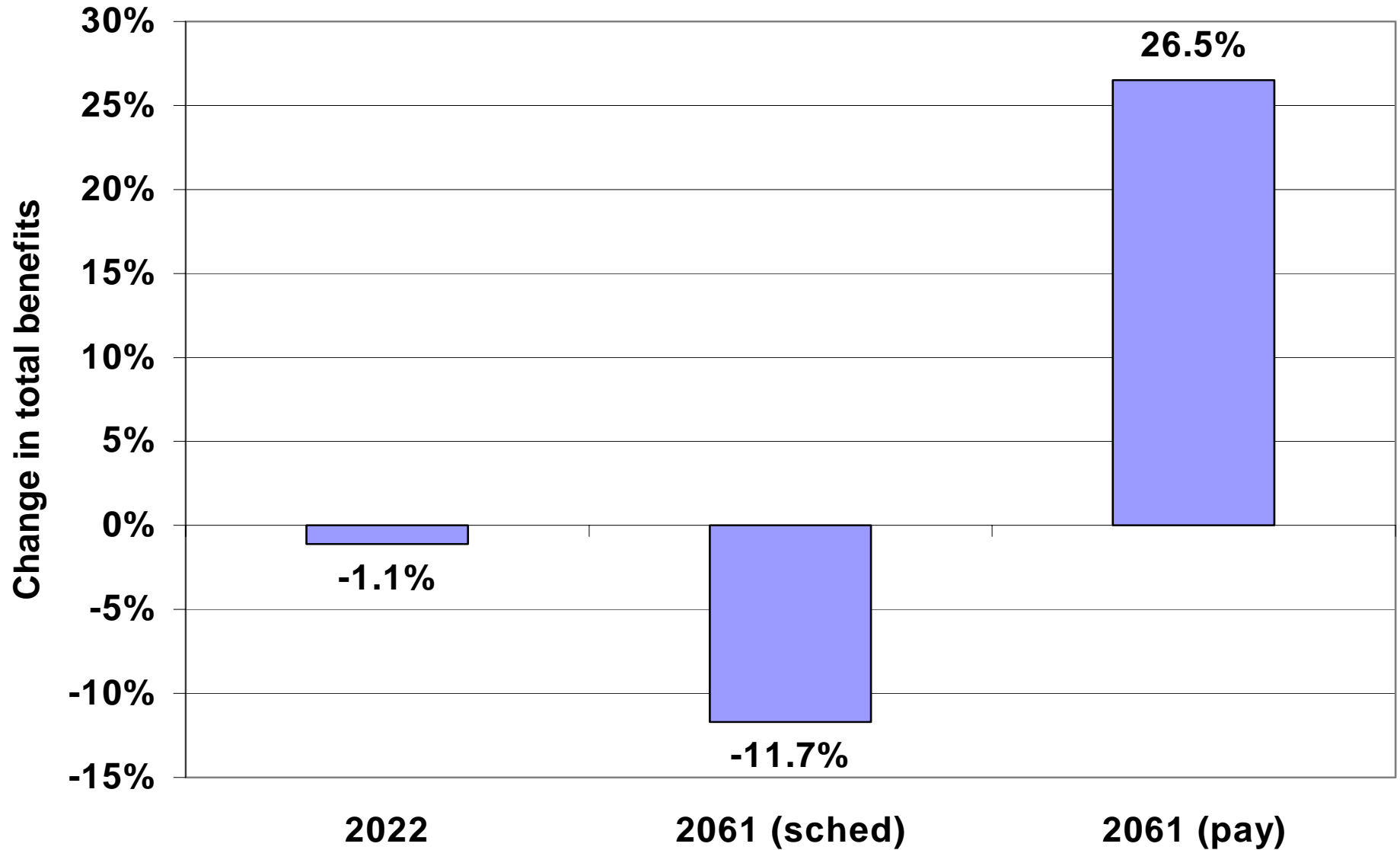
Background: Cash Flows



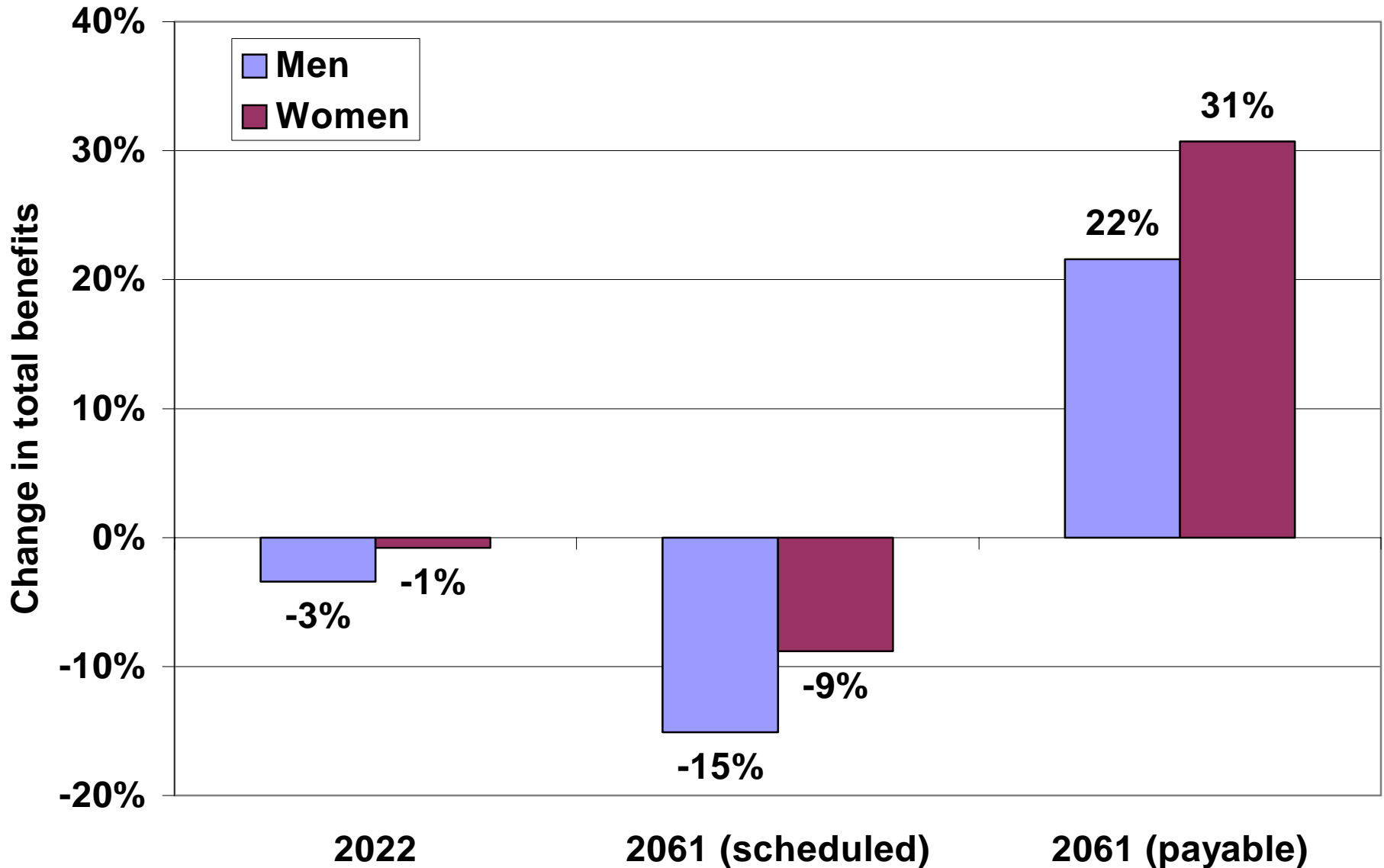
Background: Financing requirements



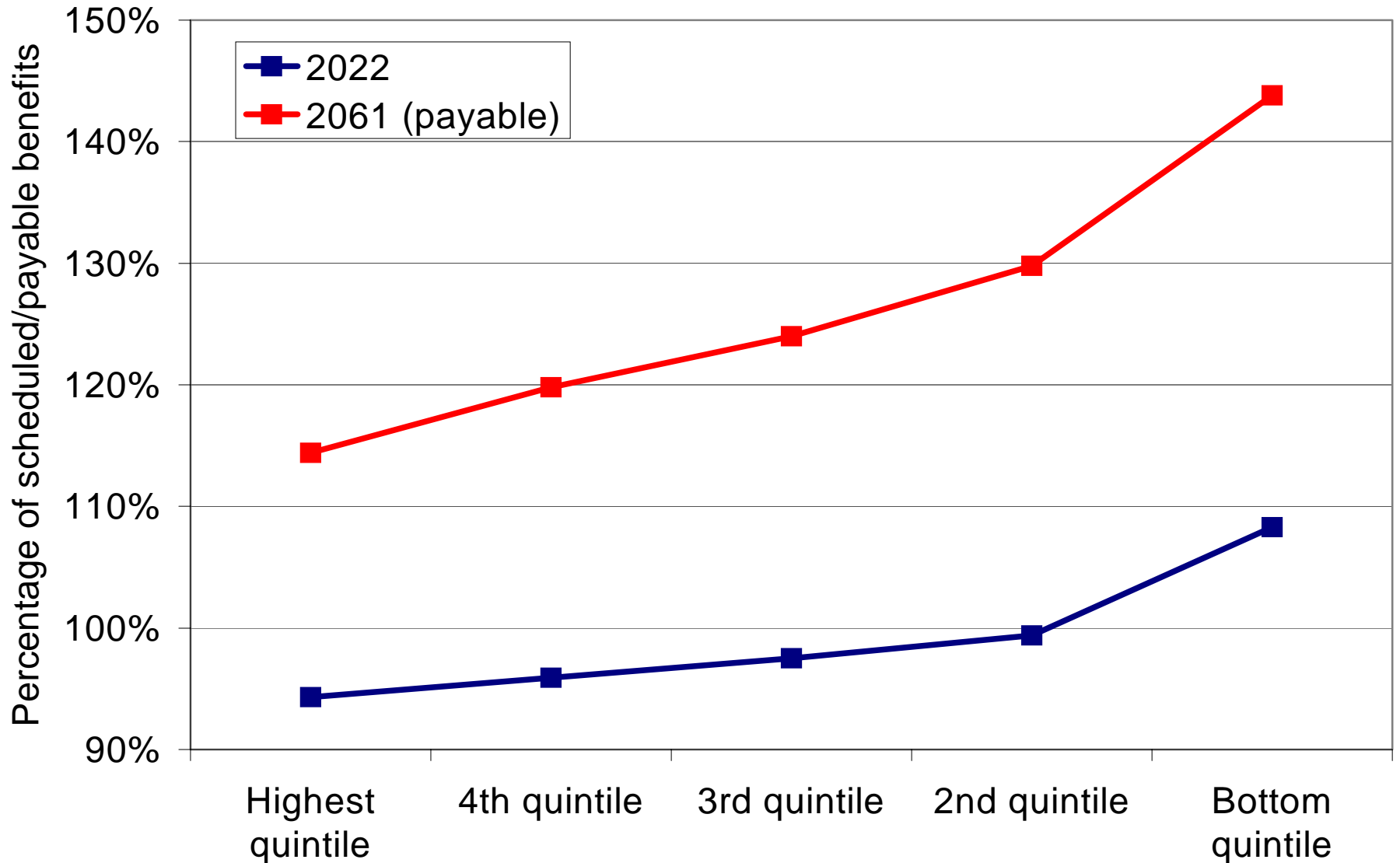
Total benefits (incl. account)



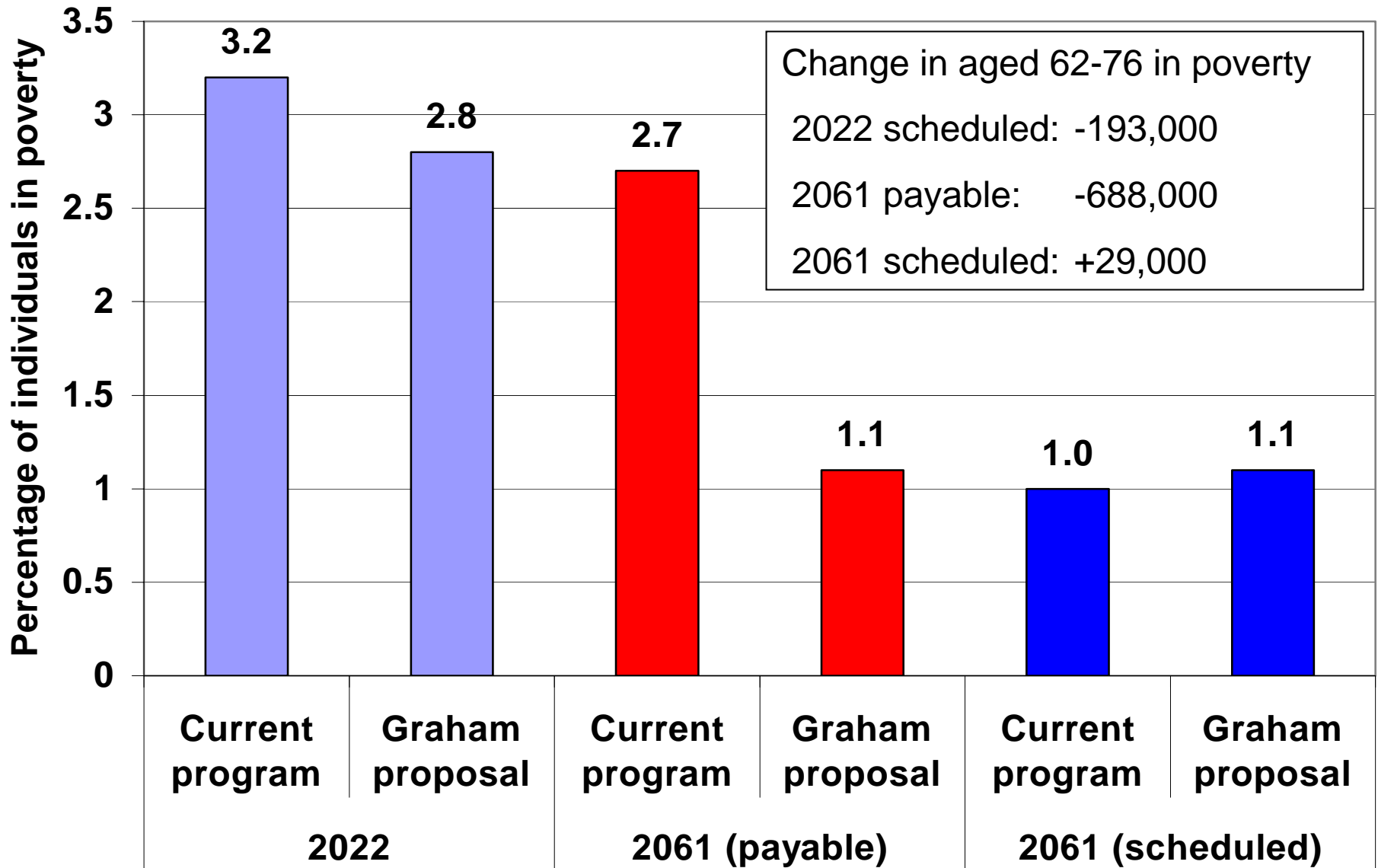
Benefit levels by gender



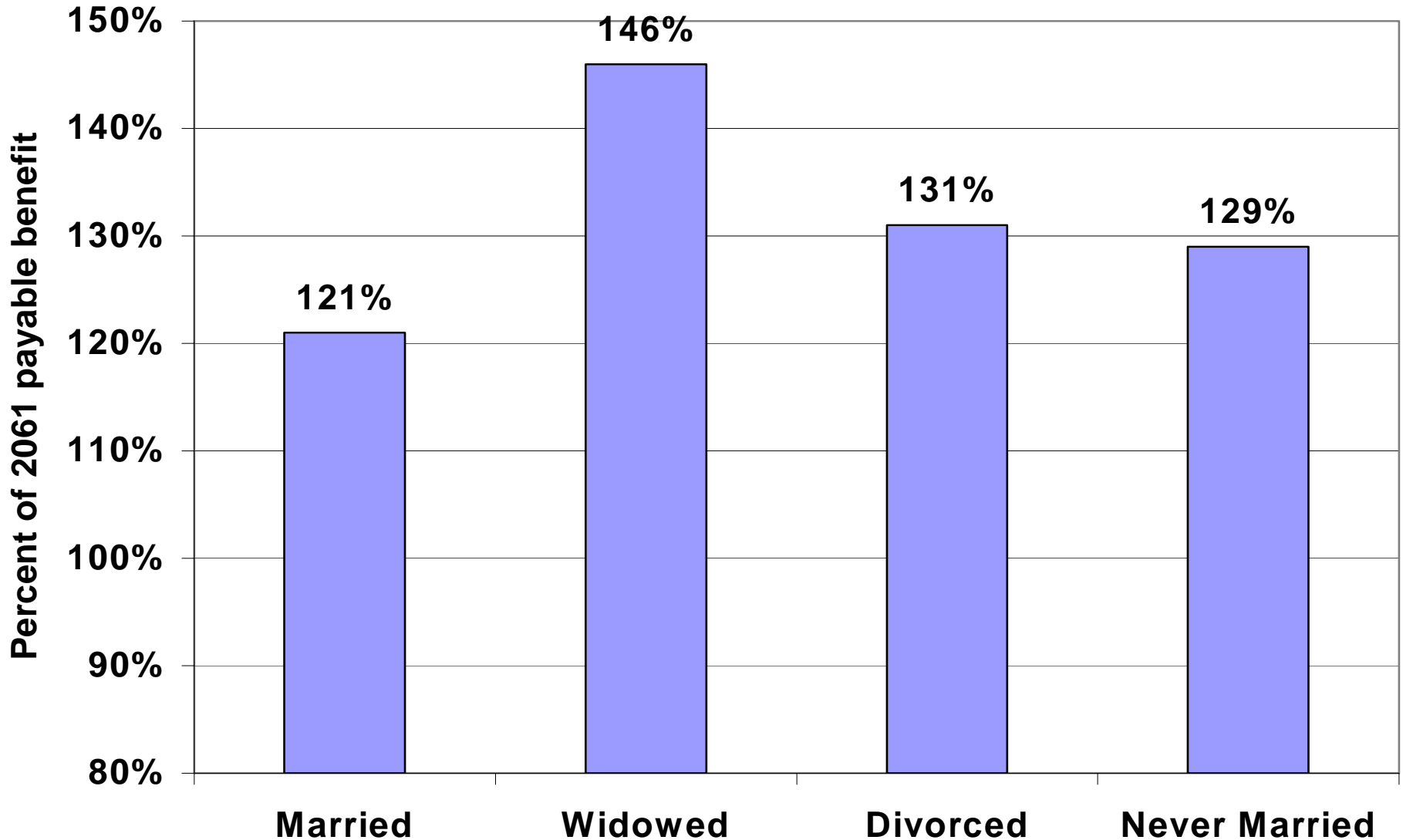
Benefits by income quintile



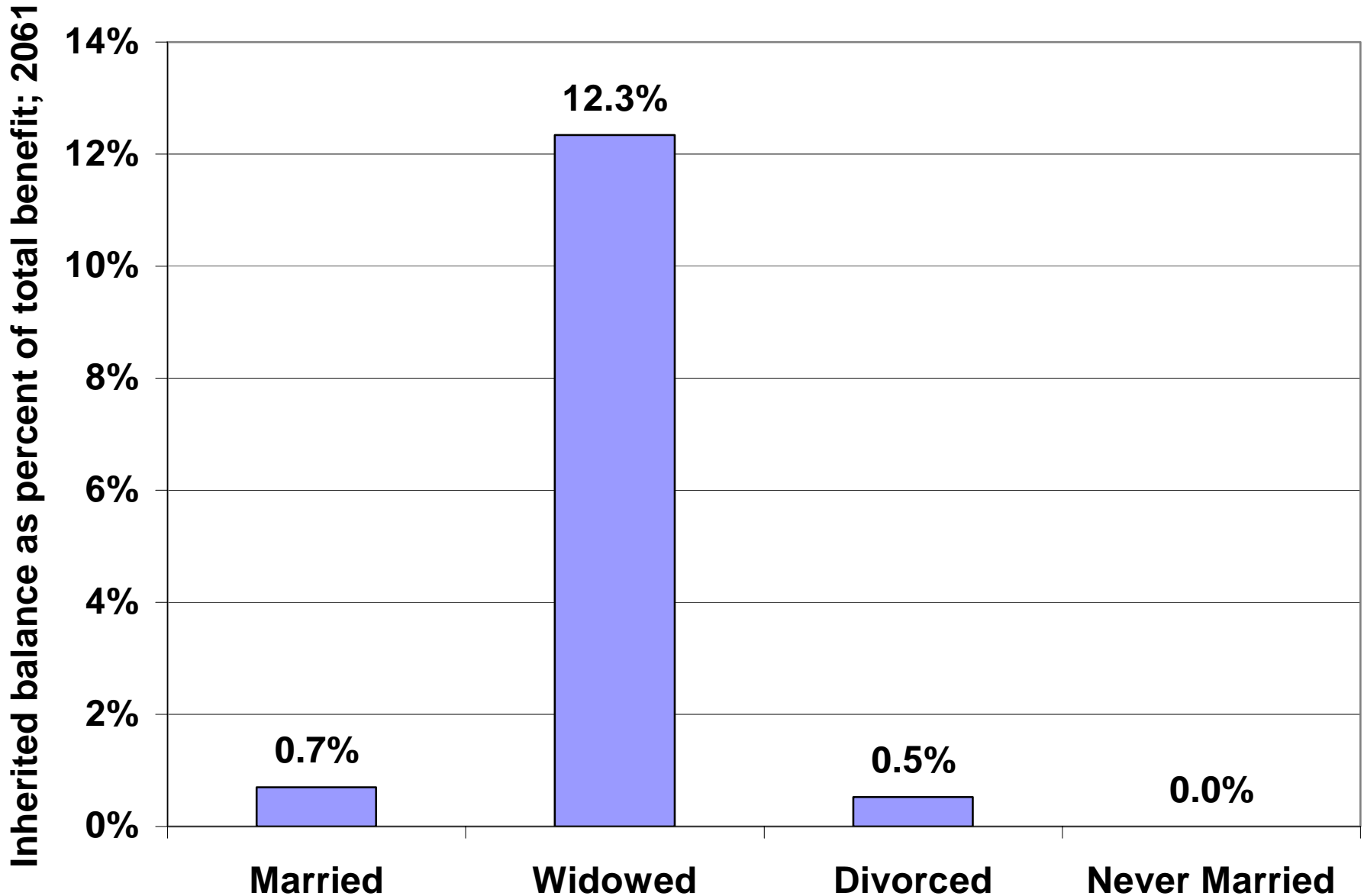
Poverty rates



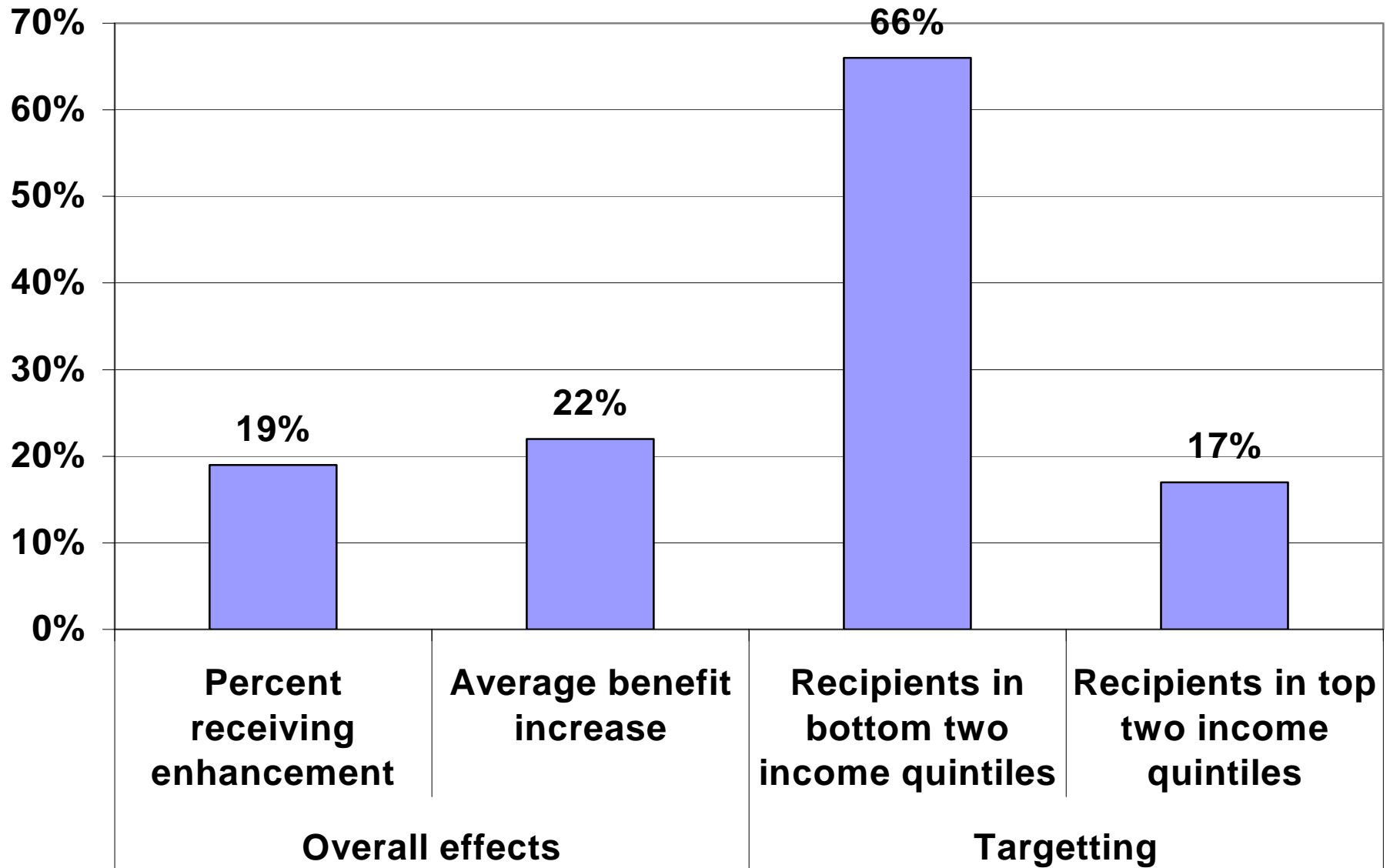
Widows fare better than other groups...



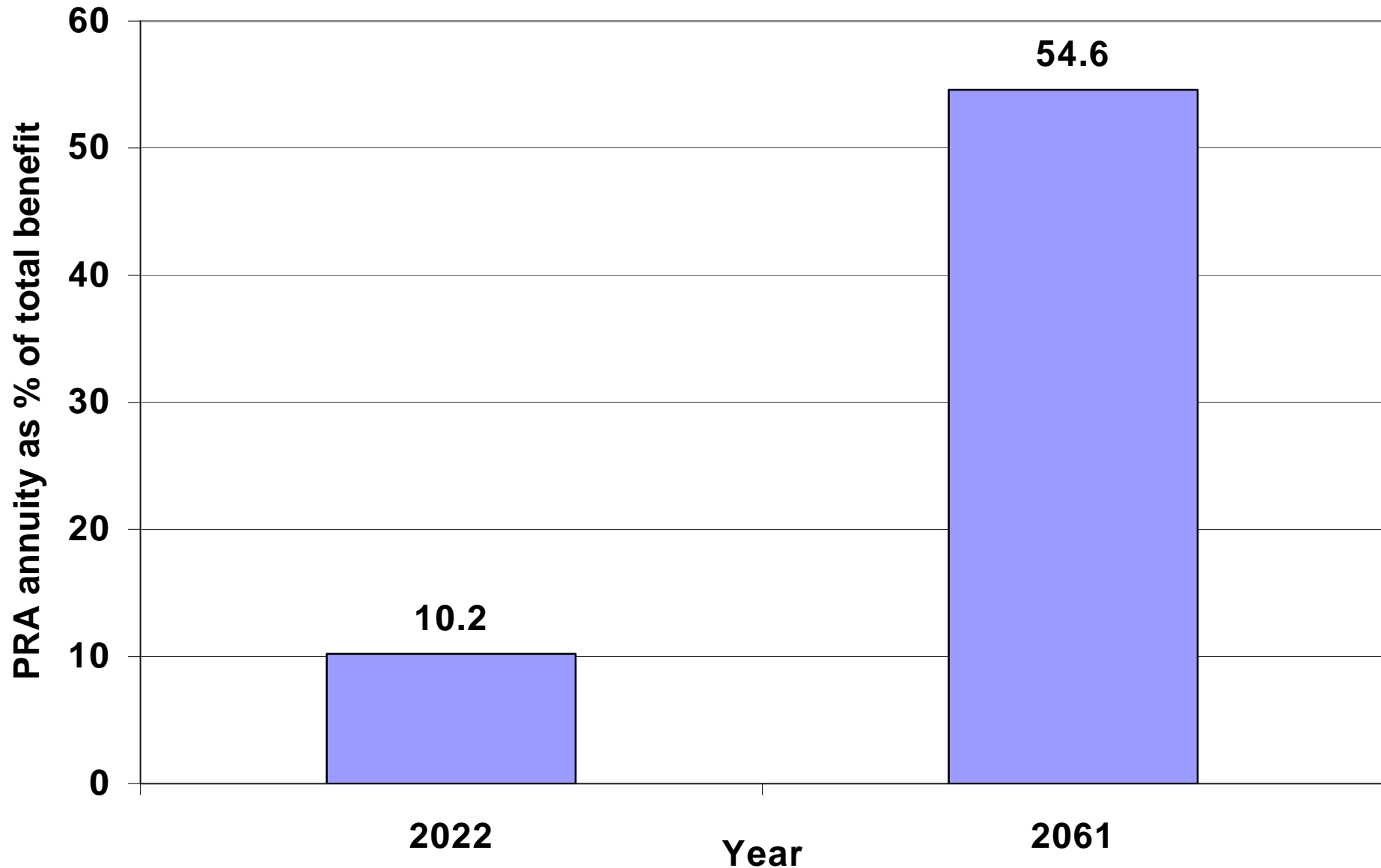
...In part due to inherited accounts.



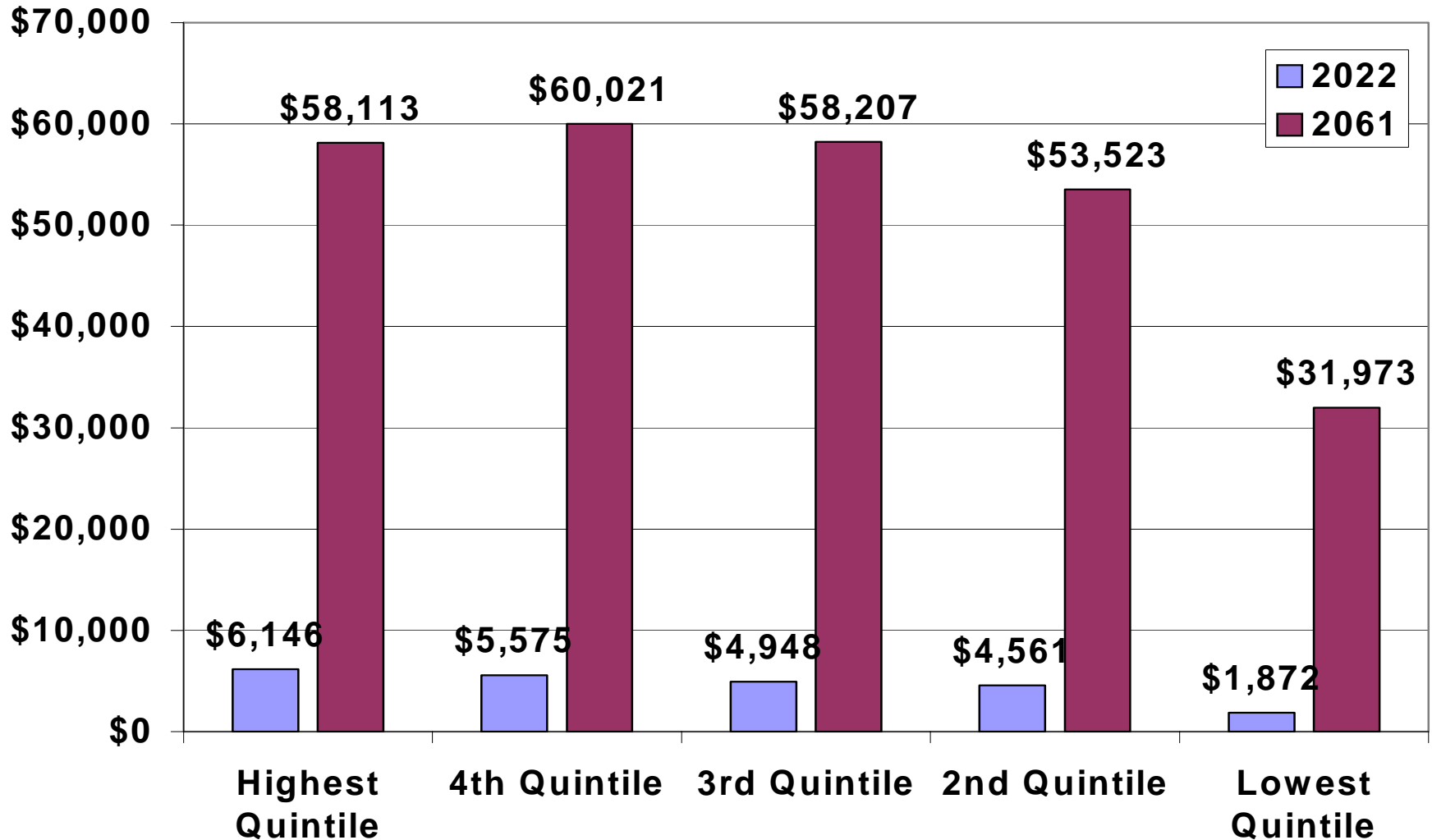
Low earner enhancement



PRAs' role would increase over time



Bequests at time of death (assumes annuitization to poverty line)



Rate of return by income quintile

