

Social Security and Medicare Taxes and Benefits Over a Lifetime

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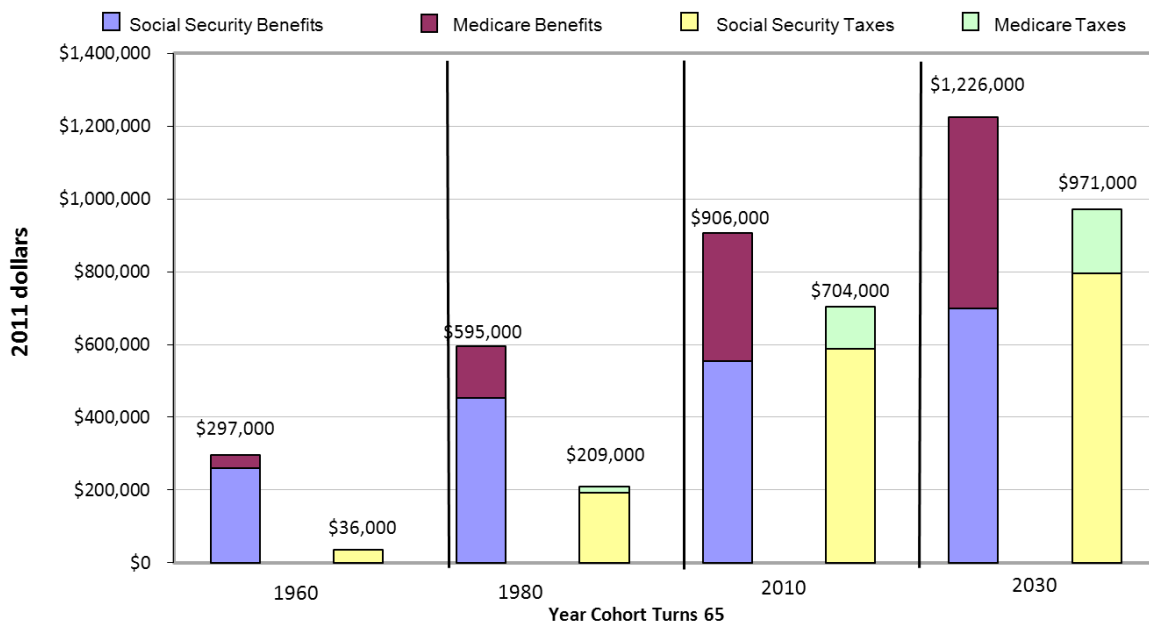
How much will you pay in Social Security and Medicare taxes over your lifetime? And how much can you expect to get back in benefits? It depends on whether you're married, when you retire, and how much you've earned over a lifetime.

These tables provide estimates of the lifetime value of Social Security and Medicare benefits and taxes for typical workers in different generations at various earning levels. The tables are updated to reflect assumptions and projections in the 2011 OASDI and Medicare Trustees reports. The "lifetime value of taxes" is based upon the value of accumulated taxes, as if those taxes were put into an account that earned a 2 percent real rate of return (that is, 2 percent plus inflation). The "lifetime value of benefits" represents the amount needed in an account (also earning a 2 percent real interest rate) to pay for those benefits. See <http://www.urban.org/retirees/Estimating-Social-Security.cfm> for more information on assumptions and methodology.

Two sets of tables provided for different Social Security assumptions: one assumes that workers retire at age 65, and the other assumes that workers retire at the Normal Retirement Age. In both sets, we assume the worker receives Medicare at the eligibility age, 65.

All estimates are shown in 2011 dollars. As mortality assumptions for the model are provided in five-year intervals, estimates of benefits for the 2011 cohort are taken by assuming linear growth in benefits and taxes between the 2010 cohort and the 2015 cohort.

Social Security and Expected* Medicare Benefits and Taxes for Average-Wage, Two-Earner Couple (\$43.5k each)



* Expected rather than realized benefits. Notes: The "average" wage profiles are those hypothetical profiles used by the Social Security Administration in its analyses. Lifetime amounts are rounded and discounted to present value at age 65 using a 2 percent real interest rate and adjusted for mortality. Projections based on intermediate assumptions of the 2011 OASDI and HI/SMI Trustees Reports. Medicare benefits are net of premiums. Includes Medicare Part D. Source: Stephanie Rennane and C. Eugene Steuerle, 2011. Based on earlier work with Adam Carasso.

Social Security and Expected¹ Medicare Benefits (in 2011 dollars)

Social Security Benefits at age 65

Tables included for the following cohorts:

Single man, average wage

Single woman, average wage

One-earner couple, average wage

Two-earner couple, average/low wage

Two-earner couple, average wage

Two-earner couple, high/average wage

Single man earning the average wage (\$43,500 in 2011 dollars)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	Total benefits received over a lifetime	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	Total Social Security & Medicare taxes paid
1960	\$9,300	\$113,000	\$15,000	\$128,000	\$18,000	\$0	\$18,000
1980	\$15,100	\$203,000	\$62,000	\$265,000	\$96,000	\$8,000	\$104,000
2010	\$17,500	\$265,000	\$167,000	\$432,000	\$294,000	\$58,000	\$352,000
2030	\$20,500	\$336,000	\$251,000	\$587,000	\$398,000	\$87,000	\$485,000
2011	\$17,500	\$266,000	\$170,000	\$436,000	\$299,000	\$60,000	\$359,000

Single woman earning the average wage (\$43,500 in 2011 dollars)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	Total benefits received over a lifetime	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	Total Social Security & Medicare taxes paid
1960	\$9,300	\$146,000	\$23,000	\$169,000	\$18,000	\$0	\$18,000
1980	\$15,100	\$249,000	\$81,000	\$330,000	\$96,000	\$8,000	\$104,000
2010	\$17,500	\$290,000	\$185,000	\$475,000	\$294,000	\$58,000	\$352,000
2030	\$20,500	\$363,000	\$275,000	\$638,000	\$398,000	\$87,000	\$485,000
2011	\$17,500	\$290,000	\$188,000	\$478,000	\$299,000	\$60,000	\$359,000

¹ Expected rather than realized benefits. Taxes are based on total Medicare payroll taxes (Hospital Insurance Tax) and OASDI payroll taxes.

One-earner couple earning the average wage (\$43,500 in 2011)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	Total benefits received over a lifetime	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	Total Social Security & Medicare taxes paid
1960	\$14,000	\$210,000	\$38,000	\$248,000	\$18,000	\$0	\$18,000
1980	\$22,700	\$369,000	\$143,000	\$512,000	\$96,000	\$8,000	\$104,000
2010	\$26,000	\$447,000	\$351,000	\$798,000	\$294,000	\$58,000	\$352,000
2030	\$30,700	\$561,000	\$527,000	\$1,088,000	\$398,000	\$87,000	\$485,000
2011	\$26,000	\$448,000	\$357,000	\$805,000	\$299,000	\$60,000	\$359,000

Two-earner couple with one spouse earning an average wage (\$43,500 in 2011) and one earning a low wage (\$19,500 in 2011)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	Total benefits received over a lifetime	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	Total Social Security & Medicare taxes paid
1960	\$16,000	\$223,000	\$38,000	\$261,000	\$26,000	\$0	\$26,000
1980	\$24,000	\$386,000	\$143,000	\$529,000	\$139,000	\$12,000	\$151,000
2010	\$30,000	\$470,000	\$351,000	\$821,000	\$426,000	\$84,000	\$510,000
2030	\$38,000	\$590,000	\$527,000	\$1,117,000	\$576,000	\$127,000	\$703,000
2011	\$30,000	\$471,000	\$357,000	\$828,000	\$434,000	\$86,000	\$520,000

Two-earner couple both earning an average wage (\$43,500 each in 2011)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	Total benefits received over a lifetime	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	Total Social Security & Medicare taxes paid
1960	\$19,000	\$259,000	\$38,000	\$297,000	\$36,000	\$0	\$36,000
1980	\$30,000	\$452,000	\$143,000	\$595,000	\$192,000	\$17,000	\$209,000
2010	\$35,000	\$555,000	\$351,000	\$906,000	\$588,000	\$116,000	\$704,000
2030	\$41,000	\$699,000	\$527,000	\$1,226,000	\$796,000	\$175,000	\$971,000
2011	\$35,000	\$556,000	\$357,000	\$913,000	\$598,000	\$119,000	\$717,000

Two-earner couple with one spouse earning a high wage (\$69,600 in 2011) and one earning an average wage (\$43,500 in 2011)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	Total benefits received over a lifetime	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	Total Social Security & Medicare taxes paid
1960	\$20,000	\$272,000	\$38,000	\$310,000	\$41,000	\$0	\$41,000
1980	\$34,000	\$523,000	\$143,000	\$666,000	\$226,000	\$20,000	\$246,000
2010	\$44,000	\$665,000	\$351,000	\$1,016,000	\$750,000	\$149,000	\$899,000
2030	\$55,000	\$835,000	\$527,000	\$1,362,000	\$1,034,000	\$227,000	\$1,261,000
2011	\$44,000	\$666,000	\$357,000	\$1,023,000	\$766,000	\$154,000	\$920,000

Source: C. Eugene Steuerle and Stephanie Rennane, 2011. Based on earlier work with Adam Carasso.

Notes: All amounts are in constant 2011 dollars as noted, adjusted to present value at age 65 using a 2 percent real interest rate. Each calculation assumes survival until age 65 and then adjusts for chance of death in all years after age 65. It also assumes that benefits scheduled in law will be paid even if trust funds are exhausted. Workers are assumed to work every year from age 22 to age 64 and retire at age 65. An average-wage worker earns the average wage in the economy every year, based on Social Security's measure of the "average wage." The low-wage worker earns 45 percent of the average wage, while the high-wage worker earns 160 percent of the average wage. The tax-max wage worker earns at the taxable maximum every year. Medicare numbers are net of premium, other than the new premium tax on some high earners.

Revised: June 20, 2011

Social Security and Expected² Medicare Benefits (in 2011 dollars)

Social Security Benefits at Normal Retirement Age

Tables included for the following cohorts:

Single man, average wage

Single woman, average wage

One-earner couple, average wage

Two-earner couple, average/low wage

Two-earner couple, average wage

Two-earner couple, high/average wage

Single man earning the average wage (\$43,500 in 2011 dollars)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	Total benefits received over a lifetime	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	Total Social Security & Medicare taxes paid
1960	\$9,300	\$113,000	\$15,000	\$128,000	\$18,000	\$0	\$18,000
1980	\$15,100	\$203,000	\$62,000	\$265,000	\$96,000	\$8,000	\$104,000
2010	\$18,500	\$266,000	\$167,000	\$433,000	\$300,000	\$58,000	\$358,000
2030	\$23,800	\$345,000	\$251,000	\$596,000	\$413,000	\$87,000	\$500,000
2011	\$18,500	\$267,000	\$170,000	\$437,000	\$305,000	\$60,000	\$365,000

Single woman earning the average wage (\$43,500 in 2011 dollars)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	Total benefits received over a lifetime	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	Total Social Security & Medicare taxes paid
1960	\$9,300	\$146,000	\$23,000	\$169,000	\$18,000	\$0	\$18,000
1980	\$15,100	\$249,000	\$81,000	\$330,000	\$96,000	\$8,000	\$104,000
2010	\$18,500	\$293,000	\$185,000	\$478,000	\$300,000	\$58,000	\$358,000
2030	\$23,800	\$376,000	\$275,000	\$651,000	\$413,000	\$87,000	\$500,000
2011	\$18,500	\$294,000	\$188,000	\$482,000	\$305,000	\$60,000	\$365,000

² Expected rather than realized benefits. Taxes are based on total Medicare payroll taxes (Hospital Insurance Tax) and OASDI payroll taxes.

One-earner couple earning the average wage (\$43,500 in 2011)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	Total benefits received over a lifetime	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	Total Social Security & Medicare taxes paid
1960	\$14,000	\$210,000	\$38,000	\$248,000	\$18,000	\$0	\$18,000
1980	\$22,700	\$369,000	\$143,000	\$512,000	\$96,000	\$8,000	\$104,000
2010	\$28,000	\$452,000	\$351,000	\$803,000	\$300,000	\$58,000	\$358,000
2030	\$35,700	\$583,000	\$527,000	\$1,110,000	\$413,000	\$87,000	\$500,000
2011	\$28,000	\$453,000	\$357,000	\$810,000	\$305,000	\$60,000	\$365,000

Two-earner couple with one spouse earning an average wage (\$43,500 in 2011) and one earning a low wage (\$19,500 in 2011)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	Total benefits received over a lifetime	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	Total Social Security & Medicare taxes paid
1960	\$16,000	\$223,000	\$38,000	\$261,000	\$26,000	\$0	\$26,000
1980	\$24,000	\$386,000	\$143,000	\$529,000	\$139,000	\$12,000	\$151,000
2010	\$30,000	\$475,000	\$351,000	\$826,000	\$435,000	\$84,000	\$519,000
2030	\$38,000	\$612,000	\$527,000	\$1,139,000	\$600,000	\$127,000	\$727,000
2011	\$30,000	\$476,000	\$357,000	\$833,000	\$443,000	\$86,000	\$529,000

Two-earner couple both earning an average wage (\$43,500 each in 2011)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	Total benefits received over a lifetime	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	Total Social Security & Medicare taxes paid
1960	\$18,600	\$259,000	\$38,000	\$297,000	\$36,000	\$0	\$36,000
1980	\$30,200	\$452,000	\$143,000	\$595,000	\$192,000	\$17,000	\$209,000
2010	\$37,000	\$559,000	\$351,000	\$910,000	\$600,000	\$116,000	\$716,000
2030	\$47,600	\$721,000	\$527,000	\$1,248,000	\$826,000	\$175,000	\$1,001,000
2011	\$37,000	\$560,000	\$357,000	\$917,000	\$611,000	\$119,000	\$730,000

Two-earner couple with one spouse earning a high wage (\$69,600 in 2011) and one earning an average wage (\$43,500 in 2011)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	Total benefits received over a lifetime	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	Total Social Security & Medicare taxes paid
1960	\$20,000	\$272,000	\$38,000	\$310,000	\$41,000	\$0	\$41,000
1980	\$34,000	\$523,000	\$143,000	\$666,000	\$226,000	\$20,000	\$246,000
2010	\$43,000	\$670,000	\$351,000	\$1,021,000	\$765,000	\$149,000	\$914,000
2030	\$55,000	\$861,000	\$527,000	\$1,388,000	\$1,075,000	\$227,000	\$1,302,000
2011	\$43,000	\$672,000	\$357,000	\$1,029,000	\$781,000	\$154,000	\$935,000

Source: C. Eugene Steuerle and Stephanie Rennane, 2011. Based on earlier work with Adam Carasso.

Notes: All amounts are in constant 2011 dollars as noted, adjusted to present value at age 65 using a 2 percent real interest rate. Each calculation assumes survival until age 65 and then adjusts for chance of death in all years after age 65. It also assumes that benefits scheduled in law will be paid even if trust funds are exhausted. Workers are assumed to work every year from age 22 to age 64 and retire at the Normal Retirement Age. An average-wage worker earns the average wage in the economy every year, based on Social Security's measure of the "average wage." The low-wage worker earns 45 percent of the average wage, while the high-wage worker earns 160 percent of the average wage. The tax-max wage worker earns at the taxable maximum every year. Medicare numbers are net of premium, other than the new premium tax on some high earners.

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