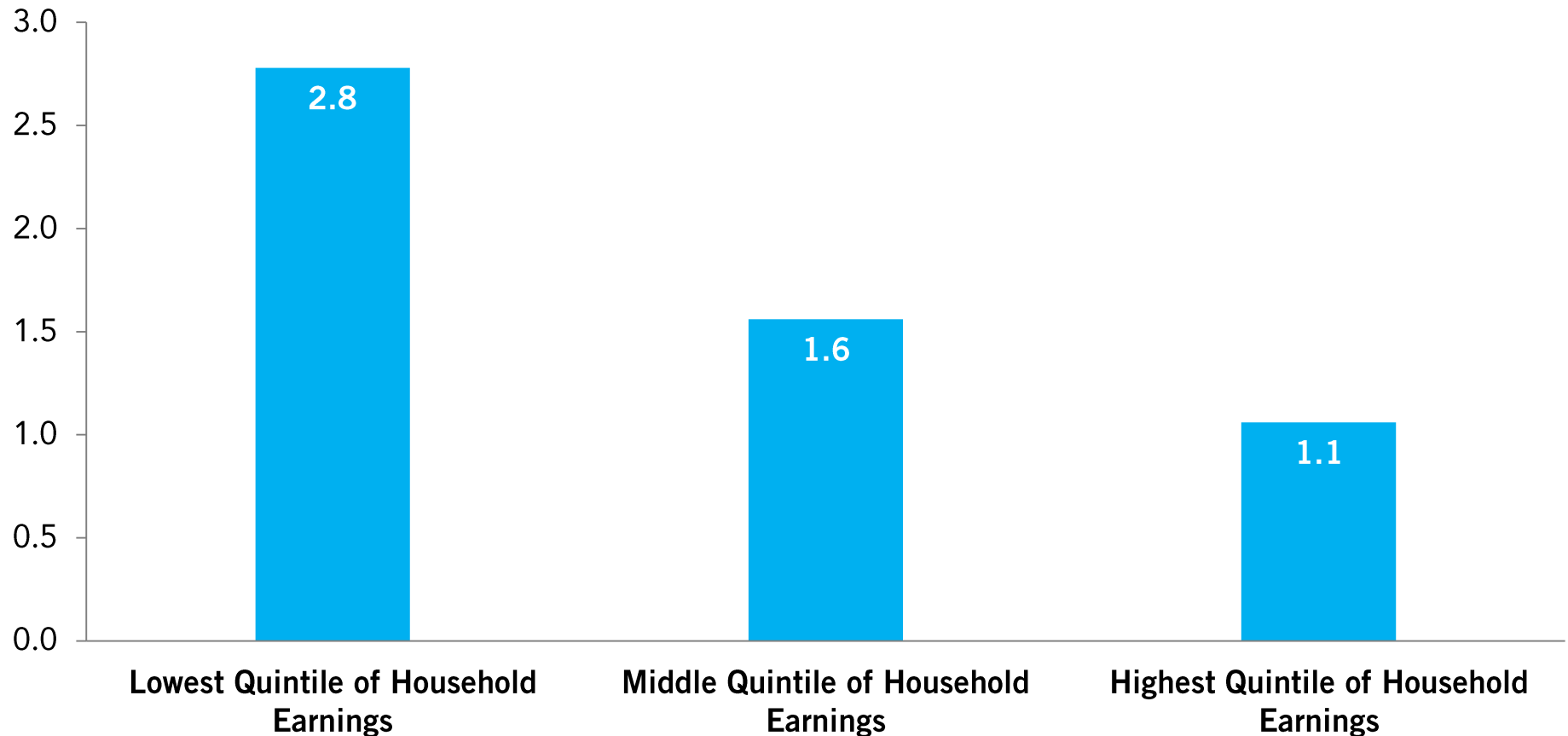


Social Security provides social insurance by redistributing income from high earners to low earners

LIFETIME BENEFIT/TAX RATIO OF THE 1960s BIRTH COHORT



SOURCE: Congressional Budget Office, *CBO's 2020 Long-Term Projections for Social Security: Additional Information*, December 2020.

NOTES: A lifetime benefit/tax ratio of 1.0 means that the expected payment of lifetime benefits equals the expected cost of lifetime taxes. The benefit/tax ratio is measured as the expected present value of lifetime benefits divided by the present value of lifetime payroll taxes. Present values convert a stream of benefits or tax payments into an equivalent lump-sum amount received or paid today. Benefit-tax ratios are based on scheduled benefits, which are calculated under the Social Security Act, regardless of the balances in the trust funds. A quintile is 20% of the income distribution.