

The Current State of Social Security and Medicare: The 2007 Trustees Report



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2007 Trustees Report

Social Security Overview



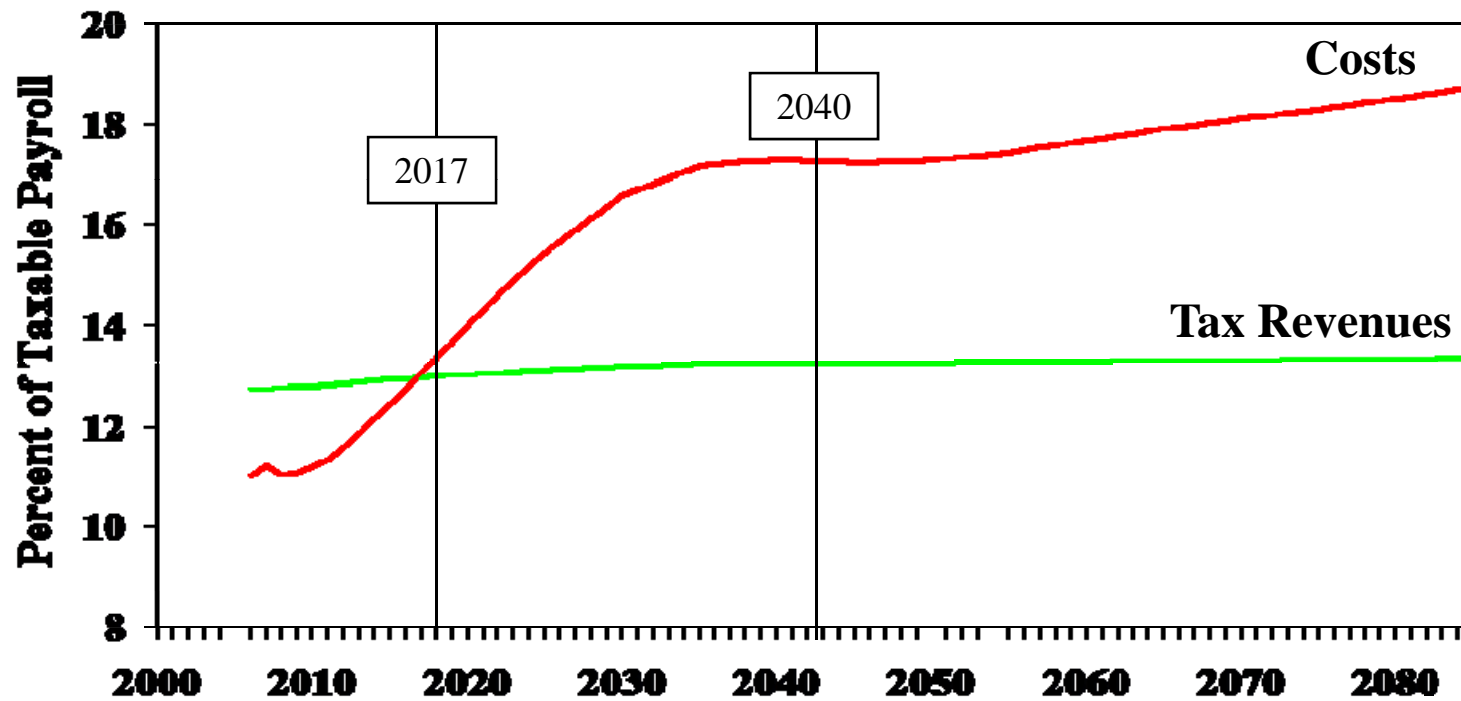
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Projected Social Security Costs and Revenues (OASDI)

Taxable Payroll



Source: 2007 Trustees Report (OASDI), Table IV. B1.



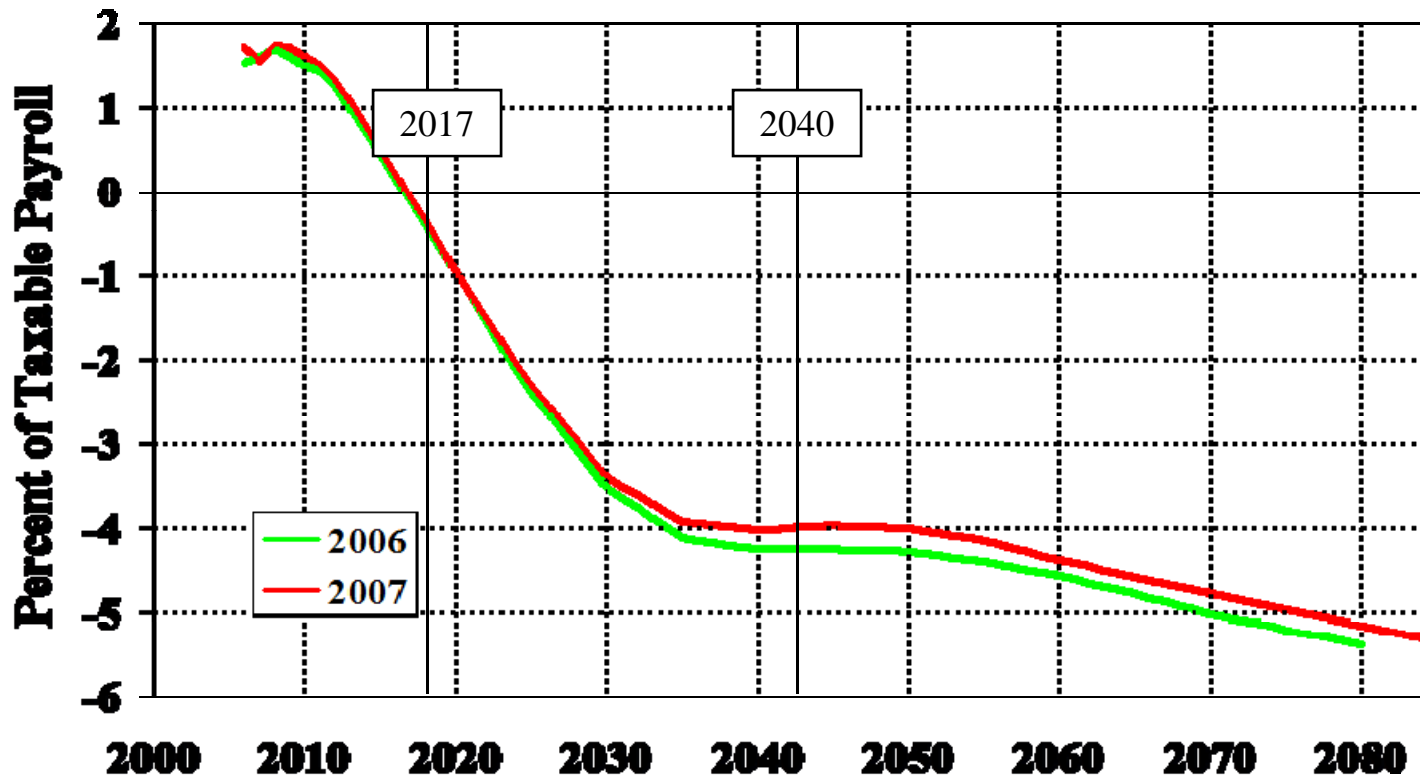
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Annual Balances of Social Security Revenues (OASDI)

% Taxable Payroll



Sources: Table IV. B1, 2007 Trustees Report (OASDI) and 2006 Trustees Report (OASDI).

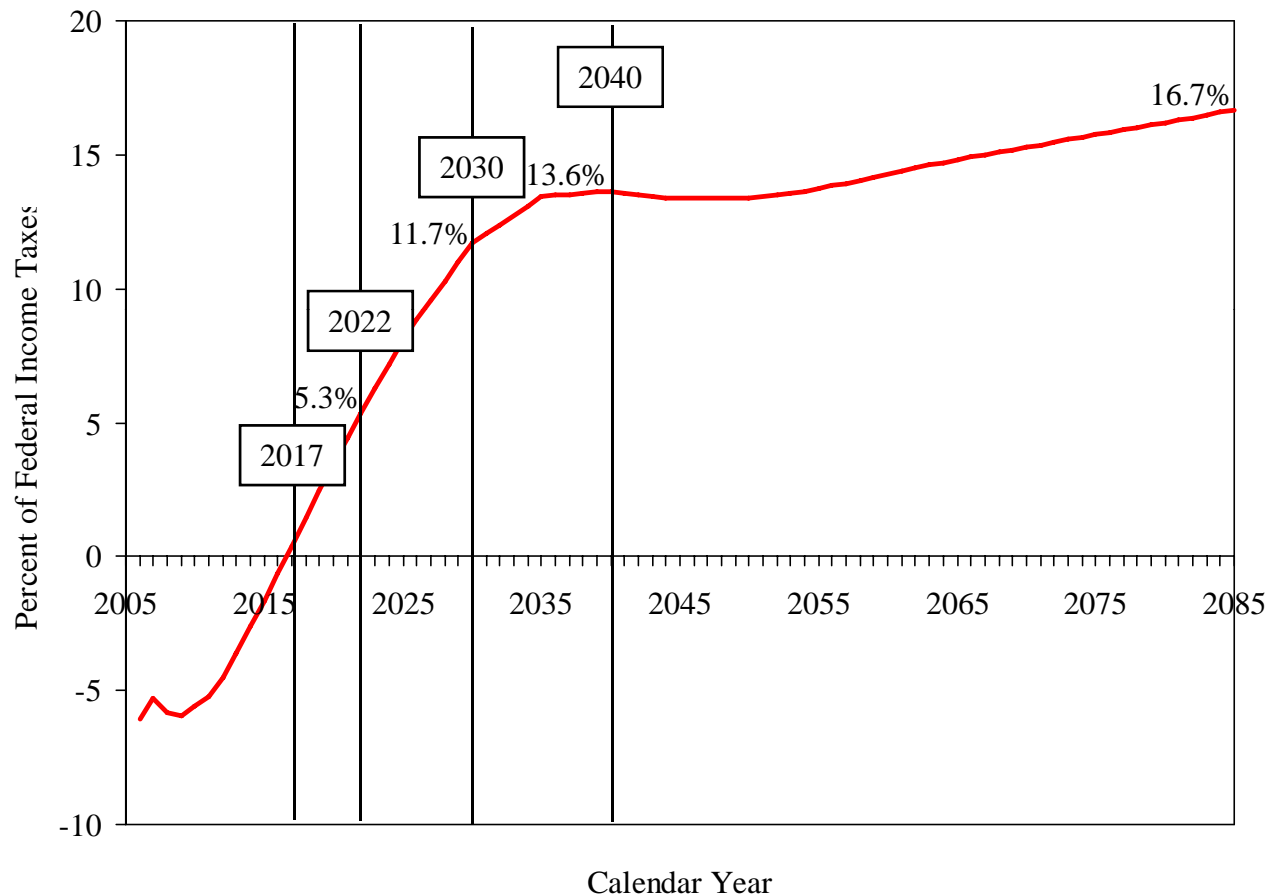


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Social Security Shortfalls as a Percent of Federal Income Taxes



Source: 2007 Social Security and Medicare Trustees Reports and author's estimates. Federal Income Taxes are estimated to be 10.86% of GDP, the 25-year average.

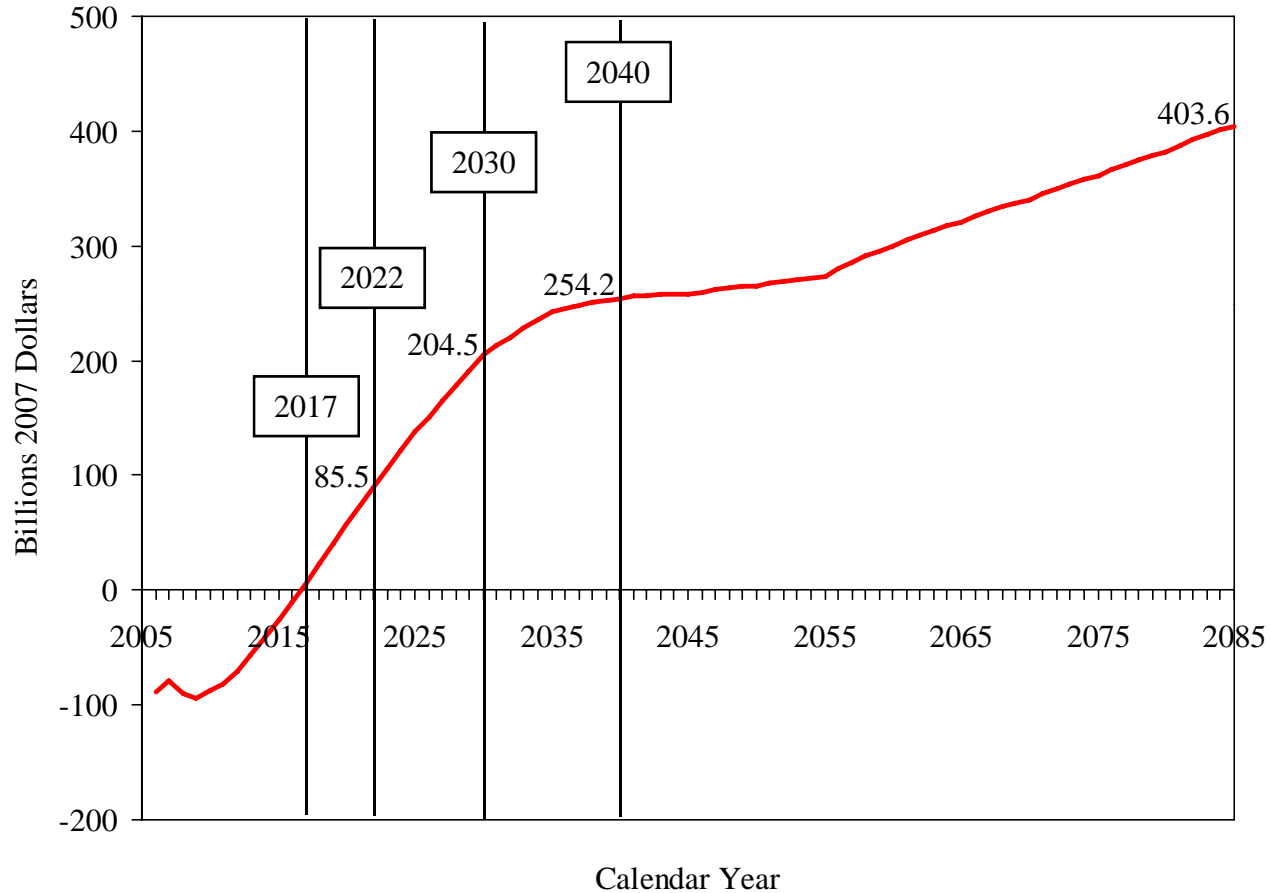


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Social Security Shortfalls 2007 \$



Source: 2007 Social Security and Medicare Trustees Reports and author's estimates. Federal Income Taxes are estimated to be 10.86% of GDP, the 25-year average.



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Social Security's Unfunded Obligations

	Present Value	% Taxable Payroll	% GDP	% Income Taxes
Infinite Horizon Unfunded Obligations	\$13.6	3.5	1.2	11.1
75-Year Unfunded Obligations	\$4.7	1.8	0.7	6.4

Source: Table IV.B6, 2007 Social Security Trustees Report for first three columns. % income taxes calculated assuming that income taxes remain at the 25-year average.



Composition of Social Security's Unfunded Obligations

Trillions 2007\$

Unfunded obligation

Current participants	\$16.5
Future participants	-0.8
Current and future participants	15.7
Trust Fund Offset	2.0
Infinite horizon	13.6

Source: Table IV.B7, 2007 Social Security Trustees Report.



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2007 Trustees Report

Medicare Overview

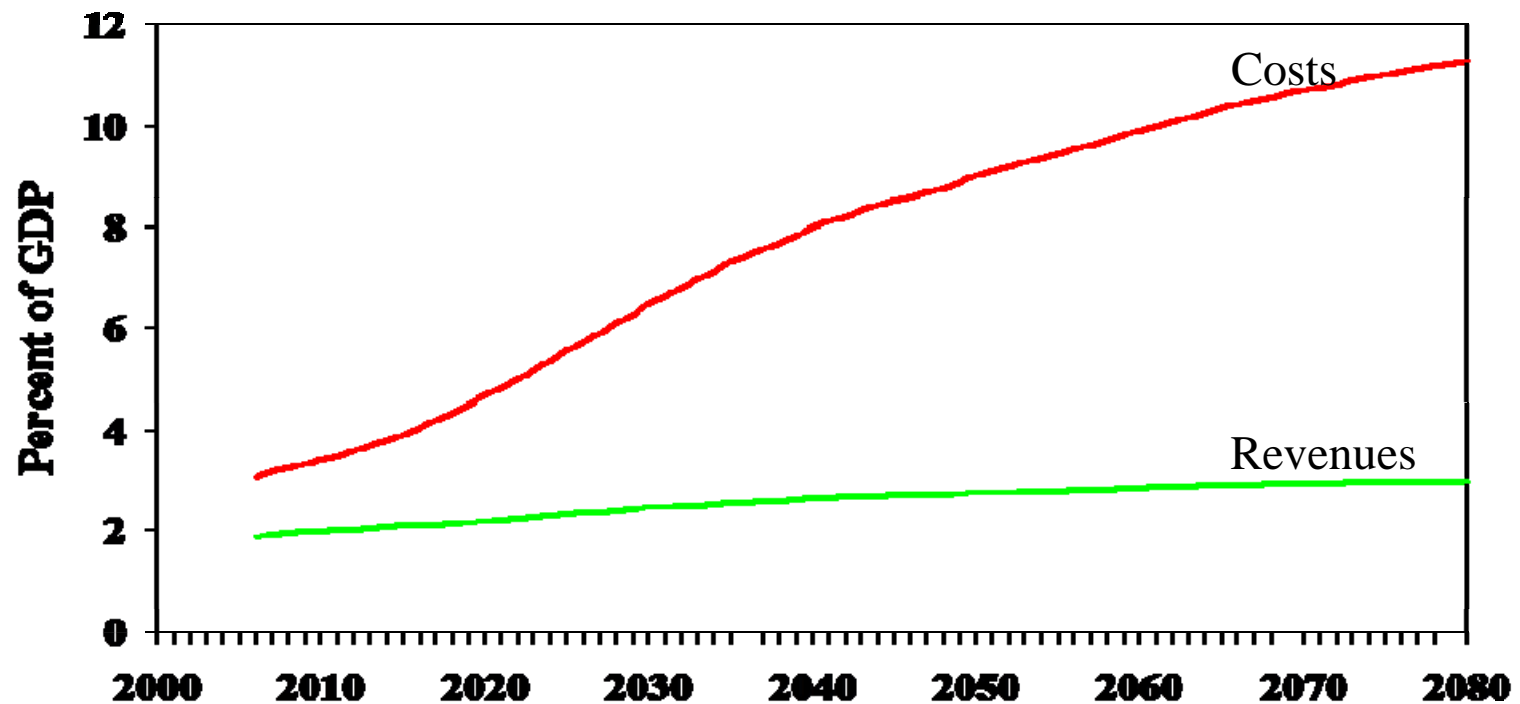


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Projected Medicare Costs and Revenues



Source: 2007 Medicare Trustees Report Table III.A2, III.C15, III.C21, Social Security Trustees Report Table VI.F4, and author's estimates. Revenues include payroll taxes, taxes paid on Social Security benefits, premium income, and state transfers.

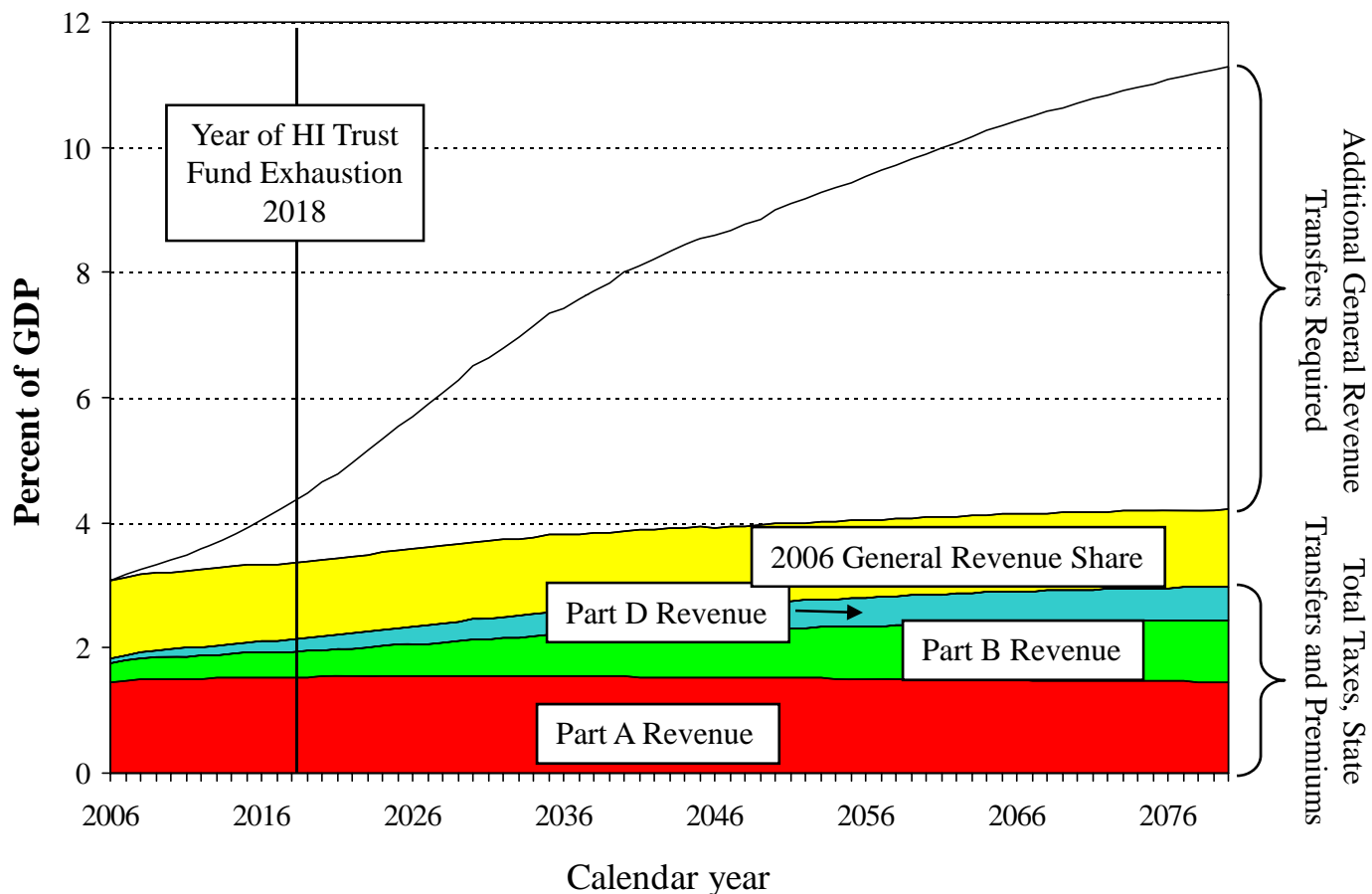


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Medicare Expenditures and Income by Source



Source: 2007 Medicare Trustees Report Table III.A2, III.C15, III.C21, 2007 Social Security Trustees Report Table VI.F4, and author's estimates.

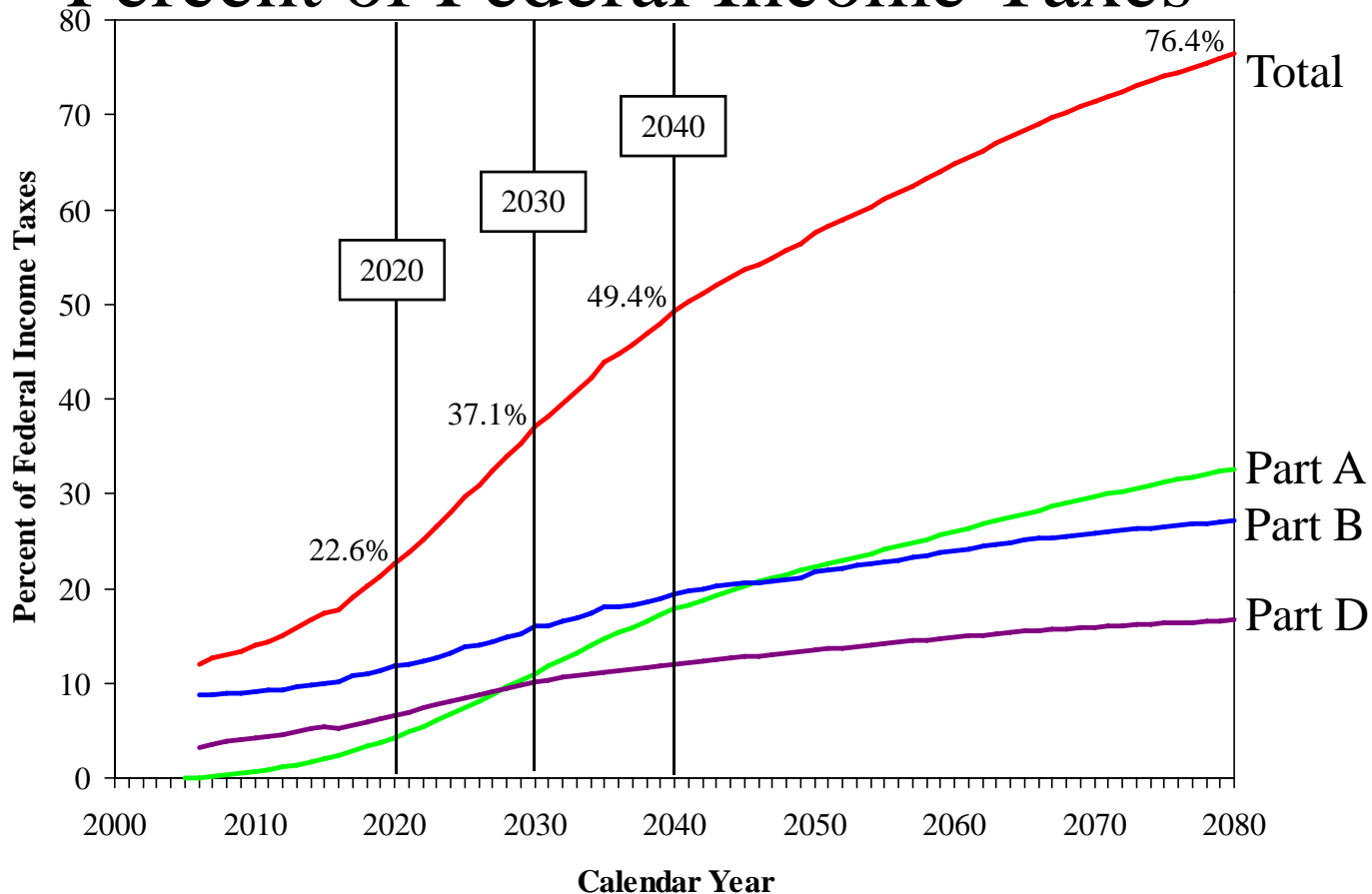


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Medicare Funding Shortfalls as a Percent of Federal Income Taxes



Source: 2007 Medicare Trustees Report and author's estimates. Federal Income Taxes are estimated to be 10.89% of GDP, the 25-year average.

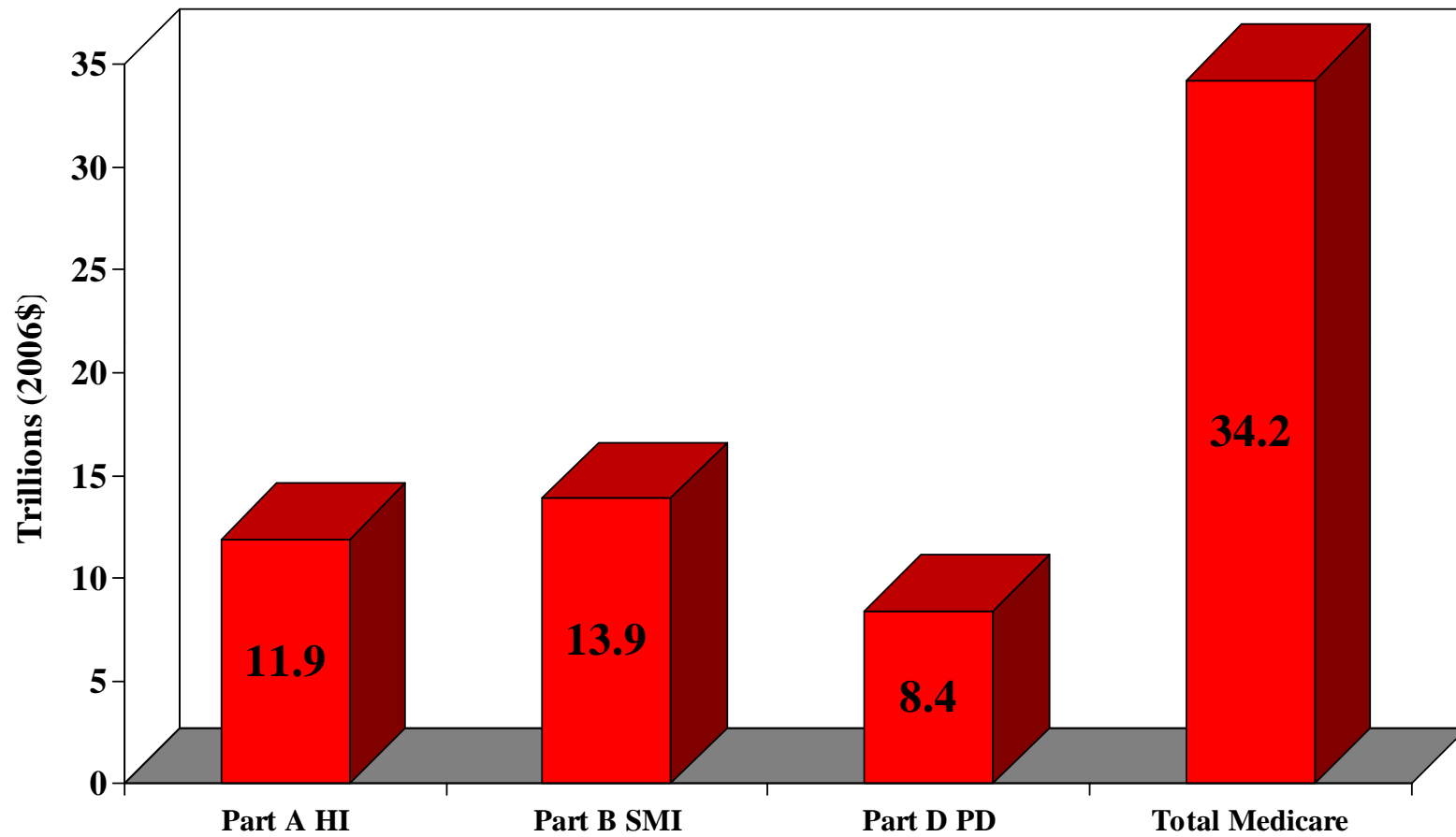


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Medicare's 75-Year General Revenue Obligation



Source: Table III.B10, Table III.B11, Table III.C15, Table III.C23 2007 Trustees Reports excluding HI Trust Fund.

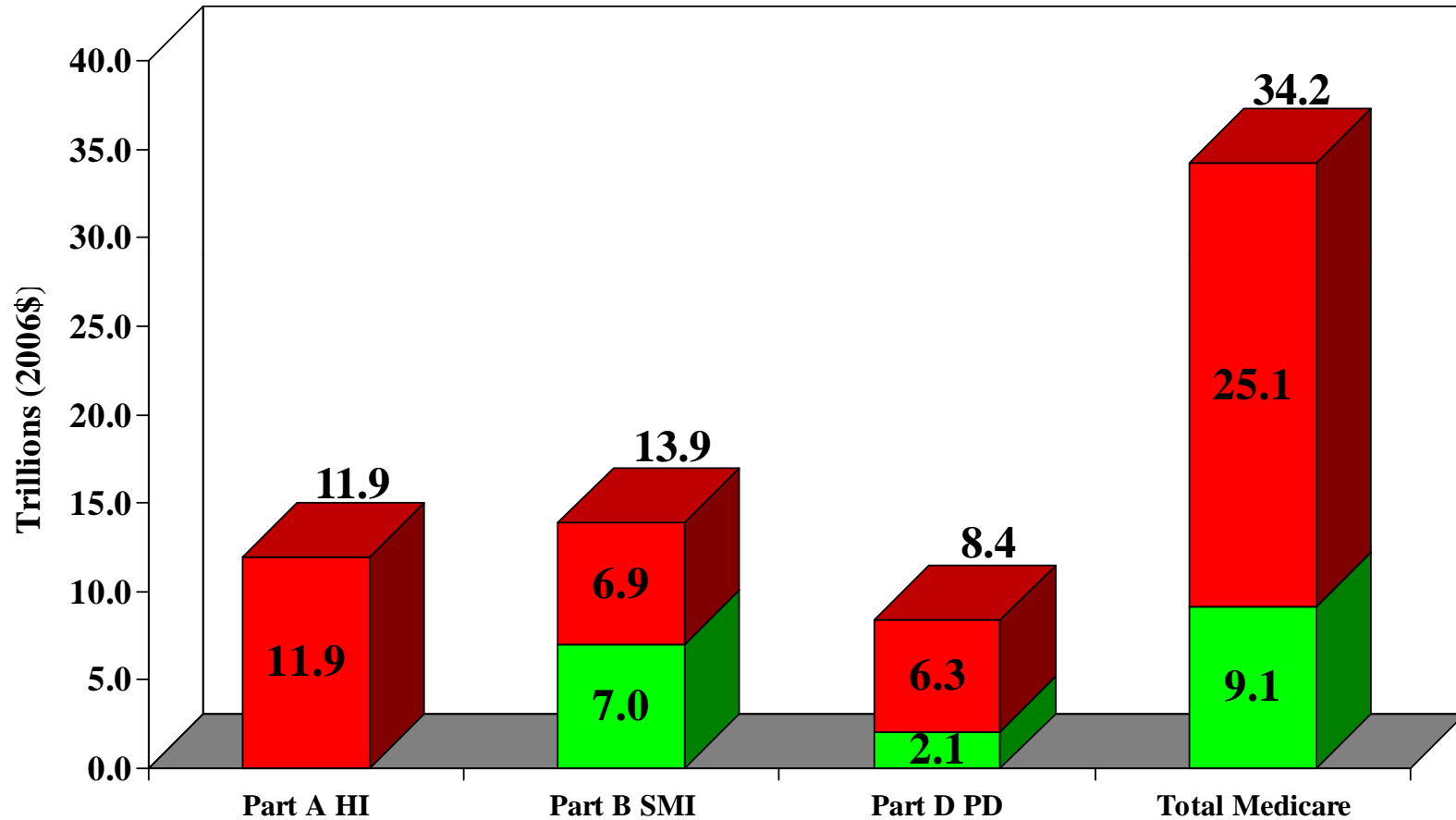


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Medicare's 75-Year Obligations in Excess of Current Transfer Share of GDP



Source: Table III.B10, Table III.B11, Table III.C15, Table III.C23 2007 Trustees Reports excluding HI Trust Fund.

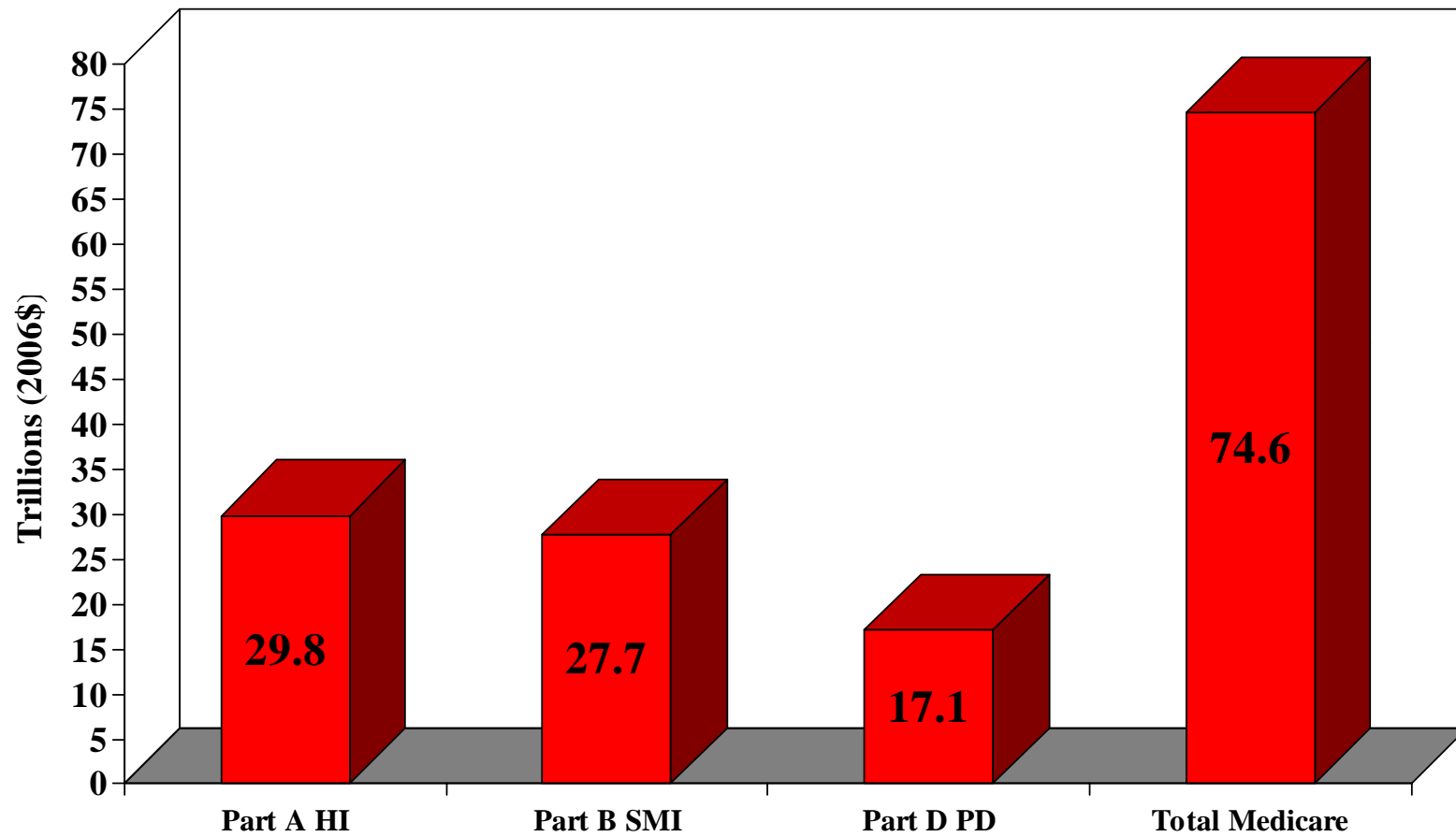


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Medicare's Long-Run General Revenue Obligation



Source: Table III.B10, Table III.B11, Table III.C15, Table III.C23 2007 Trustees Reports excluding HI Trust Fund.

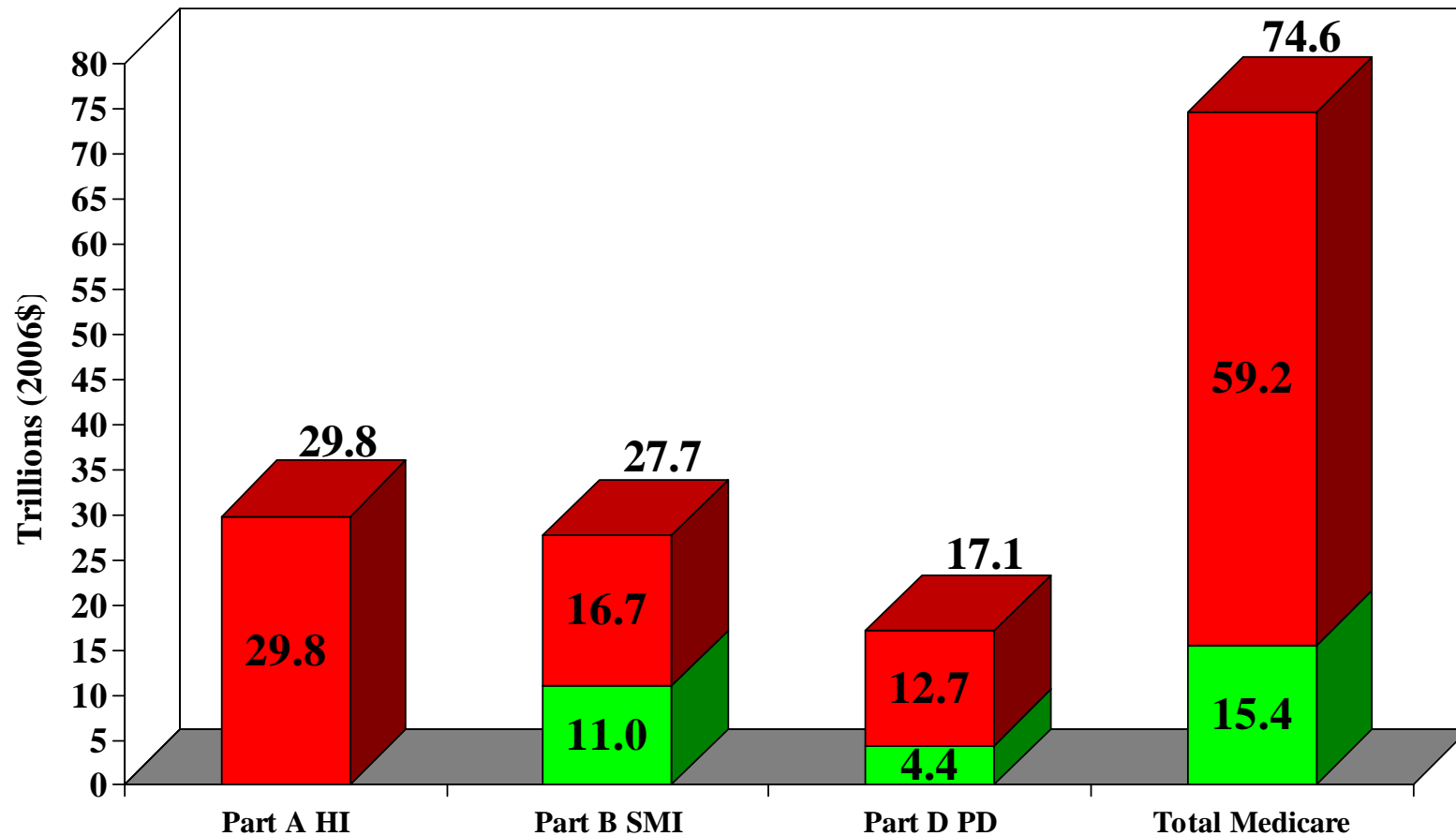


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Medicare's Long-Run Obligations in Excess of Current Transfer Share of GDP



Source: Table III.B10, Table III.B11, Table III.C15, Table III.C23 2007 Trustees Reports excluding HI Trust Fund.



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Composition of Medicare's Future General Revenue Transfers

% of Federal Income Taxes

Group	General Revenue Transfers			
	Part A	Part B	Part D	Combined
75-Year	15.0	17.5	8.4	43.0
Infinite horizon	23.7	22.0	13.6	59.4

Sources: Tables III.B11, III.C16 and III.C24, 2007 Medicare Trustees Report. Federal Income Taxes are estimated to be 10.89% of GDP, the 25-year average.



Social Security and Medicare Combined Overview

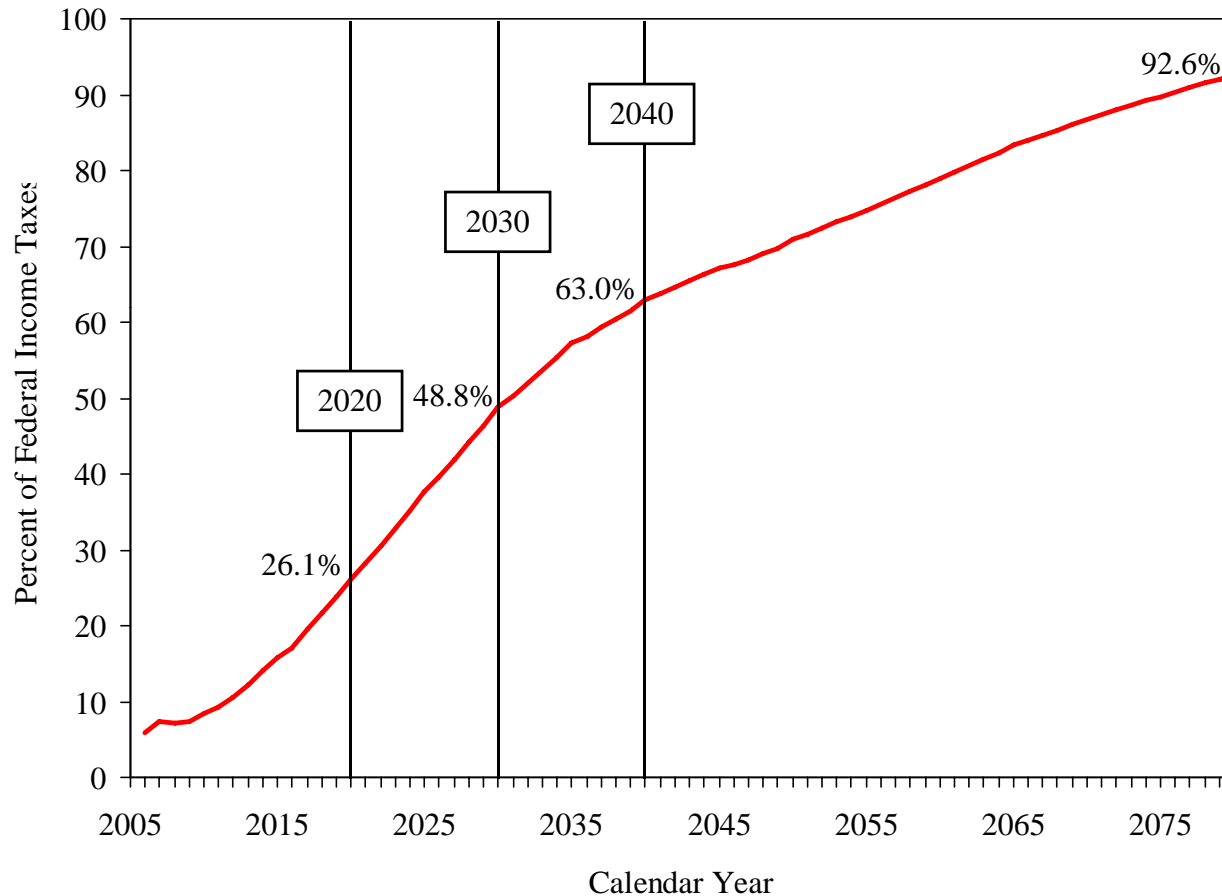


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Social Security and Medicare Funding Shortfalls as a Percent of Federal Income Taxes



Source: 2007 Social Security and Medicare Trustees Reports and author's estimates. Federal Income Taxes are estimated to be 10.89% of GDP, the 25-year average.

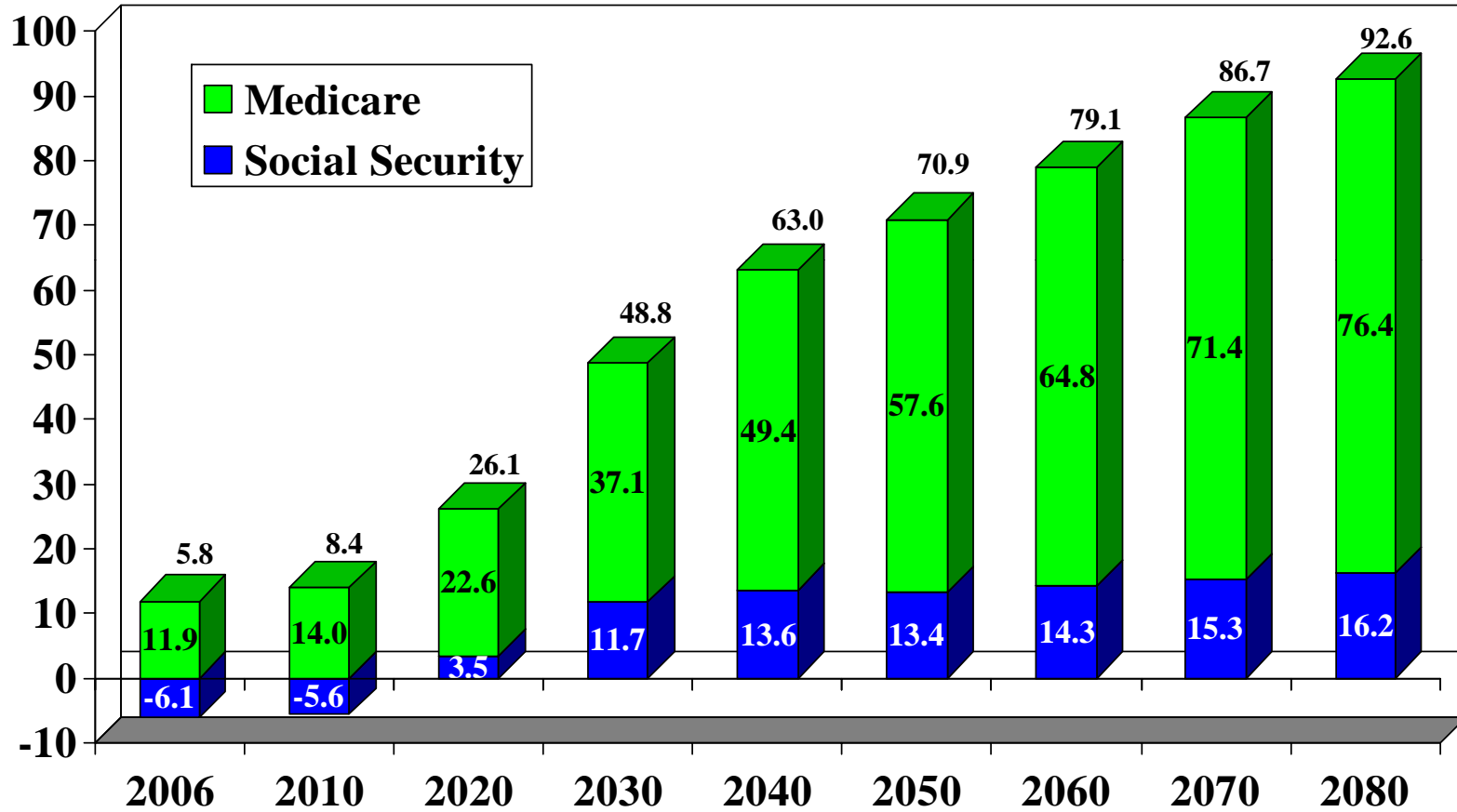


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General Revenue Transfers to Social Security and Medicare (as a % of income taxes)



Source: 2007 Social Security and Medicare Trustees Reports and author's estimates. Federal Income Taxes are estimated to be 10.89% of GDP, the 25-year average.



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Composition of Social Security's and Medicare's Future General Revenue Transfers

% of Federal Income Taxes

Horizon	General Revenue Transfers		
	Medicare	Social Security	Combined
75-Year Horizon	43.0	8.7	51.7
Infinite Horizon	59.4	12.8	72.2

Sources: Table IV.B7, 2007 Social Security Trustees Report and Tables III.B11, III.C16 and III.C24, 2007 Medicare Trustees Report. Federal Income Taxes are estimated to be 10.89% of GDP, the 25-year average.



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