The Heritage Foundation

BACKGROUNDER

Is Social Security Worth Its Cost?

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Abstract

Americans would be better off keeping their payroll tax contributions and saving them in private retirement accounts than having to contribute to the government's broken Social Security system. Social Security's design has, over the decades, presumed that many Americans are too incompetent to make informed decisions for themselves, but few Americans believe that the government knows better than they do what is best for them and their families. Moreover, Social Security's financial structure effectively guarantees that workers will receive extremely low—or even negative returns—on their payroll taxes.

Social Security began as an anti-poverty insurance program, aimed at preventing workers from outliving their savings when they were no longer physically able to work. As such, Social Security was limited in nature, beginning as only a 2 percent payroll tax—and promising to never take more than 6 percent of workers' pay. Today, Social Security's Old Age and Survivors Insurance (OASI) retirement program takes 10.6 percent of workers' pay, and its Disability Insurance (DI) program takes another 1.8 percent, for a combined total of 12.4 percent. This is more than most Americans pay in income taxes.

As Social Security has grown in size and scope, it has become more than just an insurance and poverty prevention program—and with millions of seniors living below the federal poverty line, it is not doing a great job even at that. Having reduced the incentive to save for retirement, Social Security now represents a significant portion of most workers' retirement savings. Despite the fact that Social Security was intended to be an insurance program, providing

KEY POINTS

- When Social Security first began, there were 42 workers paying into the system for every one retiree receiving retirement checks. Today, there are only 3.4 workers per beneficiary.

- Social Security has long been on an unsustainable path and will run out of funds to pay promised benefits in 2029, according to the Congressional Budget Office, and in 2035, according to the Social Security Trustees.

- Maintaining current benefit levels would require the payroll tax to rise from 12.4 percent to 15.3 percent. Payroll taxes reduce workers' disposable incomes and provide many with an incentive to save less.

- Because Social Security no longer functions primarily as a poverty-prevention program for the aged and since it consumes so much of workers' savings capacity, it is important to quantify whether Social Security is a valuable savings program.

- Shifting to private savings would provide the average worker with about twice as much as Social Security in annual retirement income.

a secure retirement income, individuals have no legal claim to their scheduled Social Security benefits, as the program can only pay out as much money as it has on hand and Congress can change benefit levels if it wants. Not surprisingly, more than 60 percent of workers under the age of 50 do not think Social Security will be able to pay them a benefit when they retire.

With Social Security consuming such a large component of workers' paychecks and offsetting their own private savings, it is important that workers receive a valuable benefit from Social Security—one at least as good as they, as a whole, could obtain from saving on their own. This analysis looks across the United States and across generations to see if Social Security does in fact provide that.

Utilizing federal government data on life expectancy and earnings in each state, Heritage analysts found that:

- **On average, personal retirement savings significantly outperform the current Social Security system.** Taking an average of all 50 states and the District of Columbia, the average worker receives significantly less from Social Security than he would have if he had conservatively invested his Social Security payroll taxes in the market.

- **Foregone benefits vary across generations.** For average-earner males in Florida (a median-income state), lost investment earnings equal over $600,000 for those born in 1955; over $700,000 for those born in 1975; and over $1.1 million for those born in 1995. For average-earner females living in Florida, Social Security will provide over $190,000 less in lifetime income than personal savings for those born in 1955; over $230,000 less for those born in 1975; and over $420,000 less for those born in 1995. (See Appendix Tables.)

- **Individuals with lower life expectancies often lose greatly.** This occurs because they receive little or nothing in benefits and cannot pass along all their lost contributions to their surviving family members. Consequently, certain areas of the country, including Washington, DC, have significantly lower returns from Social Security.

- **Younger workers face lower, and even negative, returns from Social Security compared to older workers.** This comes as a result of paying higher average Social Security tax rates over their lifetimes, coupled with a two-year increase in Social Security's normal retirement age—as well as the benefit cuts that will occur if Social Security's trust fund runs dry.

To see if Social Security is a worthwhile program for Americans—across generations and states—researchers at The Heritage Foundation's Center for Data Analysis created a statistical model, The Heritage Foundation Social Security Rate of Return Model, to examine Social Security's costs and benefits. We compare these results to what workers would have earned (including estimates on what younger workers likely would earn) in personal retirement savings accounts.

Social Security: Origin and Intent

Established during the Great Depression in the 1930s as part of President Franklin Delano Roosevelt's New Deal, Social Security is a federal program designed to protect against poverty in old age. At that time, Social Security's eligibility age of 65 was higher than the average life expectancy.[1] Social Security's payroll tax began at a rate of 2 percent and was never intended to rise above 6 percent.[2] Those taxes seemed sufficient because life expectancy was 17 years lower then than it is today; not many people lived long enough to collect benefits, and those who did collected them for less time than retirees today.[3]

However, what started out small has morphed into a nearly $1 *trillion* annual program that redistributes income to 61 million people—or about one out of every five people in the United States (including

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1. Centers for Disease Control, "United States Life Tables, 1998," *National Vital Statistics Reports*, Vol. 48, No. 18 February 7, 2001, Table 11, https://www.cdc.gov/nchs/data/nvsr/nvsr48/nvs48_18.pdf (accessed April 20, 2018).

2. Social Security Administration, "Social Security and Medicare Tax Rates," https://www.ssa.gov/OACT/ProgData/taxRates.html (accessed October 3, 2016).

3. Life expectancy for men in 1935 was 59.42 years compared to 76.07 in 2016; for women it was 63.32 years in 1935 compared to 80.45 years in 2016. See Felicity C. Bell and Michael L. Miller, *Life Tables for the United States Social Security Area: 1900–2100*, Social Security Administration, Table 10, pp. 162–166, https://www.ssa.gov/oact/NOTES/pdf_studies/study120.pdf (accessed April 20, 2018).

about 50 million OASI beneficiaries and 11 million DI beneficiaries).[4] When Social Security first began, there were 42 workers paying into the system for every one retiree receiving retirement checks. Today, there are only 3.4 workers per OASI beneficiary.[5] The program has long been on an unsustainable path and will run out of funds to pay promised benefits in 2029 according to the Congressional Budget Office[6] and in 2035 according to the Social Security Trustees.[7] Absent reforms, benefits will decline by over 20 percent across the board after the Trust Fund runs dry.[8] Knowing the estimated benefits workers will get from Social Security versus what they could get by saving on their own can help workers and policymakers better assess what types of Social Security reforms would be most beneficial.

Social Security's payroll tax consumes 12.4 percent of workers' paychecks (10.6 percent for the OASI program and 1.8 percent for the DI program)—but that is not enough to sustain the programs.[9] Maintaining current benefit levels for both OASI and DI would require the payroll tax to rise to 15.33 percent.[10] Unfortunately, the payroll tax reduces workers disposable incomes and provides many with an incentive to save less. Therefore, a significant percentage of older individuals today rely primarily on Social Security for retirement income.[11] Because Social Security no longer functions primarily as a poverty-prevention program for individuals who are too old to work, and since it consumes so much of workers' savings capacity, it is important to quantify whether or not Social Security is a valuable savings program.

Why Rates of Return Matter

"Rate of return" is a widely used metric to measure the performance of an investment—that is, how much a given dollar returns over a specified period of time. If $100 invested today is worth $110 in one year, then it has a 10 percent annual rate of return that year. Since workers contribute payroll taxes and expect to receive something in return, Social Security is considered an investment by many people.

In reality, however, Social Security is not an investment. For starters, today's cash-flow deficits within the program mean that all incoming payroll taxes go immediately out the door to pay promised benefits. Moreover, Congress ultimately determines what workers pay into the system and receive from it—leaving workers with no control.

Social Security's rate of return, or what workers get back in comparison to what they pay in, is entirely determined by Social Security's benefit calculation formula as well as its Trust Fund assets. Consequently, the "returns" individuals receive from their Social Security contributions vary wildly across individual workers and across generations. While Social Security provided a high return on payroll taxes to its early beneficiaries, it promises a much lower return to future beneficiaries—and, under certain scenarios, the actual return that it can currently afford to pay to millions of future retirees can even be negative.

We used the Heritage Foundation Social Security Rate of Return Model to compute the program's internal rate of return under two scenarios: (1) current law (which assumes the trust fund runs dry in 2035 and

4. Social Security Administration, *The 2017 Annual Report of the Board of Trustees.*

5. Ibid., Table IV.B3, p. 61.

6. Congressional Budget Office, "CBO's 2016 Long-Term Projections for Social Security: Additional Information," Exhibit 8, p. 9, https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/52298-socialsecuritychartbook.pdf (accessed April 20, 2018).

7. Social Security Administration, *The 2017 Annual Report of the Board of Trustees.*

8. Ibid.

9. For the period between 2016 and 2018, 0.57 percent of the 10.6 percent OASI , or retirement, program payroll tax is being reallocated to the DI program, meaning the OASI payroll tax is temporarily 10.03 percent and the DI tax is 2.37 percent. However, for the purposes of this analysis, we assume that the OASI payroll tax remains constant at 10.6 percentage points and the DI tax remains constant at 1.8 percentage points. See Social Security Administration, "Social Security Tax Rates," https://www.ssa.gov/oact/progdata/oasdiRates.html (accessed October 14, 2016).

10. Social Security Administration, *The 2017 Annual Report of the Board of Trustees*, Table IV.B5, p. 70. Although the stated actuarial deficits for the OASI and DI are 2.59 percentage points and 0.24 percentage points of taxable payroll (a combined total of 2.83), the Social Security Trustees note that the combined OASDI payroll tax would have to rise by 2.93 percentage points because of behavioral responses. We distribute the additional 0.10 percentage point increase proportionally across the OASI and DI programs, resulting in tax increases of 2.68 percentage points and 0.25 percentage points, respectively.

11. More than 33 percent of aged beneficiaries receiving Social Security benefits had less than 10 percent additional income to their social security checks during retirement. Social Security Administration, "Income of the Aged Chartbook, 2014," https://www.ssa.gov/policy/docs/chartbooks/income_aged/2014/iac14.html#chart9 (accessed July 29, 2016).

benefits are cut by over 20 percent);[12] and (2) maintaining promised benefits through an across-the-board payroll tax increase. Although some individuals do not live long enough to collect Social Security benefits, we only report rates of return for those who live to at least age 66 (the current full, or normal retirement age). Consequently, our results overstate Social Security's actual rate of return because they exclude individuals who die before age 66 and receive little, if anything, in return for their Social Security contributions.[13]

We compare these Social Security returns to a third scenario in which workers are hypothetically able to invest their payroll taxes in private accounts made up of stocks and bonds, as opposed to relying on benefits paid from other workers. These private account simulations assume that workers conservatively invest 50 percent of their existing payroll taxes in federal government bonds and the other 50 percent in large stocks.[14] We applied historical rates of return for stocks and bonds through 2016 and projected forward the historical average (from 1954–2016) for 2017 and beyond (2.75 percent for government bonds and 7.04 percent for large-cap stocks). Full details are available in our methodological appendix.

Key Assumptions and Methodology of Heritage Foundation Social Security Rate of Return Model[15]

This analysis utilized the Heritage Foundation's Social Security Rate of Return Model, which incorporates the following assumptions:

■ The hypothetical amount invested in personal retirement savings accounts equals Social Security's payroll tax, which is 10.6 percent under current law (which requires benefit cuts beginning in 2035 to maintain solvency of the Social Security Trust Fund), and 13.28 percent under a financially solvent system that can maintain "promised" benefits. We do not make any changes to Social Security's Disability Insurance (SSDI) program in this exercise, nor do we include the 1.8 percentage point SSDI payroll tax in workers' hypothetical personal retirement account contributions.

■ We display results separately for both male and female individual workers with: (1) average earnings; (2) 50 percent of average earnings; and (3) the taxable maximum ($127,200 in 2017).

■ For state-by-state analysis, we make use of the fact that average incomes and life expectancies vary by state.

■ We account for future increases in life expectancy and wages. Unless otherwise stated, we use the intermediate assumptions reported in the Social Security Trustees' 2017 annual report.[16]

■ We adjust all Social Security benefits for inflation according to the Social Security Administration's use of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). For discounting previous and future values of wages, investments, and returns, we use the Consumer Price Index for All Urban Consumers (CPI-U) to remain consistent with our source for inflation-adjusted returns (2017 SBBI Yearbook).[17] We use the Congressional Budget Office's January 2017 projections for future inflation in the CPI-U.[18]

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12. Social Security Administration, *The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, Table IV.B1, p. 54.

13. Unlike a retirement account that can be passed on, the Social Security death benefit consists of just $255.00. Social Security Administration, "Frequently Asked Questions: Who Can Get a Lump-Sum Death Benefit?" https://faq.ssa.gov/link/portal/34011/34019/Article/3768/Who-can-get-a-lump-sum-death-benefit (accessed August 21, 2017).

14. Large stocks are based on those of the Standard & Poor's (S&P's) 500 Composite index as used in Roger G. Ibbotson, *2017 SBBI Yearbook: Stocks, Bonds, Bills, and Inflation: U.S. Capital Markets Performance by Asset Class, 1926–2016* (Hoboken, NJ: John Wiley and Sons, Inc., 2017), Chapter 4. Returns for large stocks are the inflation-adjusted capital gains or losses plus reinvested dividends of large-cap stocks as reported therein. Government bonds are those used by Ibbotson to calculate annual returns on long-term government bonds, and usually consist of 20-year treasury bonds.

15. See, *infra*, "Appendix: Basic Assumptions and Methodology," for a more complete explanation of the methodology of these calculations.

16. Social Security Administration, *The 2017 Annual Report of the Board of Trustees*, Table VI.G6, pp. 216–217. AWI for years not presented in the five-year forecast were interpolated based on the growth rates of these forecasts themselves.

17. Ibbotson, *2017 SBBI Yearbook*, Chapter 4.

18. Congressional Budget Office, "The Budget and Economic Outlook: 2017 to 2027," January 24, 2017, p. 54, https://www.cbo.gov/publication/52370 (accessed May 5, 2017).

TABLE 1

Comparison of Social Security to Private Accounts: Male Workers

AVERAGE EARNINGS, U.S. MALE WORKERS BORN IN 1995, FIGURES IN 2017 DOLLARS

Life Expectancy (Years)	Amount Paid Into Social Security	Amount to be Received in Social Security Benefits	Rate of Return from Current System	Amount Available if Payroll Taxes Were Invested in Private Accounts	Rate of Return from Private Accounts
70	$404,377	$53,266	−14.53%	$1,241,153	4.79%
75	$404,377	$140,999	−5.08%	$1,241,153	4.79%
80	$404,377	$227,513	−2.31%	$1,241,153	4.79%
85	$404,377	$313,484	−0.90%	$1,241,153	4.79%
90	$404,377	$399,544	−0.04%	$1,241,153	4.79%

NOTE: Private accounts assume 50 percent of existing payroll taxes are invested in federal government bonds, the other 50 percent in large U.S. stocks. Differences in males and females rate of return for private accounts due to different lifetime earnings trajectories.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

TABLE 2

Comparison of Social Security to Private Accounts: Female Workers

AVERAGE EARNINGS, U.S. FEMALE WORKERS BORN IN 1995, FIGURES IN 2017 DOLLARS

Life Expectancy (Years)	Amount Paid Into Social Security	Amount to be Received in Social Security Benefits	Rate of Return from Current System	Amount Available if Payroll Taxes Were Invested in Private Accounts	Rate of Return from Private Accounts
70	$243,599	$39,130	−13.19%	$714,550	4.77%
75	$243,599	$103,582	−4.19%	$714,550	4.77%
80	$243,599	$167,138	−1.54%	$714,550	4.77%
85	$243,599	$230,294	−0.20%	$714,550	4.77%
90	$243,599	$293,516	0.61%	$714,550	4.77%

NOTE: Private accounts assume 50 percent of existing payroll taxes are invested in federal government bonds, the other 50 percent in large U.S. stocks. Differences in males and females rate of return for private accounts due to different lifetime earnings trajectories.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

- We include both the employee's and employer's shares of payroll taxes in the calculations.[19]

- The rate of return on private investments listed in the tables assume a conservative mix of 50 percent large-cap U.S. stocks and 50 percent U.S. Treasury bonds. We also provide information about how much workers pay in OASI payroll taxes over their careers and how much they receive in Social Security benefits (assuming they live the average life expectancy), compared to how much they could have accumulated in a private retirement account had they invested their payroll tax dollars.

National Analysis

We used the Heritage Foundation Social Security Rate of Return Model to determine how American workers born in 1995 and with differing life expec-

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19. We do not address taxation issues upon withdrawal of retirement funds. We treat investments in personal savings accounts the same as payroll taxes under current law, meaning the employee portion of taxes is not tax deductible (Roth treatment), while the employer portion is tax deductible. Both these accounts, as well as some Social Security benefits, may be subject to post-retirement income taxes.

tancies fare in terms of the expected rate of return they receive from Social Security (the amount they receive from Social Security compared to what they paid in payroll taxes, all in 2017 dollars):

These results illustrate that Social Security provides extremely poor—often negative—rates of return for younger workers all across the country, especially for individuals with lower life expectancies. In comparison to the current system, private retirement accounts would provide significantly higher returns to Americans, regardless of their life expectancies.

State-by-State Analysis

We also used The Heritage Foundation Social Security Rate of Return Model to conduct a state-by-state analysis of the rate of return of Social Security versus a hypothetical simulation assuming payroll taxes used for Social Security were instead invested in private accounts. The following tables provide, by state of residence, the rate of return of Social Security compared to private accounts.

These tables, as well as the more detailed tables in our appendix, show workers' estimated total lifetime Social Security benefits compared to their accumulated personal retirement account balances under two scenarios—tax increases or benefit cuts—that would make Social Security solvent over the long run. We also break total benefits and accumulated account balances down into monthly benefits and monthly annuities that workers could purchase using their personal retirement account balances. For both measures, we show workers by state, gender, and income level:

Our results demonstrate that younger workers (born in 1995) of all income levels would receive between two and seven times as much in retirement income from personal savings as they would from Social Security. Because Social Security paid out more in benefits than it collected in tax revenues to

earlier generations, the gains would not be as large for older workers (those born in 1955 and 1975); however, they would still receive more from personal retirement accounts than from Social Security.

Why Private Savings Produce Higher Retirement Incomes than Social Security

Our results establish that personal investment accounts provide a significantly greater rate of return compared both to what Social Security can afford to pay as well as what it has promised to pay. Prior research comes to the same conclusion.[20]

1. Higher Returns and Larger Retirement Incomes. Investment returns in the private market are two to three times the rate of return of U.S. Treasuries (what Social Security used to invest in when it ran surpluses). Consequently, even most low-income earners who get the most back from Social Security (relative to what they contribute) would end up with higher retirement incomes if they had personal investment accounts. This phenomenon was not always true in the past under Social Security's unsustainable promises, but it is true for anyone in their 40s or younger today.

For example, a 23-year-old female, born in 1995, living in Florida and earning the average wage can expect a monthly Social Security check of $1,393 in 2017 dollars when she retires at age 67 in 2062. However, if her payroll taxes had been invested half in large-cap stocks and half in Treasury bonds, based on historical averages she could buy an inflation-adjusting annuity (similar to Social Security) that would provide $2,524 per month in year 2017 dollars.[21] This amount represents almost twice the amount Social Security will be able to pay.

The same is true for other earners. A 23-year-old male, born in 1995, living in Florida and earning only half the average wage throughout his working years would accumulate enough in a personal account to receive an annuity that would pay $3,093

20. Davis and Lacoude, *What Social Security Will Pay*. See, for example, Thomas A. Garrett and Russell M. Rhine, "Social Security Versus Private Retirement Accounts: A Historical Analysis," Federal Reserve Bank of St. Louis *Review*, Vol. 87 (March/April 2005), pp. 103–121, https://research.stlouisfed.org/publications/review/05/03/part1/GarrettRhine.pdf (accessed September 30, 2016), and Michael Tanner, "Still a Better Deal: Private Investment vs. Social Security," CATO Institute *Policy Analysis* No. 692, February 13, 2012, http://www.cato.org/publications/policy-analysis/still-better-deal-private-investment-vs-social-security (accessed October 4, 2016).

21. The single female earner in Florida would have $709,461 saved at retirement in 2017 dollars. If she purchased an annuity paying her a monthly payout until death, which adjusts for CPI-U each year, it would pay her an estimated $2,524 in monthly income in 2017 dollars. Rate is based on ImmediateAnnuities.com annuity quotes in effect October 21, 2016, https://www.immediateannuities.com/ (accessed May 5, 2017).

TABLE 3

Rate of Return for Male Workers Born in 1995 for Social Security and Private Accounts

	Mean Earnings – Social Security	Mean Earnings – Private Accounts	0.5 Times the Mean Earnings – Social Security	0.5 Times the Mean Earnings – Private Accounts	Max Earners – Social Security	Max Earners – Private Accounts
Alabama	−1.74%	4.76%	−0.49%	4.76%	−2.73%	4.84%
Alaska	−1.29%	4.76%	−0.07%	4.76%	−2.16%	4.84%
Arizona	−0.93%	4.76%	0.19%	4.76%	−1.93%	4.84%
Arkansas	−1.31%	4.76%	−0.21%	4.76%	−2.57%	4.84%
California	−1.26%	4.76%	0.03%	4.76%	−1.93%	4.84%
Colorado	−1.29%	4.76%	−0.02%	4.76%	−2.03%	4.84%
Connecticut	−1.49%	4.76%	−0.10%	4.76%	−1.98%	4.84%
Delaware	−1.31%	4.76%	−0.09%	4.76%	−2.19%	4.84%
D.C.	−2.17%	4.76%	−0.85%	4.76%	−2.42%	4.84%
Florida	−1.09%	4.76%	0.12%	4.76%	−1.91%	4.84%
Georgia	−1.75%	4.76%	−0.43%	4.76%	−2.54%	4.84%
Hawaii	−0.81%	4.76%	0.29%	4.76%	−1.83%	4.84%
Idaho	−1.02%	4.76%	0.09%	4.76%	−2.08%	4.84%
Illinois	−1.54%	4.76%	−0.23%	4.76%	−2.27%	4.84%
Indiana	−1.41%	4.76%	−0.22%	4.76%	−2.44%	4.84%
Iowa	−1.16%	4.76%	−0.02%	4.76%	−2.22%	4.84%
Kansas	−1.23%	4.76%	−0.07%	4.76%	−2.27%	4.84%
Kentucky	−1.75%	4.76%	−0.48%	4.76%	−2.70%	4.84%
Louisiana	−1.76%	4.76%	−0.46%	4.76%	−2.63%	4.84%
Maine	−1.14%	4.76%	−0.04%	4.76%	−2.30%	4.84%
Maryland	−1.80%	4.76%	−0.39%	4.76%	−2.22%	4.84%
Massachusetts	−1.67%	4.76%	−0.27%	4.76%	−2.11%	4.84%
Michigan	−1.43%	4.76%	−0.19%	4.76%	−2.33%	4.84%
Minnesota	−1.28%	4.76%	−0.01%	4.76%	−2.00%	4.84%
Mississippi	−1.55%	4.76%	−0.43%	4.76%	−2.83%	4.84%
Missouri	−1.49%	4.76%	−0.25%	4.76%	−2.42%	4.84%
Montana	−0.95%	4.76%	0.12%	4.76%	−2.13%	4.84%
Nebraska	−1.14%	4.76%	0.00%	4.76%	−2.19%	4.84%
Nevada	−1.35%	4.76%	−0.15%	4.76%	−2.33%	4.84%
New Hampshire	−1.64%	4.76%	−0.24%	4.76%	−2.16%	4.84%
New Jersey	−1.55%	4.76%	−0.19%	4.76%	−2.13%	4.84%
New Mexico	−0.97%	4.76%	0.13%	4.76%	−2.06%	4.84%
New York	−1.53%	4.76%	−0.14%	4.76%	−2.03%	4.84%
North Carolina	−1.60%	4.76%	−0.31%	4.76%	−2.42%	4.84%
North Dakota	−1.22%	4.76%	−0.03%	4.76%	−2.13%	4.84%
Ohio	−1.43%	4.76%	−0.24%	4.76%	−2.44%	4.84%
Oklahoma	−1.55%	4.76%	−0.36%	4.76%	−2.63%	4.84%
Oregon	−1.30%	4.76%	−0.07%	4.76%	−2.16%	4.84%
Pennsylvania	−1.48%	4.76%	−0.22%	4.76%	−2.33%	4.84%
Rhode Island	−1.39%	4.76%	−0.14%	4.76%	−2.22%	4.84%
South Carolina	−1.52%	4.76%	−0.29%	4.76%	−2.47%	4.84%
South Dakota	−1.33%	4.76%	−0.09%	4.76%	−2.16%	4.84%
Tennessee	−1.61%	4.76%	−0.38%	4.76%	−2.60%	4.84%
Texas	−1.54%	4.76%	−0.24%	4.76%	−2.30%	4.84%
Utah	−1.02%	4.76%	0.15%	4.76%	−1.93%	4.84%
Vermont	−1.13%	4.76%	0.01%	4.76%	−2.16%	4.84%
Virginia	−1.75%	4.76%	−0.34%	4.76%	−2.30%	4.84%
Washington	−1.34%	4.76%	−0.08%	4.76%	−2.13%	4.84%
West Virginia	−1.49%	4.76%	−0.35%	4.76%	−2.70%	4.84%
Wisconsin	−1.28%	4.76%	−0.07%	4.76%	−2.16%	4.84%
Wyoming	−1.31%	4.76%	−0.09%	4.76%	−2.19%	4.84%

NOTE: Includes various incomes under both Social Security (current law) and private accounts.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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TABLE 4

Rate of Return for Female Workers Born in 1995 for Social Security and Private Accounts

	Mean Earnings – Social Security	Mean Earnings – Private Accounts	0.5 Times the Mean Earnings – Social Security	0.5 Times the Mean Earnings – Private Accounts	Max Earners – Social Security	Max Earners – Private Accounts
Alabama	0.15%	4.77%	1.07%	4.77%	−2.06%	4.84%
Alaska	0.30%	4.77%	1.14%	4.77%	−1.76%	4.84%
Arizona	0.53%	4.77%	1.38%	4.77%	−1.53%	4.84%
Arkansas	0.22%	4.77%	1.13%	4.77%	−1.97%	4.84%
California	0.43%	4.77%	1.21%	4.77%	−1.49%	4.84%
Colorado	0.38%	4.77%	1.20%	4.77%	−1.61%	4.84%
Connecticut	0.35%	4.77%	1.10%	4.77%	−1.53%	4.84%
Delaware	0.26%	4.77%	1.08%	4.77%	−1.76%	4.84%
D.C.	−0.19%	4.77%	0.62%	4.77%	−1.69%	4.84%
Florida	0.57%	4.77%	1.41%	4.77%	−1.45%	4.84%
Georgia	0.19%	4.77%	1.07%	4.77%	−1.94%	4.84%
Hawaii	0.75%	4.77%	1.55%	4.77%	−1.18%	4.84%
Idaho	0.47%	4.77%	1.39%	4.77%	−1.74%	4.84%
Illinois	0.30%	4.77%	1.14%	4.77%	−1.74%	4.84%
Indiana	0.36%	4.77%	1.28%	4.77%	−1.87%	4.84%
Iowa	0.51%	4.77%	1.41%	4.77%	−1.65%	4.84%
Kansas	0.42%	4.77%	1.33%	4.77%	−1.78%	4.84%
Kentucky	0.10%	4.77%	1.00%	4.77%	−2.06%	4.84%
Louisiana	0.26%	4.77%	1.22%	4.77%	−2.04%	4.84%
Maine	0.35%	4.77%	1.22%	4.77%	−1.76%	4.84%
Maryland	0.13%	4.77%	0.86%	4.77%	−1.71%	4.84%
Massachusetts	0.31%	4.77%	1.08%	4.77%	−1.61%	4.84%
Michigan	0.36%	4.77%	1.25%	4.77%	−1.80%	4.84%
Minnesota	0.49%	4.77%	1.31%	4.77%	−1.51%	4.84%
Mississippi	0.21%	4.77%	1.14%	4.77%	−2.04%	4.84%
Missouri	0.23%	4.77%	1.10%	4.77%	−1.89%	4.84%
Montana	0.38%	4.77%	1.27%	4.77%	−1.76%	4.84%
Nebraska	0.43%	4.77%	1.32%	4.77%	−1.71%	4.84%
Nevada	0.29%	4.77%	1.16%	4.77%	−1.82%	4.84%
New Hampshire	0.35%	4.77%	1.18%	4.77%	−1.67%	4.84%
New Jersey	0.29%	4.77%	1.06%	4.77%	−1.63%	4.84%
New Mexico	0.49%	4.77%	1.37%	4.77%	−1.63%	4.84%
New York	0.34%	4.77%	1.10%	4.77%	−1.55%	4.84%
North Carolina	0.33%	4.77%	1.23%	4.77%	−1.85%	4.84%
North Dakota	0.55%	4.77%	1.40%	4.77%	−1.49%	4.84%
Ohio	0.30%	4.77%	1.21%	4.77%	−1.89%	4.84%
Oklahoma	0.15%	4.77%	1.08%	4.77%	−2.09%	4.84%
Oregon	0.34%	4.77%	1.18%	4.77%	−1.71%	4.84%
Pennsylvania	0.31%	4.77%	1.16%	4.77%	−1.76%	4.84%
Rhode Island	0.19%	4.77%	0.92%	4.77%	−1.65%	4.84%
South Carolina	0.25%	4.77%	1.12%	4.77%	−1.87%	4.84%
South Dakota	0.61%	4.77%	1.50%	4.77%	−1.53%	4.84%
Tennessee	0.19%	4.77%	1.10%	4.77%	−1.99%	4.84%
Texas	0.27%	4.77%	1.12%	4.77%	−1.80%	4.84%
Utah	0.53%	4.77%	1.44%	4.77%	−1.65%	4.84%
Vermont	0.37%	4.77%	1.21%	4.77%	−1.67%	4.84%
Virginia	0.16%	4.77%	0.95%	4.77%	−1.78%	4.84%
Washington	0.28%	4.77%	1.08%	4.77%	−1.69%	4.84%
West Virginia	0.16%	4.77%	1.11%	4.77%	−2.14%	4.84%
Wisconsin	0.47%	4.77%	1.34%	4.77%	−1.63%	4.84%
Wyoming	0.40%	4.77%	1.31%	4.77%	−1.78%	4.84%

NOTE: Includes various incomes under both Social Security (current law) and private accounts.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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TABLE 5

Benefits Scenario: Male Workers Earning Half the Male Worker Average

| | CURRENT LAW | | TAX INCREASE TO MAINTAIN SCHEDULED BENEFITS | |
| | *10.6% payroll tax or personal savings contribution, Social Security benefit cuts beginning in 2035* | | *13.28% payroll tax or personal account contribution, scheduled benefits remain* | |
	Social Security (Payable)	**Private Account**	**Social Security (Scheduled)**	**Private Account**
Alabama	$225,420	$733,620	$297,864	$909,434
Alaska	$263,183	$767,074	$348,292	$950,906
Arizona	$263,095	$712,259	$348,380	$882,954
Arkansas	$212,445	$642,979	$280,844	$797,070
California	$299,364	$849,564	$396,407	$1,053,164
Colorado	$284,943	$819,775	$377,215	$1,016,237
Connecticut	$320,066	$941,180	$423,766	$1,166,737
D.C.	$261,053	$764,416	$345,450	$947,610
Delaware	$309,444	$1,113,471	$409,242	$1,380,318
Florida	$283,133	$781,910	$374,936	$969,297
Georgia	$252,096	$808,803	$333,289	$1,002,635
Hawaii	$265,694	$699,254	$351,906	$866,832
Idaho	$249,652	$695,513	$330,452	$862,195
Illinois	$272,091	$829,296	$359,978	$1,028,039
Indiana	$233,982	$710,849	$309,418	$881,206
Iowa	$243,617	$700,960	$322,353	$868,947
Kansas	$242,013	$706,080	$320,185	$875,295
Kentucky	$230,299	$748,669	$304,339	$928,090
Louisiana	$239,551	$775,092	$316,622	$960,844
Maine	$231,004	$667,273	$305,598	$827,187
Maryland	$308,041	$981,575	$407,599	$1,216,813
Massachusetts	$314,172	$969,162	$415,826	$1,201,425
Michigan	$251,535	$758,156	$332,733	$939,850
Minnesota	$288,469	$827,327	$381,907	$1,025,598
Mississippi	$201,636	$645,602	$266,361	$800,323
Missouri	$245,096	$750,976	$324,141	$930,949
Montana	$236,456	$654,209	$312,944	$810,992
Nebraska	$245,645	$702,838	$325,060	$871,275
Nevada	$244,324	$728,293	$323,194	$902,830
New Hampshire	$303,453	$927,210	$401,585	$1,149,419
New Jersey	$297,049	$894,658	$393,137	$1,109,065
New Mexico	$248,951	$686,711	$329,546	$851,283
New York	$314,869	$935,761	$416,832	$1,160,019
North Carolina	$255,203	$793,484	$337,508	$983,645
North Dakota	$260,478	$750,016	$344,736	$929,760
Ohio	$236,158	$719,692	$312,295	$892,168
Oklahoma	$222,658	$701,219	$294,295	$869,268
Oregon	$264,430	$771,645	$349,942	$956,572
Pennsylvania	$256,858	$780,171	$339,774	$967,141
Rhode Island	$265,268	$787,864	$351,001	$976,678
South Carolina	$239,621	$741,301	$316,849	$918,956
South Dakota	$267,637	$784,171	$354,187	$972,099
Tennessee	$231,281	$731,985	$305,719	$907,407
Texas	$267,288	$816,341	$353,597	$1,011,979
Utah	$271,739	$744,618	$359,827	$923,068
Vermont	$247,680	$705,184	$327,776	$874,183
Virginia	$290,786	$913,004	$384,683	$1,131,809
Washington	$272,489	$797,394	$360,632	$988,492
West Virginia	$211,253	$663,062	$279,170	$821,967
Wisconsin	$262,470	$764,025	$347,348	$947,126
Wyoming	$261,053	$764,893	$345,450	$948,201

NOTE: Data are for males born in 1995, with earnings = 0.5 times the mean. Figures in 2017 dollars.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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TABLE 6

Benefits Scenario: Male Workers Earning the Male Worker Average

	CURRENT LAW		TAX INCREASE TO MAINTAIN SCHEDULED BENEFITS	
	10.6% payroll tax or personal savings contribution, Social Security benefit cuts beginning in 2035		*13.28% payroll tax or personal account contribution, scheduled benefits remain*	
	Social Security (Payable)	**Private Account**	**Social Security (Scheduled)**	**Private Account**
Alabama	$326,464	$1,467,239	$431,382	$1,818,867
Alaska	$376,866	$1,534,149	$498,738	$1,901,812
Arizona	$383,743	$1,424,519	$508,137	$1,765,909
Arkansas	$318,097	$1,285,957	$420,512	$1,594,141
California	$417,945	$1,699,127	$553,427	$2,106,328
Colorado	$400,976	$1,639,551	$530,823	$2,032,474
Connecticut	$435,610	$1,882,361	$576,745	$2,333,474
D.C.	$373,870	$1,528,832	$494,738	$1,895,221
Delaware	$426,013	$2,183,284	$563,404	$2,705,940
Florida	$403,341	$1,563,820	$534,121	$1,938,594
Georgia	$356,151	$1,617,606	$470,857	$2,005,270
Hawaii	$389,313	$1,398,508	$515,637	$1,733,665
Idaho	$366,495	$1,391,027	$485,112	$1,724,391
Illinois	$381,970	$1,658,592	$505,349	$2,056,078
Indiana	$341,434	$1,421,698	$451,511	$1,762,412
Iowa	$356,800	$1,401,920	$472,117	$1,737,895
Kansas	$353,631	$1,412,161	$467,856	$1,750,589
Kentucky	$331,719	$1,497,338	$438,366	$1,856,180
Louisiana	$341,870	$1,550,183	$451,861	$1,921,689
Maine	$342,619	$1,334,546	$453,254	$1,654,373
Maryland	$422,105	$1,962,777	$558,528	$2,433,157
Massachusetts	$429,416	$1,938,324	$568,360	$2,402,849
Michigan	$361,077	$1,516,312	$477,637	$1,879,701
Minnesota	$405,186	$1,654,654	$536,430	$2,051,196
Mississippi	$301,683	$1,291,205	$398,522	$1,600,645
Missouri	$352,568	$1,501,951	$466,273	$1,861,898
Montana	$352,443	$1,308,417	$466,450	$1,621,984
Nebraska	$359,524	$1,405,676	$475,755	$1,742,551
Nevada	$354,209	$1,456,585	$468,552	$1,805,660
New Hampshire	$414,464	$1,854,421	$548,494	$2,298,838
New Jersey	$409,272	$1,789,316	$541,661	$2,218,130
New Mexico	$366,673	$1,373,422	$485,379	$1,702,567
New York	$429,066	$1,871,522	$568,009	$2,320,038
North Carolina	$362,170	$1,586,968	$478,971	$1,967,289
North Dakota	$375,031	$1,500,032	$496,344	$1,859,519
Ohio	$343,442	$1,439,384	$454,167	$1,784,336
Oklahoma	$326,265	$1,402,437	$431,235	$1,738,535
Oregon	$377,935	$1,543,290	$500,153	$1,913,144
Pennsylvania	$366,057	$1,560,342	$484,223	$1,934,283
Rhode Island	$377,043	$1,575,728	$498,902	$1,953,356
South Carolina	$346,045	$1,482,602	$457,572	$1,837,912
South Dakota	$380,786	$1,568,341	$503,926	$1,944,199
Tennessee	$334,937	$1,463,969	$442,735	$1,814,813
Texas	$376,656	$1,632,681	$498,282	$2,023,958
Utah	$391,824	$1,489,236	$518,838	$1,846,135
Vermont	$362,255	$1,410,367	$479,402	$1,748,366
Virginia	$398,599	$1,826,009	$527,310	$2,263,617
Washington	$386,325	$1,594,789	$511,291	$1,976,985
West Virginia	$313,784	$1,326,124	$414,665	$1,643,934
Wisconsin	$376,153	$1,528,050	$497,795	$1,894,252
Wyoming	$374,047	$1,529,785	$494,973	$1,896,403

NOTE: Data are for males born in 1995, mean earnings. Figures in 2017 dollars.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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TABLE 7

Benefits Scenario: Male Workers Earning Maximum Taxable Income

| | CURRENT LAW | | TAX INCREASE TO MAINTAIN SCHEDULED BENEFITS | |
| | *10.6% payroll tax or personal savings contribution, Social Security benefit cuts beginning in 2035* | | *13.28% payroll tax or personal account contribution, scheduled benefits remain* | |
	Social Security (Payable)	**Private Account**	**Social Security (Scheduled)**	**Private Account**
Alabama	$408,593	$2,847,940	$539,904	$3,475,418
Alaska	$461,861	$2,847,940	$611,220	$3,475,418
Arizona	$487,101	$2,847,940	$645,001	$3,475,418
Arkansas	$422,608	$2,847,940	$558,671	$3,475,418
California	$487,101	$2,847,940	$645,001	$3,475,418
Colorado	$475,884	$2,847,940	$629,987	$3,475,418
Connecticut	$481,492	$2,847,940	$637,494	$3,475,418
Delaware	$459,057	$2,847,940	$607,466	$3,475,418
D.C.	$436,625	$2,847,940	$577,439	$3,475,418
Florida	$489,906	$2,847,940	$648,755	$3,475,418
Georgia	$425,412	$2,847,940	$562,425	$3,475,418
Hawaii	$498,321	$2,847,940	$660,015	$3,475,418
Idaho	$470,275	$2,847,940	$622,480	$3,475,418
Illinois	$450,645	$2,847,940	$596,206	$3,475,418
Indiana	$433,822	$2,847,940	$573,685	$3,475,418
Iowa	$456,253	$2,847,940	$603,713	$3,475,418
Kansas	$450,645	$2,847,940	$596,206	$3,475,418
Kentucky	$411,395	$2,847,940	$543,657	$3,475,418
Louisiana	$417,001	$2,847,940	$551,164	$3,475,418
Maine	$447,841	$2,847,940	$592,453	$3,475,418
Maryland	$456,253	$2,847,940	$603,713	$3,475,418
Massachusetts	$467,470	$2,847,940	$618,727	$3,475,418
Michigan	$445,037	$2,847,940	$588,699	$3,475,418
Minnesota	$478,688	$2,847,940	$633,741	$3,475,418
Mississippi	$400,185	$2,847,940	$528,644	$3,475,418
Missouri	$436,625	$2,847,940	$577,439	$3,475,418
Montana	$464,666	$2,847,940	$614,973	$3,475,418
Nebraska	$459,057	$2,847,940	$607,466	$3,475,418
Nevada	$445,037	$2,847,940	$588,699	$3,475,418
New Hampshire	$461,861	$2,847,940	$611,220	$3,475,418
New Jersey	$464,666	$2,847,940	$614,973	$3,475,418
New Mexico	$473,079	$2,847,940	$626,234	$3,475,418
New York	$475,884	$2,847,940	$629,987	$3,475,418
North Carolina	$436,625	$2,847,940	$577,439	$3,475,418
North Dakota	$464,666	$2,847,940	$614,973	$3,475,418
Ohio	$433,822	$2,847,940	$573,685	$3,475,418
Oklahoma	$417,001	$2,847,940	$551,164	$3,475,418
Oregon	$461,861	$2,847,940	$611,220	$3,475,418
Pennsylvania	$445,037	$2,847,940	$588,699	$3,475,418
Rhode Island	$456,253	$2,847,940	$603,713	$3,475,418
South Carolina	$431,018	$2,847,940	$569,932	$3,475,418
South Dakota	$461,861	$2,847,940	$611,220	$3,475,418
Tennessee	$419,805	$2,847,940	$554,918	$3,475,418
Texas	$447,841	$2,847,940	$592,453	$3,475,418
Utah	$487,101	$2,847,940	$645,001	$3,475,418
Vermont	$461,861	$2,847,940	$611,220	$3,475,418
Virginia	$447,841	$2,847,940	$592,453	$3,475,418
Washington	$464,666	$2,847,940	$614,973	$3,475,418
West Virginia	$411,395	$2,847,940	$543,657	$3,475,418
Wisconsin	$461,861	$2,847,940	$611,220	$3,475,418
Wyoming	$459,057	$2,847,940	$607,466	$3,475,418

NOTE: Data are for males born in 1995, with earnings =Taxable Max ($127,200 in 2017). Figures in 2017 dollars.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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TABLE 8

Benefits Scenario: Female Workers Earning Half the Female Worker Average

	CURRENT LAW 10.6% payroll tax or personal savings contribution, Social Security benefit cuts beginning in 2035		TAX INCREASE TO MAINTAIN SCHEDULED BENEFITS 13.28% payroll tax or personal account contribution, scheduled benefits remain	
	Social Security (Payable)	Private Account	Social Security (Scheduled)	Private Account
Alabama	$153,566	$333,563	$203,278	$413,116
Alaska	$173,903	$367,163	$230,375	$454,728
Arizona	$179,199	$348,985	$237,524	$432,216
Arkansas	$157,671	$335,929	$208,763	$416,045
California	$195,683	$401,696	$259,396	$497,497
Colorado	$183,489	$378,854	$243,162	$469,208
Connecticut	$199,732	$423,791	$264,740	$524,862
Delaware	$177,428	$381,254	$235,045	$472,180
D.C.	$229,438	$565,859	$303,992	$700,812
Florida	$184,316	$354,731	$244,351	$439,331
Georgia	$163,059	$353,768	$215,910	$438,138
Hawaii	$201,921	$367,710	$267,866	$455,406
Idaho	$161,055	$315,191	$213,366	$390,361
Illinois	$176,215	$372,434	$233,450	$461,257
Indiana	$156,465	$317,534	$207,216	$393,264
Iowa	$166,507	$322,299	$220,635	$399,164
Kansas	$160,503	$319,860	$212,612	$396,144
Kentucky	$157,392	$349,602	$208,341	$432,980
Louisiana	$147,857	$306,746	$195,732	$379,903
Maine	$168,616	$347,045	$223,370	$429,813
Maryland	$200,316	$460,243	$265,393	$570,007
Massachusetts	$192,227	$411,157	$254,741	$509,215
Michigan	$163,318	$333,924	$216,328	$413,563
Minnesota	$185,528	$369,116	$245,924	$457,147
Mississippi	$151,704	$322,425	$200,826	$399,321
Missouri	$164,510	$352,575	$217,857	$436,661
Montana	$165,874	$336,538	$219,738	$416,799
Nebraska	$166,864	$333,465	$221,073	$412,993
Nevada	$166,670	$350,583	$220,756	$434,194
New Hampshire	$178,839	$371,762	$236,964	$460,425
New Jersey	$192,242	$414,359	$254,749	$513,180
New Mexico	$170,612	$334,234	$226,086	$413,946
New York	$197,894	$420,177	$262,291	$520,385
North Carolina	$161,161	$332,476	$213,447	$411,769
North Dakota	$181,645	$351,513	$240,789	$435,346
Ohio	$158,445	$328,639	$209,825	$407,017
Oklahoma	$151,412	$328,257	$200,413	$406,544
Oregon	$174,979	$364,705	$231,825	$451,685
Pennsylvania	$172,532	$362,010	$228,559	$448,347
Rhode Island	$201,900	$454,468	$267,534	$562,855
South Carolina	$165,422	$352,295	$219,078	$436,314
South Dakota	$171,110	$320,696	$226,802	$397,179
Tennessee	$157,708	$339,417	$208,800	$420,365
Texas	$171,454	$364,901	$227,106	$451,927
Utah	$165,100	$317,109	$218,770	$392,737
Vermont	$176,639	$363,743	$234,048	$450,493
Virginia	$185,241	$414,764	$245,381	$513,682
Washington	$184,068	$395,218	$243,879	$489,475
West Virginia	$146,253	$314,564	$193,559	$389,585
Wisconsin	$172,836	$342,474	$229,033	$424,151
Wyoming	$162,061	$325,115	$214,676	$402,652

NOTE: Data are for females born in 1995, with earnings = 0.5 times the mean. Figures in 2017 dollars.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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TABLE 9

Benefits Scenario: Female Workers Earning the Female Worker Average

	CURRENT LAW *10.6% payroll tax or personal savings contribution, Social Security benefit cuts beginning in 2035*		TAX INCREASE TO MAINTAIN SCHEDULED BENEFITS *13.28% payroll tax or personal account contribution, scheduled benefits remain*	
	Social Security (Payable)	**Private Account**	**Social Security (Scheduled)**	**Private Account**
Alabama	$234,630	$667,127	$310,583	$826,231
Alaska	$269,863	$734,325	$357,496	$909,456
Arizona	$275,851	$697,971	$365,632	$864,431
Arkansas	$241,352	$671,858	$319,561	$832,091
California	$308,190	$803,392	$408,535	$994,994
Colorado	$286,308	$757,709	$379,419	$938,417
Connecticut	$317,125	$847,582	$420,340	$1,049,724
Delaware	$277,305	$762,508	$367,354	$944,360
D.C.	$360,375	$1,131,719	$477,476	$1,401,625
Florida	$284,621	$709,461	$377,327	$878,662
Georgia	$251,710	$707,535	$333,296	$876,277
Hawaii	$313,796	$735,419	$416,278	$910,811
Idaho	$243,945	$630,381	$323,179	$780,722
Illinois	$274,069	$744,869	$363,087	$922,514
Indiana	$237,461	$635,069	$314,484	$786,528
Iowa	$252,978	$644,597	$335,216	$798,329
Kansas	$243,871	$639,719	$323,046	$792,287
Kentucky	$242,464	$699,205	$320,952	$865,959
Louisiana	$222,976	$613,492	$295,175	$759,805
Maine	$259,288	$694,091	$343,487	$859,626
Maryland	$322,049	$920,485	$426,674	$1,140,014
Massachusetts	$303,986	$822,315	$402,846	$1,018,430
Michigan	$249,723	$667,849	$330,779	$827,126
Minnesota	$288,506	$738,231	$382,425	$914,294
Mississippi	$230,671	$644,851	$305,362	$798,642
Missouri	$253,777	$705,150	$336,072	$873,322
Montana	$253,805	$673,075	$336,223	$833,599
Nebraska	$254,947	$666,929	$337,772	$825,986
Nevada	$257,038	$701,166	$340,449	$868,388
New Hampshire	$278,261	$743,525	$368,699	$920,849
New Jersey	$304,030	$828,717	$402,884	$1,026,360
New Mexico	$260,770	$668,468	$345,559	$827,892
New York	$313,659	$840,353	$415,726	$1,040,771
North Carolina	$246,437	$664,952	$326,389	$823,537
North Dakota	$279,906	$703,025	$371,042	$870,692
Ohio	$241,647	$657,279	$320,009	$814,035
Oklahoma	$230,740	$656,514	$305,414	$813,087
Oregon	$271,574	$729,411	$359,801	$903,369
Pennsylvania	$267,122	$724,020	$353,864	$896,693
Rhode Island	$323,965	$908,936	$429,279	$1,125,711
South Carolina	$254,994	$704,589	$337,704	$872,628
South Dakota	$260,088	$641,392	$344,739	$794,359
Tennessee	$241,659	$678,834	$319,947	$840,731
Texas	$265,803	$729,801	$352,078	$903,853
Utah	$250,163	$634,219	$331,486	$785,475
Vermont	$273,860	$727,486	$362,868	$900,986
Virginia	$293,152	$829,529	$388,326	$1,027,365
Washington	$289,136	$790,437	$383,088	$978,950
West Virginia	$221,617	$629,128	$293,299	$779,170
Wisconsin	$265,218	$684,948	$351,452	$848,302
Wyoming	$246,598	$650,229	$326,658	$805,304

NOTE: Data are for females born in 1995, with mean earnings. Figures in 2017 dollars.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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TABLE 10

Benefits Scenario: Female Workers Earning Maximum Taxable Income

| | CURRENT LAW | | TAX INCREASE TO MAINTAIN SCHEDULED BENEFITS | |
| | 10.6% payroll tax or personal savings contribution, Social Security benefit cuts beginning in 2035 | | 13.28% payroll tax or personal account contribution, scheduled benefits remain | |
	Social Security (Payable)	**Private Account**	**Social Security (Scheduled)**	**Private Account**
Alabama	$472,175	$2,847,940	$625,024	$3,475,418
Alaska	$507,610	$2,847,940	$672,445	$3,475,418
Arizona	$537,598	$2,847,940	$712,571	$3,475,418
Arkansas	$483,077	$2,847,940	$639,615	$3,475,418
California	$543,051	$2,847,940	$719,866	$3,475,418
Colorado	$526,693	$2,847,940	$697,980	$3,475,418
Connecticut	$537,598	$2,847,940	$712,571	$3,475,418
Delaware	$507,610	$2,847,940	$672,445	$3,475,418
D.C.	$515,788	$2,847,940	$683,389	$3,475,418
Florida	$548,504	$2,847,940	$727,162	$3,475,418
Georgia	$485,803	$2,847,940	$643,263	$3,475,418
Hawaii	$589,391	$2,847,940	$781,878	$3,475,418
Idaho	$510,335	$2,847,940	$676,093	$3,475,418
Illinois	$510,335	$2,847,940	$676,093	$3,475,418
Indiana	$493,980	$2,847,940	$654,206	$3,475,418
Iowa	$521,240	$2,847,940	$690,684	$3,475,418
Kansas	$504,884	$2,847,940	$668,798	$3,475,418
Kentucky	$472,175	$2,847,940	$625,024	$3,475,418
Louisiana	$474,901	$2,847,940	$628,672	$3,475,418
Maine	$507,610	$2,847,940	$672,445	$3,475,418
Maryland	$513,062	$2,847,940	$679,741	$3,475,418
Massachusetts	$526,693	$2,847,940	$697,980	$3,475,418
Michigan	$502,158	$2,847,940	$665,150	$3,475,418
Minnesota	$540,324	$2,847,940	$716,219	$3,475,418
Mississippi	$474,901	$2,847,940	$628,672	$3,475,418
Missouri	$491,255	$2,847,940	$650,559	$3,475,418
Montana	$507,610	$2,847,940	$672,445	$3,475,418
Nebraska	$513,062	$2,847,940	$679,741	$3,475,418
Nevada	$499,432	$2,847,940	$661,502	$3,475,418
New Hampshire	$518,514	$2,847,940	$687,036	$3,475,418
New Jersey	$523,966	$2,847,940	$694,332	$3,475,418
New Mexico	$523,966	$2,847,940	$694,332	$3,475,418
New York	$534,871	$2,847,940	$708,923	$3,475,418
North Carolina	$496,706	$2,847,940	$657,854	$3,475,418
North Dakota	$543,051	$2,847,940	$719,866	$3,475,418
Ohio	$491,255	$2,847,940	$650,559	$3,475,418
Oklahoma	$469,450	$2,847,940	$621,377	$3,475,418
Oregon	$513,062	$2,847,940	$679,741	$3,475,418
Pennsylvania	$507,610	$2,847,940	$672,445	$3,475,418
Rhode Island	$521,240	$2,847,940	$690,684	$3,475,418
South Carolina	$493,980	$2,847,940	$654,206	$3,475,418
South Dakota	$537,598	$2,847,940	$712,571	$3,475,418
Tennessee	$480,352	$2,847,940	$635,968	$3,475,418
Texas	$502,158	$2,847,940	$665,150	$3,475,418
Utah	$521,240	$2,847,940	$690,684	$3,475,418
Vermont	$518,514	$2,847,940	$687,036	$3,475,418
Virginia	$504,884	$2,847,940	$668,798	$3,475,418
Washington	$515,788	$2,847,940	$683,389	$3,475,418
West Virginia	$463,999	$2,847,940	$614,081	$3,475,418
Wisconsin	$523,966	$2,847,940	$694,332	$3,475,418
Wyoming	$504,884	$2,847,940	$668,798	$3,475,418

NOTE: Data are for females born in 1995, with earnings =Taxable Max ($127,200 in 2017). Figures in 2017 dollars.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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TABLE 11

Monthly Payments for Males Born in Florida in 1995

	Social Security	CPI-Adjusted Annuity
0.5 Times Mean Earner	$1,551	$3,093
Mean Earner	$2,209	$6,185
Max Earner*	$2,683	$11,264

* Max earner refers to a worker who makes at least the taxable maximum to which Social Security benefits apply ($128,400 in 2018).
NOTE: Figures are in 2017 dollars.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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TABLE 12

Monthly Payments for Females Born in Florida in 1995

	Social Security	CPI-Adjusted Annuity
0.5 Times Mean Earner	$902	$1,262
Mean Earner	$1,393	$2,524
Max Earner*	$2,683	$10,132

* Max earner refers to a worker who makes at least the taxable maximum to which Social Security benefits apply ($128,400 in 2018).
NOTE: Figures are in 2017 dollars.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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per month in 2017 dollars. Social Security can only provide him significantly less at $1,551 per month.[22] Even low-earning females (born in 1995) who tend to receive the most bang-for-the-buck from Social Security would receive 40 percent more from a personal account than from Social Security ($1,262 per month from a personal account vs. $902 from Social Security).

2. Continued Wealth Growth Post-Retirement. A second advantage of private retirement savings is that savings that are not withdrawn at retirement can continue to earn investment returns during retirement. Even with conservative investments, savings can continue to grow and provide for larger disbursements in subsequent years and bequests to help support family members, friends, or charities after death.

3. The Ability to Leave Bequests. Social Security prevents workers from passing on their "saved" payroll taxes to their heirs if they die before collecting benefits or shortly afterwards. Under the current system, a mean-income worker pays about $4,700 per year into Social Security's retirement program.[23] Over a 45-year career, that is up to $212,000 that he could potentially lose if he dies before collecting benefits. Personal savings, on the other hand, do not disappear if their owners die before using them. Shifting some or all of Social Security's taxes to personal savings could have a particularly large and positive impact on lower-income earners as well as on many other groups that tend to have lower life expectancies and are more likely to get little to nothing back from their Social Security taxes. Bequests can serve as more than windfall benefits; they can change individuals' and families' lifetime trajectories by providing money that can help a child or grandchild attend college, start a business, or make other investments in their futures.

4. Larger Paychecks, Greater Incomes, and Increased Wealth. Social Security could accomplish the goal of preventing poverty in old age with significantly lower taxes than it currently extracts. A

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22. The single male earner in Florida would have $781,910 saved up at retirement in 2017 dollars. If he purchased an annuity paying him a monthly payout until death, which adjusts for CPI-U each year, it would pay him an estimated $3,093 in monthly income in 2017 dollars. Rate is based on ImmediateAnnuities.com annuity quotes in effect October 21, 2016, https://www.immediateannuities.com/ (accessed May 5, 2017).

23. In the first quarter of 2017, the mean usual weekly earnings of full-time wage and salary workers was $855. This translates into $44,460 annually and would amount to $212,074 over a 45-year career, assuming the worker begins at age 22 and retires at age 67. Mean earnings come from U.S. Department of Labor, Bureau of Labor Statistics, "Table 1: Mean Usual Weekly Earnings of Full-Time Wage and Salary Workers by Sex, Quarterly Averages, Seasonally Adjusted," https://www.bls.gov/news.release/wkyeng.t01.htm (accessed June 29, 2017).

smaller Social Security program would leave workers with bigger paychecks that they could use for current consumption, gaining education, pursuing business opportunities, building wealth, and generating higher retirement incomes. More income and wealth would make low- and middle-income communities more dynamic and prosperous places to live and work.

5. Increased Productivity. Personal savings that support private investments allow companies to create productivity-enhancing capital in the form of new machines, technology, and facilities. This increases the output of workers, which leads to better jobs and higher wages.[24] The current Social Security system—which immediately spends all incoming revenues on retirees' benefits—fails to accomplish the same productivity- and opportunity-enhancing effects.

Conclusion

This report provides workers with a comparison between what Social Security can provide and what they could receive if they had ownership of their Social Security payroll taxes. This information can help individuals of all ages understand what they can expect to get from the program in the long run.

The results are overwhelmingly clear. Americans would be better off keeping their payroll tax contributions and saving them in private retirement accounts than having to sacrifice them to the government's broken Social Security system. Social Security's design has, over the decades, presumed that many Americans are too incompetent to make informed decisions for themselves, but few Americans believe that the government knows better than they do what is best for them and their families. Moreover, Social Security's financial structure effectively guarantees that workers will receive extremely low, or even negative, returns on their payroll taxes.

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24. For a discussion of what capital is and how it increases output, see Marginal Revolution University, "Physical Capital and Diminishing Returns," http://www.mruniversity.com/courses/principles-economics-macroeconomics/law-diminishing-returns-marginal-product-capital (accessed June 29, 2016). For a discussion of how workers' income increases when the supply of capital increases, see James Sherk, "Labor's Share of Income Little Changed Since 1948," Heritage Foundation *Backgrounder* No. 3111, May 31, 2016, http://www.heritage.org/research/reports/2016/05/labors-share-of-income-little-changed-since-1948.

Appendix: Basic Assumptions and Methodology

Contributions to Social Security and hypothetical personal retirement accounts are dependent upon workers' earnings. Thus, we began by establishing average earnings profiles for American males and females over the course of their lifetimes based on 2015 data from the Current Population Survey (CPS).[25] We enabled the age-based earnings profiles to vary by state by multiplying these profiles by the ratio of the average earnings in each state to the national average earnings and the national average wage index as reported in the 2017 Social Security Trustees report.[26] We assumed workers have earnings between ages 21 and their full retirement age, which currently varies between ages 66 and 67.[27]

For longevity, we utilized two data sets regarding life expectancy at age 65 to compute life expectancies by age and state. The Centers for Disease Control has compiled state-by-state life expectancies beyond the age of 65 in 2007, and the SSA has compiled overall life expectancies past the age of 65 on an annual basis. We estimated growth rates from the SSA data and applied those growth rates to the state-by-state life expectancies.[28] Because we only report rates of return for individuals who live to at least age 65, our results overstate Social Security's average rate of return because we leave out workers who die before reaching age 65 and who therefore receive little or nothing from Social Security.

Using our estimated earnings and life expectancies, we computed benefits according to Social Security's benefit calculation formulas.[29] We projected the earnings levels for Social Security's bend points in future years based on the SSA's Average Wage Index (AWI) projections. We calculated future benefits (and converted them to 2014 dollars) using adjusted index factors based on the growth rates from SSA's AWI forecasts. The results for amounts paid in, and amounts accumulated in private accounts, Social Security benefit amounts, and the amounts paid out by annuities were converted from 2014 dollars to 2017 dollars using CPI-U changes that occurred through 2017.[30] Thus, the retirement of someone who retires in the future (which is everyone we analyze in this model), is presented in 2017 dollars.

In one series of simulations, we used the Social Security Trustees' projected insolvency date of 2035 and their projected shortfall in benefit payments, which begins at approximately 21 percent reductions in 2035, with the percentage reduction increasing over time according to the Social Security Trustees' projections.[31] We also assumed an OASI payroll tax rate of 10.6 percent from 2017 onwards. Based on these calculations, we computed Social Security's internal rate of return.

25. Sarah Flood, Miriam King, Steven Ruggles, and J. Robert Warren, *Integrated Public Use Microdata Series, Current Population Survey: Version 4.0* (Minneapolis: University of Minnesota, 2015), machine-readable database.

26. Social Security Administration, *The 2017 Annual Report of the Board of Trustees*, Table VI.G6, and Social Security Administration, "Annual Wage Indexing (AWI) Series," March 2016, https://www.ssa.gov/OACT/COLA/awiseries.html (accessed October 4, 2016). AWI for years not presented in the five-year forecast were interpolated based on the growth rates of these forecasts themselves.

27. Social Security Administration, "Retirement Planner: Full Retirement Age," https://www.ssa.gov/planners/retire/retirechart.html (accessed August 24, 2016). Looking at the impact of changing the retirement age on rate of return is a potential avenue of future research.

28. Centers for Disease Control and Prevention, "State-Specific Healthy Life Expectancy at Age 65 Years: United States, 2007–2009," *Morbidity and Mortality Weekly Report*, July 19, 2013, Figure 1, http://www.cdc.gov/mmwr/preview/mmwrhtml/mm6228a1.htm (accessed August 24, 2016), and Bell and Miller, *Life Tables for the United States*, Table 10.

29. Social Security Administration, "Your Retirement Benefit: How It's Figured," 2018, https://www.ssa.gov/pubs/EN-05-10070.pdf (accessed May 5, 2017).

30. CPI-U increases were 0.1 percent, 1.3 percent, and 2.1 percent, respectively, in 2015, 2016, and 2017, respectively, Bureau of Labor Statistics, 12-month percent change, "All items in U.S. city average, all urban consumers, not seasonally adjusted," U.S. city average, all items (1982–1984=100), p. 40, https://www.bls.gov/data/ (accessed May 21, 2018).

31. Social Security Administration, *The 2017 Annual Report of the Board of Trustees*, Table VI.G6; Congressional Budget Office, "An Update to the Budget and Economic Outlook: 2016 to 2026," August 2016, p. 54, https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51908-2016outlookupdate-2.pdf (accessed January 4, 2017); Social Security Administration, "Average CPI by Quarter and Year," https://www.ssa.gov/oact/STATS/avgcpi.html (accessed August 24, 2016); Social Security Administration, "Cost-Of-Living Adjustment Information," https://www.ssa.gov/news/cola/ (accessed August 24, 2016); Social Security Administration, "Benefit Formula Bend Points," https://www.ssa.gov/oact/cola/bendpoints.html#fn (accessed August 24, 2016); Social Security Administration, "Your Retirement Benefit: How It's Figured, 2018"; and Social Security Administration, "Retirement Planner: Full Retirement Age."

Additionally, we also estimated the impact of maintaining Social Security's current benefit formula through increased payroll taxes, beginning in 2017. According to the Social Security Trustees 2017 report, the current 10.6 percent OASI payroll tax would need to rise to 13.28 percent to maintain current benefits over the 75-year horizon.[32] We model the effect of this increase alongside Social Security's current benefit formula.

Finally, we simulated the impact of individuals using their OASI payroll tax to invest in private retirement accounts. We assume a conservative investment allocation consisting of 50 percent government bonds and 50 percent large cap stocks. We apply inflation-adjusted rates of return based on historical information contained in Ibbotson *et al.* (see footnote 20) and our estimated future real rates of return for future years (approximately 7 percent for stocks and 2.75 percent for bonds). Our estimated rates are based on the average real rates from 1954 to 2016. We also assumed a 0.7 percent administrative cost of stocks and bonds, which is a very conservative assumption also used in prior research.[33]

The following tables contain additional results for other age cohorts beyond the 1995 cohort discussed earlier in the paper.

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32. According to the Social Security Trustees 2017 report, the 75-year shortfall in the OASI program equals 2.68 percentage points of payroll, meaning the current 10.6 percent OASI payroll tax would need to rise to 13.28 percent to maintain current, or "promised," benefit levels over the 75-year horizon.

33. Ibbotson, *2017 SBBI Yearbook*, Chapter 4, and Davis and Lacoude, *What Social Security Will Pay*.

APPENDIX TABLE 1

Average-Earner Females Born in 1955

	Amount Paid into Social Security	Amount Paid Out from Social Security During Retirement	Amount Promised From Social Security for Retirement	Amount Available if Payroll Taxes Were Invested, Private Account
Alabama	$129,952	$289,468	$307,210	$498,490
Alaska	$143,042	$326,410	$350,937	$548,702
Arizona	$135,960	$330,753	$359,045	$521,537
Arkansas	$130,874	$296,282	$315,756	$502,025
California	$156,496	$365,884	$397,823	$600,310
Colorado	$147,597	$343,308	$371,418	$566,175
Connecticut	$165,104	$376,440	$408,640	$633,330
Delaware	$148,532	$334,587	$359,729	$569,761
D.C.	$220,452	$447,753	$482,721	$845,642
Florida	$138,199	$339,866	$370,118	$530,123
Georgia	$137,823	$307,480	$328,023	$528,684
Hawaii	$143,255	$369,186	$406,442	$549,520
Idaho	$122,794	$297,248	$319,882	$471,033
Illinois	$145,096	$330,782	$355,970	$556,581
Indiana	$123,707	$291,150	$311,532	$474,536
Iowa	$125,563	$306,776	$331,320	$481,656
Kansas	$124,613	$297,411	$319,459	$478,011
Kentucky	$136,201	$298,259	$316,540	$522,459
Louisiana	$119,504	$276,142	$293,378	$458,413
Maine	$135,204	$314,598	$338,238	$518,638
Maryland	$179,305	$383,752	$413,352	$687,804
Massachusetts	$160,182	$362,732	$392,432	$614,450
Michigan	$130,093	$304,230	$326,474	$499,030
Minnesota	$143,803	$344,548	$374,324	$551,621
Mississippi	$125,613	$284,758	$302,532	$481,845
Missouri	$137,359	$309,561	$330,905	$526,901
Montana	$131,111	$308,465	$331,644	$502,935
Nebraska	$129,914	$309,293	$333,149	$498,342
Nevada	$136,583	$312,549	$335,079	$523,925
New Hampshire	$144,834	$334,592	$361,043	$555,576
New Jersey	$161,429	$363,072	$392,462	$619,234
New Mexico	$130,213	$315,067	$340,570	$499,492
New York	$163,695	$372,752	$404,300	$627,928
North Carolina	$129,528	$300,915	$322,295	$496,865
North Dakota	$136,945	$335,174	$364,432	$525,314
Ohio	$128,034	$296,063	$316,477	$491,131
Oklahoma	$127,885	$285,371	$302,539	$490,560
Oregon	$142,085	$327,621	$352,891	$545,030
Pennsylvania	$141,035	$323,230	$347,518	$541,002
Rhode Island	$177,055	$385,443	$416,280	$679,175
South Carolina	$137,250	$310,708	$332,459	$526,483
South Dakota	$124,939	$313,621	$340,447	$479,260
Tennessee	$132,233	$296,910	$316,100	$507,238
Texas	$142,161	$322,245	$345,806	$545,322
Utah	$123,542	$303,527	$327,811	$473,900
Vermont	$141,710	$329,970	$356,056	$543,592
Virginia	$161,587	$352,596	$378,735	$619,840
Washington	$153,972	$347,204	$374,320	$590,630
West Virginia	$122,550	$275,352	$291,284	$470,097
Wisconsin	$133,423	$319,960	$345,860	$511,806
Wyoming	$126,661	$300,577	$322,860	$485,864

NOTE: Private accounts assume 50 percent of existing payroll taxes are invested in federal government bonds, the other 50 percent in large U.S. stocks. Figures in 2017 dollars.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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APPENDIX TABLE 2

Average-Earner Females Born in 1955, Rate of Return

	RATE OF RETURN		
	Under Social Security	**Under Private Accounts**	**Under Increased Payroll Tax**
Alabama	2.65%	5.59%	2.77%
Alaska	2.68%	5.59%	2.83%
Arizona	2.84%	5.59%	3.01%
Arkansas	2.69%	5.59%	2.81%
California	2.71%	5.59%	2.89%
Colorado	2.72%	5.59%	2.88%
Connecticut	2.64%	5.59%	2.82%
Delaware	2.64%	5.59%	2.79%
D.C.	2.30%	5.59%	2.47%
Florida	2.86%	5.59%	3.04%
Georgia	2.64%	5.59%	2.77%
Hawaii	2.95%	5.59%	3.15%
Idaho	2.86%	5.59%	3.01%
Illinois	2.67%	5.59%	2.83%
Indiana	2.80%	5.59%	2.93%
Iowa	2.88%	5.59%	3.03%
Kansas	2.83%	5.59%	2.97%
Kentucky	2.59%	5.59%	2.71%
Louisiana	2.76%	5.59%	2.88%
Maine	2.74%	5.59%	2.89%
Maryland	2.47%	5.59%	2.63%
Massachusetts	2.63%	5.59%	2.80%
Michigan	2.76%	5.59%	2.91%
Minnesota	2.79%	5.59%	2.96%
Mississippi	2.70%	5.59%	2.82%
Missouri	2.66%	5.59%	2.80%
Montana	2.78%	5.59%	2.93%
Nebraska	2.81%	5.59%	2.96%
Nevada	2.70%	5.59%	2.84%
New Hampshire	2.71%	5.59%	2.87%
New Jersey	2.62%	5.59%	2.78%
New Mexico	2.84%	5.59%	3.00%
New York	2.64%	5.59%	2.81%
North Carolina	2.75%	5.59%	2.89%
North Dakota	2.85%	5.59%	3.03%
Ohio	2.74%	5.59%	2.88%
Oklahoma	2.66%	5.59%	2.77%
Oregon	2.71%	5.59%	2.86%
Pennsylvania	2.69%	5.59%	2.85%
Rhode Island	2.52%	5.59%	2.68%
South Carolina	2.67%	5.59%	2.81%
South Dakota	2.94%	5.59%	3.11%
Tennessee	2.66%	5.59%	2.79%
Texas	2.67%	5.59%	2.81%
Utah	2.89%	5.59%	3.05%
Vermont	2.73%	5.59%	2.89%
Virginia	2.54%	5.59%	2.69%
Washington	2.63%	5.59%	2.79%
West Virginia	2.69%	5.59%	2.80%
Wisconsin	2.82%	5.59%	2.98%
Wyoming	2.81%	5.59%	2.95%

NOTE: Private accounts assume 50 percent of existing payroll taxes are invested in federal government bonds, the other 50 percent in large U.S. stocks.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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APPENDIX TABLE 3

Average-Earner Females Born in 1975

	Amount Paid into Social Security	Amount Paid Out from Social Security During Retirement	Amount Promised From Social Security for Retirement	Amount Available if Payroll Taxes Were Invested, Private Account
Alabama	$168,761	$235,578	$300,791	$489,476
Alaska	$185,761	$270,344	$345,407	$538,781
Arizona	$176,564	$276,551	$353,579	$512,107
Arkansas	$169,958	$242,163	$309,254	$492,948
California	$203,232	$308,032	$393,886	$589,455
Colorado	$191,676	$286,738	$366,512	$555,937
Connecticut	$214,411	$316,787	$405,022	$621,878
Delaware	$192,890	$277,478	$354,522	$559,458
D.C.	$286,288	$374,059	$478,004	$830,352
Florida	$179,471	$285,490	$365,114	$520,538
Georgia	$178,984	$252,212	$322,101	$519,125
Hawaii	$186,037	$314,330	$402,452	$539,583
Idaho	$159,466	$245,437	$313,601	$462,516
Illinois	$188,428	$274,517	$350,757	$546,517
Indiana	$160,652	$238,657	$304,840	$465,955
Iowa	$163,062	$254,259	$324,955	$472,946
Kansas	$161,828	$245,103	$313,141	$469,367
Kentucky	$176,876	$243,108	$310,406	$513,012
Louisiana	$155,194	$224,146	$286,207	$450,124
Maine	$175,582	$260,124	$332,349	$509,260
Maryland	$232,853	$321,012	$410,189	$675,368
Massachusetts	$208,019	$303,746	$388,252	$603,339
Michigan	$168,944	$250,831	$320,442	$490,006
Minnesota	$186,749	$288,832	$369,308	$541,646
Mississippi	$163,126	$231,719	$295,878	$473,132
Missouri	$178,380	$254,499	$325,057	$517,374
Montana	$170,266	$254,918	$325,697	$493,841
Nebraska	$168,711	$256,108	$327,255	$489,331
Nevada	$177,372	$257,620	$329,097	$514,451
New Hampshire	$188,088	$278,534	$355,957	$545,530
New Jersey	$209,639	$303,763	$388,250	$608,037
New Mexico	$169,101	$261,961	$334,821	$490,460
New York	$212,582	$313,350	$400,602	$616,574
North Carolina	$168,211	$247,339	$315,947	$487,881
North Dakota	$177,843	$280,798	$359,061	$515,816
Ohio	$166,270	$242,744	$310,043	$482,251
Oklahoma	$166,077	$231,711	$295,841	$481,690
Oregon	$184,517	$272,091	$347,677	$535,175
Pennsylvania	$183,154	$267,837	$342,204	$531,220
Rhode Island	$229,931	$323,170	$413,027	$666,894
South Carolina	$178,238	$255,731	$326,648	$516,963
South Dakota	$162,251	$261,436	$334,254	$470,595
Tennessee	$171,723	$242,428	$309,578	$498,066
Texas	$184,616	$266,281	$340,180	$535,461
Utah	$160,437	$251,486	$321,412	$465,332
Vermont	$184,030	$274,397	$350,671	$533,763
Virginia	$209,844	$292,858	$374,152	$608,632
Washington	$199,955	$289,215	$369,583	$579,950
West Virginia	$159,149	$222,656	$284,254	$461,597
Wisconsin	$173,270	$266,141	$340,164	$502,552
Wyoming	$164,487	$247,788	$316,572	$477,079

NOTE: Private accounts assume 50 percent of existing payroll taxes are invested in federal government bonds, the other 50 percent in large U.S. stocks. Figures in 2017 dollars.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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APPENDIX TABLE 4

Average-Earner Females Born in 1975, Rate of Return

	RATE OF RETURN		
	Under Social Security	Under Private Accounts	Under Increased Payroll Tax
Alabama	1.15%	4.91%	1.54%
Alaska	1.27%	4.91%	1.65%
Arizona	1.48%	4.91%	1.87%
Arkansas	1.21%	4.91%	1.60%
California	1.37%	4.91%	1.75%
Colorado	1.34%	4.91%	1.73%
Connecticut	1.29%	4.91%	1.67%
Delaware	1.23%	4.91%	1.61%
D.C.	0.90%	4.91%	1.27%
Florida	1.52%	4.91%	1.90%
Georgia	1.18%	4.91%	1.56%
Hawaii	1.68%	4.91%	2.06%
Idaho	1.45%	4.91%	1.84%
Illinois	1.27%	4.91%	1.65%
Indiana	1.35%	4.91%	1.73%
Iowa	1.48%	4.91%	1.87%
Kansas	1.40%	4.91%	1.79%
Kentucky	1.10%	4.91%	1.48%
Louisiana	1.27%	4.91%	1.66%
Maine	1.33%	4.91%	1.71%
Maryland	1.08%	4.91%	1.46%
Massachusetts	1.26%	4.91%	1.64%
Michigan	1.34%	4.91%	1.72%
Minnesota	1.44%	4.91%	1.82%
Mississippi	1.21%	4.91%	1.60%
Missouri	1.21%	4.91%	1.60%
Montana	1.36%	4.91%	1.74%
Nebraska	1.40%	4.91%	1.79%
Nevada	1.27%	4.91%	1.65%
New Hampshire	1.32%	4.91%	1.70%
New Jersey	1.24%	4.91%	1.62%
New Mexico	1.46%	4.91%	1.84%
New York	1.29%	4.91%	1.67%
North Carolina	1.31%	4.91%	1.70%
North Dakota	1.50%	4.91%	1.89%
Ohio	1.29%	4.91%	1.67%
Oklahoma	1.15%	4.91%	1.54%
Oregon	1.31%	4.91%	1.69%
Pennsylvania	1.28%	4.91%	1.66%
Rhode Island	1.14%	4.91%	1.52%
South Carolina	1.23%	4.91%	1.61%
South Dakota	1.57%	4.91%	1.96%
Tennessee	1.19%	4.91%	1.57%
Texas	1.24%	4.91%	1.63%
Utah	1.50%	4.91%	1.89%
Vermont	1.34%	4.91%	1.72%
Virginia	1.13%	4.91%	1.51%
Washington	1.24%	4.91%	1.62%
West Virginia	1.17%	4.91%	1.55%
Wisconsin	1.43%	4.91%	1.82%
Wyoming	1.38%	4.91%	1.77%

NOTE: Private accounts assume 50 percent of existing payroll taxes are invested in federal government bonds, the other 50 percent in large U.S. stocks.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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APPENDIX TABLE 5

Average-Earner Females Born in 1995

	Amount Paid into Social Security	Amount Paid Out from Social Security During Retirement	Amount Promised From Social Security for Retirement	Amount Available if Payroll Taxes Were Invested, Private Account
Alabama	$224,601	$234,630	$310,583	$667,127
Alaska	$247,225	$269,863	$357,496	$734,325
Arizona	$234,985	$275,851	$365,632	$697,971
Arkansas	$226,194	$241,352	$319,561	$671,858
California	$270,477	$308,190	$408,535	$803,392
Colorado	$255,097	$286,308	$379,419	$757,709
Connecticut	$285,355	$317,125	$420,340	$847,582
Delaware	$256,713	$277,305	$367,354	$762,508
D.C.	$381,015	$360,375	$477,476	$1,131,719
Florida	$238,854	$284,621	$377,327	$709,461
Georgia	$238,205	$251,710	$333,296	$707,535
Hawaii	$247,593	$313,796	$416,278	$735,419
Idaho	$212,230	$243,945	$323,179	$630,381
Illinois	$250,774	$274,069	$363,087	$744,869
Indiana	$213,808	$237,461	$314,484	$635,069
Iowa	$217,016	$252,978	$335,216	$644,597
Kansas	$215,374	$243,871	$323,046	$639,719
Kentucky	$235,401	$242,464	$320,952	$699,205
Louisiana	$206,544	$222,976	$295,175	$613,492
Maine	$233,679	$259,288	$343,487	$694,091
Maryland	$309,899	$322,049	$426,674	$920,485
Massachusetts	$276,848	$303,986	$402,846	$822,315
Michigan	$224,844	$249,723	$330,779	$667,849
Minnesota	$248,540	$288,506	$382,425	$738,231
Mississippi	$217,101	$230,671	$305,362	$644,851
Missouri	$237,402	$253,777	$336,072	$705,150
Montana	$226,604	$253,805	$336,223	$673,075
Nebraska	$224,534	$254,947	$337,772	$666,929
Nevada	$236,061	$257,038	$340,449	$701,166
New Hampshire	$250,322	$278,261	$368,699	$743,525
New Jersey	$279,004	$304,030	$402,884	$828,717
New Mexico	$225,052	$260,770	$345,559	$668,468
New York	$282,921	$313,659	$415,726	$840,353
North Carolina	$223,869	$246,437	$326,389	$664,952
North Dakota	$236,687	$279,906	$371,042	$703,025
Ohio	$221,285	$241,647	$320,009	$657,279
Oklahoma	$221,028	$230,740	$305,414	$656,514
Oregon	$245,570	$271,574	$359,801	$729,411
Pennsylvania	$243,755	$267,122	$353,864	$724,020
Rhode Island	$306,011	$323,965	$429,279	$908,936
South Carolina	$237,213	$254,994	$337,704	$704,589
South Dakota	$215,937	$260,088	$344,739	$641,392
Tennessee	$228,543	$241,659	$319,947	$678,834
Texas	$245,702	$265,803	$352,078	$729,801
Utah	$213,522	$250,163	$331,486	$634,219
Vermont	$244,922	$273,860	$362,868	$727,486
Virginia	$279,277	$293,152	$388,326	$829,529
Washington	$266,116	$289,136	$383,088	$790,437
West Virginia	$211,808	$221,617	$293,299	$629,128
Wisconsin	$230,601	$265,218	$351,452	$684,948
Wyoming	$218,912	$246,598	$326,658	$650,229

NOTE: Private accounts assume 50 percent of existing payroll taxes are invested in federal government bonds, the other 50 percent in large U.S. stocks. Figures in 2017 dollars.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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APPENDIX TABLE 6

Average-Earner Females Born in 1995, Rate of Return

	RATE OF RETURN		
	Under Social Security	Under Private Accounts	Under Increased Payroll Tax
Alabama	0.15%	4.77%	0.36%
Alaska	0.30%	4.77%	0.49%
Arizona	0.53%	4.77%	0.72%
Arkansas	0.22%	4.77%	0.42%
California	0.43%	4.77%	0.63%
Colorado	0.38%	4.77%	0.58%
Connecticut	0.35%	4.77%	0.55%
Delaware	0.26%	4.77%	0.46%
D.C.	−0.19%	4.77%	0.00%
Florida	0.57%	4.77%	0.77%
Georgia	0.19%	4.77%	0.39%
Hawaii	0.75%	4.77%	0.95%
Idaho	0.47%	4.77%	0.67%
Illinois	0.30%	4.77%	0.50%
Indiana	0.36%	4.77%	0.56%
Iowa	0.51%	4.77%	0.71%
Kansas	0.42%	4.77%	0.62%
Kentucky	0.10%	4.77%	0.30%
Louisiana	0.26%	4.77%	0.46%
Maine	0.35%	4.77%	0.55%
Maryland	0.13%	4.77%	0.33%
Massachusetts	0.31%	4.77%	0.51%
Michigan	0.36%	4.77%	0.55%
Minnesota	0.49%	4.77%	0.69%
Mississippi	0.21%	4.77%	0.41%
Missouri	0.23%	4.77%	0.43%
Montana	0.38%	4.77%	0.58%
Nebraska	0.43%	4.77%	0.62%
Nevada	0.29%	4.77%	0.49%
New Hampshire	0.35%	4.77%	0.55%
New Jersey	0.29%	4.77%	0.48%
New Mexico	0.49%	4.77%	0.69%
New York	0.34%	4.77%	0.54%
North Carolina	0.33%	4.77%	0.53%
North Dakota	0.55%	4.77%	0.75%
Ohio	0.30%	4.77%	0.50%
Oklahoma	0.15%	4.77%	0.35%
Oregon	0.34%	4.77%	0.54%
Pennsylvania	0.31%	4.77%	0.51%
Rhode Island	0.19%	4.77%	0.39%
South Carolina	0.25%	4.77%	0.45%
South Dakota	0.61%	4.77%	0.81%
Tennessee	0.19%	4.77%	0.39%
Texas	0.27%	4.77%	0.47%
Utah	0.53%	4.77%	0.72%
Vermont	0.37%	4.77%	0.57%
Virginia	0.16%	4.77%	0.36%
Washington	0.28%	4.77%	0.48%
West Virginia	0.16%	4.77%	0.36%
Wisconsin	0.47%	4.77%	0.66%
Wyoming	0.40%	4.77%	0.60%

NOTE: Private accounts assume 50 percent of existing payroll taxes are invested in federal government bonds, the other 50 percent in large U.S. stocks.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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APPENDIX TABLE 7

Average-Earner Males Born in 1955

	Amount Paid into Social Security	Amount Paid Out from Social Security During Retirement	Amount Promised From Social Security for Retirement	Amount Available if Payroll Taxes Were Invested, Private Account
Alabama	$295,877	$432,484	$444,044	$1,071,854
Alaska	$309,370	$484,233	$509,532	$1,120,733
Arizona	$287,263	$490,119	$520,890	$1,040,646
Arkansas	$259,321	$421,616	$435,918	$939,423
California	$342,639	$527,439	$560,553	$1,241,254
Colorado	$330,625	$509,962	$539,646	$1,197,732
Connecticut	$379,589	$547,413	$580,541	$1,375,110
Delaware	$308,298	$481,308	$505,863	$1,116,849
D.C.	$438,785	$543,248	$565,390	$1,606,344
Florida	$315,353	$511,429	$544,110	$1,142,409
Georgia	$326,200	$464,516	$480,922	$1,181,701
Hawaii	$282,017	$495,344	$528,628	$1,021,644
Idaho	$280,509	$472,274	$498,654	$1,016,179
Illinois	$334,465	$491,032	$514,240	$1,211,642
Indiana	$286,694	$447,169	$464,796	$1,038,585
Iowa	$282,705	$462,613	$485,641	$1,024,137
Kansas	$284,771	$459,378	$481,090	$1,031,618
Kentucky	$301,947	$438,343	$450,704	$1,093,842
Louisiana	$312,604	$449,219	$463,185	$1,132,447
Maine	$269,119	$447,252	$467,821	$974,918
Maryland	$395,572	$534,935	$561,563	$1,433,499
Massachusetts	$390,715	$542,098	$571,731	$1,415,667
Michigan	$305,773	$468,176	$489,104	$1,107,703
Minnesota	$333,671	$514,250	$544,780	$1,208,765
Mississippi	$260,379	$405,132	$414,137	$943,256
Missouri	$302,877	$459,504	$478,233	$1,097,212
Montana	$263,850	$457,029	$481,461	$955,831
Nebraska	$283,463	$465,251	$488,986	$1,026,881
Nevada	$293,729	$460,541	$481,127	$1,064,071
New Hampshire	$373,955	$526,017	$553,498	$1,354,700
New Jersey	$360,826	$520,003	$547,802	$1,307,139
New Mexico	$276,959	$472,175	$499,106	$1,003,318
New York	$377,403	$540,881	$572,365	$1,367,193
North Carolina	$320,021	$470,194	$489,359	$1,159,319
North Dakota	$302,490	$482,177	$507,954	$1,095,810
Ohio	$290,260	$449,336	$467,049	$1,051,505
Oklahoma	$282,810	$431,449	$444,863	$1,024,515
Oregon	$311,213	$485,475	$510,838	$1,127,411
Pennsylvania	$314,652	$473,802	$494,982	$1,139,868
Rhode Island	$317,755	$485,149	$509,299	$1,151,108
South Carolina	$298,975	$452,575	$469,803	$1,083,077
South Dakota	$316,265	$488,784	$514,320	$1,145,711
Tennessee	$295,218	$441,166	$455,510	$1,069,465
Texas	$329,240	$485,415	$507,739	$1,192,714
Utah	$300,313	$498,964	$530,290	$1,087,923
Vermont	$284,409	$468,099	$492,555	$1,030,308
Virginia	$368,225	$510,050	$533,506	$1,333,944
Washington	$321,599	$494,647	$521,090	$1,165,032
West Virginia	$267,421	$417,920	$429,705	$968,766
Wisconsin	$308,140	$483,406	$508,661	$1,116,278
Wyoming	$308,490	$481,308	$505,863	$1,117,545

NOTE: Private accounts assume 50 percent of existing payroll taxes are invested in federal government bonds, the other 50 percent in large U.S. stocks. Figures in 2017 dollars.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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APPENDIX TABLE 8

Average-Earner Males Born in 1955, Rate of Return

	RATE OF RETURN		
	Under Social Security	Under Private Accounts	Under Increased Payroll Tax
Alabama	1.36%	5.59%	1.39%
Alaska	1.56%	5.59%	1.66%
Arizona	1.82%	5.59%	1.95%
Arkansas	1.72%	5.59%	1.77%
California	1.48%	5.59%	1.61%
Colorado	1.50%	5.59%	1.61%
Connecticut	1.26%	5.59%	1.39%
Delaware	1.55%	5.59%	1.65%
D.C.	0.76%	5.59%	0.83%
Florida	1.65%	5.59%	1.79%
Georgia	1.26%	5.59%	1.31%
Hawaii	1.91%	5.59%	2.05%
Idaho	1.80%	5.59%	1.91%
Illinois	1.35%	5.59%	1.43%
Indiana	1.57%	5.59%	1.63%
Iowa	1.71%	5.59%	1.80%
Kansas	1.67%	5.59%	1.75%
Kentucky	1.33%	5.59%	1.37%
Louisiana	1.29%	5.59%	1.34%
Maine	1.77%	5.59%	1.85%
Maryland	1.06%	5.59%	1.16%
Massachusetts	1.14%	5.59%	1.25%
Michigan	1.49%	5.59%	1.57%
Minnesota	1.49%	5.59%	1.61%
Mississippi	1.58%	5.59%	1.60%
Missouri	1.47%	5.59%	1.54%
Montana	1.90%	5.59%	2.00%
Nebraska	1.72%	5.59%	1.82%
Nevada	1.57%	5.59%	1.66%
New Hampshire	1.19%	5.59%	1.30%
New Jersey	1.27%	5.59%	1.38%
New Mexico	1.84%	5.59%	1.95%
New York	1.25%	5.59%	1.37%
North Carolina	1.36%	5.59%	1.43%
North Dakota	1.62%	5.59%	1.72%
Ohio	1.54%	5.59%	1.61%
Oklahoma	1.50%	5.59%	1.54%
Oregon	1.54%	5.59%	1.65%
Pennsylvania	1.44%	5.59%	1.52%
Rhode Island	1.48%	5.59%	1.57%
South Carolina	1.46%	5.59%	1.53%
South Dakota	1.51%	5.59%	1.61%
Tennessee	1.43%	5.59%	1.47%
Texas	1.36%	5.59%	1.45%
Utah	1.74%	5.59%	1.86%
Vermont	1.73%	5.59%	1.83%
Virginia	1.15%	5.59%	1.23%
Washington	1.49%	5.59%	1.60%
West Virginia	1.59%	5.59%	1.62%
Wisconsin	1.56%	5.59%	1.67%
Wyoming	1.55%	5.59%	1.65%

NOTE: Private accounts assume 50 percent of existing payroll taxes are invested in federal government bonds, the other 50 percent in large U.S. stocks.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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APPENDIX TABLE 9

Average-Earner Males Born in 1975

	Amount Paid into Social Security	Amount Paid Out from Social Security During Retirement	Amount Promised From Social Security for Retirement	Amount Available if Payroll Taxes Were Invested, Private Account
Alabama	$385,325	$331,183	$422,603	$1,080,290
Alaska	$402,897	$382,722	$488,555	$1,129,554
Arizona	$374,106	$390,691	$498,917	$1,048,837
Arkansas	$337,717	$324,083	$413,558	$946,817
California	$446,223	$423,416	$540,708	$1,251,024
Colorado	$430,577	$406,610	$519,154	$1,207,159
Connecticut	$494,344	$439,998	$561,834	$1,385,934
Delaware	$401,500	$379,680	$484,657	$1,125,640
D.C.	$570,502	$428,797	$547,226	$1,610,132
Florida	$410,689	$409,694	$523,208	$1,151,400
Georgia	$424,814	$360,698	$460,290	$1,191,002
Hawaii	$367,275	$396,578	$506,538	$1,029,686
Idaho	$365,310	$373,365	$476,663	$1,024,177
Illinois	$435,578	$386,998	$493,950	$1,221,179
Indiana	$373,365	$347,302	$443,216	$1,046,760
Iowa	$368,171	$363,299	$463,731	$1,032,198
Kansas	$370,860	$359,790	$459,222	$1,039,738
Kentucky	$393,230	$336,583	$429,493	$1,102,452
Louisiana	$407,108	$346,573	$442,242	$1,141,360
Maine	$350,477	$349,125	$445,596	$982,592
Maryland	$515,561	$425,760	$543,459	$1,445,417
Massachusetts	$509,041	$433,379	$553,255	$1,427,138
Michigan	$398,212	$366,600	$467,885	$1,116,421
Minnesota	$434,544	$410,826	$524,560	$1,218,279
Mississippi	$339,095	$307,152	$391,941	$950,681
Missouri	$394,441	$358,094	$456,997	$1,105,848
Montana	$343,615	$359,451	$458,862	$963,354
Nebraska	$369,157	$365,905	$467,073	$1,034,963
Nevada	$382,527	$360,093	$459,579	$1,072,446
New Hampshire	$487,006	$418,760	$534,557	$1,365,362
New Jersey	$469,908	$414,013	$528,514	$1,317,427
New Mexico	$360,687	$373,482	$476,835	$1,011,215
New York	$491,497	$433,575	$553,582	$1,377,954
North Carolina	$416,768	$367,096	$468,484	$1,168,444
North Dakota	$393,937	$381,066	$486,456	$1,104,435
Ohio	$378,010	$349,090	$445,499	$1,059,781
Oklahoma	$368,307	$331,579	$423,109	$1,032,578
Oregon	$405,297	$383,762	$489,882	$1,136,284
Pennsylvania	$409,776	$371,439	$474,061	$1,148,840
Rhode Island	$413,816	$382,636	$488,414	$1,160,168
South Carolina	$389,360	$351,319	$448,336	$1,091,602
South Dakota	$411,876	$386,534	$493,421	$1,154,729
Tennessee	$384,466	$340,138	$434,037	$1,077,883
Texas	$428,773	$381,703	$487,176	$1,202,101
Utah	$391,102	$398,369	$508,723	$1,096,486
Vermont	$370,389	$368,689	$470,640	$1,038,417
Virginia	$479,545	$402,695	$513,968	$1,344,443
Washington	$418,822	$391,874	$500,253	$1,174,202
West Virginia	$348,265	$319,331	$407,478	$976,391
Wisconsin	$401,295	$382,029	$487,670	$1,125,064
Wyoming	$401,751	$379,853	$484,876	$1,126,341

NOTE: Private accounts assume 50 percent of existing payroll taxes are invested in federal government bonds, the other 50 percent in large U.S. stocks. Figures in 2017 dollars.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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APPENDIX TABLE 10

Average-Earner Males Born in 1975, Rate of Return

	RATE OF RETURN		
	Under Social Security	Under Private Accounts	Under Increased Payroll Tax
Alabama	−0.58%	4.91%	−0.25%
Alaska	−0.19%	4.91%	0.14%
Arizona	0.15%	4.91%	0.49%
Arkansas	−0.15%	4.91%	0.18%
California	−0.19%	4.91%	0.13%
Colorado	−0.21%	4.91%	0.12%
Connecticut	−0.42%	4.91%	−0.10%
Delaware	−0.20%	4.91%	0.12%
D.C.	−1.08%	4.91%	−0.76%
Florida	−0.01%	4.91%	0.32%
Georgia	−0.62%	4.91%	−0.30%
Hawaii	0.27%	4.91%	0.61%
Idaho	0.08%	4.91%	0.41%
Illinois	−0.44%	4.91%	−0.12%
Indiana	−0.27%	4.91%	0.06%
Iowa	−0.05%	4.91%	0.28%
Kansas	−0.11%	4.91%	0.22%
Kentucky	−0.59%	4.91%	−0.27%
Louisiana	−0.61%	4.91%	−0.29%
Maine	−0.01%	4.91%	0.32%
Maryland	−0.71%	4.91%	−0.39%
Massachusetts	−0.59%	4.91%	−0.27%
Michigan	−0.31%	4.91%	0.02%
Minnesota	−0.20%	4.91%	0.12%
Mississippi	−0.38%	4.91%	−0.05%
Missouri	−0.36%	4.91%	−0.03%
Montana	0.16%	4.91%	0.50%
Nebraska	−0.03%	4.91%	0.30%
Nevada	−0.22%	4.91%	0.11%
New Hampshire	−0.56%	4.91%	−0.24%
New Jersey	−0.46%	4.91%	−0.14%
New Mexico	0.13%	4.91%	0.46%
New York	−0.46%	4.91%	−0.14%
North Carolina	−0.47%	4.91%	−0.15%
North Dakota	−0.12%	4.91%	0.21%
Ohio	−0.30%	4.91%	0.03%
Oklahoma	−0.40%	4.91%	−0.07%
Oregon	−0.20%	4.91%	0.13%
Pennsylvania	−0.36%	4.91%	−0.04%
Rhode Island	−0.29%	4.91%	0.04%
South Carolina	−0.39%	4.91%	−0.06%
South Dakota	−0.23%	4.91%	0.09%
Tennessee	−0.46%	4.91%	−0.14%
Texas	−0.43%	4.91%	−0.11%
Utah	0.07%	4.91%	0.40%
Vermont	−0.02%	4.91%	0.31%
Virginia	−0.65%	4.91%	−0.33%
Washington	−0.24%	4.91%	0.08%
West Virginia	−0.33%	4.91%	0.00%
Wisconsin	−0.18%	4.91%	0.15%
Wyoming	−0.21%	4.91%	0.12%

NOTE: Private accounts assume 50 percent of existing payroll taxes are invested in federal government bonds, the other 50 percent in large U.S. stocks.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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APPENDIX TABLE 11

Average-Earner Males Born in 1995

	Amount Paid into Social Security	Amount Paid Out from Social Security During Retirement	Amount Promised From Social Security for Retirement	Amount Available if Payroll Taxes Were Invested, Private Account
Alabama	$513,300	$326,464	$431,382	$1,467,239
Alaska	$536,708	$376,866	$498,738	$1,534,149
Arizona	$498,355	$383,743	$508,137	$1,424,519
Arkansas	$449,881	$318,097	$420,512	$1,285,957
California	$594,424	$417,945	$553,427	$1,699,127
Colorado	$573,582	$400,976	$530,823	$1,639,551
Connecticut	$658,527	$435,610	$576,745	$1,882,361
Delaware	$534,848	$373,870	$494,738	$1,528,832
D.C.	$758,344	$426,013	$563,404	$2,183,284
Florida	$547,088	$403,341	$534,121	$1,563,820
Georgia	$565,905	$356,151	$470,857	$1,617,606
Hawaii	$489,256	$389,313	$515,637	$1,398,508
Idaho	$486,638	$366,495	$485,112	$1,391,027
Illinois	$580,244	$381,970	$505,349	$1,658,592
Indiana	$497,368	$341,434	$451,511	$1,421,698
Iowa	$490,449	$356,800	$472,117	$1,401,920
Kansas	$494,032	$353,631	$467,856	$1,412,161
Kentucky	$523,830	$331,719	$438,366	$1,497,338
Louisiana	$542,318	$341,870	$451,861	$1,550,183
Maine	$466,879	$342,619	$453,254	$1,334,546
Maryland	$686,646	$422,105	$558,528	$1,962,777
Massachusetts	$678,105	$429,416	$568,360	$1,938,324
Michigan	$530,468	$361,077	$477,637	$1,516,312
Minnesota	$578,866	$405,186	$536,430	$1,654,654
Mississippi	$451,716	$301,683	$398,522	$1,291,205
Missouri	$525,444	$352,568	$466,273	$1,501,951
Montana	$457,738	$352,443	$466,450	$1,308,417
Nebraska	$491,763	$359,524	$475,755	$1,405,676
Nevada	$509,573	$354,209	$468,552	$1,456,585
New Hampshire	$648,752	$414,464	$548,494	$1,854,421
New Jersey	$625,976	$409,272	$541,661	$1,789,316
New Mexico	$480,479	$366,673	$485,379	$1,373,422
New York	$654,735	$429,066	$568,009	$1,871,522
North Carolina	$555,186	$362,170	$478,971	$1,586,968
North Dakota	$524,773	$375,031	$496,344	$1,500,032
Ohio	$503,555	$343,442	$454,167	$1,439,384
Oklahoma	$490,630	$326,265	$431,235	$1,402,437
Oregon	$539,906	$377,935	$500,153	$1,543,290
Pennsylvania	$545,872	$366,057	$484,223	$1,560,342
Rhode Island	$551,254	$377,043	$498,902	$1,575,728
South Carolina	$518,675	$346,045	$457,572	$1,482,602
South Dakota	$548,670	$380,786	$503,926	$1,568,341
Tennessee	$512,156	$334,937	$442,735	$1,463,969
Texas	$571,179	$376,656	$498,282	$1,632,681
Utah	$520,996	$391,824	$518,838	$1,489,236
Vermont	$493,404	$362,255	$479,402	$1,410,367
Virginia	$638,813	$398,599	$527,310	$1,826,009
Washington	$557,923	$386,325	$511,291	$1,594,789
West Virginia	$463,933	$313,784	$414,665	$1,326,124
Wisconsin	$534,575	$376,153	$497,795	$1,528,050
Wyoming	$535,182	$374,047	$494,973	$1,529,785

NOTE: Private accounts assume 50 percent of existing payroll taxes are invested in federal government bonds, the other 50 percent in large U.S. stocks. Figures in 2017 dollars.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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APPENDIX TABLE 12

Average-Earner Males Born in 1995, Rate of Return

	RATE OF RETURN		
	Under Social Security	**Under Private Accounts**	**Under Increased Payroll Tax**
Alabama	−1.74%	4.76%	−1.53%
Alaska	−1.29%	4.76%	−1.09%
Arizona	−0.93%	4.76%	−0.73%
Arkansas	−1.31%	4.76%	−1.10%
California	−1.26%	4.76%	−1.06%
Colorado	−1.29%	4.76%	−1.09%
Connecticut	−1.49%	4.76%	−1.28%
Delaware	−1.31%	4.76%	−1.11%
D.C.	−2.17%	4.76%	−1.96%
Florida	−1.09%	4.76%	−0.88%
Georgia	−1.75%	4.76%	−1.54%
Hawaii	−0.81%	4.76%	−0.61%
Idaho	−1.02%	4.76%	−0.82%
Illinois	−1.54%	4.76%	−1.34%
Indiana	−1.41%	4.76%	−1.20%
Iowa	−1.16%	4.76%	−0.96%
Kansas	−1.23%	4.76%	−1.03%
Kentucky	−1.75%	4.76%	−1.54%
Louisiana	−1.76%	4.76%	−1.55%
Maine	−1.14%	4.76%	−0.94%
Maryland	−1.80%	4.76%	−1.59%
Massachusetts	−1.67%	4.76%	−1.46%
Michigan	−1.43%	4.76%	−1.22%
Minnesota	−1.28%	4.76%	−1.08%
Mississippi	−1.55%	4.76%	−1.35%
Missouri	−1.49%	4.76%	−1.28%
Montana	−0.95%	4.76%	−0.75%
Nebraska	−1.14%	4.76%	−0.94%
Nevada	−1.35%	4.76%	−1.14%
New Hampshire	−1.64%	4.76%	−1.44%
New Jersey	−1.55%	4.76%	−1.35%
New Mexico	−0.97%	4.76%	−0.77%
New York	−1.53%	4.76%	−1.32%
North Carolina	−1.60%	4.76%	−1.39%
North Dakota	−1.22%	4.76%	−1.02%
Ohio	−1.43%	4.76%	−1.22%
Oklahoma	−1.55%	4.76%	−1.34%
Oregon	−1.30%	4.76%	−1.10%
Pennsylvania	−1.48%	4.76%	−1.28%
Rhode Island	−1.39%	4.76%	−1.19%
South Carolina	−1.52%	4.76%	−1.31%
South Dakota	−1.33%	4.76%	−1.13%
Tennessee	−1.61%	4.76%	−1.40%
Texas	−1.54%	4.76%	−1.34%
Utah	−1.02%	4.76%	−0.82%
Vermont	−1.13%	4.76%	−0.92%
Virginia	−1.75%	4.76%	−1.54%
Washington	−1.34%	4.76%	−1.13%
West Virginia	−1.49%	4.76%	−1.28%
Wisconsin	−1.28%	4.76%	−1.08%
Wyoming	−1.31%	4.76%	−1.11%

NOTE: Private accounts assume 50 percent of existing payroll taxes are invested in federal government bonds, the other 50 percent in large U.S. stocks.
SOURCE: Heritage Foundation Social Security Rate of Return Model. See appendix for details.

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