



SOCIAL SECURITY

MEMORANDUM

Date: October 2, 2017

Refer To: TCC

To: Karen Glenn, FSA, EA, MAAA
Deputy Chief Actuary

From: Kyle Burkhalter, FSA /s/
Actuary

Michael Clingman, ASA /s/
Actuary

Chris Chaplain, ASA /s/
Supervisory Actuary

Subject: The Present Value of Retirement Benefits for Selected Illustrative Worker Cases—
INFORMATION

The table below displays the present values¹ of Social Security retirement benefits for specific hypothetical workers, including a male worker, a female worker, and a one-earner couple. We assume each of these workers is born in 1951, starts working at age 21, and has the earnings history of a medium scaled worker² through age 64. The worker retires at age 65 in 2016. In the one-earner couple scenario, the worker has a spouse who is the same age, survives to age 65, and has no earnings throughout his or her life. We base all calculations on the intermediate assumptions of the 2016 Trustees Report.

In these illustrative examples, the worker retiring at 65 follows the medium scaled earnings pattern through age 64. As a result, the career average earnings for the retiree in 2016 (wage indexed to 2015) is \$47,731.

The table below provides the present values of retirement benefits (*expected retirement benefits*) for a male worker (single male), a female worker (single female), and a one-earner couple. The

¹ Present values are the sum of expected future benefits discounted back to January 1, 2016 at the projected Trust Fund effective interest rate.

² Scaled earnings patterns reflect the relative earnings level by age experienced during 1993-2012. For more details on scaled earnings, see recurring Actuarial Note 2016.3 at: <http://www.ssa.gov/OACT/NOTES/ran3/an2016-3.pdf>.

single female has higher expected benefits than does the single male, because projected mortality rates for females are lower than for males. The one-earner couple amount reflects retired worker benefits, aged spouse benefits, and aged surviving spouse benefits.

Expected Social Security Retirement Benefits for Illustrative Medium Scaled Earner Cases			
Year of Retirement	Benefits Assuming Worker Becomes Entitled at Age 65		
	Single Male	Single Female	One-Earner Couple
(Thousands of present value dollars discounted to 1/1/2016)			
2016	\$310	\$342	\$527

The values shown in the table above are for three specific examples. Expected benefits would be higher for workers with higher earnings through age 64 and lower for workers with lower earnings.

cc: Stephen C. Goss, ASA, MAAA
Chief Actuary