

# **Social Security and Medicare Taxes and Benefits Over a Lifetime**

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## Social Security and Medicare Taxes and Benefits Over a Lifetime

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

These tables provide estimates of the lifetime value of Social Security and Medicare benefits and taxes for typical workers in different generations at various earning levels. The "lifetime value of taxes" is based upon the value of accumulated taxes, as if those taxes were put into an account that earned a 2 percent real rate of return (that is, 2 percent plus inflation). The "lifetime value of benefits" represents the amount needed in an account (also earning a 2 percent real interest rate) to pay for those benefits.

### Social Security and Expected<sup>1</sup> Medicare Benefits (in 2010 dollars)

Single man earning the average wage (\$43,100 in 2010 dollars)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	Total benefits received over a lifetime	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	Total Social Security & Medicare taxes paid
1960	\$9,200	\$111,000	\$14,000	<b>\$125,000</b>	\$17,600	\$0	<b>\$17,600</b>
1980	\$14,900	\$200,000	\$57,000	<b>\$257,000</b>	\$95,000	\$7,800	<b>\$102,800</b>
2010	\$17,400	\$256,000	\$161,000	<b>\$417,000</b>	\$290,000	\$55,000	<b>\$345,000</b>
2030	\$19,700	\$318,000	\$251,000	<b>\$569,000</b>	\$392,000	\$84,000	<b>\$476,000</b>

Single woman earning the average wage (\$43,100 in 2010)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	Total benefits received over a lifetime	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	Total Social Security & Medicare taxes paid
1960	\$9,200	\$145,000	\$21,500	<b>\$166,500</b>	\$17,600	\$0	<b>\$17,600</b>
1980	\$14,900	\$246,000	\$74,800	<b>\$320,800</b>	\$95,000	\$7,800	<b>\$102,800</b>
2010	\$17,400	\$283,000	\$181,000	<b>\$464,000</b>	\$290,000	\$55,000	<b>\$345,000</b>
2030	\$19,700	\$348,000	\$279,000	<b>\$627,000</b>	\$392,000	\$84,000	<b>\$476,000</b>

<sup>1</sup> Expected rather than realized benefits.

One-earner couple earning the average wage (\$43,100 in 2010)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	<b>Total benefits received over a lifetime</b>	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	<b>Total Social Security &amp; Medicare taxes paid</b>
1960	\$13,700	\$207,000	\$35,000	<b>\$242,000</b>	\$17,600	\$0	<b>\$17,600</b>
1980	\$22,400	\$365,000	\$132,000	<b>\$497,000</b>	\$95,000	\$7,800	<b>\$102,800</b>
2010	\$26,000	\$435,000	\$343,000	<b>\$778,000</b>	\$290,000	\$55,000	<b>\$345,000</b>
2030	\$29,500	\$534,000	\$530,000	<b>\$1,064,000</b>	\$392,000	\$84,000	<b>\$476,000</b>

Two-earner couple with one spouse earning an average wage (\$43,100 in 2010) and one earning a low wage (\$19,400 in 2010)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	<b>Total benefits received over a lifetime</b>	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	<b>Total Social Security &amp; Medicare taxes paid</b>
1960	\$15,300	\$220,000	\$35,000	<b>\$255,000</b>	\$25,500	\$0	<b>\$25,500</b>
1980	\$23,900	\$381,000	\$132,000	<b>\$513,000</b>	\$137,000	\$11,300	<b>\$148,300</b>
2010	\$29,900	\$457,000	\$343,000	<b>\$800,000</b>	\$421,000	\$79,000	<b>\$500,000</b>
2030	\$36,600	\$562,000	\$530,000	<b>\$1,092,000</b>	\$568,000	\$121,000	<b>\$689,000</b>

Two-earner couple both earning an average wage (\$43,100 each in 2010)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	<b>Total benefits received over a lifetime</b>	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	<b>Total Social Security &amp; Medicare taxes paid</b>
1960	\$18,400	\$256,000	\$35,000	<b>\$291,000</b>	\$35,200	\$0	<b>\$35,200</b>
1980	\$29,800	\$446,000	\$132,000	<b>\$578,000</b>	\$190,000	\$15,600	<b>\$205,600</b>
2010	\$33,500	\$539,000	\$343,000	<b>\$882,000</b>	\$581,000	\$109,000	<b>\$690,000</b>
2030	\$39,400	\$666,000	\$530,000	<b>\$1,196,000</b>	\$784,000	\$167,000	<b>\$951,000</b>

Two-earner couple with one spouse earning a high wage (\$68,900 in 2010) and one earning an average wage (\$43,100 in 2010)

If you turn 65 in...	Annual Social Security benefits	Lifetime Social Security benefits	Lifetime Medicare benefits	<b>Total benefits received over a lifetime</b>	Lifetime Social Security (OASDI) taxes	Lifetime Medicare taxes	<b>Total Social Security &amp; Medicare taxes paid</b>
1960	\$19,600	\$269,000	\$35,000	<b>\$304,000</b>	\$41,000	\$0	<b>\$41,000</b>
1980	\$33,600	\$517,000	\$132,000	<b>\$649,000</b>	\$223,000	\$16,400	<b>\$239,400</b>
2010	\$43,200	\$645,000	\$343,000	<b>\$988,000</b>	\$741,000	\$140,000	<b>\$881,000</b>
2030	\$52,900	\$795,000	\$530,000	<b>\$1,325,000</b>	\$1,019,000	\$171,000	<b>\$1,190,000</b>

Source: C. Eugene Steuerle and Stephanie Rennane, 2010. Based on earlier work with Adam Carasso.

Notes: All amounts are in constant 2010 dollars as noted, adjusted to present value at age 65 using a 2 percent real interest rate. Each calculation assumes survival until age 65 and then adjusts for chance of death in all years after age 65. It also assumes that benefits scheduled in law will be paid even if trust funds are exhausted. Workers are assumed to work every year from age 22 to age 64 and retire at the normal retirement age. An average-wage worker earns the average wage in the economy every year, based on Social Security's measure of the "average wage." The low-wage worker earns 45 percent of the average wage, while the high-wage worker earns 160 percent of the average wage. The tax-max wage worker earns at the taxable maximum every year. Medicare numbers are net of premium, other than the new premium tax on some high earners.

Revised: January 4, 2011