

Appendix Table 1: Effect of Retirement Plan Growth on Fiscal Gap Calculation
(\$ billion, present value)

	<u>Permanent</u>	<u>Through 2075</u>	<u>Through 2050</u>	<u>Through 2040</u>
Fiscal gap	59,720	21,512	10,662	6,716
Adjusted for retirement plan growth				
At 20% tax rate	58,421	20,710	10,041	6,195
At 28.7% tax rate	57,857	20,361	9,771	5,968

Appendix Table 2: Boskin's Assumed Revenue on Contributions and Withdrawals
(percent of GDP)

Year	Forgone revenue on contributions	Taxes on withdrawals assuming:	
		28.7 percent tax rate	20 percent tax rate
2000	1.17	1.29	0.90
2001	1.16	1.31	0.91
2002	1.16	1.32	0.92
2003	1.15	1.34	0.93
2004	1.14	1.36	0.95
2005	1.14	1.38	0.96
2006	1.13	1.39	0.97
2007	1.12	1.41	0.98
2008	1.11	1.43	0.99
2009	1.11	1.44	1.01
2010	1.10	1.46	1.02
2011	1.10	1.54	1.07
2012	1.10	1.62	1.13
2013	1.10	1.71	1.19
2014	1.10	1.79	1.25
2015	1.10	1.87	1.30
2016	1.10	1.95	1.36
2017	1.10	2.03	1.42
2018	1.10	2.12	1.47
2019	1.10	2.20	1.53
2020	1.10	2.28	1.59
2021	1.10	2.27	1.58
2022	1.10	2.25	1.57
2023	1.10	2.24	1.56
2024	1.10	2.22	1.55
2025	1.10	2.21	1.54
2026	1.10	2.20	1.53
2027	1.10	2.18	1.52
2028	1.10	2.17	1.51
2029	1.10	2.15	1.50
2030	1.10	2.14	1.49
2031	1.10	2.13	1.48
2032	1.10	2.11	1.47
2033	1.10	2.10	1.46
2034	1.10	2.08	1.45
2035	1.10	2.07	1.44
2036	1.10	2.05	1.43
2037	1.10	2.04	1.42
2038	1.10	2.02	1.41
2039	1.10	2.01	1.40
2040	1.10	1.99	1.39
2041	1.10	1.99	1.38
2042	1.10	1.98	1.38
2043	1.10	1.98	1.38
2044	1.10	1.97	1.37
2045	1.10	1.97	1.37
2046	1.10	1.96	1.37
2047	1.10	1.96	1.36
2048	1.10	1.95	1.36
2049	1.10	1.95	1.36
2050	1.10	1.94	1.35

Source for figures in bold: Boskin (2003), Table 7.1. Other figures are interpolated by authors.

Appendix Table 3: Feedback Effects from Additional Taxes on Withdrawals
(\$ billion)

Year	Static change in primary budget	Feedback change in primary budget	Feedback change in unified budget	Feedback change in debt	Feedback change in capital stock	Feedback change in GDP
2003	(4.6)	(4.6)	(4.6)	(4.6)	4.6	0.6
2004	(3.3)	(3.3)	(3.6)	(8.2)	8.2	1.1
2005	(1.9)	(2.0)	(2.4)	(10.6)	10.6	1.4
2006	(0.1)	(0.2)	(0.8)	(11.4)	11.4	1.5
2007	1.9	1.7	1.1	(10.3)	10.3	1.3
2008	4.5	4.4	3.8	(6.4)	6.4	0.8
2009	7.4	7.3	6.9	0.5	(0.5)	(0.1)
2010	11.0	11.0	11.0	11.5	(11.5)	(1.5)
2011	7.7	7.9	8.5	20.0	(20.0)	(2.6)
2012	4.7	5.0	6.0	26.1	(26.1)	(3.4)
2013	1.3	1.6	3.0	29.1	(29.1)	(3.8)
2014	(9.4)	(9.0)	(7.4)	21.7	(21.7)	(2.8)
2015	(21.0)	(20.7)	(19.6)	2.1	(2.1)	(0.3)
2016	(33.7)	(33.6)	(33.5)	(31.4)	31.4	4.1
2017	(47.4)	(47.9)	(49.5)	(80.9)	80.9	10.5
2018	(62.4)	(63.6)	(67.9)	(148.8)	148.8	19.3
2019	(78.8)	(80.9)	(88.9)	(237.7)	237.7	30.9
2020	(96.4)	(99.8)	(112.6)	(350.3)	350.3	45.5
2021	(98.3)	(103.3)	(122.1)	(472.4)	472.4	61.4
2022	(100.2)	(107.0)	(132.3)	(604.7)	604.7	78.6
2023	(102.1)	(110.8)	(143.2)	(747.9)	747.9	97.2
2024	(104.0)	(114.7)	(154.8)	(902.8)	902.8	117.4
2025	(105.8)	(118.7)	(167.2)	(1,069.9)	1,069.9	139.1
2026	(107.6)	(122.8)	(180.3)	(1,250.2)	1,250.2	162.5
2027	(109.3)	(127.1)	(194.2)	(1,444.5)	1,444.5	187.8
2028	(110.9)	(131.5)	(209.1)	(1,653.6)	1,653.6	215.0
2029	(112.5)	(136.1)	(224.9)	(1,878.5)	1,878.5	244.2
2030	(114.1)	(140.8)	(241.7)	(2,120.2)	2,120.2	275.6
2031	(115.2)	(145.4)	(259.3)	(2,379.4)	2,379.4	309.3
2032	(116.2)	(150.1)	(277.9)	(2,657.3)	2,657.3	345.4
2033	(117.0)	(154.9)	(297.6)	(2,954.9)	2,954.9	384.1
2034	(117.7)	(159.8)	(318.5)	(3,273.4)	3,273.4	425.5
2035	(118.2)	(164.9)	(340.6)	(3,614.0)	3,614.0	469.8
2036	(118.4)	(170.0)	(364.0)	(3,978.0)	3,978.0	517.1
2037	(118.4)	(175.2)	(388.7)	(4,366.7)	4,366.7	567.7
2038	(118.1)	(180.4)	(414.9)	(4,781.6)	4,781.6	621.6
2039	(117.6)	(185.8)	(442.5)	(5,224.1)	5,224.1	679.1
2040	(116.7)	(191.2)	(471.7)	(5,695.8)	5,695.8	740.5

Appendix Table 4: Key Parameter Values in Base Case and Sensitivity Analyses

<u>Notation</u>	<u>Description</u>	<u>Base Case</u>	<u>Alternative Value</u>
μ_c	MTR for contributions	0.287	0.2
μ_w	MTR for withdrawals	0.287	0.2
α	Share of contributions from diverted saving	0.25	0.5-0.4
$1 - \alpha$	Share of contributions that are new national saving	0.463	0.3-0.4
μ_b	Tax rate on capital income	0.25	0.19
γ	Share of new national saving that translates into increased domestic investment	1.00	0.75

Appendix Table 5: Net Present Value of Revenues from Tax-Deferred Accounts through 2040
(\$ trillion)

	Total NPV revenue	Lost revenue on contributions	Lost revenue on diverted saving	Tax on withdrawals	Tax on new capital income	Reduction in interest payments	Tax on interest payments	Source
<u>Panel 1</u>								
Boskin base case	11.8	-7.1	-1.2	9.1	6.7	5.5	-1.1	Boskin, Table 5.4
Base case except $\alpha = 0.5$	3.9	-7.1	-2.4	9.1	3.5	1.0	-0.2	Boskin, Table 6.1
Base case except $\gamma = 0.75$	8.0	-7.1	-1.2	9.1	4.4	3.5	-0.7	Boskin, Table 6.3
Base case except $\alpha = 0.5$ and $\gamma = 0.75$	2.4	-7.1	-2.4	9.1	2.3	0.6	-0.1	Authors' calculations
Same but $\mu_c = .20$, $\mu_w = .20$, and $\mu_b = .19$	1.2	-5.0	-2.4	6.4	1.7	0.6	-0.1	Authors' calculations
<u>Panel 2</u>								
Base case except $\alpha = 0.4$	7.1	-7.1	-1.9	9.1	4.8	2.8	-0.6	Boskin, Table 6.1
Base case except $\alpha = 0.4$ and $\gamma = 0.75$	4.4	-7.1	-1.9	9.1	3.1	1.8	-0.4	Authors' calculations
Same but $\mu_c = .20$, $\mu_w = .20$, and $\mu_b = .19$	3.3	-5.0	-1.9	6.4	2.4	1.8	-0.4	Authors' calculations