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The Impact on Employment-Based Health Benefits of the Shift From a Manufacturing Economy to a Service Economy

by Paul Fronstin, EBRI

Since the mid-1980s, there has been a reduction in the percentage of Americans under age 65 with employment-based health benefits. In 2002, 64.2 percent of the nonelderly population was covered by employment-based health benefits, compared with 70.1 percent in 1987. Numerous factors have been cited as contributing to the erosion of employment-based health benefits. They include the rising cost of providing health benefits and a decline in take-up rates among workers with access to health benefits. Other factors cited include changes in the work force. For example, the movement of jobs and workers from the manufacturing sector to the service sector; the increased use of part-time, contract, temporary, and contingent workers; and decreased unionization all potentially contribute to the decline in employment-based health benefits. These are structural changes in the work force, and are different from nonstructural changes (such as increasing health benefit costs) that also account for the decline in the percentage of Americans with employment-based health benefits.

Structural changes and nonstructural changes affect the percentage of Americans with health benefits in fundamentally different ways. Public policy designed to stop the erosion of employment-based health benefits must treat these changes with different approaches, if it is to be effective. This article examines one structural change in the work force that has contributed to the decline in employment-based health benefits: the movement of workers from the manufacturing sector to the service sector.
Trends in Employment Sectors

It is well known that there has been a relative loss of manufacturing jobs in the United States. Since at least 1987, the percentage of workers employed in the manufacturing industry has fallen and the percentage employed in the service sector has increased. In 1987, 24 percent of workers ages 18–64 were employed in the manufacturing sector, compared with 18.8 percent in 2002 (Figure 1). Similarly, 17.7 percent of workers were employed in the service sector in 1987, compared with 26.4 percent in 2002. Workers employed in wholesale and retail trade and those employed in the public sector account for a modestly smaller percentage of the workforce, while the percentage of workers employed in agriculture, forestry, fishing, hunting, mining, and construction was virtually the same in 1987 and 2002.

The movement of workers from the manufacturing sector to the service sector has significant implications for workers’ health benefits. In 1987, 78.9 percent of workers employed in the manufacturing sector were covered by employment-based health benefits through their own employer (Figure 2). This compares with 48.3 percent of workers employed in the wholesale and retail trade industry, 47.7 percent in the personal services sector, and 39.8 percent in agriculture, forestry, fishing, hunting, mining, or construction. Only public-sector workers were comparable to manufacturing workers, with 74.7 percent covered by employment-based health benefits through their own employer. As a result, any relative decline in manufacturing jobs will likely lead to fewer workers with employment-based health benefits.

Between 1987 and 2002 not only did the percentage of workers in the manufacturing sector decline, but the probability that a worker in the manufacturing sector had employment-based health benefits dropped as well, from 79 percent in 1987 to 70 percent in 2002 (Figure 3). During this same period, the percentage of public-sector workers with employment-based health benefits was in large part unchanged; the percentage of workers in the agriculture, forestry, fishing, hunting, mining, and construction sector with employment-based health benefits initially dropped, but rebounded; and the percentage of workers with employment-based health benefits in the wholesale and retail trade sector decreased from 48 percent to 42 percent in the mid-1990s, but then rebounded to previously seen levels. In contrast, the percentage of workers with employment-based health benefits in the personal services sector increased from 48 percent to 51 percent in 2001. However, workers in the service sector are still much less likely to have employment-based health benefits than workers in the manufacturing sector. As a result, it can be concluded that the movement of jobs from the manufacturing sector to the service sector has partly contributed to the decline in employment-based health benefits. Studies have found that the movement of workers from the manufacturing sector to the service sector accounts for approximately 10 percent to 15 percent of the decline in employment-based health insurance coverage.

Spillover Effects

Workers with employment-based health benefits typically have coverage not only for themselves but also for their dependents. The movement of workers from the manufacturing sector to the service sector also affects the health insurance status of other family members. According to the data in Figure 4, 20 percent of the nonelderly population was in families with a family head employed in the manufacturing sector. However, when examining the population with employment-based health benefits, 24.4 percent were in families whose the family head was employed in the manufacturing sector. This compares with the data in Figure 1 showing that workers in the manufacturing sector accounted for 18.8 percent of all workers. This comparison suggests that the relatively higher rates of health insurance coverage among manufacturing workers has a sizable spillover effect to other family members, meaning health insurance coverage is generally higher because of a family member’s connection to the manufacturing sector.

The data in Figure 4 also show that, aside from individuals whose family head was employed in the public sector, individuals whose family head was employed in the manufacturing sector were the
most likely group have employment-based health benefits. More than 78 percent of the nonelderly population whose family head was employed in the manufacturing sector had employment-based health benefits, compared with 82.2 percent of those whose family head worked in the public sector and 58 percent of those whose family head worked in the service sector.

**Implications**

The percentage of Americans under age 65 with employment-based health benefits has been falling since at least 1987. The underlying causes of this decline can be attributed to structural changes in economy, such as the movement of workers from the manufacturing sector to the service sector, and nonstructural changes, such as the rising cost of health benefits. The fundamental difference between structural and nonstructural factors must be understood in order to formulate sound public policy.

Currently, employers that offer health benefits are experiencing some of the highest increases in health benefit costs in years. Given these rising costs, and other factors such as structural changes in the work source, there is every reason to believe that the decline in the percentage of Americans under age 65 with employment-based health benefits will continue. As long as the erosion of employment-based health benefits is partly due to structural changes in the economy, and with health insurance cost increases predicted to continue in the future, current trends in coverage can be expected to continue and even accelerate.

**Endnotes**


3. Some examples of service-sector jobs include those in the travel industry, entertainment, health care services, legal services, education, and social services.

4. It appears that the percentage of workers in the trade sector with employment-based health benefits increased from 47 percent to 53 percent between 2001 and 2002. This may be due to the fact that industry classifications used in the CPS changed in 2002 and may have had an effect on health benefits data by industry as well. More information about the change in industry classifications can be found at [www.census.gov/hhes/www/ioindex/index.html](http://www.census.gov/hhes/www/ioindex/index.html)

5. The data show that the percentage of service-sector workers with employment-based health benefits declined from 51 percent to 43 percent between 2001 and 2002. It is likely that this is also due to the change in the methodology to classify workers that occurred with the March 2003 CPS, as discussed in endnote 4.

Figure 2
Percentage of Workers With Employment-Based
Health Benefits From Own Employer, by Industry, 1987 and 2002

Figure 3
Percentage of Workers Ages 18–64 With Employment-Based Health Benefits From Own Employer, by Industry, 1987–2002

### Figure 4
Nonelderly Population With Selected Sources of Health Insurance, by Industry of Family Head, 2002

<table>
<thead>
<tr>
<th>Industry of Family Head</th>
<th>Total (millions)</th>
<th>Employment-Based Coverage</th>
<th>Individually Purchased</th>
<th>Public Uninsured</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>Own name</td>
<td>Dependent</td>
</tr>
<tr>
<td>Total</td>
<td>250.8</td>
<td>161.0</td>
<td>82.5</td>
<td>78.5</td>
</tr>
<tr>
<td>Agriculture, forestry, fishing, hunting, mining and construction</td>
<td>24.8</td>
<td>13.9</td>
<td>6.4</td>
<td>7.5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>50.1</td>
<td>39.3</td>
<td>19.2</td>
<td>20.1</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>68.0</td>
<td>47.1</td>
<td>23.9</td>
<td>23.3</td>
</tr>
<tr>
<td>Personal services</td>
<td>49.1</td>
<td>28.5</td>
<td>15.4</td>
<td>13.1</td>
</tr>
<tr>
<td>Public sector</td>
<td>32.9</td>
<td>27.0</td>
<td>14.0</td>
<td>13.0</td>
</tr>
<tr>
<td>Nonworker</td>
<td>26.0</td>
<td>5.3</td>
<td>3.7</td>
<td>1.6</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>


*Estimates by industry are not comparable to prior years because of definitional changes to industry codes.

*Note: Details may not add to totals because individuals may receive coverage from more than one source.*
The Inflation Rate and the Actuarial Balance of the OASDI Trust Funds

by Craig Copeland, EBRI

Social Security has traditionally been a strongly supported and popular program for providing income protection for American workers and their dependents from old age, death, and disability. By most accounts, it has been a successful program, particularly in helping to lower the poverty rate among the elderly: from 35.2 percent in 1959 to 10.2 percent by 2000. However, the most recent report of the Board of Trustees of the Old-Age and Survivors Insurance and Disability Insurance (OASDI) Trust Funds projects an actuarial balance over the next 75 years of –1.89 percent of OASDI taxable payroll for the program. While this is a slight improvement from last year, the imbalance of projected revenues and costs shown in this report—which has persisted for many years—has led to many discussions in policy circles about how to improve the program’s long-term funding status.

The actuarial balance reported in the annual report is based on various assumptions about the country’s economic condition and demographics over the next 75 years. While it is impossible to predict the future value of various parameters that are important for the program’s financial status, the choice of the assumption values can and do have a significant impact on the resulting projected actuarial balance. This article examines the effects of varying just the inflation rate assumption on the program’s actuarial balance when all other assumptions are held constant. The assumed inflation rate has been lowered in two of the last three Board of Trustees’ reports, as the actual rate has remained at near historic lows for much of the last 10 years. However, inflation has recently been rising, reflecting the natural volatility in the outcomes of economic measures.

Using SSASIM in this study, a decrease in the inflation rate of 0.20 percentage points is shown to lead an improvement in the actuarial balance of 0.10 percentage points. When SSASIM uses a random inflation rate assumption, the range of the 90 percent confidence interval of the possible resulting actuarial balances is approximately 1.40 percentage points. This more real-world scenario provides boundaries around the single point estimate that is traditionally used to report on the status of the Social Security program to supply policymakers with the extent of the possible actuarial balance outcomes given some level of probability of these ranges of resulting values.

SSASIM is a simulation model that can estimate the effects of various changes made to the Social Security program on both the actuarial balance of the program and the level of benefits that beneficiaries will receive. SSASIM can closely replicate the results from the Social Security Administration’s Office of the Actuary’s model used in the Board of Trustees’ report, and it is based on 13 key assumptions.

The model can be run both deterministically and stochastically. When it is run in deterministic mode, the path of values and the ultimate value of the key assumptions are predetermined and fixed for the 75-year period of analysis. For example, the inflation rate could be assumed to trend upward until it reaches 3.0 percent in 2007, and then it would continue at that level throughout the remaining years of the 75-year projection. In contrast, in stochastic mode, the assumption value of the inflation rate would come from a distribution of possible inflation rate values. Under this method, repeated scenarios of the 75-year projection are undertaken, with the value of the inflation rate randomly drawn for each scenario from this distribution of possible inflation rates. Thus, a distribution of actuarial balances results from these repeated scenarios to account for the uncertainty over the next 75 years of what the actual values will be, compared with the assumed values.

Traditionally, the Board of Trustees has used a deterministic method when reporting the actuarial balance of the financial status of the Social Security program. However, the 2004 report adds, for the first time, a stochastic section to provide a range for actuarial balances for their assumptions, instead of only the single point that was previously reported. In the 2004 report, which uses
the intermediate assumption values as the means, the 95 percent confidence interval of the actuarial balances ranged from –4.02 percent to –0.33 percent with a median of –1.98 percent, compared with the deterministic value of –1.89 percent.

**Historical Inflation Rates and Assumption Values**

The Social Security program uses the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI) for the automatic adjustments to benefits for increases in the cost of living. The increase in the CPI has averaged a wide range of values over the eight consecutive five-year periods from 1960 to 2000 (Figure 5). From 1960 to 1965, the increase in the CPI averaged 1.2 percent annually. This rate increased in each subsequent five-year period, reaching an average annual rate of 8.9 percent from 1975 to 1980. After 1980, the average annual rate over each subsequent five-year period declined, reaching an average annual rate of 2.4 percent from 1995 to 2000. The three most recent years ranged from 2.7 percent in 2001 to 1.4 percent in 2002 to 2.3 percent in 2003.

The intermediate assumption value of the increase in the CPI in the Board of Trustees’ report has been correspondingly lowered in recent years, as the average annual rate has declined and been at low rates relative to historical levels. In 1991, the intermediate value of the increase in the CPI was 4.0 percent. It remained at that level until being lowered to 3.5 percent in 1997 and to 3.3 percent in 1998. The value has been lowered twice since 1998: to 3.0 percent in 2002 and to 2.8 percent in 2004.

**Inflation Rate and Actuarial Balance—Deterministic Mode**

In this section, the model is run in deterministic mode, in which the assumption values have fixed predetermined levels or trends throughout the 75-year projection period.

The assumption values of all the other economic and demographic variables for the projections are set to the levels that correspond with the 2003 Board of Trustees’ report. With the increase in the CPI set at 3.0 percent per year, an actuarial balance of –1.95 percent of OASDI taxable payroll results (Figure 6). When the increase in the CPI is lowered to 2.8 percent (the 2004 report level) with all other assumptions held constant, the actuarial balance would improve to –1.85 percent. In contrast, if the CPI increase was at its assumed 2001 level, the actuarial balance would be worse at –2.09 percent. Furthermore, if the CPI increase is lowered to the value averaged (1.2 percent) from 1960 to 1965, the actuarial balance would improve to –1.08 percent, while the actuarial balance would worsen considerably, to –4.02 percent, if the CPI increase is near the level averaged in the 1970s (8.0 percent).

**Inflation Rate and Actuarial Balance—Stochastic Mode**

To project the Social Security program’s actuarial balance in stochastic mode, the inflation rate is allowed to vary and be randomly derived over 1,000 projection scenarios, while the other key assumptions values are 1) fixed at the deterministic assumptions levels from the 2003 Board of Trustees’ report and 2) allowed to also be stochastically derived, with their mean value over the 1,000 scenarios equal to the intermediate assumption values from the 2003 report. The distribution of the increases in the CPI is assumed to be a normal distribution, with the mean equal to each assumed value of the increase in the CPI and a standard deviation of 1.0 percentage point—the difference between the high and intermediate assumptions and the low and intermediate assumptions from the 2003 report. When the increase in the CPI is assumed to have a mean of 3.0 percent, 95 percent of the projected actuarial balances were better than –2.62 percent of OASDI taxable payroll and 95 percent were worse than –1.25 percent of OASDI taxable payroll (Figure 7). The median was equal to the deterministic level of –1.95 percent.

Similar analyses are conducted for other levels of increases in the CPI. The medians of the resulting distributions of actuarial balances were equal to those when running the model deterministically. The 5th percentile and 95th percentile are approximately 0.6 percentage points to 0.7 percentage points from the median, placing the 90 percent interval of most likely actuarial balances for these assumptions in a range of about 1.40 percentage points (Figure 8, upper panel).
In the next analyses, both the increases in the CPI and the other main assumption parameters within the model are allowed to be stochastic. The medians remain approximately equal to the deterministic result of the actuarial balance, but the distribution around the median becomes wider, as the increased level of uncertainty associated with allowing all the assumption variables to be random makes the middle 90 percent encompass a broader range of values (Figure 8, bottom panel). When the assumed average increase in the CPI is 4.0 percent, the range between the 5th percentile and 95th percentile is almost 3.0 percentage points, while smaller assumed increased CPI values result in ranges of 2.0 percentage points to 2.75 percentage points.

Conclusion

Social Security is a very popular and important program for the elderly and disabled and their dependents, but the projected actuarial deficit has led many to conclude that it needs to be changed, and changes may ultimately be made. Any decisions on the nature of the changes will be influenced by what the Board of Trustees’ report projects for the value of the actuarial balance under its intermediate assumptions. Unfortunately, a single number cannot account for the uncertainty inherent in trying to predict what will happen over the next 75 years. This article focuses on only one assumption—the inflation rate—and shows that the point estimate of the actuarial balance is influenced significantly by this choice. Changing the assumed inflation rate by as little as 0.20 percentage points can cause the actuarial balance over the 75-year period to change by 0.10 percentage point—approximately 5 percent of the currently projected actuarial imbalance.

Yet, any change in the assumed inflation rate for the 75-year period ultimately will be incorrect, since the value of any economic variable is never constant for 75 years or even 10 years. Consequently, allowing the inflation rate to vary across scenarios as well as across years gives a more complete picture of how well this single actuarial balance value represents the financial status of the Social Security program by showing a range of values, with some probability of occurring (e.g., 90 percent), that could result from reasonable differences in the assumption values. Under varying inflation rate assumptions drawn from a distribution of highly likely values for the rates, the actuarial balance could range from 1.2 percentage points to 1.4 percentage points due only to the variation in the inflation rate. Therefore, while the single actuarial balance value in the Board of Trustees’ report provides useful information, knowing the effects of various changes to variables used in the model that provides that number can make possible a more critical evaluation of the financial status of the Social Security program and more informed decisions on its reform.

Endnotes


3 The Old-Age and Survivors Insurance and Disability Insurance (OASDI) taxable payroll is the amount of wage and salaries that is subject to the OASDI payroll tax, which is equal to wages of all employees, with the exception of certain state and local employees, of the first $89,700 in 2004. The OASDI tax rate is equal 6.2 percent of these wages on both the employee and the employer. A 75-year actuarial deficit of 1.89 percent means that the OASDI tax rate would need to be immediately increased by 1.89 percentage points in order for the program’s projected revenues to be equal to its projected costs over the next 75 years. Presumably, this would mean that the tax could be increased evenly on the employer and the employee by 0.945 percentage points.
In previous EBRI publications, the labor force participation rate, the unemployment rate, net immigration, and the productivity growth rate were examined for their effect on the actuarial balance of the OASDI trust funds. See Craig Copeland, “Social Security Actuarial Balance and the Labor Force Participation Rate,” EBRI Notes, no. 5 (Employee Benefit Research Institute, May 2003): 6–10; “Social Security: Unemployment and Immigration,” EBRI Notes, no. 4 (Employee Benefit Research Institute, April 2002): 1–4; and “Productivity Growth and the Actuarial Balance of the Social Security Program,” EBRI Notes, no. 11 (Employee Benefit Research Institute, November 2001): 7–10.

For any model using random assumptions, the accuracy of the results from the model are dependent upon historical trends and correlations between variables used in its parameterization to continue into the future.

These key assumptions are total fertility rate, total net immigration, mortality decline rate, female labor force participation rate, male labor force participation rate, unemployment rate, inflation rate, productivity growth rate, wage share growth rate, hours worked growth rate, nominal interest rate, disability incidence factor, and disability recovery factor.

If assumptions are changed for one variable, in many cases the value of other assumptions should be changed as well to maintain consistency. However, this analysis is illustrative of just the effect of changing the inflation rate, so all other assumptions are held constant. If other assumptions were changed as well, the change in the actuarial balance could be greater or lower depending upon the interaction effects of the changes in the other variables with those of the inflation rate.


This is slightly different from the –1.92 percent reported in the 2003 Board of Trustees Report. See Board of Trustees, op cit., 2003.

SSASIM also has the capability to allow for the inflation rate to vary in combination with the nominal interest rate and the unemployment rate under a macroeconomic VAR model, so that these variables would be correlated in ways that they have been historically. The VAR model is the preferred method to generate the stochastic results, but the focus of this study is exclusively on the changes in the inflation rate, which would not be possible under the VAR model. Therefore, the normal distribution for possible values of the inflation rate is used to stochastically derive the increases in the CPI over the 1,000 scenarios. See Holmer, op cit., March 2004, for further information on the VAR model capabilities within SSASIM as well as using the model stochastically for sensitivity analyzes. Also, see Martin R. Holmer, Methods for Stochastic Trust Fund Projection (Policy Simulation Group, January 2003) available at www.polsim.com/stochsim.pdf (viewed April 23, 2004) for a discussion of stochastically projecting trust fund balances as well as specific examples using SSASIM.
### Figure 5

**Historical Annual Percentage Increases in the Consumer Price Index (CPI) and the Annual Report of the Board of Trustees of the OASDi Trust Funds’ Intermediate Ultimate Assumption Values of the Annual Percentage Increase in the Consumer Price Index**

<table>
<thead>
<tr>
<th>Year(s)</th>
<th>Historical Average Annual Increase in the CPI</th>
<th>Intermediate Ultimate Assumption Percentage Increase in the CPI of Taxable Payroll</th>
<th>Actuarial Percentage Value of the CPI(^b)</th>
<th>Year CPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960–1965</td>
<td>1.2%</td>
<td>4.0%</td>
<td>-1.08%</td>
<td>1.2%</td>
</tr>
<tr>
<td>1965–1970</td>
<td>4.2</td>
<td>4.0</td>
<td>-1.66</td>
<td>2.4</td>
</tr>
<tr>
<td>1970–1975</td>
<td>6.8</td>
<td>4.0</td>
<td>-1.85</td>
<td>2.8</td>
</tr>
<tr>
<td>1975–1980</td>
<td>8.9</td>
<td>4.0</td>
<td>-1.95</td>
<td>3.0</td>
</tr>
<tr>
<td>1980–1985</td>
<td>5.2</td>
<td>4.0</td>
<td>-2.09</td>
<td>3.3</td>
</tr>
<tr>
<td>1985–1990</td>
<td>3.8</td>
<td>4.0</td>
<td>-2.18</td>
<td>3.5</td>
</tr>
<tr>
<td>1990–1995</td>
<td>3.0</td>
<td>3.5</td>
<td>-2.40</td>
<td>4.0</td>
</tr>
<tr>
<td>1995–2000</td>
<td>2.4</td>
<td>3.3</td>
<td>-2.82</td>
<td>5.0</td>
</tr>
<tr>
<td>1999</td>
<td>2.8</td>
<td>3.3</td>
<td>-3.19</td>
<td>6.0</td>
</tr>
<tr>
<td>2000</td>
<td>2.5</td>
<td>3.3</td>
<td>-3.55</td>
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</tr>
<tr>
<td>2001</td>
<td>2.7</td>
<td>3.3</td>
<td>-4.02</td>
<td>8.0</td>
</tr>
</tbody>
</table>

Source: Various years of Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds.

\(^b\) Consumer Price Index

### Figure 6

**Actuarial Balance of the OASDi Trust Funds Under Various Inflation Rate Assumptions When Assumptions are Deterministic**

| Source: Employee Benefit Research Institute estimates using SSASIM with the intermediate assumption values reported in the 2003 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds. | \(^a\) Federal Old-Age and Survivors Insurance and Disability Insurance, commonly known as Social Security. | \(^b\) Consumer Price Index |
Figure 7
Distribution of Actuarial Balances of the OASDI\textsuperscript{a} Trust Funds Assuming an Average 3 Percent Annual Increase in the CPI\textsuperscript{b} When the Annual Increase Is Stochastically Derived

Source: Employee Benefit Research Institute estimates using SSASIM with the intermediate assumption values reported in the 2003 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, with only the annual increase in inflation being stochastically derived.

\textsuperscript{a} Federal Old-Age and Survivors Insurance and Disability Insurance.

\textsuperscript{b} Consumer Price Index.
Figure 8

Actuarial Balance of the OASDI\(^a\) Trust Funds Under Various Inflation Rate Assumptions When Assumptions are Stochastic

<table>
<thead>
<tr>
<th>Annual Percentage Increase in the CPI(^b)</th>
<th>5th Percentile</th>
<th>25th Percentile</th>
<th>Median</th>
<th>75th Percentile</th>
<th>95th Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2%</td>
<td>-0.56%</td>
<td>-0.80%</td>
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<td>2.4</td>
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<td>-1.55</td>
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<td>-1.64</td>
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<tr>
<td>3.3</td>
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<td>5.0</td>
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<td>-2.56</td>
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<td>-3.07</td>
<td>-3.37</td>
</tr>
<tr>
<td>6.0(^c)</td>
<td>-2.92</td>
<td>-3.07</td>
<td>-3.19</td>
<td>-3.30</td>
<td>-3.46</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Percentage Increase in the CPI(^b)</th>
<th>5th Percentile</th>
<th>25th Percentile</th>
<th>Median</th>
<th>75th Percentile</th>
<th>95th Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2%</td>
<td>-0.23%</td>
<td>-0.68%</td>
<td>-1.09%</td>
<td>-1.53%</td>
<td>-2.17%</td>
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<td>2.4</td>
<td>-0.55</td>
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<td>-1.63</td>
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<td>-2.95</td>
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<td>2.8</td>
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<td>-1.91</td>
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<td>-1.64</td>
<td>-2.13</td>
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<td>-1.83</td>
<td>-2.34</td>
<td>-2.97</td>
<td>-4.01</td>
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<td>5.0</td>
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<td>-2.15</td>
<td>-2.75</td>
<td>-3.44</td>
<td>-4.67</td>
</tr>
<tr>
<td>6.0(^c)</td>
<td>-1.44</td>
<td>-2.49</td>
<td>-3.18</td>
<td>-3.92</td>
<td>-5.13</td>
</tr>
</tbody>
</table>

Source: Employee Benefit Research Institute estimates using SSASIM with the intermediate assumption values reported in the 2003 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds.

\(^a\) Federal Old-Age and Survivors Insurance and Disability Insurance, commonly known as Social Security.

\(^b\) Consumer Price Index.

\(^c\) The standard deviation for the distribution of inflation rates under this assumption was 0.5 percent, instead of the 1.0 percent used for the other inflation rate assumption values.
New Publications and Internet Sites

Employee Benefits

Health Care


Pension Plans/Retirement


Rein, Martin, and Winfried Schmahl. *Rethinking the Welfare State: The Political Economy of Pension Reform.* $130. Edward Elgar Publishing Inc., P.O. Box 574, Williston, VT 05495, (800) 390-3149, fax: (802) 864-7626, e-mail: eep.orders@AIDCVT.com.

Social Security

Web Documents
2004 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds
www.ssa.gov/OACT/TR/TR04/index.html

2004 Annual Report of the Boards of Trustees of the Hospital Insurance and Supplementary Medical Insurance Trust Funds
www.cms.hhs.gov/publications/trusteesreport/

2004 Green Book: Background Material and Data on the Programs Within the Jurisdiction of the Committee on Ways and Means
waysandmeans.house.gov/Documents.asp?section=813

2004 Prescription Drug State Legislation
www.ncsl.org/programs/health/drugdisc04.htm
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