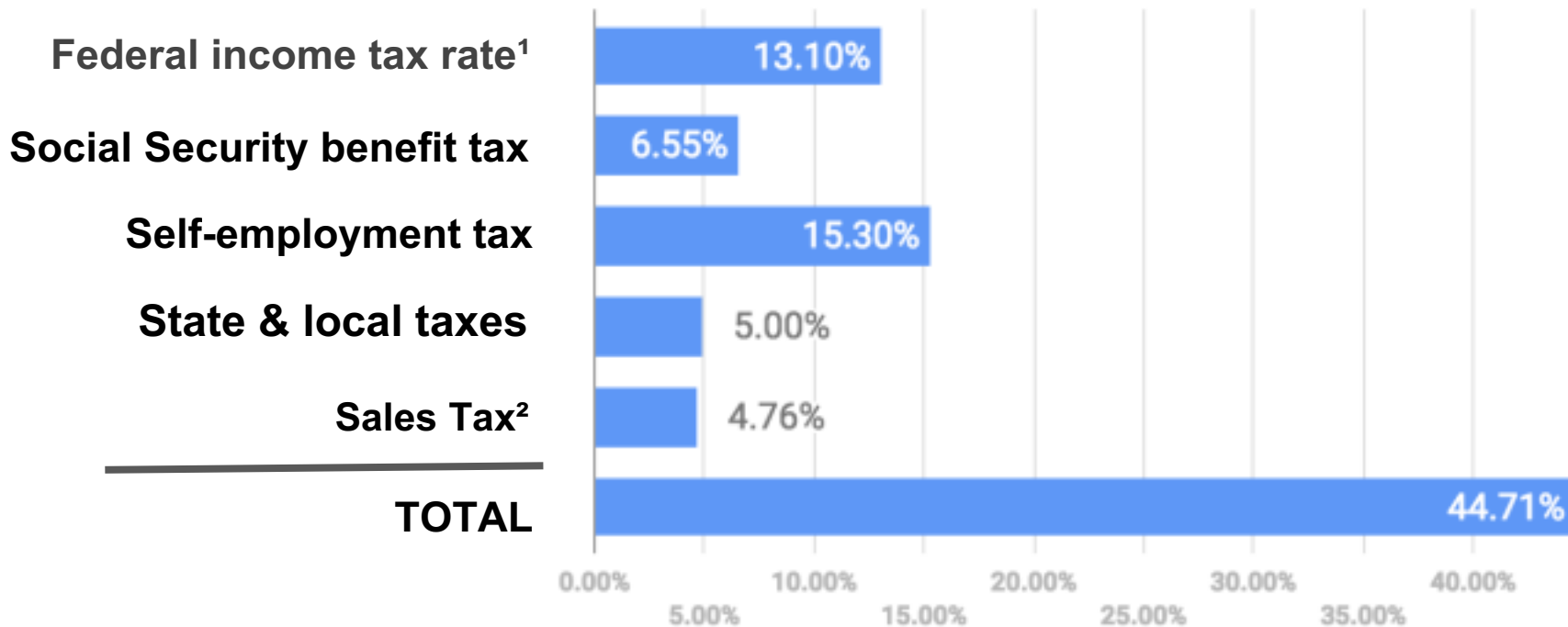




# MARGINAL TAX RATE ON WAGES

Income = \$40,000 Age = 67

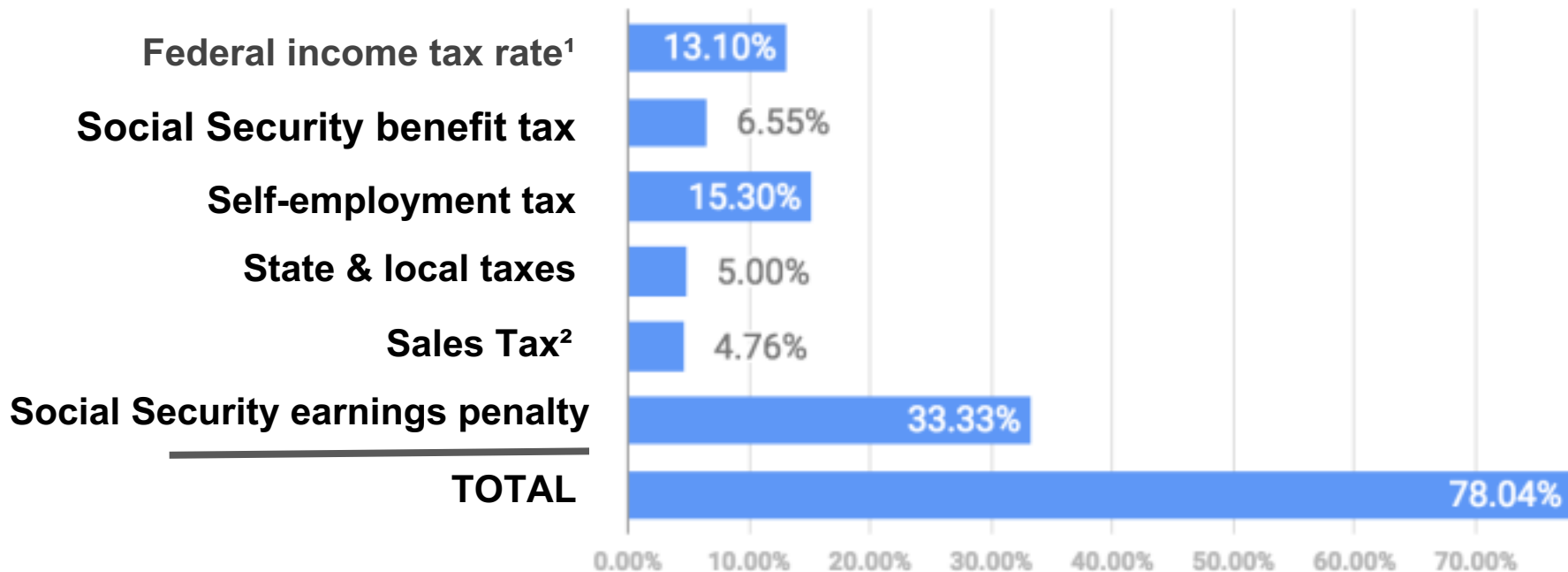


1. Nominal bracket of 15% times (1-.0765 - .05) accounts for employer portion of FICA not being taxable and state and local taxes being deductible. 2. Effective rate for a nominal sales tax of 5%.



# MARGINAL TAX RATE ON WAGES

Income = \$40,000 Age = 66

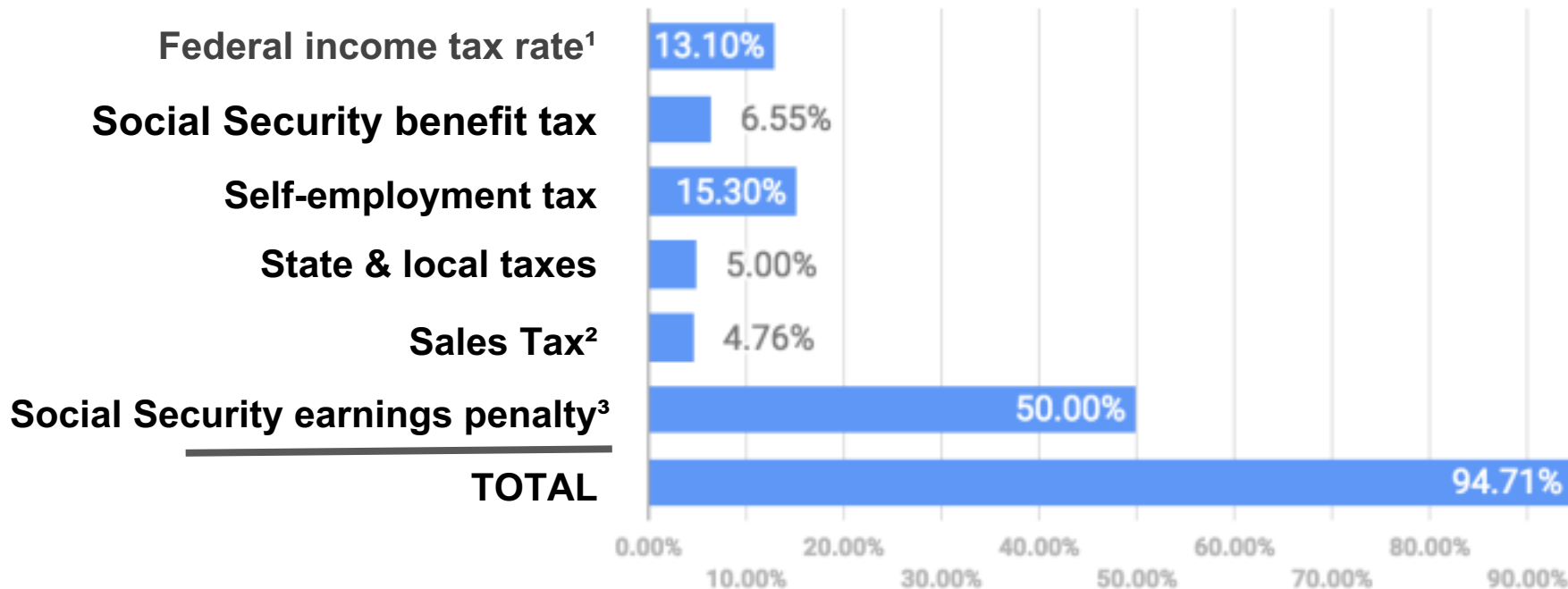


1. Nominal bracket of 15% times (1-.0765 - .05) accounts for employer portion of FICA not being taxable and state and local taxes being deductible. 2. Effective rate for a nominal sales tax of 5%. 3. This assumes worker doesn't comprehend Adjustment of the Reduction Factor at Full Retirement Age.



# MARGINAL TAX RATE ON WAGES

Income = \$40,000 Age = 62



1. Nominal bracket of 15% times (1-.0765 - .05) accounts for employer portion of FICA not being taxable and state and local taxes being deductible. 2. Effective rate for a nominal sales tax of 5%. 3. This assumes worker doesn't comprehend Adjustment of the Reduction Factor at Full Retirement Age.



# TAX RATE ON SAVINGS

The Effects of the Social Security Benefits Tax  
(Income = \$40,000)

Ordinary income tax rate = 15%

