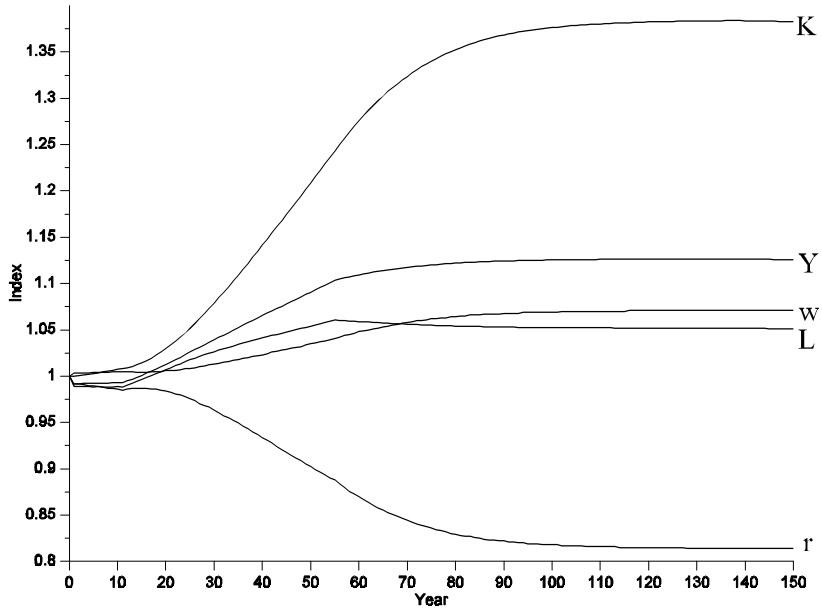


Figure 1
Payroll Tax Finance of Transition

Macro Effects



Remaining Lifetime Utility

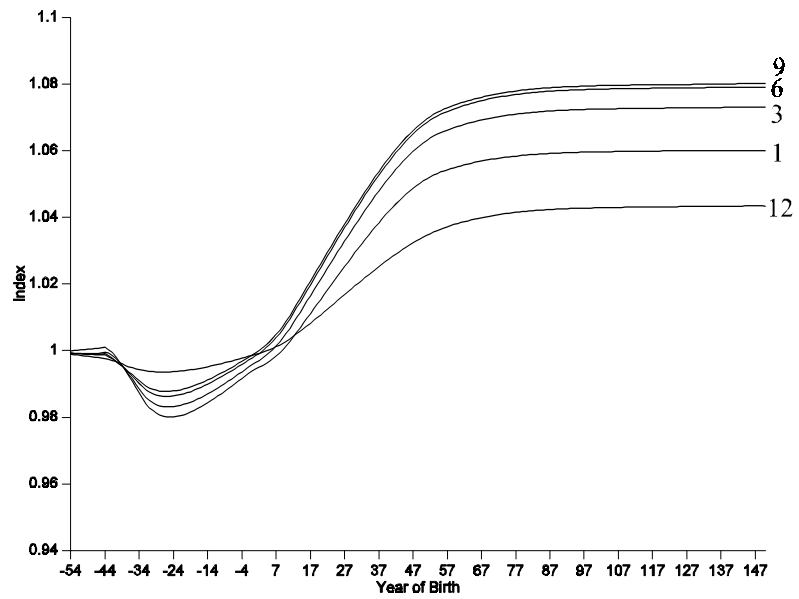
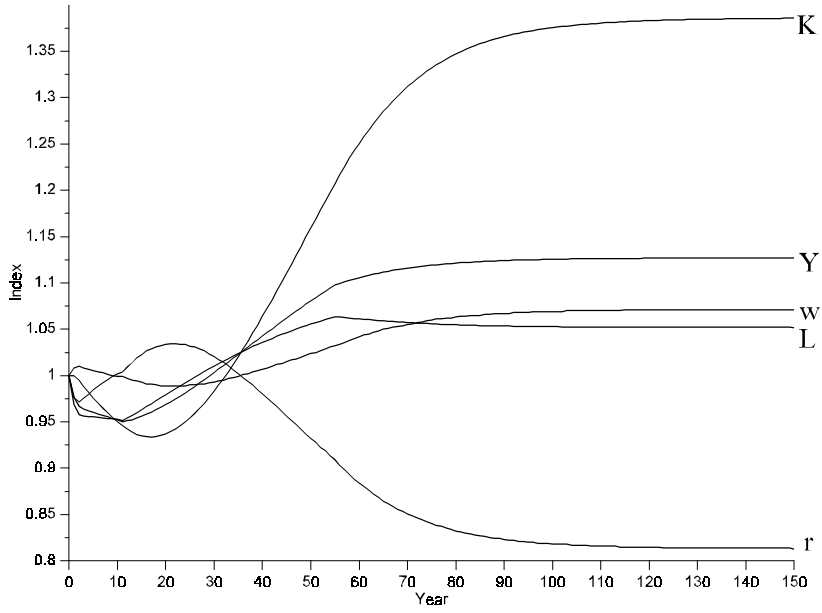


Figure 2
Income Tax Finance of Transition

Macro Effects



Remaining Lifetime Utility

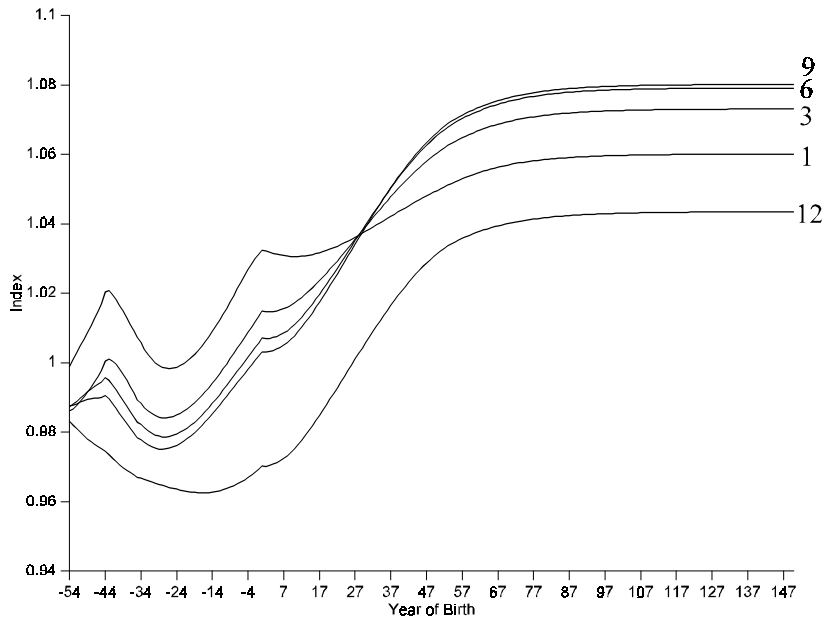
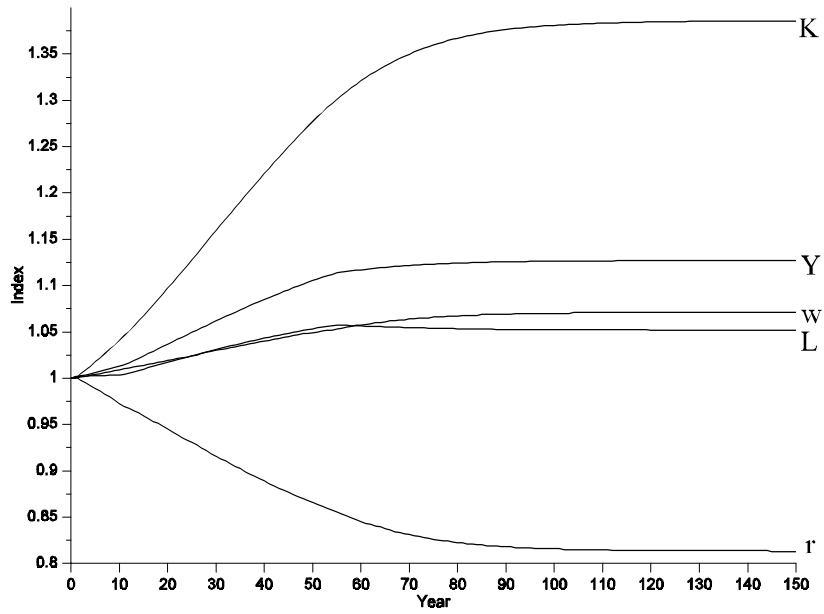


Figure 3
Consumption Tax Finance of Transition

Macro Effects



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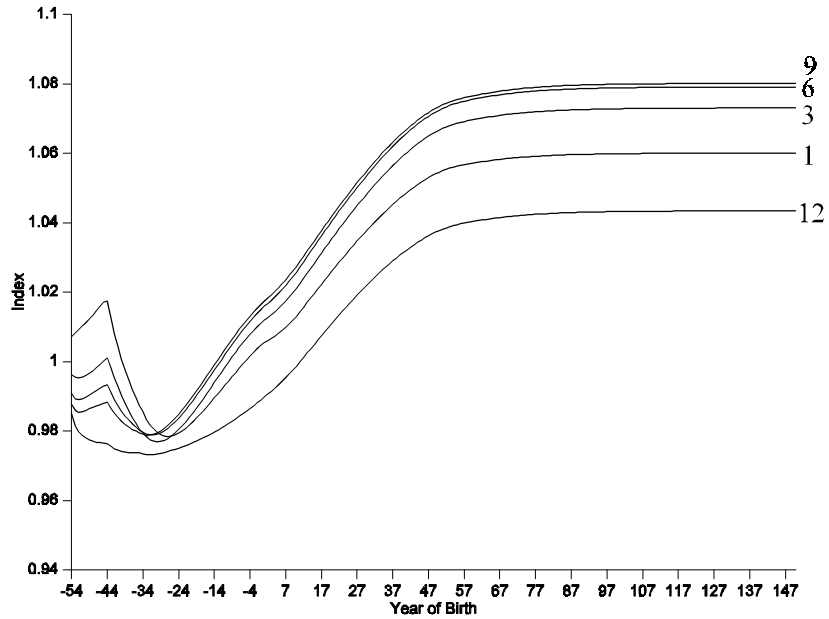
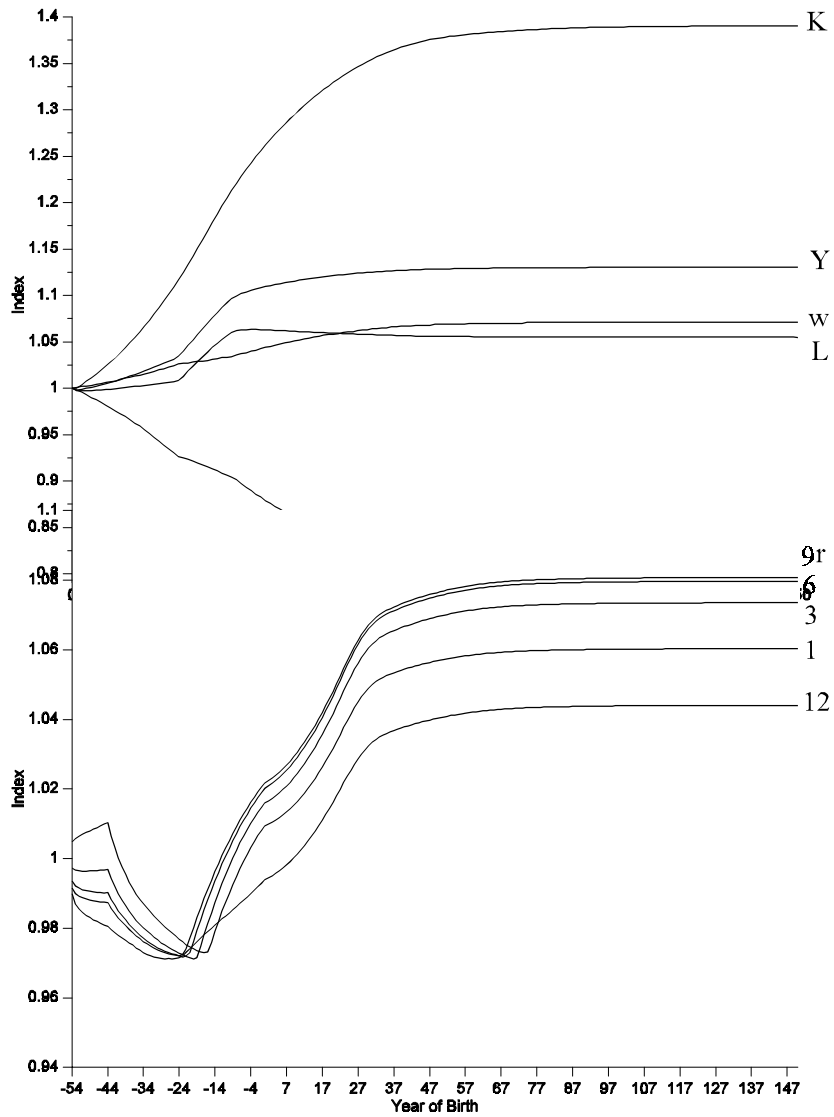


Figure 4
Opting Out with New Payroll Tax Equal to Present Law Value
Consumption Tax Finance of Transition

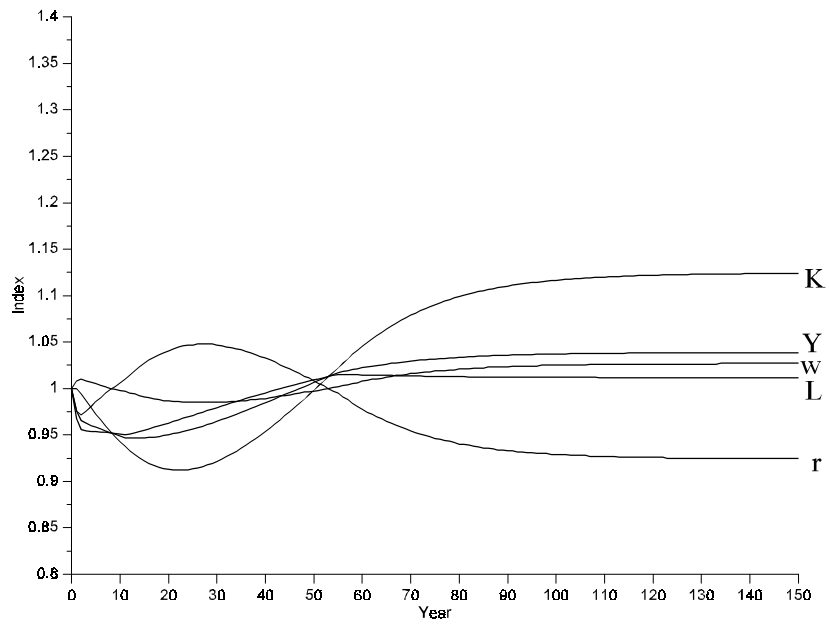
Macro Effects



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Figure 5
Flat Minimum Benefit with Income Tax Finance

Macro Effects



Remaining Lifetime Utility

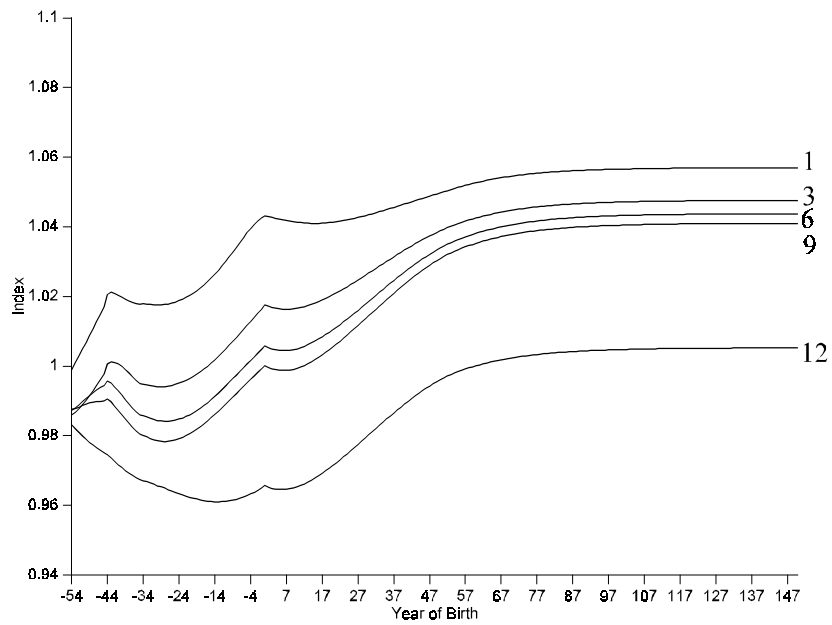
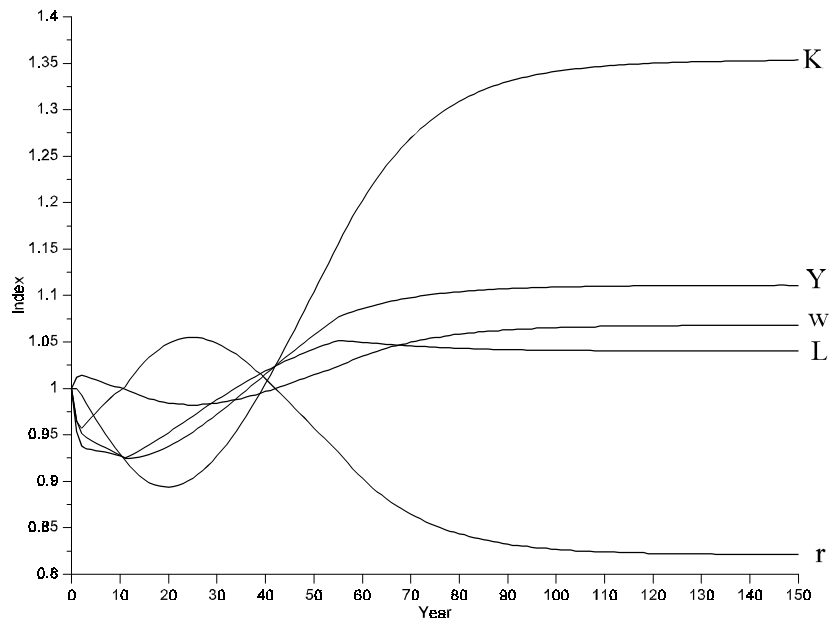


Figure 6
Progressive Match with Income Tax Finance

Macro Effects



Remaining Lifetime Utility

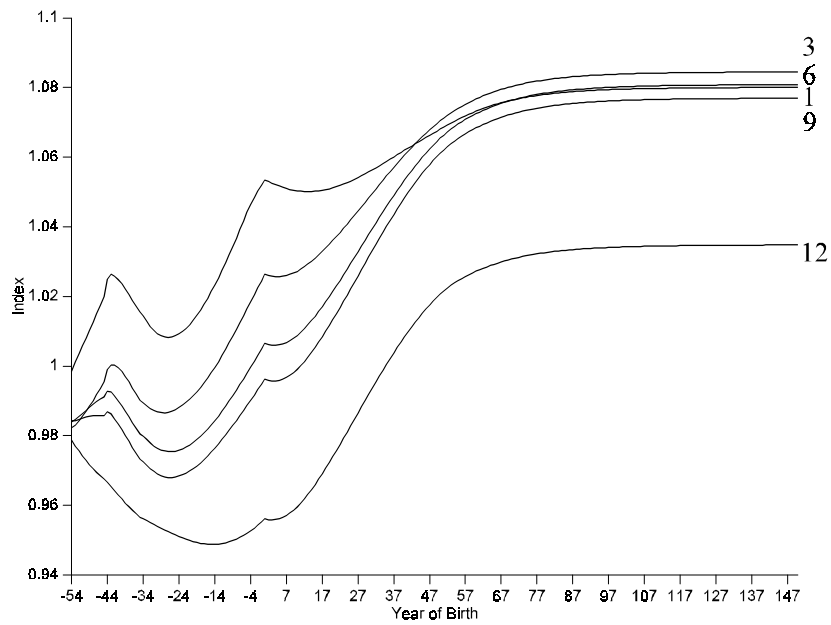


Table 1

Percentage Change in Capital Stock

Run	Experiment	Tax that Finances Accrued Social Security Benefits	Year of Transition			
			5	10	25	150
1*	Privatization	W	0.0	0.1	5.2	39.0
2*	Privatization	Y	-2.4	-5.0	-4.6	39.0
3*	Privatization	C	1.8	4.1	12.8	39.0
4*	Voluntary Privatization	C	1.5	3.8	14.2	39.0
4 + *	Voluntary Privatization	C	1.5	3.5	11.0	39.0
5*	Privatization with Flat Benefit	Y	-2.8	-5.7	-8.7	12.4
6*	Privatization with Prog Match	Y	-3.4	-7.1	-9.7	35.4
7**	Current Policy in Demo Model	W	5.9	19.3	52.7	26.0
8**	Privatization in Demo Model	W	6.9	21.9	61.8	112.1

C : Consumption Tax
W: Payroll Tax
Y: Income Tax
* Relative to initial steady state
** Relative to year 1

Table 2

Percentage Change in Labor Supply

Run	Experiment	Tax that Finances Accrued Social Security Benefits	Year of Transition			
			5	10	25	150
1*	Privatization	W	-1.1	-1.1	1.8	5.5
2*	Privatization	Y	-4.5	-4.7	0.0	5.5
3*	Privatization	C	0.3	0.4	2.4	5.5
4*	Voluntary Privatization	C	-0.2	0.0	2.4	5.5
4 + *	Voluntary Privatization +	C	0.8	0.8	0.9	5.5
5*	Privatization with Flat Benefit	Y	-4.7	-4.9	-2.9	1.2
6*	Privatization with Prog Match	Y	-6.7	-7.3	-3.0	4.0
7**	Current Policy in Demo Model	W	- 3.8	- 1.8	2.5	- 4.4
8**	Privatization in Demo Model	W	- 3.6	- 1.6	5.4	5.0

C : Consumption Tax
W: Payroll Tax
Y: Income Tax
* Relative to initial steady state
** Relative to year 1

Table 3

Percentage Change in Income

Run	Experiment	Tax that Finances Accrued Social Security Benefits	Year of Transition			
			5	10	25	150
1*	Privatization	W	-0.8	-0.7	2.6	13.0
2*	Privatization	Y	-4.0	-4.8	-1.5	13.0
3*	Privatization	C	0.6	1.3	4.9	13.0
4*	Voluntary Privatization	C	0.2	1.0	5.2	13.0
4 + *	Voluntary Privatization +	C	1.0	1.5	3.3	13.0
5*	Privatization with Flat Benefit	Y	-4.2	-5.1	-4.4	3.9
6*	Privatization with Prog Match	Y	-5.9	-7.2	-4.7	11.1
7**	Current Policy in Demo Model	W	- 1.5	3.1	13.3	2.4
8**	Privatization in Demo Model	W	- 1.1	3.8	17.3	25.2

C : Consumption Tax
W: Payroll Tax
Y: Income Tax
* Relative to initial steady state
** Relative to year 1

Table 4

Percentage Change in Wages

Run	Experiment	Tax that Finances Accrued Social Security Benefits	Year of Transition			
			5	10	25	150
1*	Privatization	W	0.4	0.5	0.8	7.1
2*	Privatization	Y	0.5	0.0	-1.0	7.1
3*	Privatization	C	0.4	0.9	2.4	7.1
4*	Voluntary Privatization	C	0.4	0.9	2.8	7.1
4 + *	Voluntary Privatization	C	0.2	0.7	2.4	7.1
5*	Privatization with Flat Benefit	Y	0.5	-0.2	-1.5	2.7
6*	Privatization with Prog Match	Y	0.9	0.1	-1.8	6.8
7**	Current Policy in Demo Model	W	2.4	5.0	10.5	7.1
8**	Privatization in Demo Model	W	2.6	5.4	11.3	19.2

C : Consumption Tax
W: Payroll Tax
Y: Income Tax
* Relative to initial steady state
** Relative to year 1

Table 5

Percentage Change in Interest Rates

Run	Experiment	Tax that Finances Accrued Social Security Benefits	Year of Transition			
			5	10	25	150
1*	Privatization	W	-1.0	-1.4	-2.5	-18.6
2*	Privatization	Y	-1.5	0.0	3.2	-18.6
3*	Privatization	C	-1.1	-2.7	-6.9	-18.6
4*	Voluntary Privatization	C	-1.2	-2.7	-7.8	-18.6
4 + *	Voluntary Privatization	C	-0.5	-1.9	-6.8	-18.6
5*	Privatization with Flat Benefit	Y	-1.4	0.6	4.7	-7.6
6*	Privatization with Prog Match	Y	-2.6	-0.2	5.4	-17.9
7**	Current Policy in Demo Model	W	- 7.0	- 13.6	-25.9	-18.8
8**	Privatization in Demo Model	W	- 7.5	- 14.8	- 27.5	- 41.1

C : Consumption Tax
 W: Payroll Tax
 Y: Income Tax
 * Relative to initial steady state
 ** Relative to year 1

Table 6
Percentage Change in Remaining Lifetime Utility for Selected Income Classes

Run	Class	Year of Birth						
		-54	-25	-10	1	10	25	150
1*	1	0.0	-2.0	-1.3	-0.6	0.1	2.2	6.0
	3	-0.1	-1.7	-1.1	-0.4	0.5	3.0	7.4
	6	-0.1	-1.4	-0.8	-0.2	0.8	3.3	8.0
	9	-0.1	-1.2	-0.7	-0.1	0.9	3.5	8.1
	12	-0.1	-0.6	-0.4	-0.1	0.3	1.5	4.4
2*	1	-0.1	-0.2	1.6	3.2	3.1	3.5	6.0
	3	-1.4	-1.6	0.0	1.4	1.7	3.3	7.4
	6	-1.3	-2.1	-0.7	0.7	1.1	3.2	8.0
	9	-1.2	-2.4	-1.0	0.3	0.8	3.1	8.1
	12	-1.7	-3.6	-3.6	-3.0	-2.5	-0.2	4.4
3*	1	0.7	-2.1	-0.6	0.5	1.3	3.2	6.0
	3	-0.4	-2.0	0.0	1.2	2.1	4.2	7.4
	6	-0.9	-1.7	0.3	1.6	2.6	4.8	8.0
	9	-1.2	-1.6	0.5	1.7	2.7	4.9	8.1
	12	-1.5	-2.5	-1.8	-1.0	-0.1	1.7	4.4
4*	1	0.5	-2.2	-1.0	0.9	1.6	4.2	6.0
	3	-0.3	-2.7	-0.2	1.6	2.4	5.2	7.4
	6	-0.6	-2.8	0.3	2.0	2.9	5.8	8.0
	9	-0.8	-2.8	0.5	2.2	3.1	5.9	8.1
	12	-1.0	-2.9	-1.6	-0.6	0.1	2.5	4.4
4+ *	1	0.5	-0.8	-0.8	0.5	1.0	2.8	6.0
	3	-0.2	-1.3	-0.5	1.2	1.8	3.8	7.4
	6	-0.6	-1.4	0.1	1.7	2.2	4.3	8.0
	9	-0.8	-1.4	0.3	1.8	2.4	4.4	8.1
	12	-1.0	-2.3	-1.7	-0.9	-0.4	1.3	4.4

* Relative to initial steady state

Table 6 Continued

Run	Class	-54	-25	-10	1	10	25	150
5*	1	-0.1	1.8	3.1	4.3	4.1	4.2	5.7
	3	-1.4	-0.5	0.6	1.7	1.7	2.3	4.8
	6	-1.3	-1.6	-0.5	0.6	0.5	1.4	4.4
	9	-1.2	-2.1	-1.0	0.0	-0.1	1.0	4.1
	12	-1.7	-3.6	-3.9	-3.4	-3.5	-3.4	0.5
6*	1	-0.2	0.9	3.2	5.3	5.0	5.3	8.0
	3	-1.8	-1.3	0.7	2.6	2.7	4.2	8.4
	6	-1.6	-2.4	-1.0	0.7	0.9	2.9	8.1
	9	-1.6	-3.2	-1.8	-0.4	-0.1	2.2	7.7
	12	-2.1	-4.9	-5.0	-4.3	-4.1	-1.7	3.5
8**	1	-0.01	-2.36	-2.29	-1.49	-0.88	2.11	7.68
	3	0.01	-1.86	-1.76	-1.12	-0.46	2.53	8.26
	6	0.02	-1.41	-1.22	-0.57	0.25	3.47	9.60
	9	0.02	-1.17	-0.95	-0.33	0.54	3.79	9.94
	12	0.03	-0.37	-0.18	0.06	0.45	1.89	5.99

* Relative to initial steady state

** Relative to utility under the current policy transition.