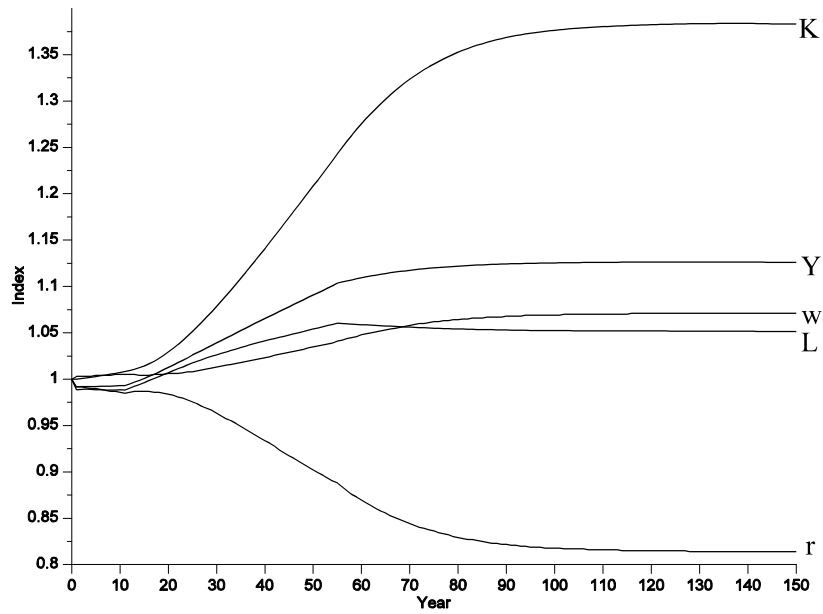
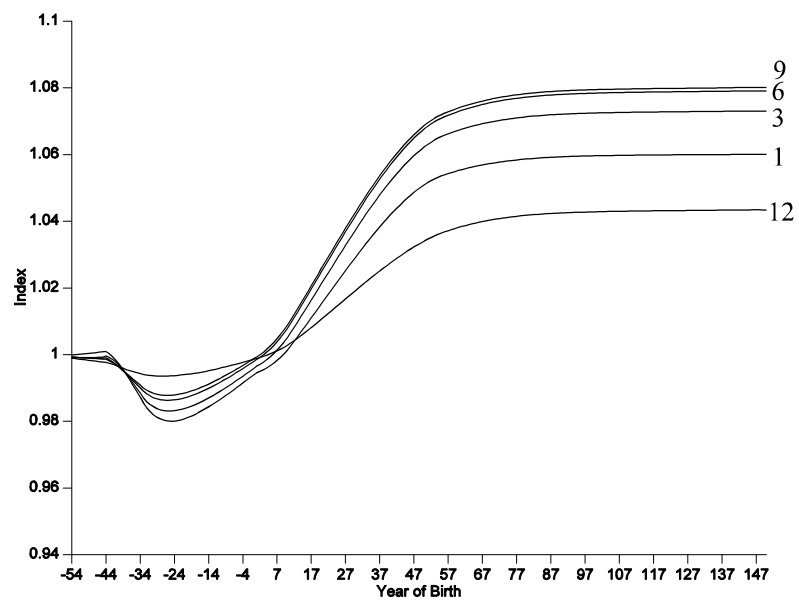


**Figure 1**  
**Payroll Tax Finance of Transition**

**Macro Effects**

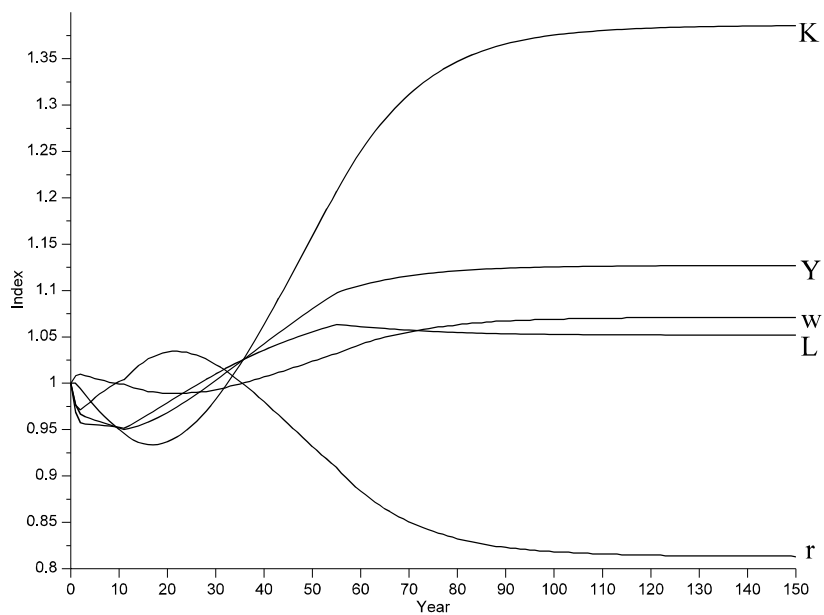


**Remaining Lifetime Utility**

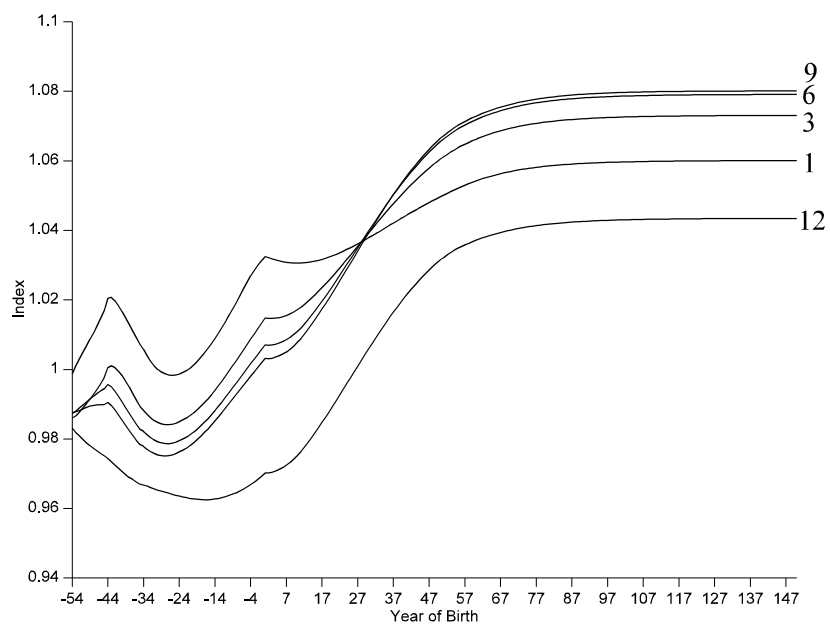


**Figure 2**  
**Income Tax Finance of Transition**

**Macro Effects**

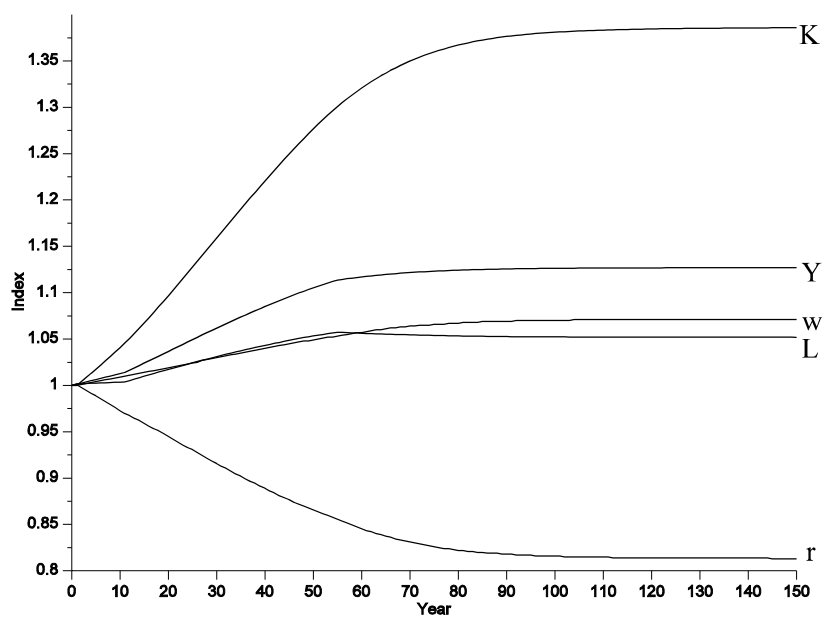


**Remaining Lifetime Utility**

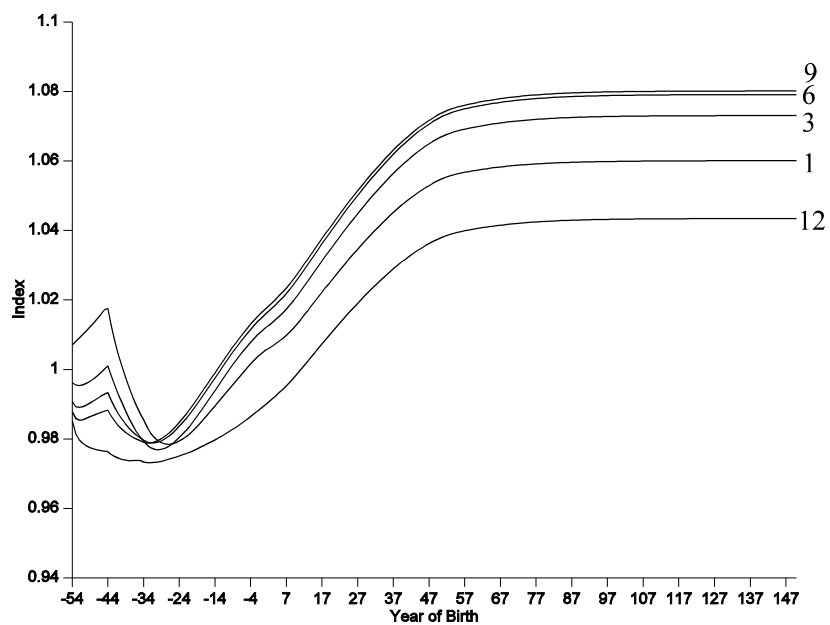


**Figure 3**  
**Consumption Tax Finance of Transition**

**Macro Effects**

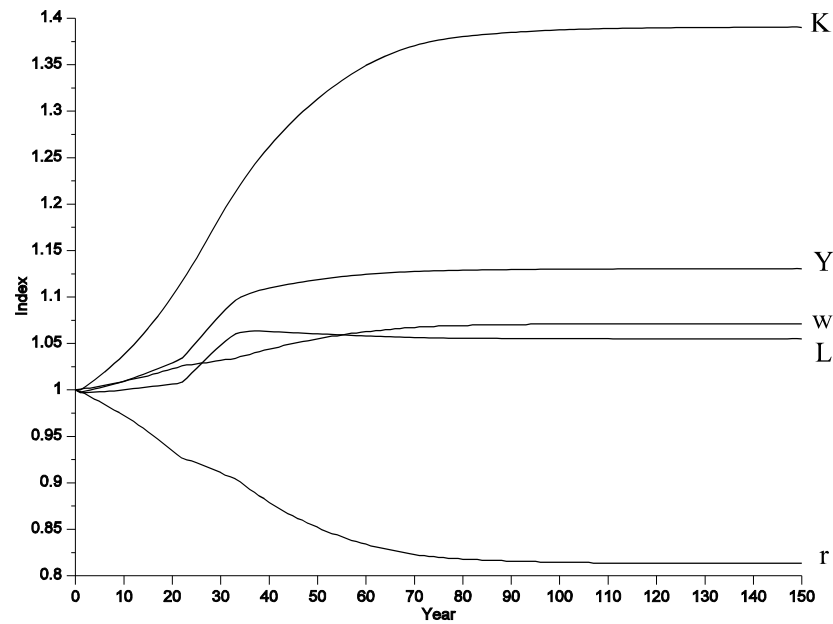


**Remaining Lifetime Utility**

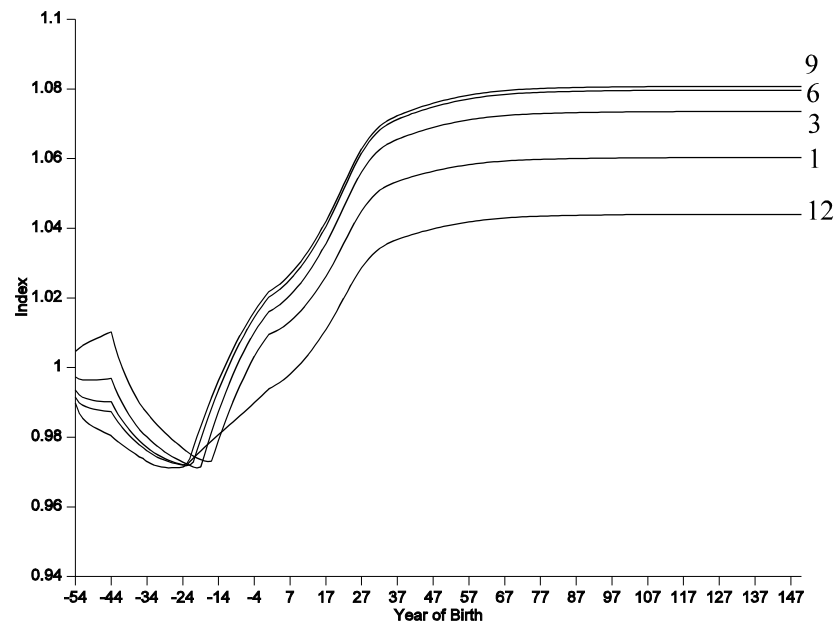


**Figure 4**  
**Opting Out with New Payroll Tax Equal to Present Law Value**  
**Consumption Tax Finance of Transition**

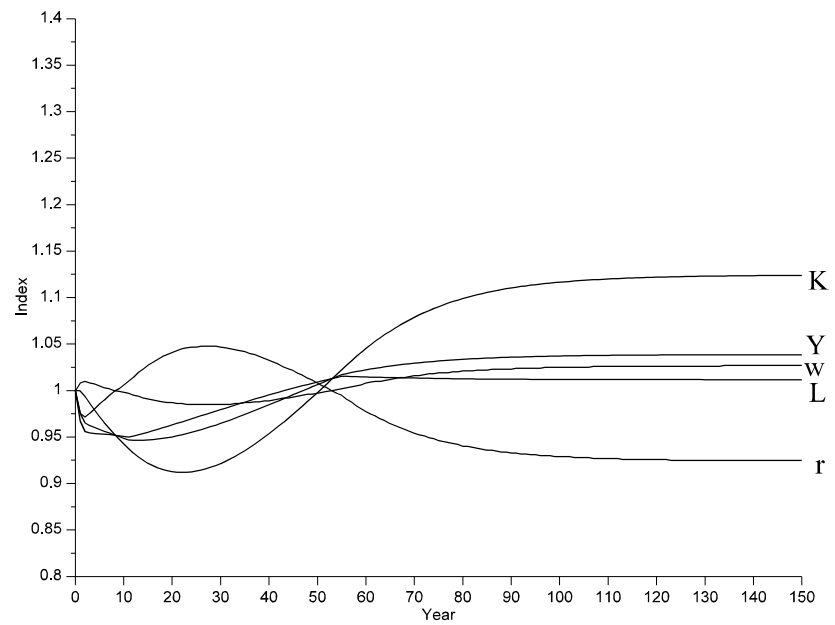
**Macro Effects**



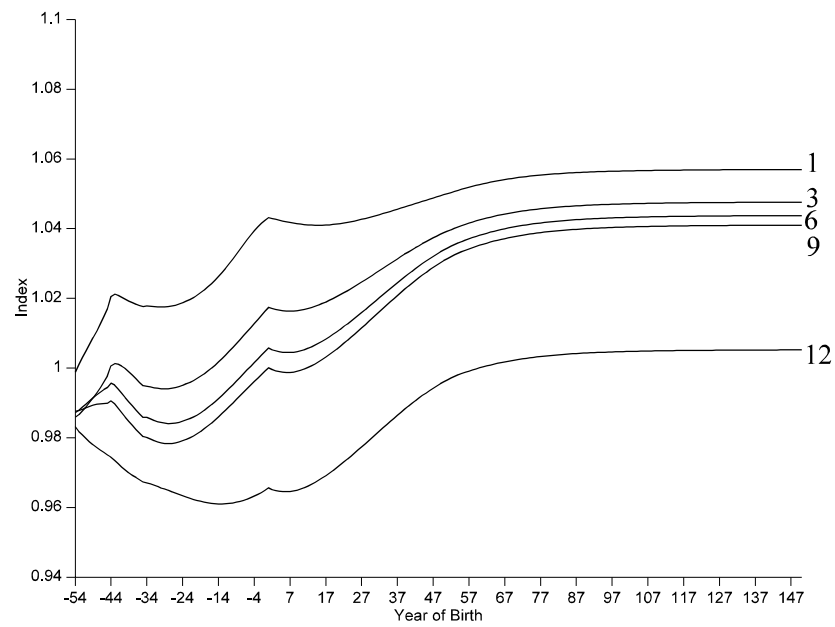
**Remaining Lifetime Utility**



**Figure 5**  
**Flat Minimum Benefit with Income Tax Finance**  
**Macro Effects**

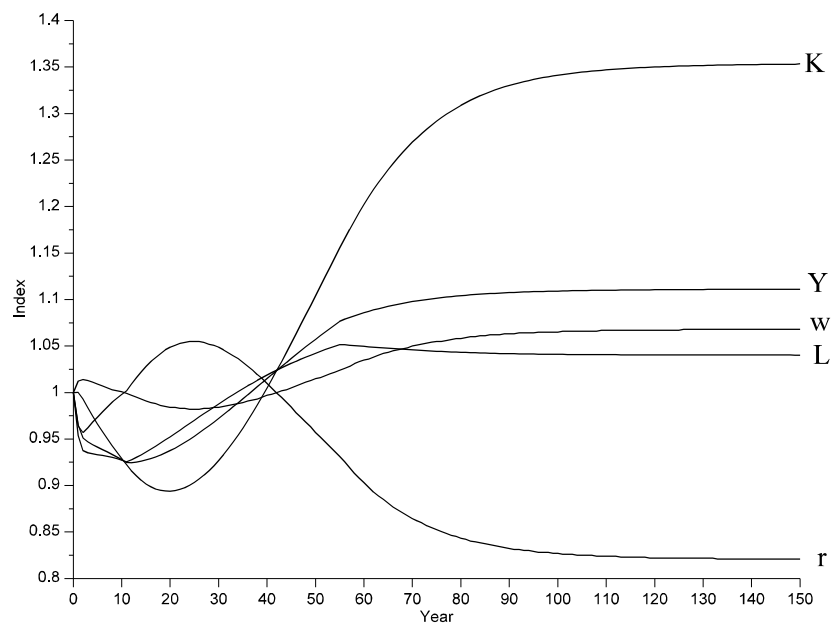


**Remaining Lifetime Utility**

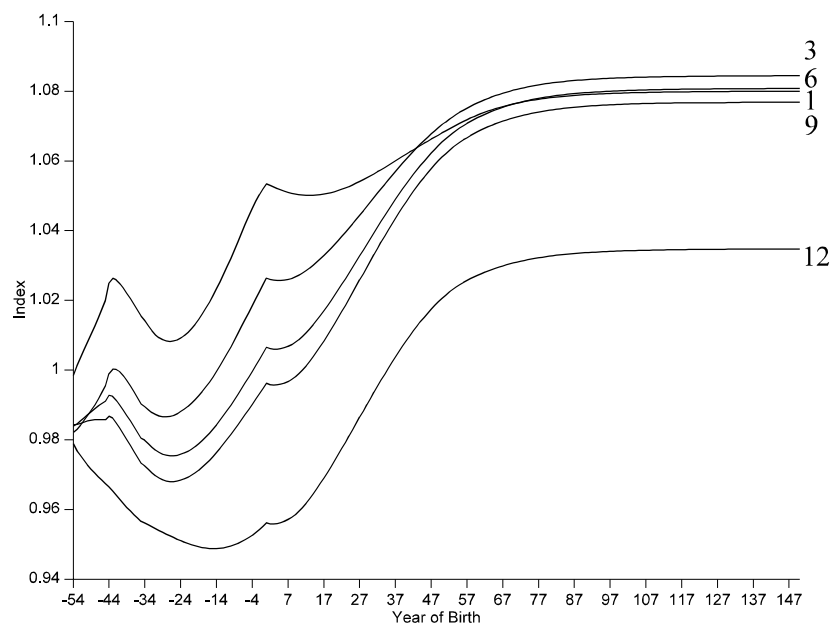


**Figure 6**  
**Progressive Match with Income Tax Finance**

**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	7.5	19.8	49.7	29.0
8**	Current Policy Baby Boom in Demo Model	W	7.5	19.8	47.4	32.7
9**	Privatization in Demo Model	W	9.1	23.6	63.0	90.5

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	- 5.6	- 1.5	2.7	- 4.1
8**	Current Policy Baby Boom in Demo Model	W	- 5.7	- 1.6	1.5	- 1.9
9**	Privatization in Demo Model	W	- 4.9	- 0.3	7.0	2.9

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	- 2.5	3.5	12.9	3.3
8**	Current Policy Baby Boom in Demo Model	W	- 2.5	3.4	11.4	5.8
9**	Privatization in Demo Model	W	- 1.6	5.2	18.8	20.0

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	3.3	5.0	9.8	7.7
8**	Current Policy Baby Boom in Demo Model	W	3.3	5.0	9.7	7.8
9**	Privatization in Demo Model	W	3.5	5.6	11.1	16.7

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	- 9.2	- 13.6	-24.5	-19.9
8**	Current Policy Baby Boom in Demo Model	W	- 9.3	- 13.6	- 24.3	- 20.3
9**	Privatization in Demo Model	W	- 9.8	- 14.9	- 27.0	- 37.0

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
9**	1							
	3							
	6							
	9							
	12							

\* Relative to initial steady state

\*\* Relative to utility under the current policy transition.