



Benefit Formula Weighted Towards Low Earners

- Normal Retirement Age gradually increasing to 67 but Early Retirement Age still 62
- Benefits depend on earnings: 35 highest indexed years
- Benefits increase with earnings, but at a slower rate so that replacement rate is much higher for low-wage workers

Retirement in 2004 at Normal Retirement Age

<u>Career Average Earnings Level</u>	<u>Annual Benefit¹</u>	<u>Replacement Rate</u>
Low	\$8,632	56%
Medium	\$14,219	42%
Maximum	\$21,455	30%

¹ Amounts expressed in constant 2003 dollars