Closing America's Enormous Fiscal Gap: Who Will Pay?

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Abstract

The US government has spent decades taxing current generations while also writing them huge IOUs for future benefits. This paper models the effect on everyday Americans of closing the true $210 trillion fiscal gap with an immediate and permanent 57 percent increase in all federal taxes or with a delayed increase of 69 percent. We examine the impact either method of smoothly closing the fiscal gap would have on five stylized households in three different cohorts. Raising the federal tax rate on all households, at all age and resource levels, increases each family's lifetime tax rate and decreases lifetime spending. The results show that delaying the tax increase lowers the burden on those now alive, particularly the elderly. Meanwhile, the burden on those left to pick up the tab grows larger with each passing year of congressional and presidential inaction.

JEL codes: H20, H50, H68

Keywords: fiscal gap, fiscal policy, generational equity, taxes, deficits, federal debt, Social Security, Medicare, Medicaid, generational accounting, deficit delusion, lifetime tax rate, lifetime spending

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The United States is in horrific fiscal shape. The current difference between the present value of projected future government spending (including official debt service) and the present value of projected future taxes—a difference known as the infinite horizon fiscal gap—is $210 trillion.

This paper will show that closing the true fiscal gap with uniform tax increases, either now or in the future, will have significant distributional effects. Depending on when taxes are raised and what the levels and composition of resources are, lifetime tax rates will vary significantly. For example, a household with two 30-year-old working parents could experience a spending decrease of between one and close to three years' salary over the parents' lifetime, depending on their income level.

Background

The fiscal gap is calculated over the infinite horizon for a good reason. Due to what economists call the labeling problem, the government deficit—the annual difference between expenditures and taxes—is not well defined. Consequently, the official debt and the finite horizon measures of the fiscal gap are unreliable for assessing fiscal sustainability. The data used in forming the infinite horizon fiscal gap are from the July 2014 release of the Alternative Fiscal Scenario (AFS) published by the Congressional Budget Office (CBO).[1]

[1] The AFS is CBO's forecast of what future taxes and spending will look like under the reasonable assumptions that Congress and the administration will continue to change laws through time in order to maintain current policy. In short, the AFS is what CBO thinks the United States is facing, absent a truly dramatic and sustained shift in fiscal policy. See *The 2014 Long-Term Budget Outlook* (Congressional Budget Office, July 2014), https://www.cbo.gov/publication/45471.

The labeling problem is easy to understand. The government is free to label monies it takes from the public as either taxes or borrowed monies. And it is free to label monies it gives to the public as either transfer payments or debt service. What is ultimately registered on the government's books as official liabilities (public debt) is a matter of linguistics, not economics. Indeed, as shown in Green and Kotlikoff (2006), any economic model with rational agents, no matter the imperfections in its markets or the nature of its government policies, suffers fully from the labeling problem.

What this means, in concrete terms, is that official reports of past and current government debt and deficits, as well as official projections of future government debt and deficits, simply reflect the choice of language or labels by government accountants. The freedom to use different internally consistent labeling conventions (words) produces entirely different past, current, and projected levels of government debt and deficits.

The only way to measure a government's true net fiscal liabilities without the impact of economically arbitrary choice of language is to form the government's present value fiscal gap measured over the infinite horizon. This measure is label free (i.e., any internally consistent labeling of future government expenditures and receipts will produce the same fiscal gap); however, it will involve entirely different time paths of the government's cash flow (taxes less spending) and, thus, the government debt and deficits.

In contrast to measuring words, the infinite horizon fiscal gap measures fiscal policy (specifically its sustainability) on a label-free basis. Stated differently, the measurement of the infinite horizon fiscal gap will be the same no matter what a government chooses (via word choice) to put on and keep off its books, provided the government's fiscal labels are internally consistent. The US government has a long-standing practice of using language to keep most of

its liabilities off the books. This is why its $210 trillion fiscal gap completely dwarfs its $13 trillion official debt.

How large is $210 trillion in actuality? It is 12 times the current US GDP and 16 times what the United States deigns to report as its official debt. It also represents 10.5 percent of the present value of all future US GDP. Hence, one way to cover all future government spending commitments in excess of what can be paid for by all future taxes is to collect the equivalent of 10.5 percent of the GDP more in taxes each year from now through the end of time. Doing so would require immediately and permanently raising all federal taxes—including personal income taxes, corporate income taxes, excise taxes, and Federal Insurance Contributions Act (FICA) payroll taxes—by 58 percent.

The requisite 58 percent tax hike is higher than the 57 percent tax hike needed a year ago, which was discussed in Kotlikoff (2013). This tax hike increase is a result of the fiscal gap rising by $5 trillion over the past year, primarily because tens of millions of baby boomers are now one year closer to receiving, on average, what will be $40,000 (in today's dollars) in Social Security, Medicare, and Medicaid benefits.[2]

Since the fiscal gap measures the United States' true indebtedness, the United States' true deficit was $5 trillion last year and not the roughly $500 billion official deficit being routinely discussed by CBO and, therefore, the media. The focus on an economically meaningless measure of fiscal condition is not innocent. No member of Congress is prepared to advocate publicly an immediate and permanent 58 percent tax hike. Nor is any member of Congress ready to support a cut in all federal spending (apart from servicing official debt) by 38 percent, starting today and continuing forever. For that type of spending cut is the alternative to raising taxes.

[2] Figures are from the authors' calculations, based on CBO's June 2014 Alternative Fiscal Scenario.

On this score, Congress is joined by the administration. Neither the current administration nor any previous postwar administration has been willing to acknowledge publicly the United States' true fiscal condition. Economists, however, are determined to do so. More than 1,200 economists (including 17 winners of the Nobel Prize in economic sciences and representatives of every top economics department) have endorsed the Inform Act at www.theinformact.org. This bipartisan bill mandates fiscal gap and generational accounting by CBO, the Government Accountability Office, and the Office of Management and Budget on an annual basis and for major fiscal initiatives.

Uncle Sam's Zero-Sum Game

Paying for what the government spends is a zero-sum game. Yes, there are ways to use fiscal reforms to improve economic efficiency and, potentially, to stimulate the economy in the short run. But no efficiency gains or demand- or supply-side magic will resolve the $210 trillion fiscal gap. Instead, either current or future generations will need to pay. The timing and structure of the tax increase will determine who foots the bill—the young, the old, the rich, or the poor.

This study examines the impact that across-the-board tax hikes necessary to resolve the fiscal gap will have on different generations of rich, middle-class, and poor households. Specifically, this study assesses the effects of three different tax scenarios aimed at closing the fiscal gap on three age cohorts in five income brackets.

Laurence Kotlikoff's 2013 paper calculates how much revenue or spending cuts would be needed if Congress were to enact reforms at different times in the future. Table 1 is a summary

of these findings.[3] The table shows that delaying reform only increases the size of tax increases or benefit cuts needed to close the gap. This paper will model the lifetime tax burdens of three age cohorts under both the immediate 57 percent tax increase and the delayed 69 percent tax increase associated with reforms that begin in 2033, as demonstrated in table 1. The calculations in this paper will begin in 2014, so a 20-year delay (comparable to the 20-year delay found in table 1) will begin in 2034.

Table 1. Percentage of Revenue Increases or Spending Cuts Needed to Eliminate the Fiscal Gap for Different Adjustment Starting Years

Start year	Revenue increase (%)	All noninterest spending cuts (%)
2013	57.0	37.0
2023	63.2	40.2
2033	69.3	43.0
2043	75.9	46.3

Source: Laurence Kotlikoff, "Assessing Fiscal Sustainability" (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, December 2013).

The Impact of Closing the Fiscal Gap on Five Stylized Households

To illustrate the impact of different changes to the federal tax rate, this study has modeled three age cohorts of 30-, 45-, and 60-year-old married couples. Each cohort has four different fixed (in real terms) levels of annual labor income: $12,500, $50,000, $250,000, and $1 million. This study also models rich, non-working couples at these three ages. Each couple has $25 million in initial assets at age 30.

[3] If the tax hikes eroded the various federal tax bases by discouraging economic activity, marginal and average tax rates would have to rise even further, potentially leaving the United States with the highest tax rates of any developed country.

Couples with the first two labor income levels have roughly the annual incomes of the average of the first and third quintiles of nationwide income. The couple with $250,000 in labor income represents the average income of the 80th to 99th income percentiles. The $1 million-income household falls within the 99th to 99.9th percentile. Finally, the couple with $25 million in assets falls within the 99.9th to 100th percentile of the overall income distribution.[4]

For each couple, the study compares the following scenarios: the total, as well as personal, taxes paid under the existing federal income tax (EFT), the EFT with an immediate and permanent 57 percent increase, and the EFT with a delayed and permanent 69 percent increase starting in 2034. The 57 percent tax increase and other tax hikes considered in this study are based on 2013's fiscal gap because the new fiscal gap measure was not available at the time the calculations were made. The model will show average lifetime tax rates, defined as the ratio of the present value of the total taxes to the total resources (the present value of future labor earnings plus holdings of current assets). Finally, the study will model three tax cases for three age cohorts in five income brackets, providing 45 cases to consider.

Modeling Lifetime Tax Payments

To calculate lifetime taxes under the four tax scenarios, this study relies on Economic Security Planner (ESPlanner).[5] In the course of finding a household's annual spending targets, ESPlanner makes highly detailed calculations of annual taxes that a given household will pay to federal and state governments over the rest of its members' lives. In this analysis, the focus is purely on

[4] *The Distribution of Household Income and Federal Taxes, 2011*, Congressional Budget Office, 2014, http://www.cbo.gov/publication/49440.

[5] ESPlanner is a lifetime financial planning program developed by Kotlikoff's company, Economic Security Planning, Inc. The program determines how much households should spend and save each year to achieve a stable living standard per household member. Calculating spending is important for understanding future taxes. The amount of money people save each year affects how much they spend. This then determines their assets and income in each future year, and asset income affects tax liabilities. See www.esplanner.com.

federal taxes, so it is assumed that the households are in a state with no state income tax. Additionally, for simplicity's sake, we ignore estate and gift taxes under the three tax systems.

In modeling the EFT, this study assumes that the $12,500-income couple saves nothing in tax-deferred retirement accounts, the $50,000-income couple saves 5 percent of earned income per working year in such accounts, and the $250,000- and $1 million–income couples contribute to retirement accounts at the maximum elective deferral limit of $17,500 per year. The $25 million-asset couple is unable to make tax-deferred retirement account contributions because it has no earned income.

All these couples retire and begin receiving Social Security benefits at their Social Security full retirement ages. Social Security benefits are assumed to continue to be based on the current definition of covered earnings.

The 30-year-old couples have two children, ages two and zero. When the children are between the ages of 19 and 22, the couples spend the following on college tuition per year, per child: $0 for the $12,500-income couple, $7,500 for the $50,000-income couple, and $60,000 for the $250,000- and $1 million–income couples and the $25 million-asset couple. For the 45-year-old couples, these children are ages 17 and 15.

The $12,500-income couple has a house valued at $70,000. The $50,000-, $250,000-, and $1 million–income couples have houses valued at three years' income. The $25 million-asset couple has a house worth $6 million. Each 30-year-old couple has a 30-year, fixed mortgage at 5 percent interest for 80 percent of the value of the house. Property taxes are 1.5 percent of the value of the house, and homeowners insurance is 0.3 percent of the value of the house. The 45-year-old couples have 15 years remaining on each mortgage, with a balance equal to that of the corresponding 30-year-old couples when they reach 45 years of age.

Calculating Lifetime Tax Rates

We assume that corporations earn, on a nominal basis, a 10 percent annual return before paying any taxes. Under the EFT, corporations are assumed to pay a 7.3 percent nominal rate of return on their investments to households.[6] Stated differently, households are, in effect, able to deduct the payment of corporate taxes from their personal asset income. This is because households face taxes not on the 10 percent earned by corporations but on the 7.3 percent they receive directly or indirectly after corporations pay their 27 percent marginal tax.

Under the immediate and permanent, across-the-board, 57 percent federal tax increase, both income and FICA taxes are increased by 57 percent. Corporations are then assumed to pay a 5.76 percent nominal rate of return on their investments to households.[7] The increased federal taxes on corporate profits decrease the nominal rate of return for both regular and retirement assets. Said another way, when corporate profits are taxed at a higher rate, investments that rely on capital gains and dividends will be lower because investment returns necessarily come from after-tax profits and higher taxes mean less profit.

Under the delayed and permanent, across-the-board, 69 percent federal tax increase, both income and FICA taxes are increased by 69 percent in 2034. The nominal rate of return on

[6] The 7.3 percent nominal rate of return equals the assumed 10 percent corporate nominal rate of return times 1 minus our assumed effective marginal corporate income tax rate of 27 percent (7.3 percent = 10 percent × [1 − 0.27]). In a recent study located at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2231640, Duanjie Chen and Jack Mintz estimate the effective marginal US corporate tax at 35 percent. Katarzyna Bilicka and Michael Devereux (2012), on the other hand, recently estimated a 23 percent effective US corporate tax rate. The two studies use somewhat different definitions of the tax rate. Chen and Mintz incorporate state corporate taxation, which this analysis ignores. Bilicka and Devereux make somewhat different assumptions in measuring effective marginal US tax rates. In reviewing these two studies, 27 percent (an average of the two rates) appears to be the best current measure.

[7] The 5.76 percent nominal rate of return equals the assumed 10 percent corporate nominal rate of return times the total of 1 minus our assumed effective marginal corporate income tax rate of 27 percent times one plus the 57 percent tax increase (5.76 percent = 10 percent × [1 − 0.27(1 + 0.57)]).

regular and retirement assets is assumed to remain at 7.3 percent and then, in 2034, decrease to 5.44 percent.[8]

The results assume that 75 percent of the post-corporate tax investment income is received by households in the form of long-term capital gains or qualified dividends and is taxed as such. The remaining 25 percent is taxed as ordinary income. The resulting asset income taxes, however, are then reduced by half to accommodate the deferral of capital gains and dividends, as well as the complete avoidance of capital gains and dividend taxes by passing on appreciated assets at death.[9]

In order to compare all taxes paid under the three tax policy scenarios, this study imputes annual corporate taxes paid on behalf of households. To do so under the EFT, each household's total regular and retirement assets are multiplied by the real discount rate, 6.796 percent, and the assumed average marginal corporate tax rate of 27 percent.[10] Under the immediate and permanent 57 percent tax increases, each household's total regular and retirement assets are multiplied by the real discount rate, 6.796 percent, and then by the total of the assumed average marginal corporate tax rate of 27 percent times 1 plus the 57 percent tax increase: [0.06796][(0.27)(1.57)]. Under the delayed tax increase of 69 percent, years 2014 to 2033 are computed using the EFT formula, and years 2034 to 2083 are computed in the same manner as the 57 percent increase but with the new, higher increase of 69 percent: [0.06796][(0.27)(1.69)].

[8] The 5.44 percent nominal rate of return equals the assumed 10 percent corporate nominal rate of return times the total of 1 minus our assumed effective marginal corporate income tax rate of 27 percent times one plus the 69 percent tax increase (5.44 percent = 10 percent × [(1 − 0.27)(1 + 0.69)]).

[9] These assumptions were chosen on the basis of shares of national income as well as the authors' best empirical judgment.

[10] The real (inflation-adjusted) discount factor is estimated by dividing 1 plus the 10 percent average pre-tax rate of return to capital by 1 plus the 3 percent rate of inflation. The real discount rate is this discount factor minus 1 (.06796 = [(1 + 0.10)/(1 + 0.03)] − 1).

Results

After running the 15 stylized households under the three tax scenarios (45 cases total), we calculate the present value of the households' remaining lifetime resources, remaining lifetime spending, and remaining lifetime taxes (including imputed corporate taxes because individuals ultimately bear the full burden of corporate taxes, income taxes, and FICA taxes). These results are displayed in tables 3–5.

Remaining lifetime resources include the value of existing assets, the present value of all future labor earnings, and the present value of future retirement account withdrawals net of contributions to these accounts. Remaining lifetime spending references the present value of all future spending, both discretionary and nondiscretionary (e.g., paying off a mortgage). Total lifetime taxes include the present value of all personal taxes and imputed corporate taxes. It is generally understood by economists that employees absorb both the employee and employer portions of FICA taxes. Because ESPlanner presents just the employee-paid taxes, FICA taxes are doubled and presented in present value.

ESPlanner presents all results in today's real dollars. We discount each household's annual real taxes at the pre-tax real rate of return. The real discount rate is 6.796 percent: $[(1.10/1.03) - 1]$.

Effects of Closing the Fiscal Gap

Closing the fiscal gap through tax increases has different effects on the lifetime tax burden of the rich, the poor, the old, the young, and the middle class. There are two ways to look at the distributional effects of a tax policy change: within generations and across generations.

Intergenerational tax comparisons (comparisons across two generations) are problematic when tax structures change based on age. For instance, a government that taxes the young, working generation and not the old, retired generation could appear, in intergenerational comparisons, to be regressive. The poor, young people pay taxes while the old individuals, who have accumulated wealth, appear not to be taxed at all. Although a possible inference from this intergenerational comparison is that the tax structure is regressive, the comparison provides very little information without summing the total lifetime tax burdens. Such apples-to-oranges comparisons are often misleading and rarely insightful.

Table 2 illustrates each stylized family's change in the lifetime tax rate when moving from the EFT to the new higher rate. (Figure 1, on page 19, is a similar visual representation of each cohort's total lifetime tax rate in each income bracket and under each tax plan.) Table 2 shows that in all 45 cases, the change in the tax share of total lifetime resources is positive—a tax hike increases everyone's lifetime tax rate. The following analysis looks at the relative intragenerational (within the same generation) size of the change in lifetime tax rates.

Closing the fiscal gap with an immediate and permanent 57 percent tax increase for 30-year-olds results in an increase in lifetime tax rates of 7 percentage points for those making $12,500 a year. Similar increases in lifetime tax rates are shown for each cohort: a 15 percentage point increase for those making $50,000 annually, a 19 percentage point increase for those making $250,000 annually, a 23 percentage point increase for those making $1 million annually, and a 15 percentage point increase for those with $25 million in assets. The largest lifetime tax rate increases affect 30-year-olds earning $250,000 and $1 million a year. The individuals with $25 million in assets pay relatively less.

Table 2. Change in Tax Share of Lifetime Resources under Immediate 57% Tax Increase and Delayed 69% Tax Increase

Income/assets	30-year-olds	45-year-olds	60-year-olds
$12,500 under 57% increase	7%	11%	6%
$12,500 under 69% increase in 2034	7%	2%	1%
$50,000 under 57% increase	15%	11%	9%
$50,000 under 69% increase in 2034	12%	1%	1%
$250,000 under 57% increase	19%	17%	15%
$250,000 under 69% increase in 2034	10%	5%	4%
$1 million under 57% increase	23%	20%	16%
$1 million under 69% increase in 2034	15%	7%	4%
$25 million assets under 57% increase	15%	13%	13%
$25 million assets under 69% increase in 2034	9%	6%	4%

Tax increases for the 45- and 60-year-olds follow a similar pattern. Under the immediate and permanent 57 percent increase, everyone's tax share of revenue increases. Generally speaking, the older generations' tax burden does not increase as much as the younger generation's tax burden. This is not necessarily a function of distributional inequality going forward. Instead, it is a function of the timing of the tax increase and life's labor and consumption patterns.

Implementation of the delayed and permanent 69 percent tax increase offers the opportunity to visualize the degree to which timing affects who will pay for the fiscal gap. In 2034, when the delayed tax increase takes effect, our three modeled cohorts will all have 20 fewer years to pay the higher tax rates: the 30-year-olds will be 51 years old, the 45-year-olds will be 66 years old, and the 60-year-olds will be 81 years old. Fewer years paying the high tax rates result in a less dramatic change in lifetime tax rates. The unmodeled consequence of not immediately addressing the fiscal gap will be the increased tax burden placed on the children of our model cohorts.

Tables 3–5 (pages 20–22) show the present value of total remaining lifetime resources, spending, and taxes (including imputed corporate taxes, income taxes, and FICA taxes). These tables clearly show that higher tax rates mean higher lifetime taxes paid, which also mean lifetime spending must decrease. Even the lowest income brackets that receive subsidies (negative income taxes) are harmed by tax hikes.

Unfortunately, the delayed tax increase is the most likely future scenario for two reasons. First, the fiscal gap is systematically misrepresented by $197 trillion in popular political culture. This reduces the perceived urgency to act. Second, the numbers presented in table 2 show that, if delay continues, fewer reductions will fall on current voters' lifetime spending ability. The generational effect is exacerbated by the fact that older cohorts have more political power. Beginning in 2034, every subsequent generation will be subject to the 69 percent higher tax rate. The longer Congress waits, the more draconian the tax increase will need to be.

It may seem obvious to some individuals that increasing across-the-board tax rates will increase taxes paid and diminish lifetime spending, negatively impacting individual welfare. However, there is still a popular narrative that increased taxes will solve our fiscal woes without placing an undue burden on taxpayers. In this light, the total dollar figures presented in tables 3–5 are striking. A household with two 30-year-old working parents that makes $250,000 a year will have almost $700,000 less to spend, in today's dollars, over the couple's lifetime. Even a family making $50,000 will have its lifetime spending lowered by more than a full year's salary. These projections help illustrate the tangible effects that the fiscal gap will have on working Americans.

Closing the fiscal gap with tax increases alone may not be politically feasible. But it is still helpful to show what such an extreme proposal would mean for different households in

different cohorts of different means. This paper models an across-the-board tax increase, ignoring macroeconomic feedback effects on growth. However, it is well established that intergenerational redistribution can have dramatic negative impacts on an economy's economic transition.[11] Such general equilibrium feedback effects would make requisite tax hikes higher, even if not much higher than those considered here. They also may render tax hikes, by themselves, unable to close the fiscal gap.

Conclusion

The US government has spent decades "taxing" current generations while also writing them huge IOUs for future benefits. Today, the fiscal gap separating spending commitments and the taxes projected to cover these commitments is immense. The burden on the individuals left to pick up the tab grows larger with each passing year of congressional and presidential inaction.

This paper examines the impact of both immediate and delayed tax hikes that would smoothly close the fiscal gap on five stylized households in three different cohorts. Raising the federal tax rate on all households, and all age and resource levels, increases each family's lifetime tax rate and decreases its lifetime spending. The results show that delaying the tax increase lowers the burden on those now alive, particularly the elderly. But this delay just shifts a larger burden onto unrepresented future generations.

This general point is well known. This paper further shows that uniform tax increases will raise lifetime tax rates of American households to very different degrees depending on their ages, levels of resources, and composition of resources as between future labor earnings and assets.

[11] See Auerbach and Kotlikoff (1987) for a full discussion of the dynamic effects of fiscal policy on capital formation, economic growth, and intergenerational equity.

If the fiscal gap was closed immediately with tax increases, working households earning $1 million a year would see their average remaining lifetime tax rate rise by 23 percentage points, if they are 30 years old; by 20 percentage points, if they are 45 years old; and by 16 percentage points, if they are 60 years old. For working households earning just $12,500 a year, the comparable increases are 7 percentage points, 11 percentage points, and 6 percentage points. Waiting to close the gap will result in even higher taxes.

Taxes are not the only way to close the fiscal gap. In reality, it will take some combination of both tax increases and spending cuts to address the burgeoning debt. Some examples of workable policy prescriptions can be found at www.thepurpleplans.org. The Purple Plans provide examples of different ways to eliminate the fiscal gap, while stimulating economic growth and lessening the economic fallout of physical readjustment.

No adjustment that sufficiently addresses the fiscal gap will be small. Even a 6 percent tax hike could materially reduce a household's welfare. Furthermore, the figures in this study, which assume an immediate and permanent 57 percent increase in all federal taxes, would be larger still if the tax adjustment is deferred.

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Figure 1. Total Taxes as a Percentage of Resources for All 45 Cases

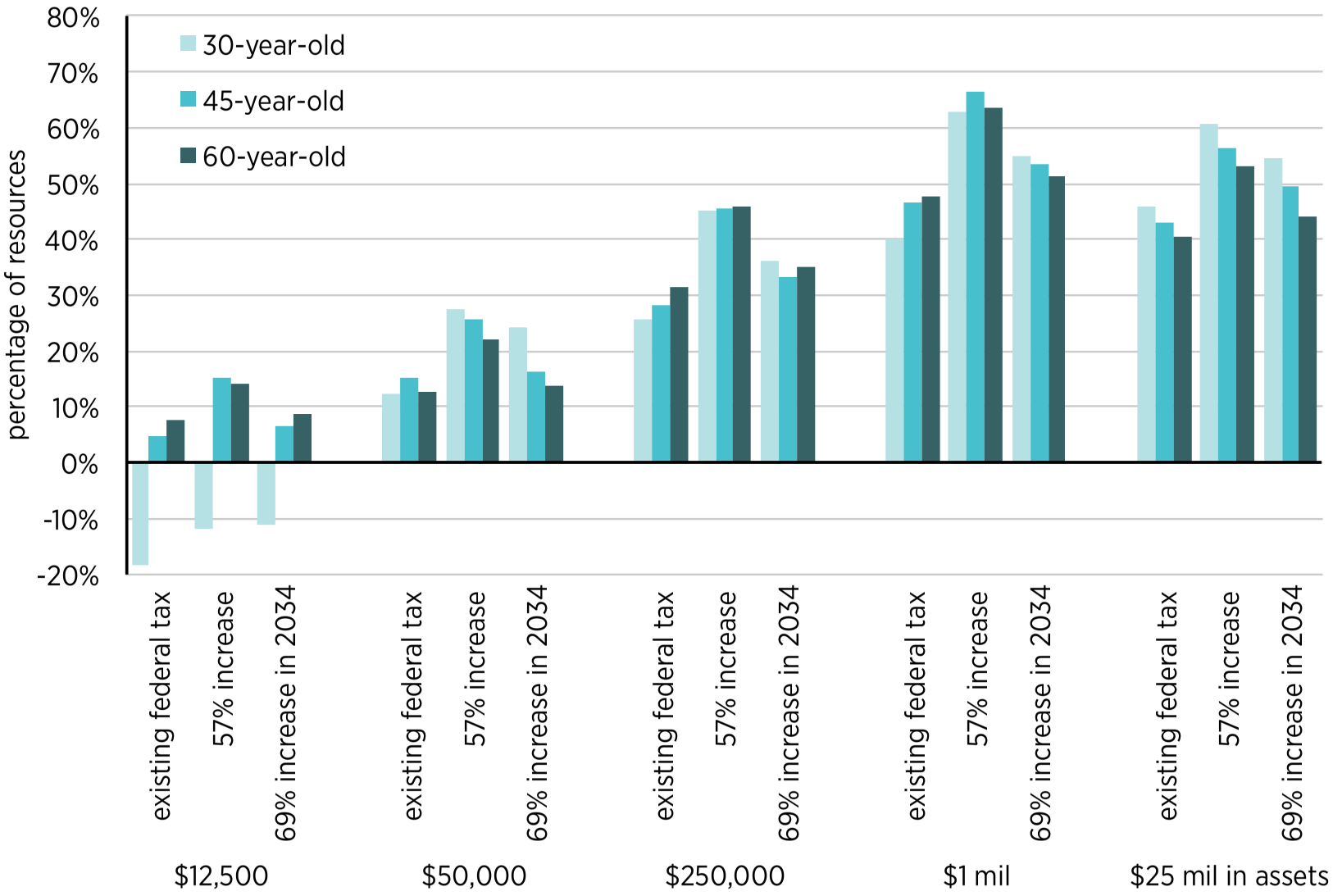

Table 3. 30-Year-Old Married Couple

Income	Tax rate	Total resources	Total spending	Total FICA taxes	Federal income taxes	Total personal taxes	Imputed corporate taxes	Total taxes	Total taxes/ resources
$12,500	existing federal tax	$196,066	$232,242	$24,403	**−$62,009**	**−$37,606**	$1,430	**−$36,176**	−18.5%
	57% increase	$207,476	$231,796	$60,140	**−$97,350**	**−$37,201**	$12,881	**−$24,320**	−11.7%
	69% increase in 2034	$195,478	$217,482	$33,133	**−$62,836**	**−$29,701**	$7,697	**−$22,004**	−11.3%
$50,000	existing federal tax	$769,637	$675,580	$97,610	$987	$98,594	**−$4,537**	$94,057	12.2%
	57% increase	$842,792	$612,342	$240,585	$450	$241,035	**−$10,585**	$230,450	27.3%
	69% increase in 2034	$850,841	$645,435	$132,536	$4,813	$203,614	$1,792	$205,406	24.1%
$250,000	existing federal tax	$3,764,254	$2,796,245	$346,728	$553,764	$900,493	$67,516	$968,009	25.7%
	57% increase	$4,007,741	$2,200,936	$855,058	$852,722	$1,707,780	$99,025	$1,806,805	45.1%
	69% increase in 2034	$3,799,753	$2,424,990	$506,698	$683,702	$1,190,400	$184,363	$1,374,763	36.2%
$1 million	existing federal tax	$14,083,003	$8,414,605	$908,679	$4,348,852	$5,257,527	$410,871	$5,668,398	40.2%
	57% increase	$14,656,130	$5,422,706	$2,108,759	$6,634,189	$8,742,948	$490,476	$9,233,424	63.0%
	69% increase in 2034	$14,058,059	$6,319,883	$1,355,230	$5,333,622	$6,688,853	$1,049,323	$7,738,176	55.0%
$25 million in assets	existing federal tax	$23,321,224	$12,643,413	$1,345,074	$4,186,893	$5,531,966	$5,145,845	$10,677,811	45.8%
	57% increase	$22,244,853	$8,744,093	$1,470,784	$4,553,960	$6,024,742	$7,476,018	$13,500,760	60.7%
	69% increase in 2034	$22,915,303	$10,460,194	$1,517,801	$4,671,972	$6,189,772	$6,265,337	$12,455,109	54.4%

Table 4. 45-Year-Old Married Couple

Income	Tax rate	Total resources	Total spending	Total FICA taxes	Federal income taxes	Total personal taxes	Imputed corporate taxes	Total taxes	Total taxes/ resources
$12,500	existing federal tax	$226,609	$216,036	$20,158	**–$15,083**	$5,075	$5,498	$10,573	4.7%
	57% increase	$236,742	$200,737	$49,679	**–$23,677**	$26,003	$10,002	$36,005	15.2%
	69% increase in 2034	$223,031	$208,317	$21,012	**–$15,083**	$5,929	$8,785	$14,714	6.6%
$50,000	existing federal tax	$756,991	$641,781	$80,633	$25,264	$105,889	$9,321	$115,210	15.2%
	57% increase	$784,401	$581,925	$198,739	$38,895	$237,635	**–$35,159**	$202,476	25.8%
	69% increase in 2034	$760,781	$635,714	$84,048	$25,210	$109,249	$15,818	$125,067	16.4%
$250,000	existing federal tax	$3,544,584	$2,547,258	$276,135	$550,123	$826,258	$171,068	$997,326	28.1%
	57% increase	$3,730,997	$2,029,417	$678,618	$822,883	$1,501,503	$200,077	$1,701,580	45.6%
	69% increase in 2034	$3,510,457	$2,345,901	$295,810	$596,085	$891,896	$272,660	$1,164,556	33.2%
$1 million	existing federal tax	$12,671,974	$6,779,253	$867,166	$4,109,615	$4,976,778	$915,943	$5,892,721	46.5%
	57% increase	$13,100,587	$4,383,062	$1,806,449	$5,918,794	$7,725,246	$992,279	$8,717,525	66.5%
	69% increase in 2034	$12,531,512	$5,826,814	$964,163	$4,402,091	$5,366,254	$1,338,444	$6,704,698	53.5%
$25 million in assets	existing federal tax	$17,570,267	$10,019,277	$925,218	$2,897,129	$3,822,34	$3,728,642	$7,550,990	43.0%
	57% increase	$16,771,112	$7,328,410	$981,927	$3,067,266	$4,049,189	$5,393,513	$9,442,702	56.3%
	69% increase in 2034	$17,311,391	$8,753,143	$1,014,705	$3,154,890	$4,169,594	$4,388,654	$8,558,248	49.4%

Table 5. 60-Year-Old Married Couple

Income	Tax rate	Total resources	Total spending	Total FICA taxes	Federal income taxes	Total personal taxes	Imputed corporate taxes	Total taxes	Total taxes/ resources
$12,500	existing federal tax	$227,277	$210,061	$7,545	**–$1,715**	$5,829	$11,387	$17,216	7.6%
	57% increase	$230,533	$198,270	$18,593	**–$2,692**	$15,902	$16,361	$32,263	14.0%
	69% increase in 2034	$226,249	$206,890	$7,545	**–$1,715**	$5,829	$13,530	$19,359	8.6%
$50,000	existing federal tax	$652,327	$570,292	$30,178	$10,396	$40,572	$41,463	$82,035	12.6%
	57% increase	$667,648	$521,478	$74,381	$16,278	$90,659	$55,511	$146,170	21.9%
	69% increase in 2034	$649,256	$560,674	$30,178	$10,723	$40,900	$47,682	$88,582	13.6%
$250,000	existing federal tax	$2,483,565	$1,705,274	$97,662	$359,701	$457,361	$320,930	$778,291	31.3%
	57% increase	$2,497,897	$1,351,125	$235,097	$472,021	$707,119	$439,653	$1,146,772	45.9%
	69% increase in 2034	$2,457,603	$1,595,139	$98,602	$387,099	$485,701	$376,763	$862,464	35.1%
$1 million	existing federal tax	$8,761,374	$4,585,948	$503,599	$2,382,895	$2,886,493	$1,288,933	$4,175,426	47.7%
	57% increase	$8,734,591	$3,182,124	$818,046	$3,082,690	$3,900,736	$1,651,731	$5,552,467	63.6%
	69% increase in 2034	$8,684,981	$4,230,087	$524,968	$2,464,370	$2,989,341	$1,465,553	$4,454,894	51.3%
$25 million in assets	existing federal tax	$12,759,786	$7,604,472	$588,619	$1,980,885	$2,569,505	$2,585,809	$5,155,314	40.4%
	57% increase	$12,176,333	$5,722,631	$602,131	$2,088,365	$2,690,501	$3,763,201	$6,453,702	53.0%
	69% increase in 2034	$12,629,743	$7,076,035	$618,717	$2,063,662	$2,682,382	$2,871,326	$5,553,708	44.0%