

WHY PENSIONS ARE IMPORTANT: Here are some important facts provided by [penionrights.org](http://penionrights.org):

The average monthly Social Security benefit paid to retired workers in 2016 is \$1,350.64, or \$16,207.68 a year.

The average monthly Social Security benefit paid to widows & widowers is \$1,294.04, or \$15,528.48 per year.

The average monthly Social Security benefit paid to disabled workers is \$1,166.46, or \$13,997.52 per year.

The federal minimum wage is \$7.25 per hour. Assuming that there are 2080 work hours in a year (40 hours per week x 52 weeks per year), a worker making the federal minimum-wage would earn \$15,080 in one year.

Some states and local jurisdictions have their own minimum wage laws, which pay more. For example, the minimum wage in California is \$8.00 per hour, or \$16,640 a year. In the District of Columbia, it is currently \$8.25 per hour, or \$17,160 a year.

Social Security replaces 41%, slightly more than two-fifths, of the amount that someone retiring at normal retirement age in 2016 (age 66) was earning before retirement.

In 2015, half of Americans age 65 and over who had income from financial assets received less than \$1,683 a year in income from those assets.

In 2015, 36% of Americans age 65 and over received no income at all from financial assets. Of the Americans age 65 and over who receive income from financial assets, 74% receive less than \$2,500 a year in income from those assets.

According to the Social Security Administration's Income of the Population 55 or Older, 2014, the median income from assets for "aged units" is \$361. An "aged unit" is defined as either a married couple living together in which at least one of the two is 65 or older or a nonmarried person 65 or older.

In 2015, half of all Americans age 65 and older received less than \$22,887 in income from all sources.

The median annual income for men 65 and older was \$31,372; for women 65 and older, it was \$18,250.

The median yearly income for older households was \$38,515.

The median income of the four-fifths of people age 65 and older who are fully retired was \$18,657.

Median income of "aged units" with only Social Security is \$15,871. Median income of "aged units" with Social Security and a private pension is \$36,270. Median income of "aged units" with both Social Security and a federal government pension is \$38,806. Median income of "aged units" with both Social Security and some other type of pension (state or local government, military) is \$37,789.

This figure includes public and private pensions, but does not include IRAs or Keoghs. In 2015, the median pension income for people age 65 and older was \$13,905.

This figure includes \$8.574 trillion in private pension assets, \$5.667 trillion in state and local government pension assets, and \$3.783 trillion in federal government pension assets.

The federal tax expenditure for pensions in 2016 is estimated to be \$140.1 billion. This figure includes the revenue lost to the U.S. Treasury from employer contributions to both public and private pension plans. This is a combined total from defined benefit plans (\$57.4B) and defined contribution plans (\$82.7B). It does not include Individual Retirement Accounts and Keogh Plans, which are estimated to cost an additional \$29.2 billion in foregone revenue. The total retirement plan tax expenditure is estimated at a total of \$169.3 billion for 2016.

All taxpayers effectively pay for the tax subsidy to encourage retirement savings through higher taxes or fewer government services. The tax expenditure for deductions for health insurance premiums is \$143.8 billion. The subsidy for mortgage interest deductions is expected to be \$77.0 billion in 2016.

According to the Office of Management and Budget, the federal tax expenditure for pensions in 2016 is estimated to be \$131.3 billion. This is a combined total from defined benefit plans (\$66.6 B) and 401(k) plans (\$64.7 B). It does not include Individual Retirement Accounts and Keogh Plans, which are estimated to cost an additional \$44.9 billion in foregone revenue. The total estimated retirement plan tax expenditures for 2016 is estimated at \$176.2 billion.

This information is from Cypen & Cypen Newsletter (<http://cypen.com>).