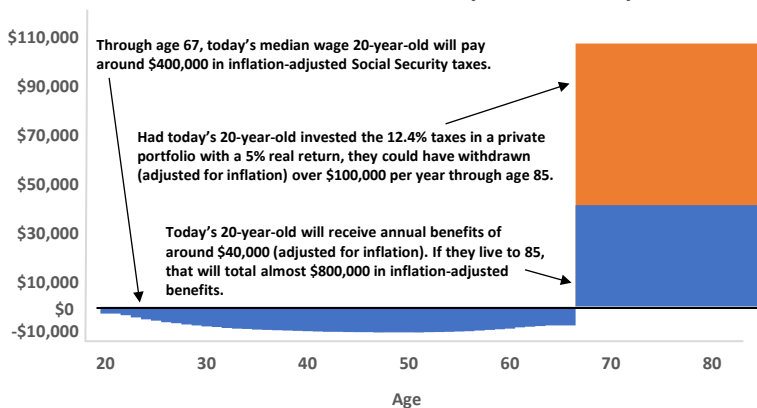# Economic & Market Watch Intelligence Brief

Briefing

- Social Security retirement checks stop when the retiree dies (ignoring benefits for surviving dependents and spouses) and that can have a significant effect on expected benefits. For example, the median white working female earns 16% less than the median white working male and so will receive less in monthly retirement benefits. However, because females live longer than males, the median white female can expect to receive $2.10 (adjusted for inflation) in benefits for every $1 she pays in Social Security taxes versus $1.99 for the median white male (**Figure 1**).

- Ignoring longevity, we can compare the purchasing power the median worker pays into Social Security to the purchasing power the worker receives in retirement benefits. This tells us how long the worker must live to breakeven—in other words, to receive back in benefits the same amount of purchasing power the worker paid in taxes (**Figure 2**). Because Social Security provides a lesser rate of return for higher income workers, the break-even age rises with the worker's career-long earnings.

- The expected real rate of return on Social Security is low (**Figure 3**). This is mostly due to an effective 100% death tax: benefits cease upon the person's death or are lost entirely if the person dies before retirement.

Chart of the Week

Expected Social Security Taxes and Benefits for a 20-Year-Old in 2024 (2024 dollars)

Through age 67, today's median wage 20-year-old will pay around $400,000 in inflation-adjusted Social Security taxes.

Had today's 20-year-old invested the 12.4% taxes in a private portfolio with a 5% real return, they could have withdrawn (adjusted for inflation) over $100,000 per year through age 85.

Today's 20-year-old will receive annual benefits of around $40,000 (adjusted for inflation). If they live to 85, that will total almost $800,000 in inflation-adjusted benefits.

Commentary

By law, workers and employers each remit half of the 12.4% Social Security tax. In practice, economic models suggest that the worker effectively pays the entire 12.4% because the employer's half would otherwise have gone toward paying the worker a higher wage.

As a retirement plan, Social Security looks like a single-life annuity. In exchange for 12.4% of a person's earnings, Social Security provides a stream of payments that start when the person retires and stop (with some exceptions) when the person dies.

Adjusted for inflation, if today's median wage 20-year-old lives to age 85, they will pay $400,000 in Social Security taxes and receive almost $800,000 in benefits. That's a return of 3.8% above inflation. However, accounting for the probability of death before age 85, our 20-year-old can expect to earn only 1.5% above inflation. Had they instead put the 12.4% into a portfolio that averaged a 5% annual real rate of return, they could have collected $2 million in inflation-adjusted retirement benefits (**Chart of the Week**).

Of course, all of this assumes Social Security rules don't fundamentally change before our hypothetical 20-year-old retires.

Snapshots

Figure 1. Benefit Dollars per Tax Dollar
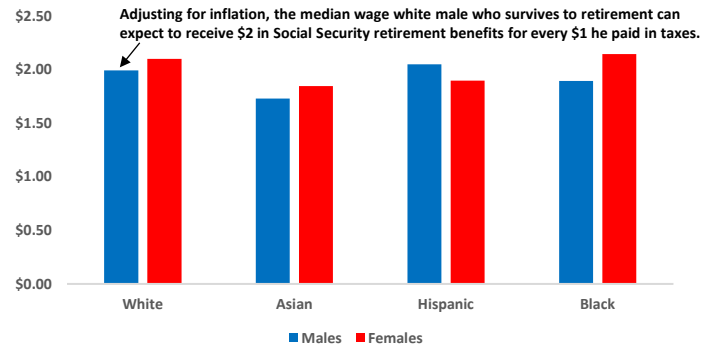**(Inflation-adjusted, assumes person is alive at age 67.)**

Adjusting for inflation, the median wage white male who survives to retirement can expect to receive $2 in Social Security retirement benefits for every $1 he paid in taxes.

Figure 2. Purchasing Power Breakeven (Retirement at 67)

The median wage Asian worker breaks even (in purchasing power) at age 79.
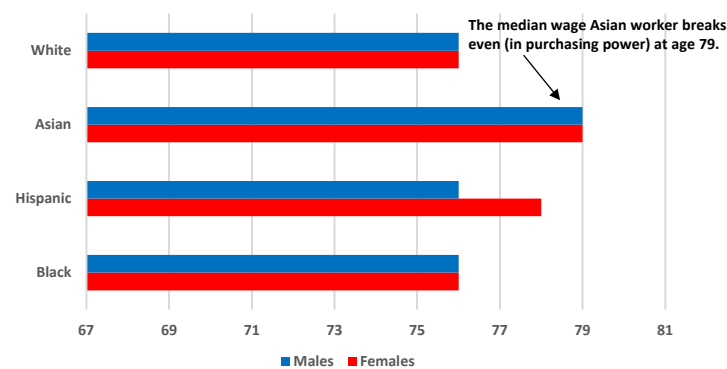
Figure 3. Expected Real Rates of Return

The inflation-adjusted return on Social Security taxes is between 1% and 2%, depending on earnings and longevity.
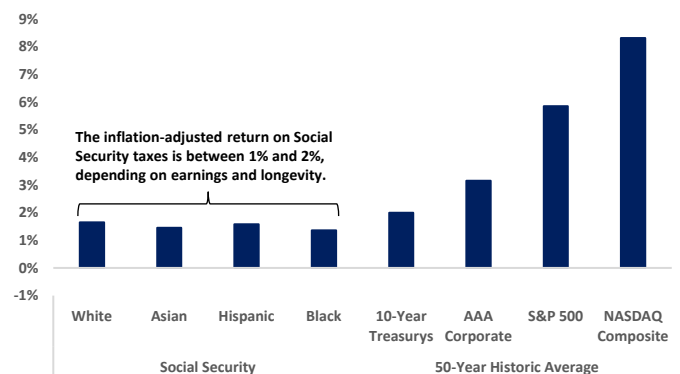
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Economic & Market Watch Dashboard

Key Indicators

INTEREST RATES[1]

	Current	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3
Fed Funds Target[2] (%)	4.50	4.25	4.00	3.75	3.50	3.50
SOFR (%)	4.39	3.95	3.70	3.48	3.28	3.17
2Y UST (%)	3.73	3.68	3.55	3.47	3.39	3.33
5Y UST (%)	3.81	3.87	3.79	3.73	3.68	3.65
10Y UST (%)	4.23	4.27	4.22	4.19	4.16	4.14
30Y UST (%)	4.81	4.65	4.61	4.58	4.54	4.51

ECONOMY

	Current	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3
PCE Inflation (YoY %)	2.1	3.6	3.0	2.8	2.4	2.3
CPI Inflation (YoY %)	2.4	3.7	3.2	2.9	2.6	2.5
Real GDP (QoQ %)	(0.5)	0.5	0.8	1.4	1.7	1.9
Unemployment (%)	4.2	4.4	4.6	4.7	4.7	4.7
Consumer Spending (QoQ %)	0.5	0.7	0.8	1.5	1.7	1.8
Industrial Production (YoY %)	0.6	0.9	0.8	1.1	0.6	0.7

Equities & Currency

	Current	Year ago
DJIA	44,011	39,170
Nasdaq	20,308	17,879
S&P 500	6,185	5,475
US Dollar Index	$1,194.99	$1,271.06

Commodities

	Current	Year ago
Crude Oil (Per Barrel)	$65.2	$83.38
Natural Gas (Per MMBtu)	$3.54	$2.48
Coal (Per Short Ton)	$10.70	$13.21
Gold (Per Ounce)	$3,280.70	$2,332.30
Corn (Per Bushel)	$4.20	$4.21
Soybean (Per Bushel)	$10.34	$11.56

Industry

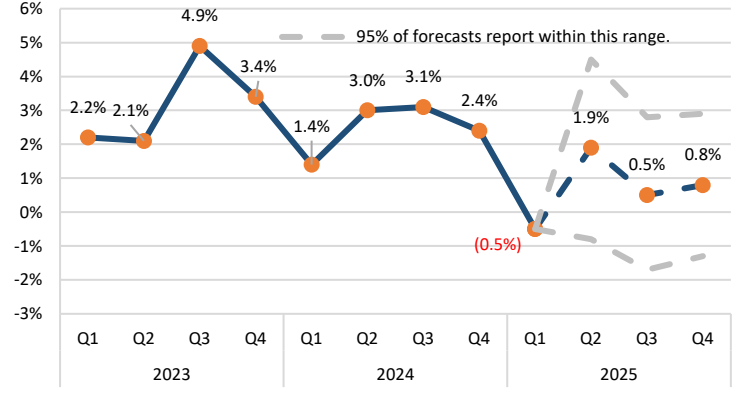|	Current	Year ago
Natural Gas Storage (Billion Cubic Feet)	2,898	3,094
U.S. Daily Power Consumption (MWh)	14,002,959	14,039,869
World Container Index (Per 40ft)	$2,983	$4,801

Forecasts

Real GDP Growth Trend

95% of forecasts report within this range.

Data points: 2.2%, 2.1%, 4.9%, 3.4%, 1.4%, 3.0%, 3.1%, 2.4%, (0.5%), 1.9%, 0.5%, 0.8% across Q1–Q4 2023, Q1–Q4 2024, Q1–Q4 2025.

Headline vs. Core Inflation

Legend: CPI, Core CPI (May-23 through May-25)
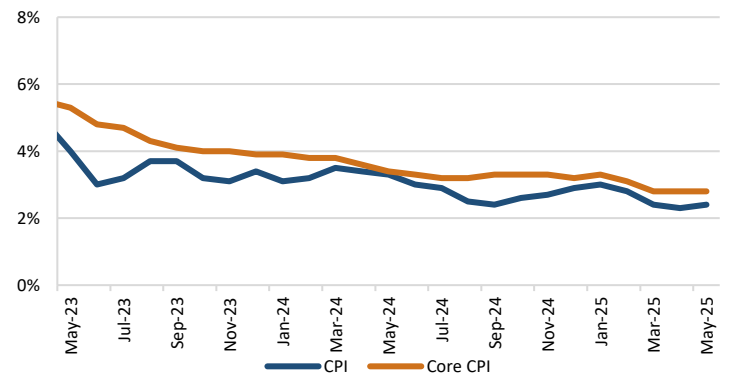
10-Year US Treasury vs. Fed Funds Trend

Legend: 10Y UST, Fed Funds (Sep-21 through Sep-26)