Social Security and the Stock Market
Munnell, Alicia H., Sass, Steven A.

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About the Institute

The W.E. Upjohn Institute for Employment Research is a nonprofit research organization devoted to finding and promoting solutions to employment-related problems at the national, state, and local levels. It is an activity of the W.E. Upjohn Unemployment Trustee Corporation, which was established in 1932 to administer a fund set aside by Dr. W.E. Upjohn, founder of The Upjohn Company, to seek ways to counteract the loss of employment income during economic downturns.

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Current areas of concentration for these programs include causes, consequences, and measures to alleviate unemployment; social insurance and income maintenance programs; compensation; workforce quality; work arrangements; family labor issues; labor-management relations; and regional economic development and local labor markets.
"The 1994–1996 Social Security Advisory Council, which I chaired, recommended three different approaches for using equity investments to help solve the long-run Social Security finance issue. As it happens, the United Kingdom, Australia, and Canada have taken steps that roughly parallel the three approaches. Munnell and Sass evaluate the experience in these three countries. Their conclusions may not be the conclusions of everybody else, but this is a very interesting book and everybody else should read it."

Edward M. Gramlich
Senior Fellow, Urban Institute
Professor Emeritus of Economics and Public Policy,
University of Michigan

"Optimal social security design needs to look at the tradeoff between risk and return of retirement benefits. Munnell and Sass provide an excellent and lucid exposition of the issues that arise when seeking higher returns through riskier benefit designs. This is the book to turn to in order to review international experience so as to understand the pluses and minuses of equities."

J. Michael Orszag
Head of Research, Watson Wyatt LLP

"I've seen firsthand the importance of using equities to fund national retirement income programs. Munnell and Sass make a fresh and extremely valuable contribution by providing perspective on how equities have been included in the past—primarily through employer-defined benefit pension plans—and how policymakers are now attempting to incorporate equities into Social Security programs."

Annika Sundén
Senior Economist, Swedish National Social Insurance Board

"Setting this analysis of the reform experiences of Australia, Canada, and the UK in the context of the histories and projections of their retirement programs makes the analysis valuable for anyone wanting to learn from their experiences for future U.S. reform."

Peter Diamond
Institute Professor of Economics,
Massachusetts Institute of Technology