Social security: What can developing countries.

- Semantic Scholar


Social security currently has two key features: First, from the standpoint of the individual worker, social security is a forced savings plan coupled with a defined benefit pension. The government requires you to pay payroll taxes, currently 12.4 percent of wages, split between employee and employer, and promises to pay you social security benefits beginning at a specified retirement age. This is true, but it is also true that poverty rates among the elderly are lower than poverty rates in other age categories. How would personal accounts within Social Security work? Their key feature is that the benefits you eventually receive are tied directly to the contributions you make, with returns that may depend on the performance of the stock market and on investment decisions you make.