



**Joint Colloquium of the IACA, PBSS and IAAHS Sections  
of the International Actuarial Association**  
Westin Copley Place Hotel, Boston, U.S.A. – 4-7 May 2008

## **Economic and Retirement Insecurity**

**The Hon. David M. Walker**  
President and CEO

The Peter G. Peterson Foundation  
and

Former Comptroller General of the United States



<http://www.PGPF.org>

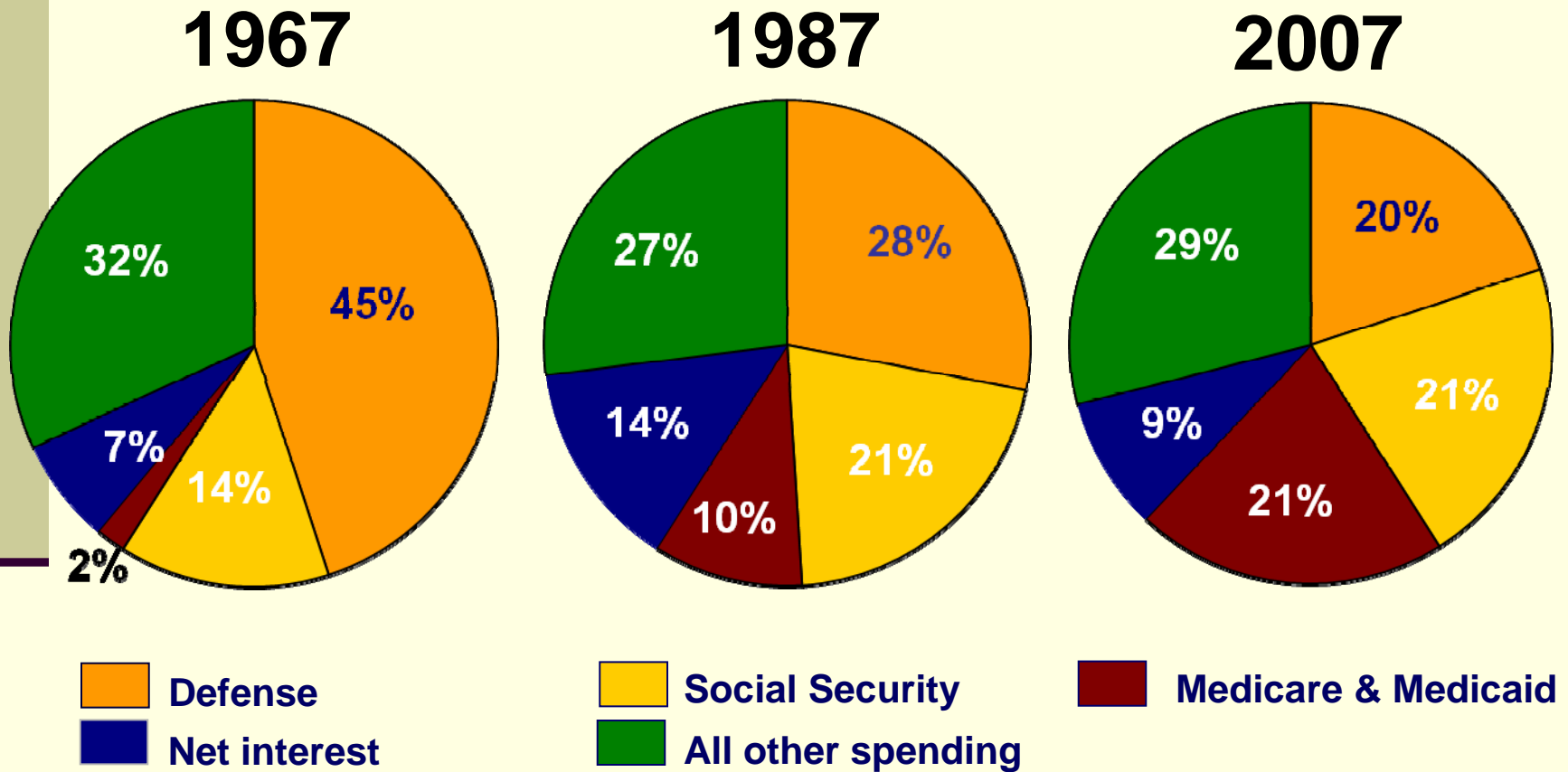
# The Case for Change

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**The federal government is on a “burning platform,” and the status quo way of doing business is unacceptable for a variety of reasons, including:**

- Past fiscal trends and significant long-range challenges
- Selected trends and challenges having no boundaries
- Additional resource demands due to Iraq, Afghanistan, incremental homeland security needs, and recent natural disasters in the United States
- Numerous government performance/accountability and high risk challenges
- Outdated federal organizational structures, policies, and practices
- Rising public expectations for demonstrable results and enhanced responsiveness

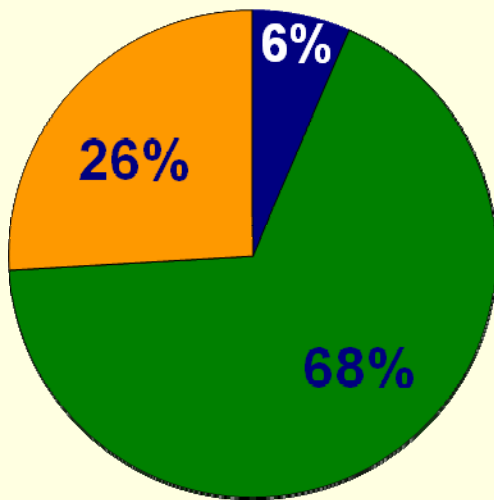
# Composition of Federal Spending



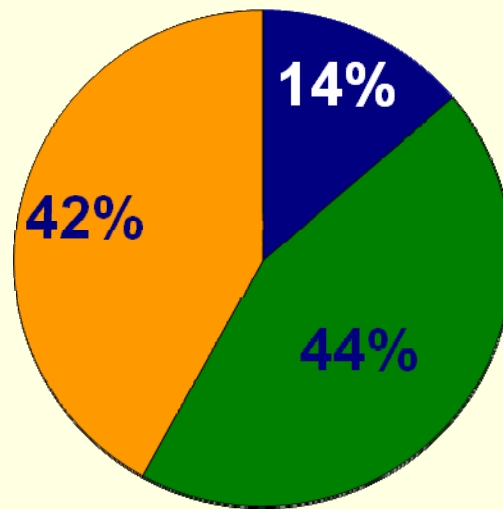
Source: GAO analysis of Office of Management and Budget data.

# Federal Spending for Mandatory and Discretionary Programs

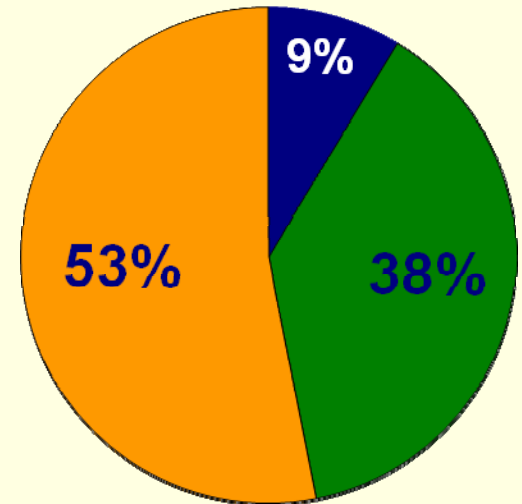
1967



1987



2007



■ Net Interest

■ Discretionary

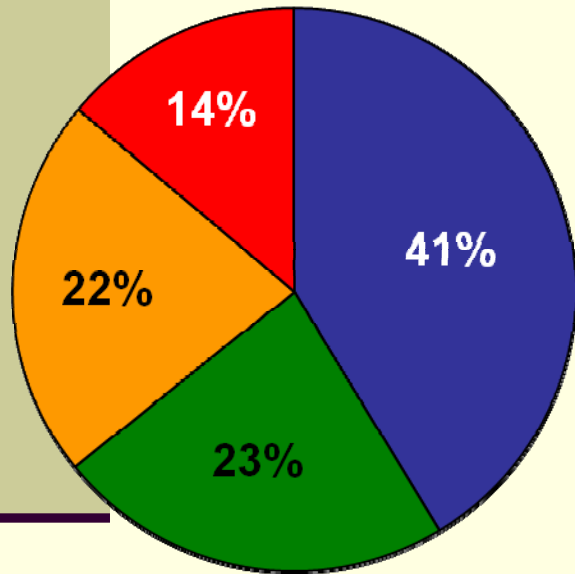
■ Mandatory

■ Net interest ■ Discretionary ■ Mandatory

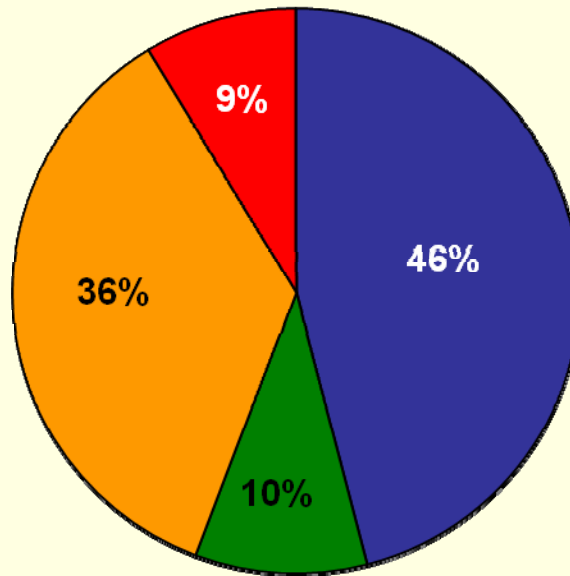
Source: GAO analysis of Office of Management and Budget data.

# Composition of Federal Receipts by Source

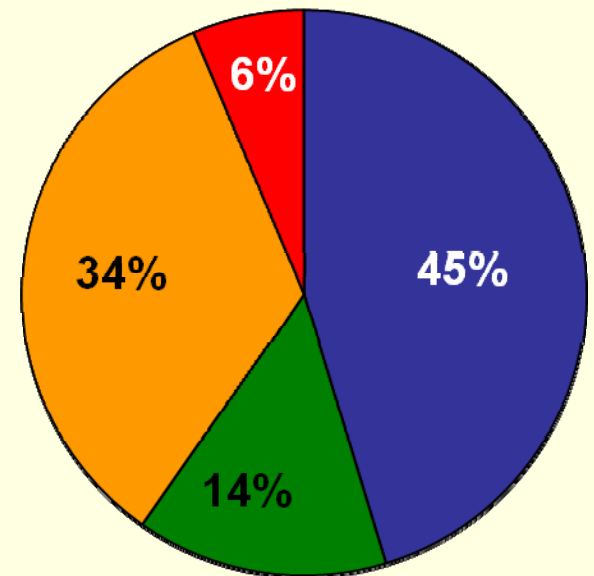
1967



1987



2007



■ Individual Income   ■ Corporate Income   ■ Social Insurance and retirement   ■ Other

Note: Numbers do not add to 100 percent due to rounding.

Source: GAO analysis of Office of Management and Budget data.

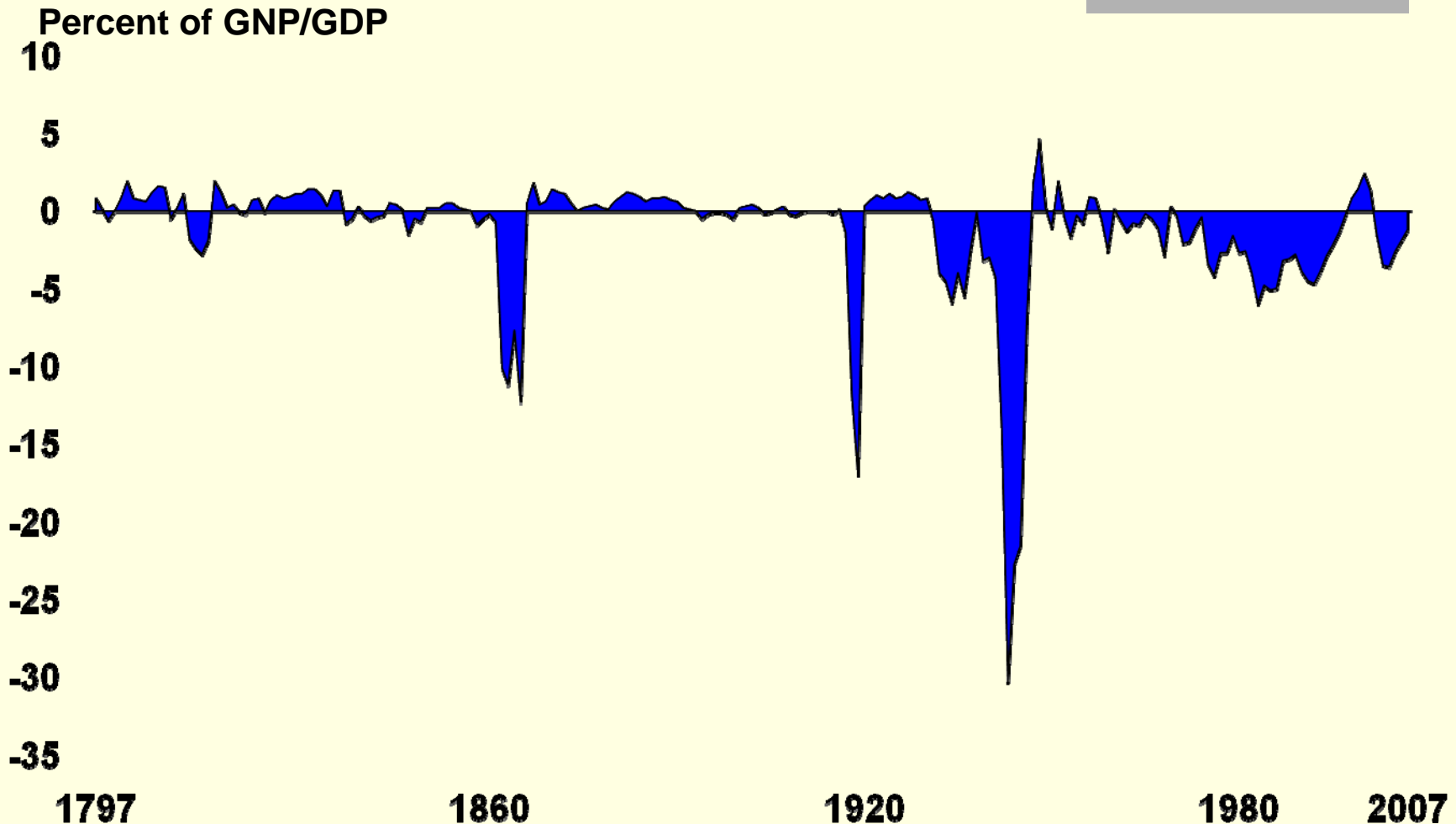
# Fiscal Year 2006 and 2007 Deficits and Net Operating Costs

	Fiscal Year 2006	Fiscal Year 2007
	(\$ Billion)	
On-Budget Deficit	(434)	(344)
Unified Deficit <sup>a</sup>	(248)	(163)
Net Operating Cost	(450)	(276)

Sources: GAO analysis of Office of Management and Budget and Department of the Treasury data.

<sup>a</sup>Includes \$185 billion in Social Security surpluses for fiscal year 2006 and \$186 billion for fiscal year 2007; \$1 billion in Postal Service surpluses for fiscal year 2006 and a \$5 billion deficit for fiscal year 2007.

# Surplus or Deficit as a Share of GDP (1797-2007)



Source: GAO analysis of Department of Commerce, Office of Management and Budget, and Congressional Budget Office.

Note: Data until 1929 are shown as a percent of gross national product (GNP); data from 1930 to present are shown as a percent of GDP.

# Debt Held by the Public as a Share of GDP (1797-2007)

120 Percent of GNP/GDP

100

80

60

40

20

0

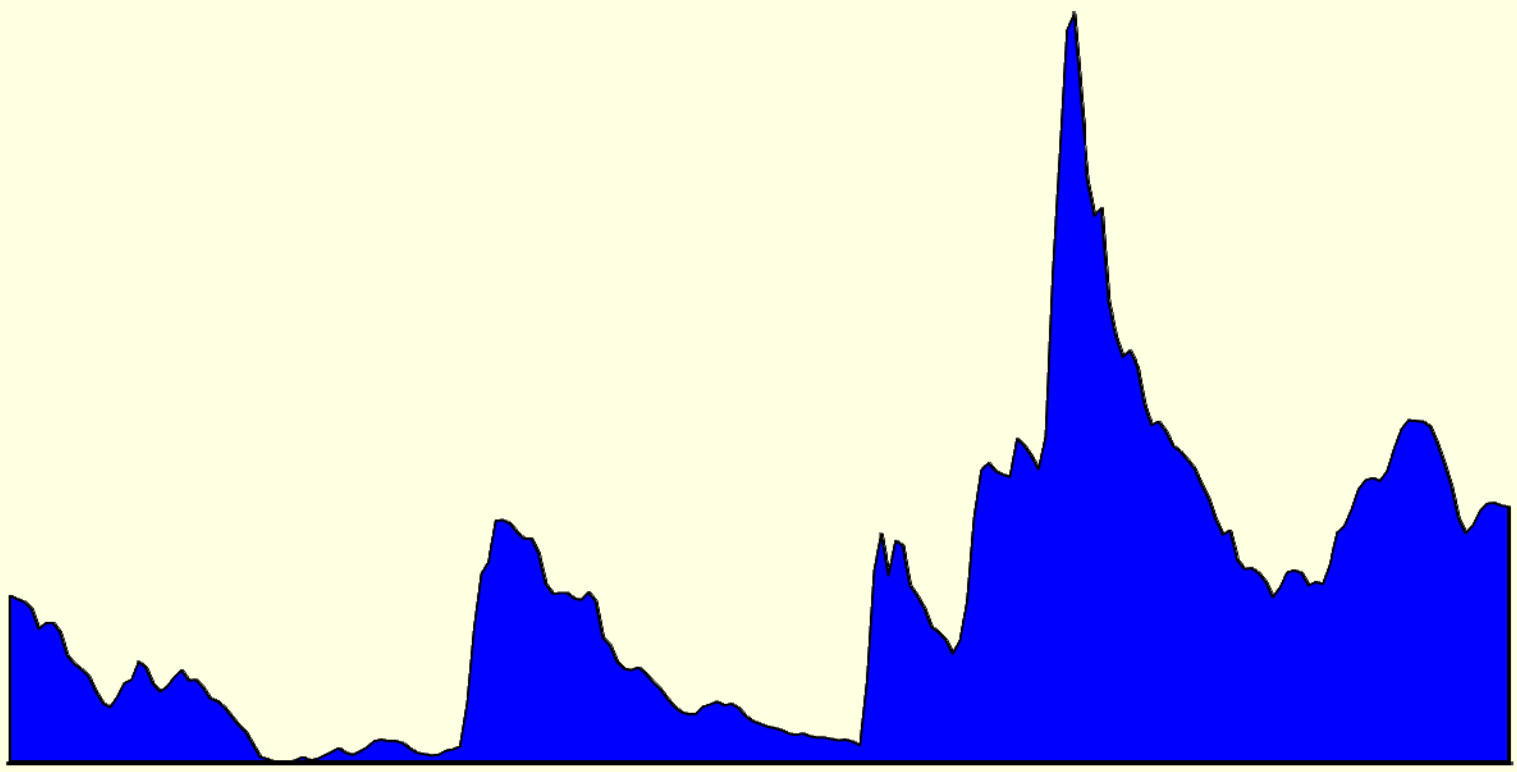
1797

1860

1920

1980

2007

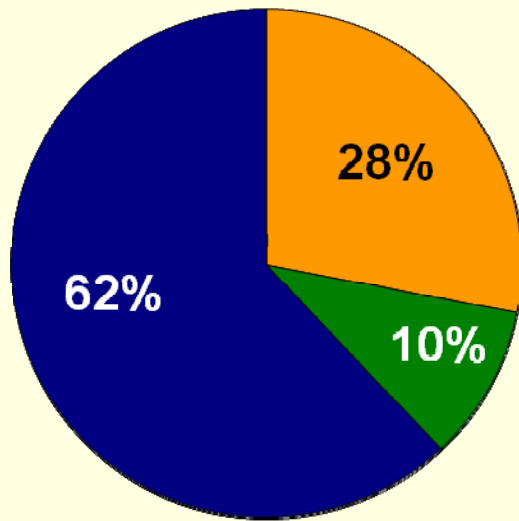


Source: GAO analysis of data from the Department of Commerce, Office of Management and Budget, and Congressional Budget Office.  
Note: Data until 1929 are shown as a percent of gross national product (GNP); data from 1930 to present are shown as a percent of GDP.

# Foreign Ownership Share of Federal Debt Held by the Public Has Increased

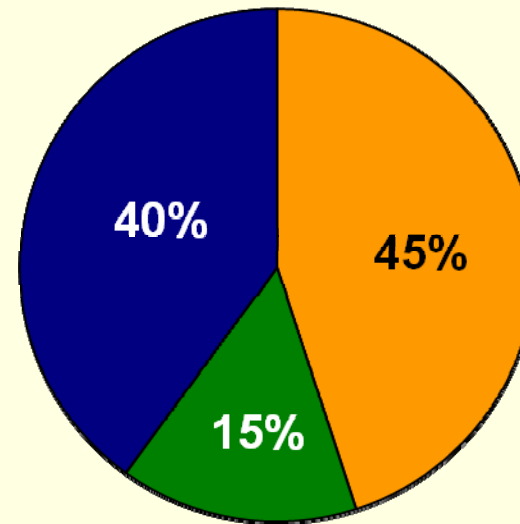
## FY 1996




Total Debt Held by the Public: \$3.73 trillion



## FY 2007

Total Debt Held by the Public: \$5.04 trillion



-  Foreign and international investors
-  Federal Reserve
-  Domestic investors and state and local governments

Source: Department of the Treasury.

Note: Totals and percent increases may not add due to rounding

# Major Fiscal Exposures (\$ trillions)

	2000	2007	% Increase
<b>■ Explicit liabilities</b>	<b>\$6.9</b>	<b>\$10.8</b>	<b>57</b>
<ul style="list-style-type: none"> <li>■ Publicly held debt</li> <li>■ Military &amp; civilian pensions &amp; retiree health</li> <li>■ Other</li> </ul>			
<b>■ Commitments &amp; contingencies</b>	<b>0.5</b>	<b>1.1</b>	<b>97</b>
<ul style="list-style-type: none"> <li>■ E.g., PBGC, undelivered orders</li> </ul>			
<b>■ Implicit exposures</b>	<b>13.0</b>	<b>40.8</b>	<b>213</b>
<ul style="list-style-type: none"> <li>■ Future Social Security benefits</li> <li>■ Future Medicare Part A benefits</li> <li>■ Future Medicare Part B benefits</li> <li>■ Future Medicare Part D benefits</li> </ul>	<ul style="list-style-type: none"> <li>3.8</li> <li>2.7</li> <li>6.5</li> <li>--</li> </ul>	<ul style="list-style-type: none"> <li>6.8</li> <li>12.3</li> <li>13.4</li> <li>8.4</li> </ul>	
<b>Total</b>	<b>\$20.4</b>	<b>\$52.7</b>	<b>158</b>

Source: GAO analysis of 2000 and 2007 Financial Report of the United States Government.

Note: Totals and percent increases may not add due to rounding. Estimates for Social Security and Medicare are at present value as of January 1 of each year and all other data are as of September 30.

# How Big is Our Growing Fiscal Burden?

This fiscal burden can be translated and compared as follows:

<b>Total –major fiscal exposures</b>	<b>\$52.7 trillion</b>
<b>Total household net worth<sup>1</sup></b>	<b>\$58.6 trillion</b>
<b>Burden/Net worth ratio</b>	<b>90 percent</b>
<b>Burden<sup>2</sup></b>	
<b>Per person</b>	<b>\$175,000</b>
<b>Per full-time worker</b>	<b>\$410,000</b>
<b>Per household</b>	<b>\$455,000</b>
<b>Income</b>	
<b>Median household income<sup>3</sup></b>	<b>\$48,201</b>
<b>Disposable personal income per capita<sup>4</sup></b>	<b>\$33,253</b>

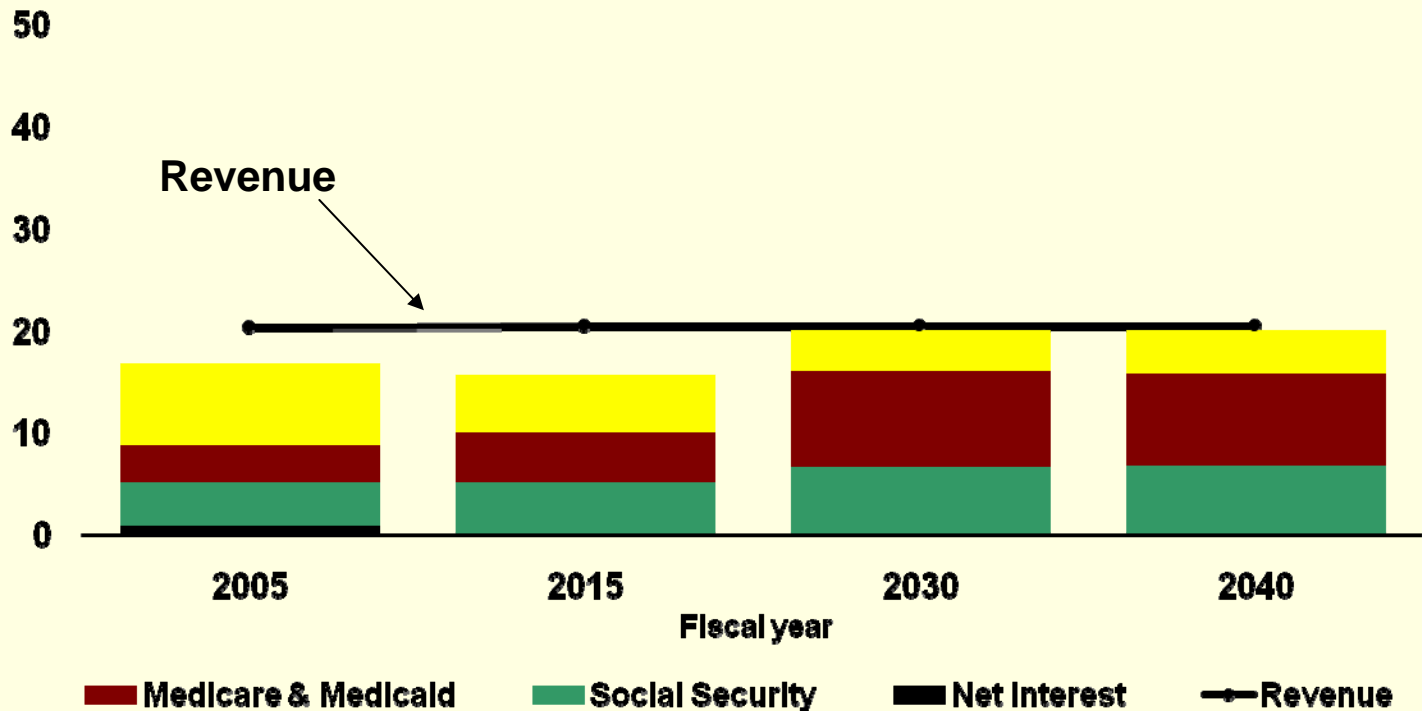
Source: GAO analysis.

Notes: (1) Federal Reserve Board, Flow of Funds Accounts, Table B.100, 2007:Q3 (December 6, 2007); (2) Burdens are calculated using estimated total U.S. population as of 10/1/2007, from the U.S. Census Bureau; full-time workers reported by the Bureau of Economic Analysis, in NIPA table 6.5D (Aug. 1, 2007); and households reported by the U.S. Census Bureau, in [Income, Poverty, and Health Insurance Coverage in the United States: 2006](#) (Aug. 2007); (3) U.S. Census Bureau, [Income, Poverty, and Health Insurance Coverage in the United States: 2006](#) (Aug. 2007); and (4) Bureau of Economic Analysis, [Personal Income and Outlays](#), table 2, (Nov. 29, 2007).

# Potential Fiscal Outcomes Under Baseline Extended (January 2001)

## *Revenues and Composition of Spending as a Share of GDP*

Percent of GDP

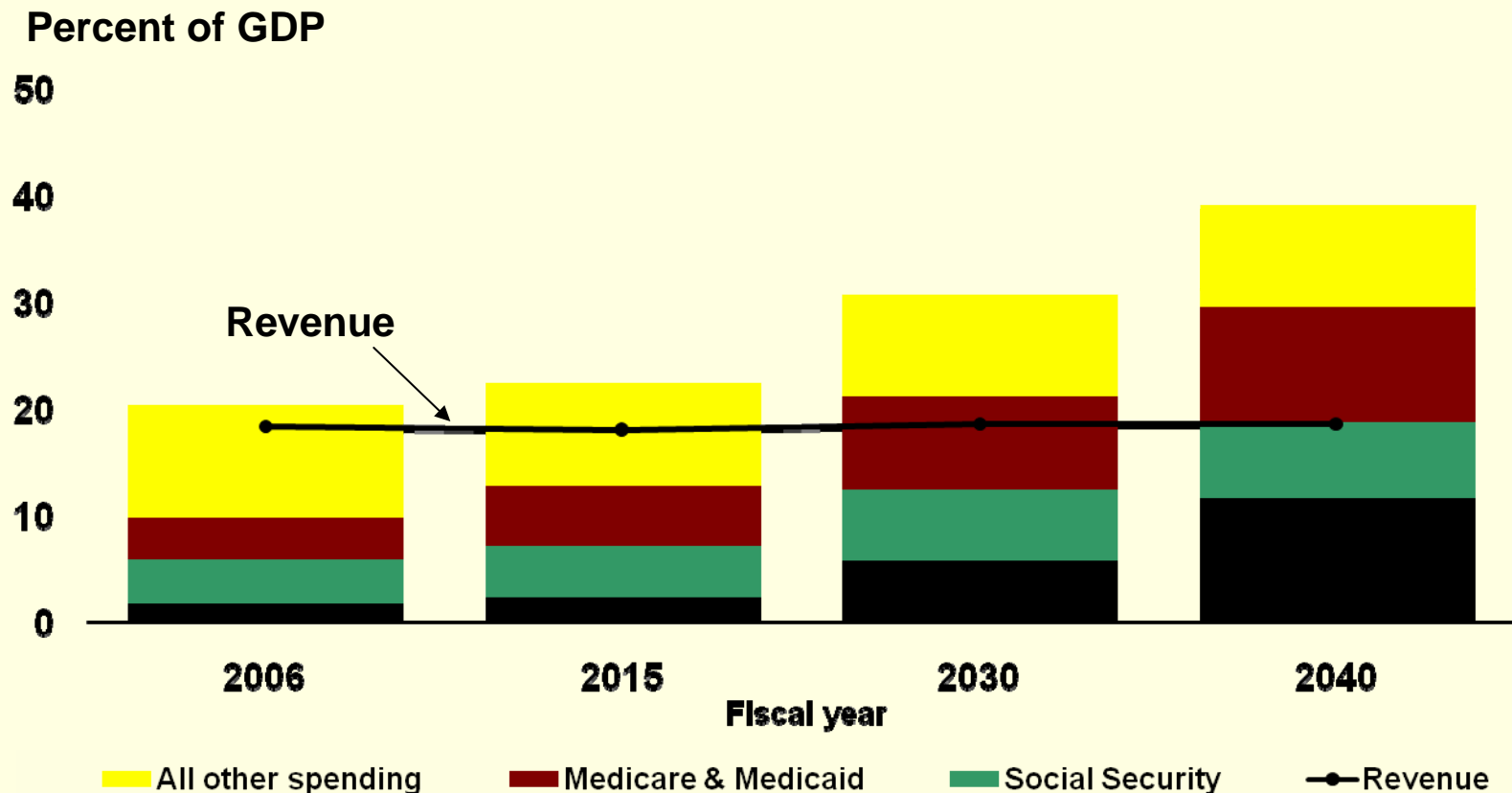


Source: GAO's January 2001 analysis.

<sup>a</sup>All other spending is net of offsetting interest receipts.

# Potential Fiscal Outcomes Under Alternative Simulation (August 2007)

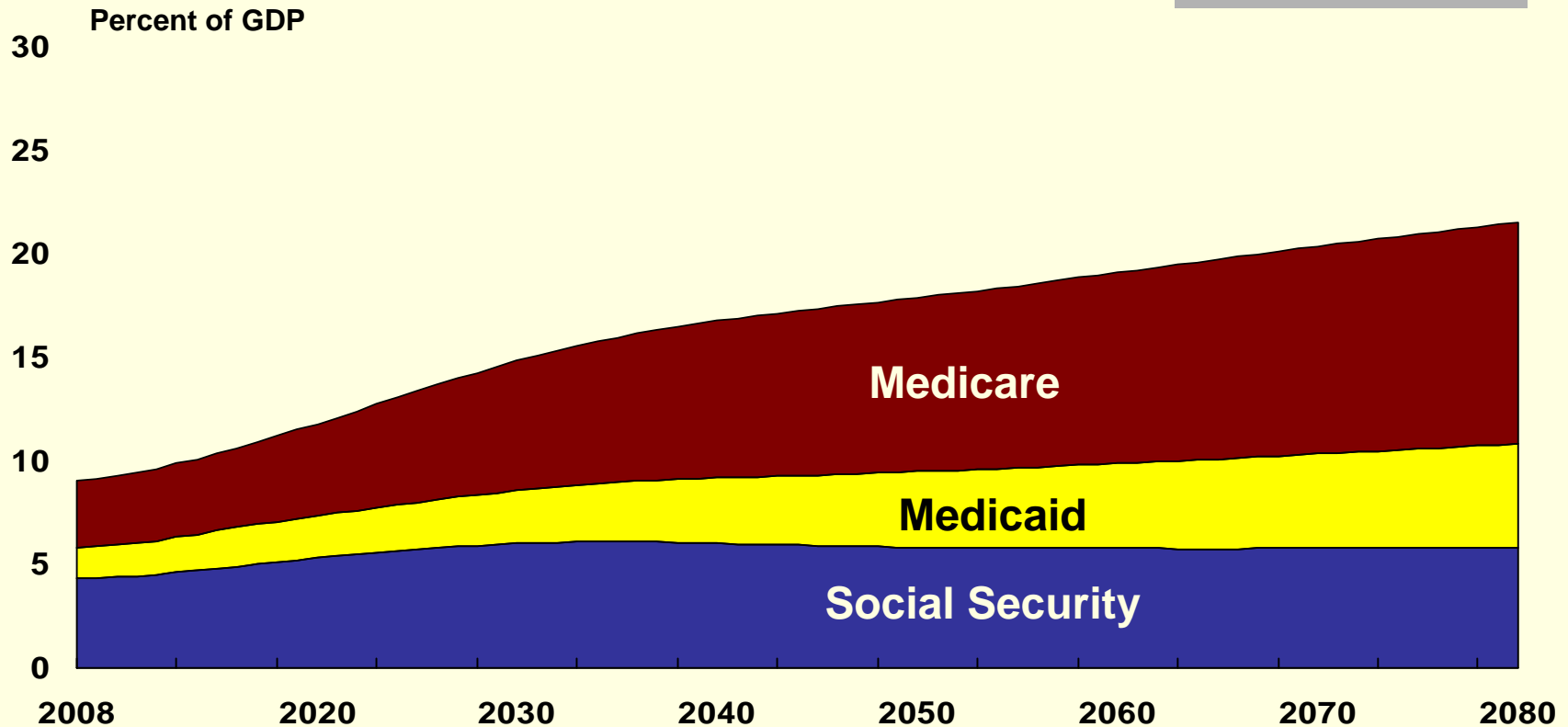
## Revenues and Composition of Spending as a Share of GDP



Source: GAO August 2007 analysis.

Notes: AMT exemption amount is retained at the 2006 level through 2017 and expiring tax provisions are extended. After 2017, revenue as a share of GDP returns to its historical level of 18.3 percent of GDP plus expected revenues from deferred taxes, i.e. taxes on withdrawals from retirement accounts. Medicare spending is based on the Trustees April 2007 projections adjusted for the Centers for Medicare and Medicaid Services alternative assumption that physician payments are not reduced as specified under current law.

# Social Security, Medicare and Medicaid Spending as a Percent of GDP

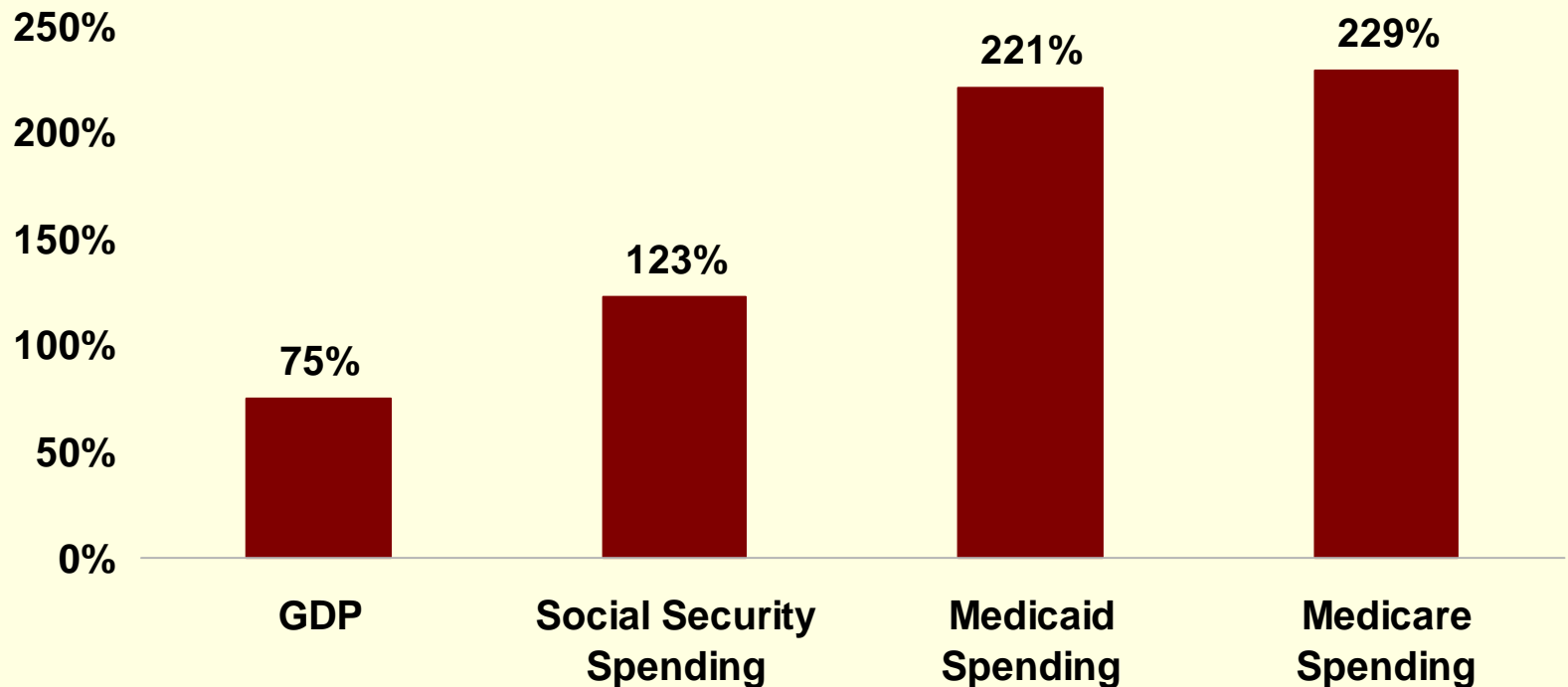


Source: GAO analysis of data from the Office of the Chief Actuary, Social Security Administration, Office of the Actuary, Centers for Medicare and Medicaid Services, and the Congressional Budget Office.

Note: Social Security and Medicare projections based on the intermediate assumptions of the 2008 Trustees' Reports. Medicaid projections based on CBO's January 2008 short-term Medicaid estimates and CBO's December 2007 long-term Medicaid projections adjusted to reflect excess cost growth consistent with the 2008 Trustees intermediate assumptions.

# Growth in Spending for Social Security, Medicare and Medicaid Expected to Outpace Economic Growth

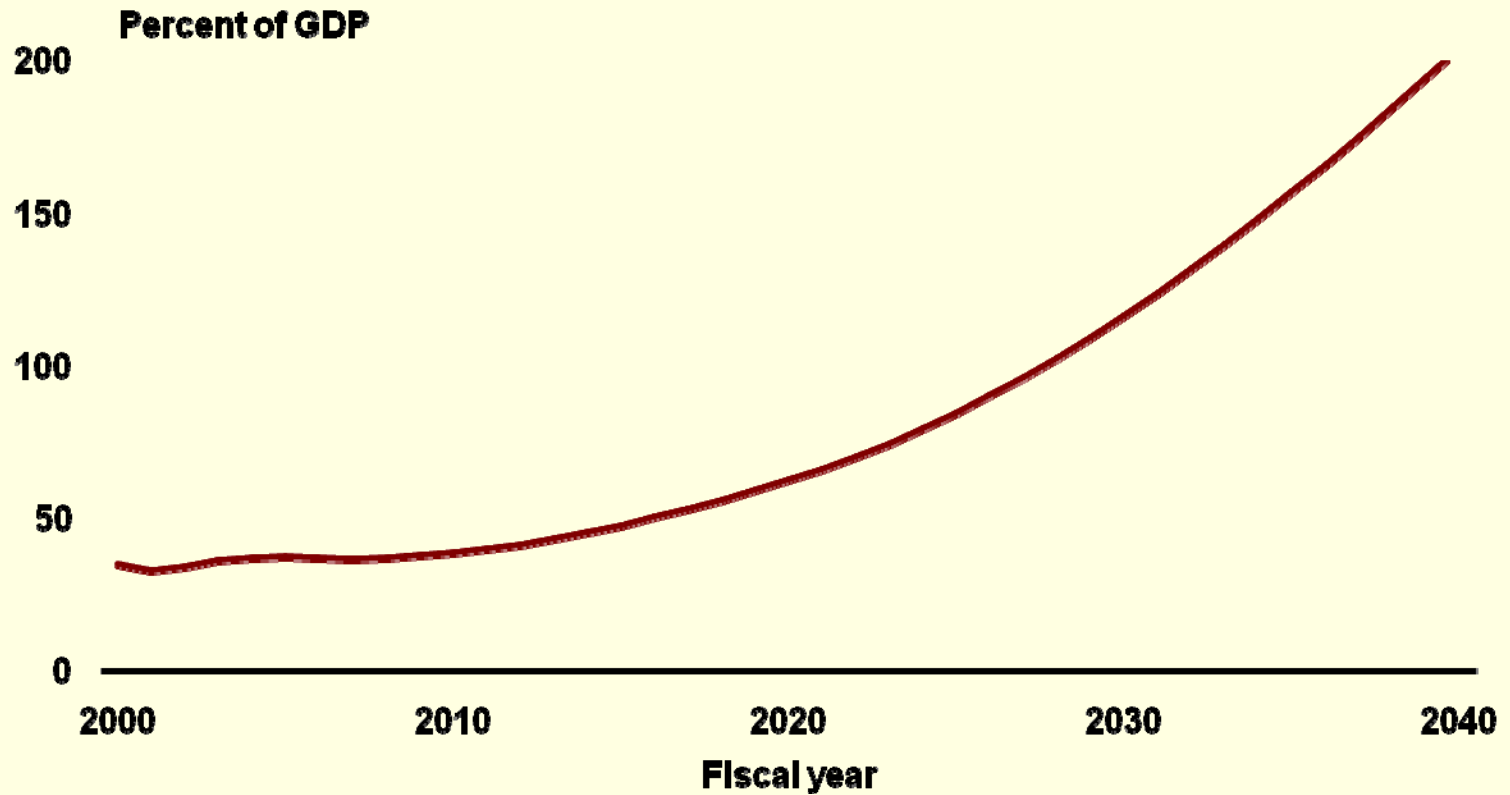
Growth in constant dollars 2008-2033



Source: GAO analysis of data from the Office of the Chief Actuary, Social Security Administration; Office of the Actuary, Centers for Medicare and Medicaid Services; and the Congressional Budget Office.

Note: GDP, Social Security and Medicare projections based on the intermediate assumptions of the 2008 Trustees' Reports. Medicaid projections based on CBO's January 2008 short-term Medicaid estimates and CBO's December 2007 long-term Medicaid projections adjusted to reflect excess cost growth consistent with the 2008 Trustees intermediate assumptions.

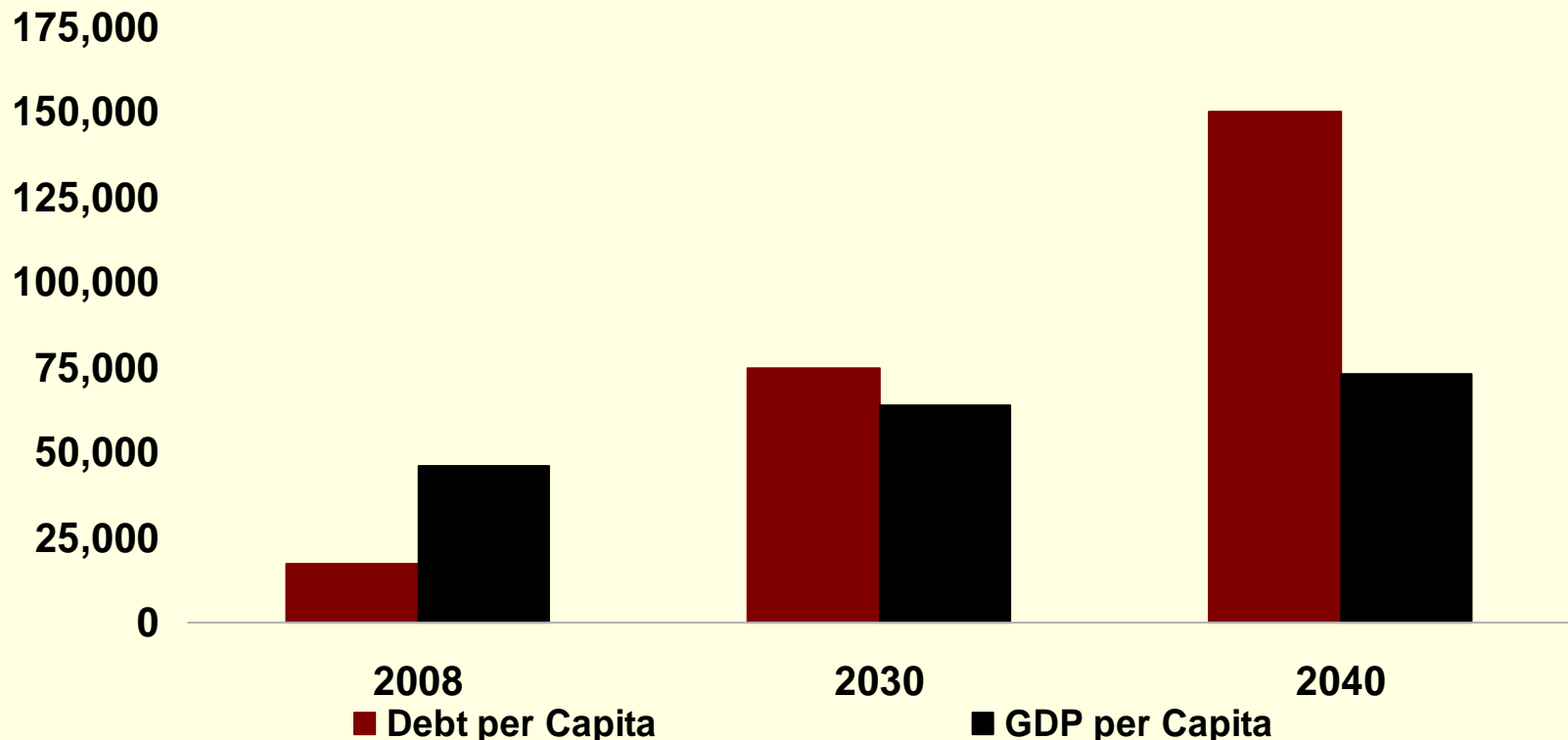
# Debt Held by the Public Under GAO's Alternative Simulation



Source: GAO's January 2008 analysis.

# Debt per Capita Could Exceed GDP Per Capita Before 2030 Under GAO's Alternative Simulation

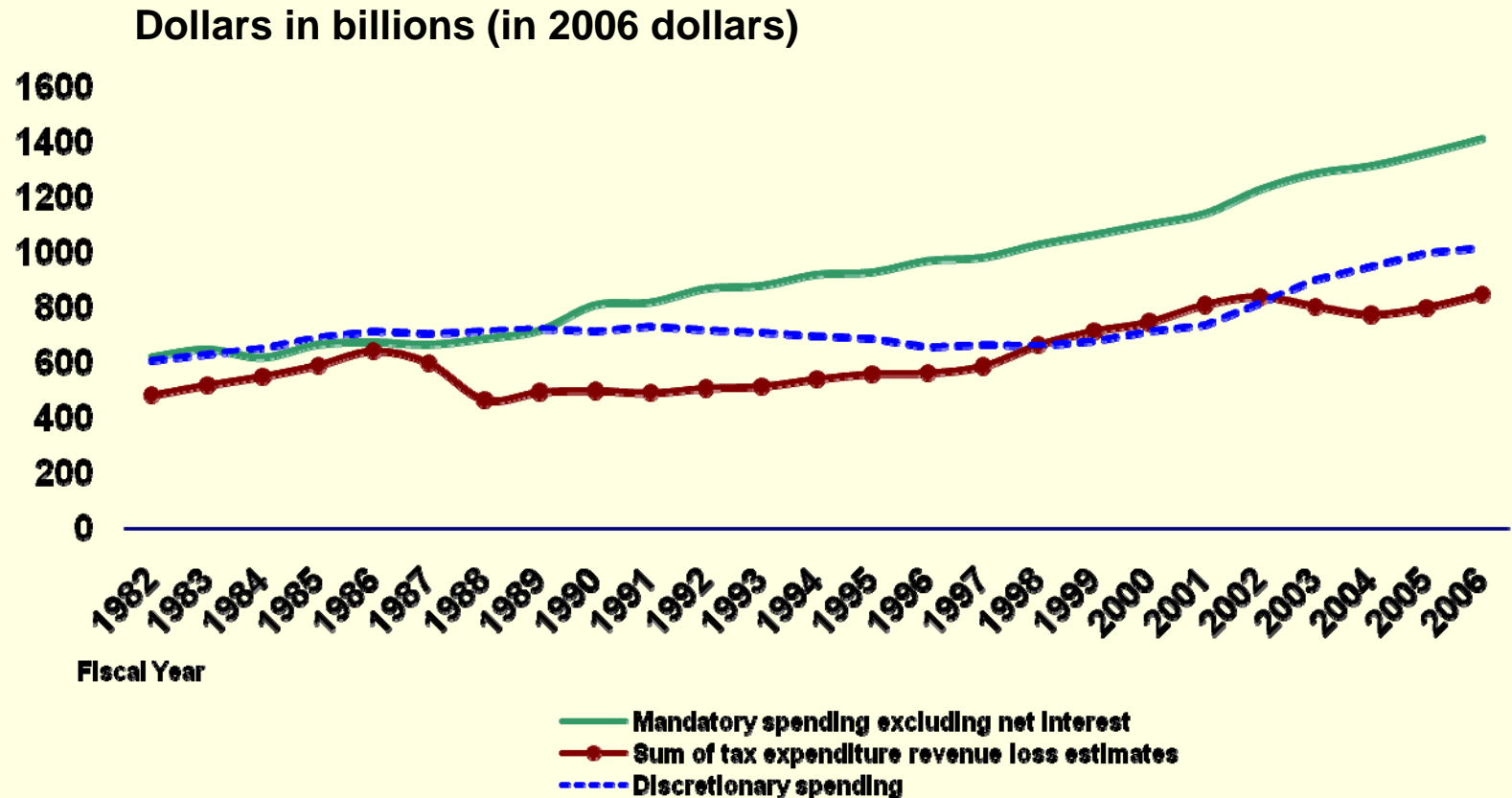
Per capita 2008 dollars



Source: GAO's January 2008 analysis.

Notes: Discretionary spending grows with GDP after 2008. AMT exemption amount is retained at the 2007 level through 2018 and expiring tax provisions are extended. After 2018, revenue as a share of GDP returns to its historical level of 18.3 percent of GDP plus expected revenues from deferred taxes, (i.e. taxes on withdrawals from retirement accounts). Medicare spending is based on the Trustees April 2007 projections adjusted for the Centers for Medicare and Medicaid Services alternative assumption that physician payments are not reduced as specified under current law.

# Federal Tax Expenditures Exceeded Discretionary Spending for Half of the Last Decade

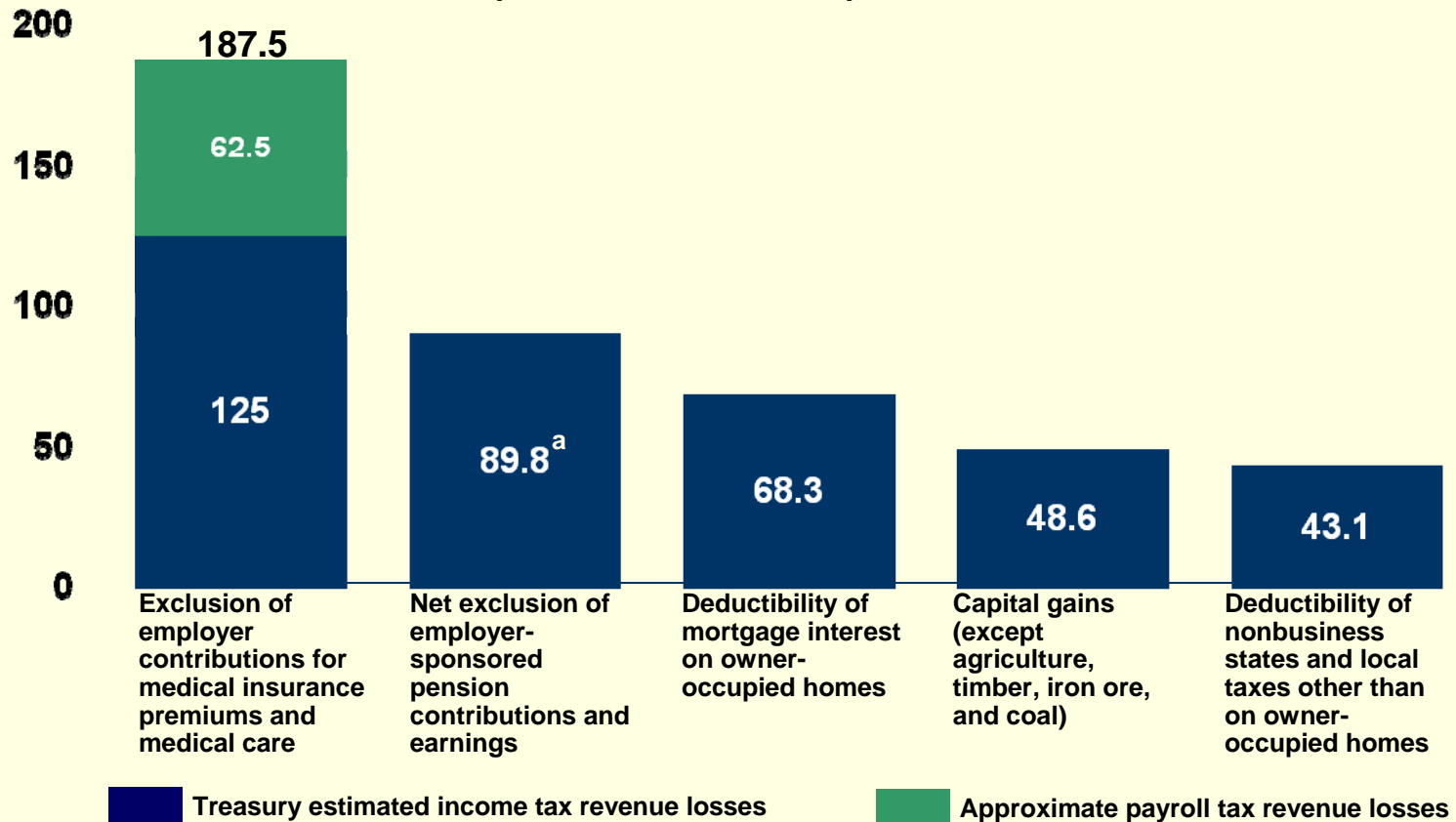


Source: GAO analysis of OMB budget reports on tax expenditures, fiscal years 1976-2008.

Note: Summing tax expenditure estimates does not take into account interactions between individual provisions. Outlays associated with refundable tax credits are included in mandatory spending.

# Revenue Loss Estimates for the Largest Tax Expenditures Reported for Fiscal Year 2006

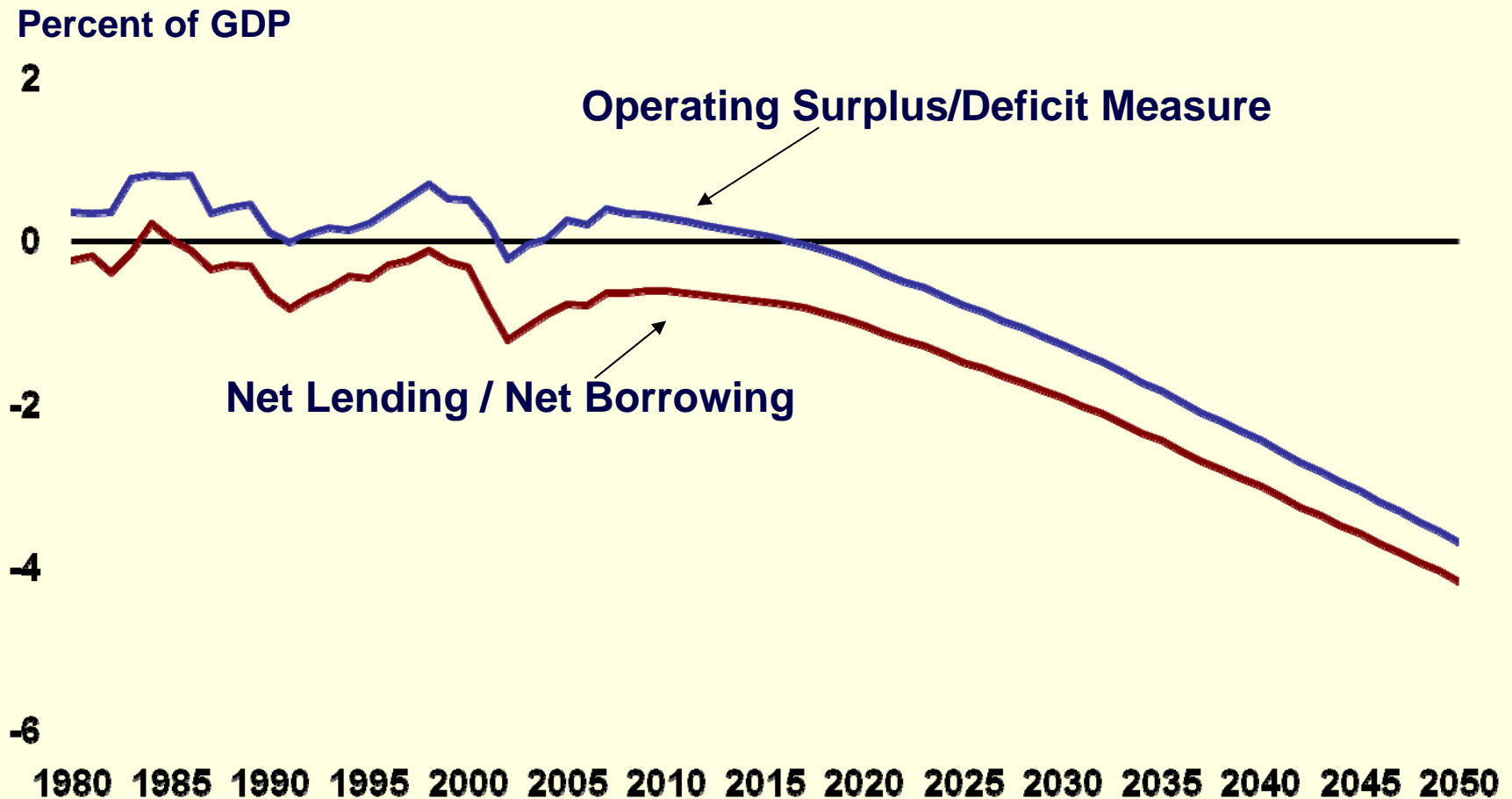
Revenue loss estimates (dollars in billions)



Source: GAO analysis of OMB, *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2008*.

<sup>a</sup>The value of employer-provided health insurance is excluded from Medicare and Social Security payroll taxes. Some researchers have estimated that payroll tax revenue losses amounted to more than half of the income tax revenue losses in 2004, and we use this estimate for 2006. The research we are aware of dealt only with health care, therefore the 50 percent figure may not apply to other items that are excluded from otherwise applicable income and payroll taxes.

# State and Local Governments Face Increasing Fiscal Challenges



Sources: GAO's analysis of historical data from National Income and Product Accounts. Historical data from 1980 – 2006, GAO projections from 2007– 2050 using many CBO projections and assumptions, particularly for next 10 years.

# Current Fiscal Policy Is Unsustainable

- **The “Status Quo” is Not an Option**
  - We face large and growing structural deficits largely due to known demographic trends and rising health care costs
  - GAO’s simulations show that balancing the budget in 2040 could require actions as large as
    - Cutting total federal spending by 60 percent or
    - Raising federal taxes to 2 times today's level
- **Faster Economic Growth Can Help, but It Cannot Solve the Problem**
  - Closing the current long-term fiscal gap based on reasonable assumptions would require real average annual economic growth in the double digit range every year for the next 75 years
  - During the 1990s, the economy grew at an average 3.2 percent per year
  - As a result, we cannot simply grow our way out of this problem. Tough choices will be required

# **A Disturbing Parallel:**

## ***The Current Sub-Prime Crisis & Long-Term Fiscal Challenges***

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There are disturbing parallels between the current sub-prime crisis and our nation's larger fiscal challenge:

- A disconnect between those who benefit from current policies & practices, and those who bear the risk and pay the price
- Lack of transparency
- Importance of both confidence and cash flow
- Inadequate oversight, and action delayed until a crisis hits

# The Way Forward: A Three-Pronged Approach

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- 1. Improve Financial Reporting, Public Education, and Performance Metrics**
- 2. Strengthen Budget and Legislative Processes and Controls**
- 3. Fundamentally Reexamine & Transform for the 21<sup>st</sup> Century (i.e., entitlement programs, other spending, and tax policy)**

*Solutions Require Active Involvement from both the Executive and Legislative Branches*

# The Way Forward:

## *Improve Financial Reporting, Public Education and Performance Metrics*

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- Improve transparency & completeness of President's budget proposal:
  - Return to 10-year estimates in budget both for current policies and programs and for policy proposals
  - Include in the budget estimates of long-term cost of policy proposals & impact on total fiscal exposures
  - Improve transparency of tax expenditures
- Consider requiring President's budget to specify & explain a fiscal goal and a path to that goal within 10-year window—or justify an alternative deadline
- Require annual OMB report on existing fiscal exposures [liabilities, obligations, explicit & implied commitments]
- Require enhanced financial statement presentation to address fiscal sustainability and intergenerational equity issues
- Prepare and distribute a summary of the annual report that is both useful and used
- Increase information on long-range fiscal sustainability issues in Congressional Budget Resolution & Budget Process
- Develop key national (outcome-based) indicators (e.g. economic, security, social, environmental) to chart the nation's posture, progress and position relative to the other major industrial countries

# The Way Forward: *Strengthen Budget and Legislative Processes and Controls*

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- Restore discretionary spending caps & PAYGO rules on both the spending and tax sides of the ledger
- Develop mandatory spending triggers [with specific defaults] and other action-forcing provisions (e.g., sunsets) for both direct spending programs and tax preferences
- Develop, impose and enforce modified rules for selected items (e.g., earmarks, emergency designations and use of supplementals)
- Require long-term cost estimates (e.g. present value) for any legislative debate on all major tax and spending bills, including entitlement programs. Cost estimates should usually assume no sunset
- Extend accrual budgeting to insurance and federal employee pensions; develop techniques for extending it to retiree health and to environmental liabilities
- Consider biennial budgeting
- Consider expedited line-item rescissions from the President that would only require a majority vote to override the proposed rescission(s)

# The Way Forward:

## *Fundamentally Re-Examine & Transform*

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- Restructure existing entitlement programs
- Re-examine and restructure the base of all other spending
- Review and revise existing tax policy, including tax preferences and enforcement programs
- Expand scrutiny of all proposed new programs, policies and activities
- Re-engineer internal agency structures and processes, including more emphasis on long-term planning, integrating federal activities, and partnering with others both domestically and internationally
- Strengthen and systematize Congressional oversight processes
- Increase transparency associated with government contracts and other selected items
- Consider a capable, credible, bi-partisan commission for budget, entitlement, and tax reform

# Key National Indicators

- **WHAT:** A portfolio of economic, social and environmental outcome-based measures that could be used to help assess the nation's and other governmental jurisdictions' positions and progress
- **WHO:** Many countries and several states, regions and localities have already undertaken related initiatives (e.g., Australia, New Zealand, Canada, the United Kingdom, Oregon, Silicon Valley (California) and Boston)
- **WHY:** Development of such a portfolio of indicators could have a number of possible benefits, including:
  - Serving as a framework for related strategic planning efforts
  - Enhancing performance and accountability reporting
  - Informing public policy decisions, including much needed baseline reviews of existing government policies, programs, functions and activities
  - Facilitating public education and debate as well as an informed electorate
- **WAY FORWARD:** Through a consortium of key players housed in the National Academies domestically, and through related efforts by the OECD and others internationally

# Key National Indicators: Where the United States Ranks

The United States may be the only superpower, but compared to most other OECD countries on selected key economic, social, and environmental indicators, on average, the U.S. ranks

## 16 OUT OF 28

OECD Categories for Key Indicators  
(2006 OECD Factbook)

■ Population/Migration	■ Energy	■ Environment	■ Quality of Life
■ Macroeconomic Trends	■ Labor Market	■ Education	■ Economic Globalization
■ Prices	■ Science & Tech.	■ Public Finance	

Source: GAO's analysis of 2006 OECD Factbook.

# Key Elements / Players for Economic Security in Retirement

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## ■ Adequate retirement income

- Savings
- Social Security
- Pensions
- Earnings from continued employment (e.g., part-time)

## ■ Affordable health care

- Medicare
- Retiree health care

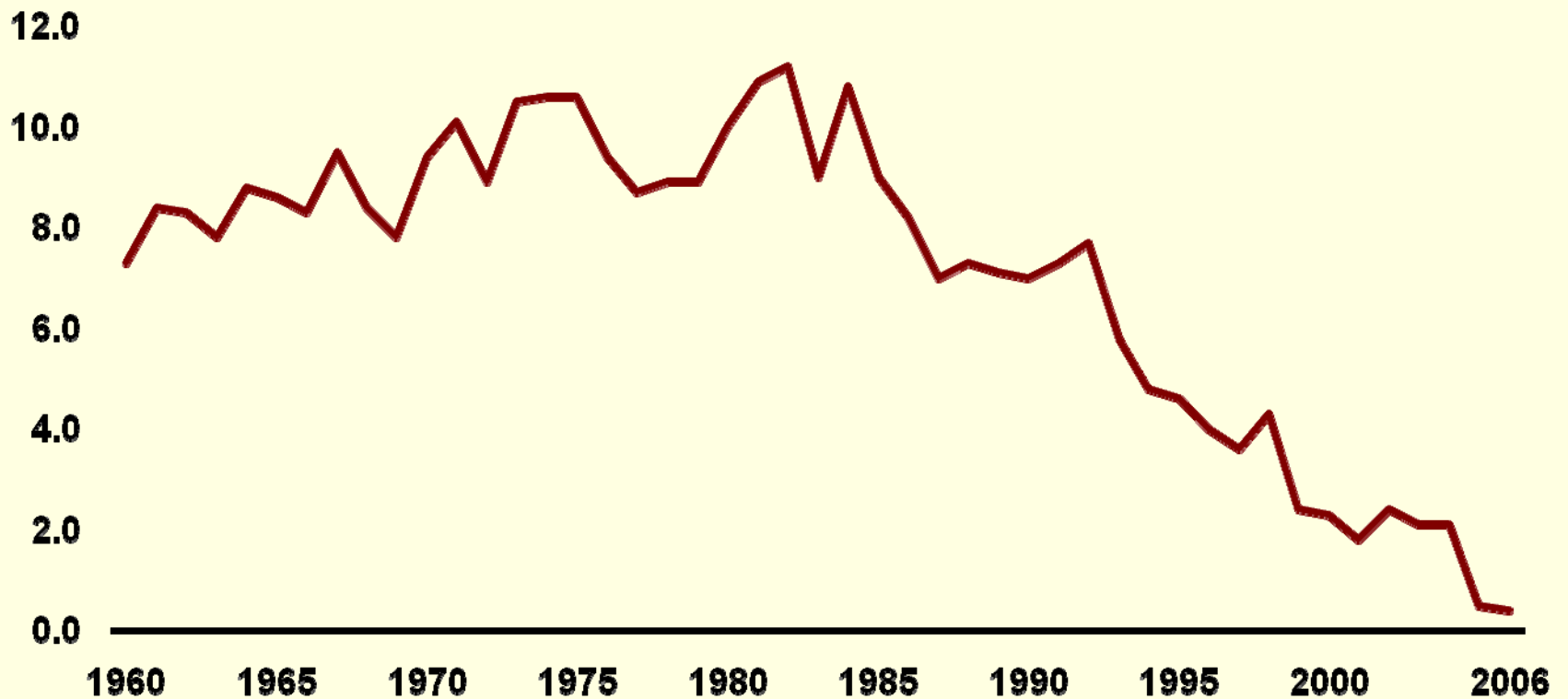
## ■ Long-term care (a hybrid)

## ■ The Major Players involved

- Employers
- Government
- Individuals, Family, Community

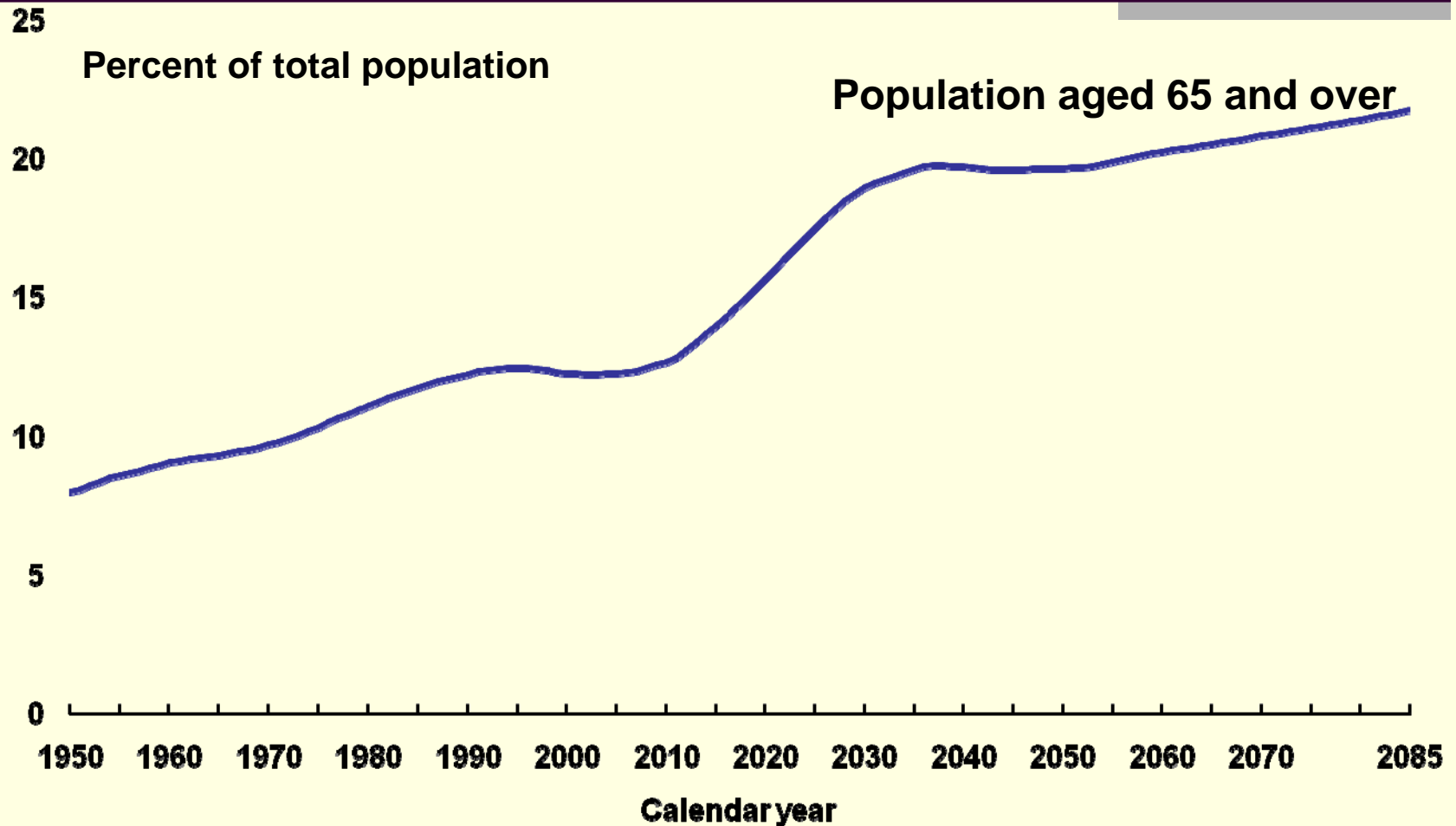
# Personal Saving Rate Has Declined

Percent of disposable personal income



Source: GAO analysis of Bureau of Economic Analysis data.

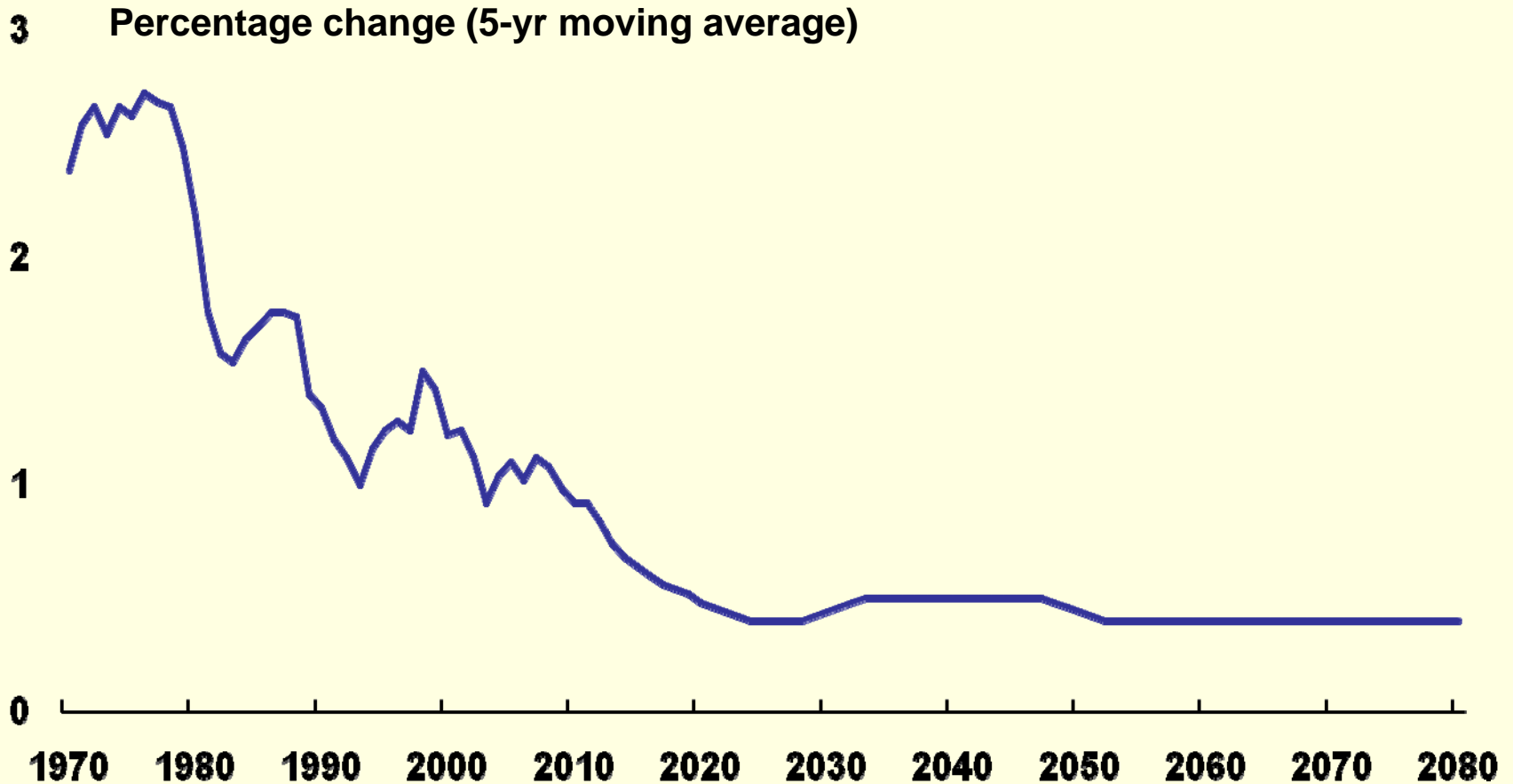
# Aged Population as a Share of Total U.S. Population



Source: GAO analysis of data from the Office of the Chief Actuary, Social Security Administration.

Note: Projections based on the intermediate assumptions of the 2008 Trustees' Reports.

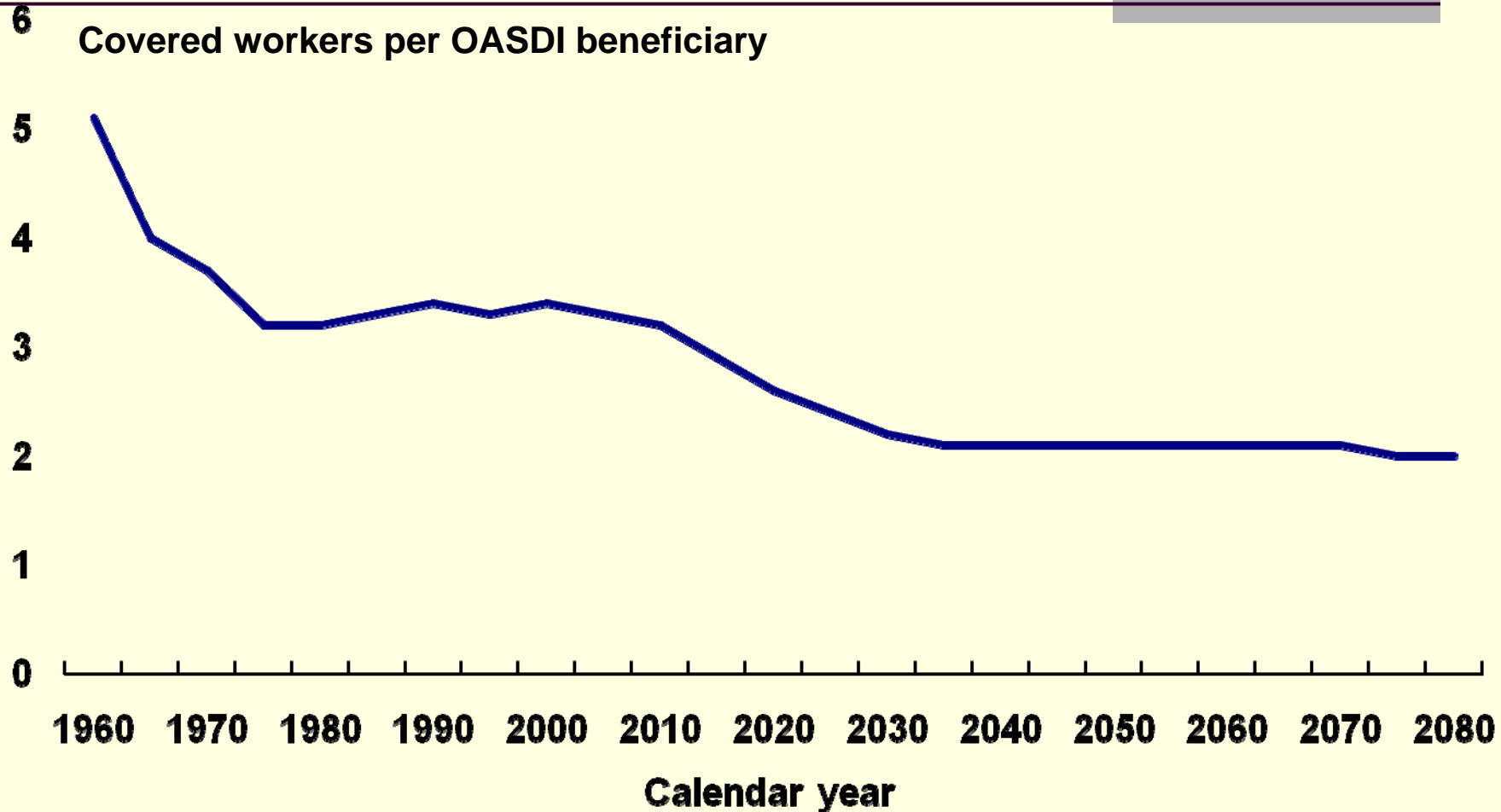
# Labor Force Growth



Source: GAO analysis of data from the Office of the Chief Actuary, Social Security Administration.

Note: Percentage change is calculated as a centered 5-yr moving average of projections based on the intermediate assumptions of the 2008 Trustees Reports.

# Social Security Workers per Beneficiary



Source: Office of the Chief Actuary, Social Security Administration.

Note: Projections based on the intermediate assumptions of the 2008 Trustees' Reports.

# Working Longer May Help Address the Challenges of an Aging Population

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## ■ Impact on the Economy

- Larger labor force
- Additional economic growth

## ■ Impact on the Federal Budget

- Additional tax revenue
- Reduced expenditures: Social Security & Medicare

## ■ Impact on Individuals

- Enhanced retirement security and quality of life

# Why Older Americans Don't Work Longer

- **Cultural Expectation to Retire in Mid-60s**
  - Social Security early retirement age is 62
  - Many private pensions have similar or lower eligibility ages
- **Older Americans Perceive Few Opportunities**
  - Few older workers felt they had opportunities for partial retirement
  - Most older workers and retirees saw low-wage and low-skilled jobs as their primary employment opportunities
- **Most Employers Do Not Make a Special Effort to Hire and Retain Older Workers**
  - Many employers say they are willing to implement policies to recruit and retain older workers, but few have actually done so
  - Employers cite barriers such as federal pension regulations, in regard to pursuing flexible employment options for older workers

# Key Dates Highlight Long-Term Challenges of the Social Security System

Date			Event
OASI	DI	OASDI	
2011	--	2011	Cash surplus begins to decline
2018	2005	2017	Annual benefit costs exceed cash revenue from taxes
2028	2012	2027	Trust fund ceases to grow because even taxes plus interest fall short of benefits
2042	2025	2041	Trust fund exhausted

Source: GAO analysis of data from the Office of the Chief Actuary, Social Security Administration.

Note: Based on the intermediate assumptions of the 2008 Trustees' Report.

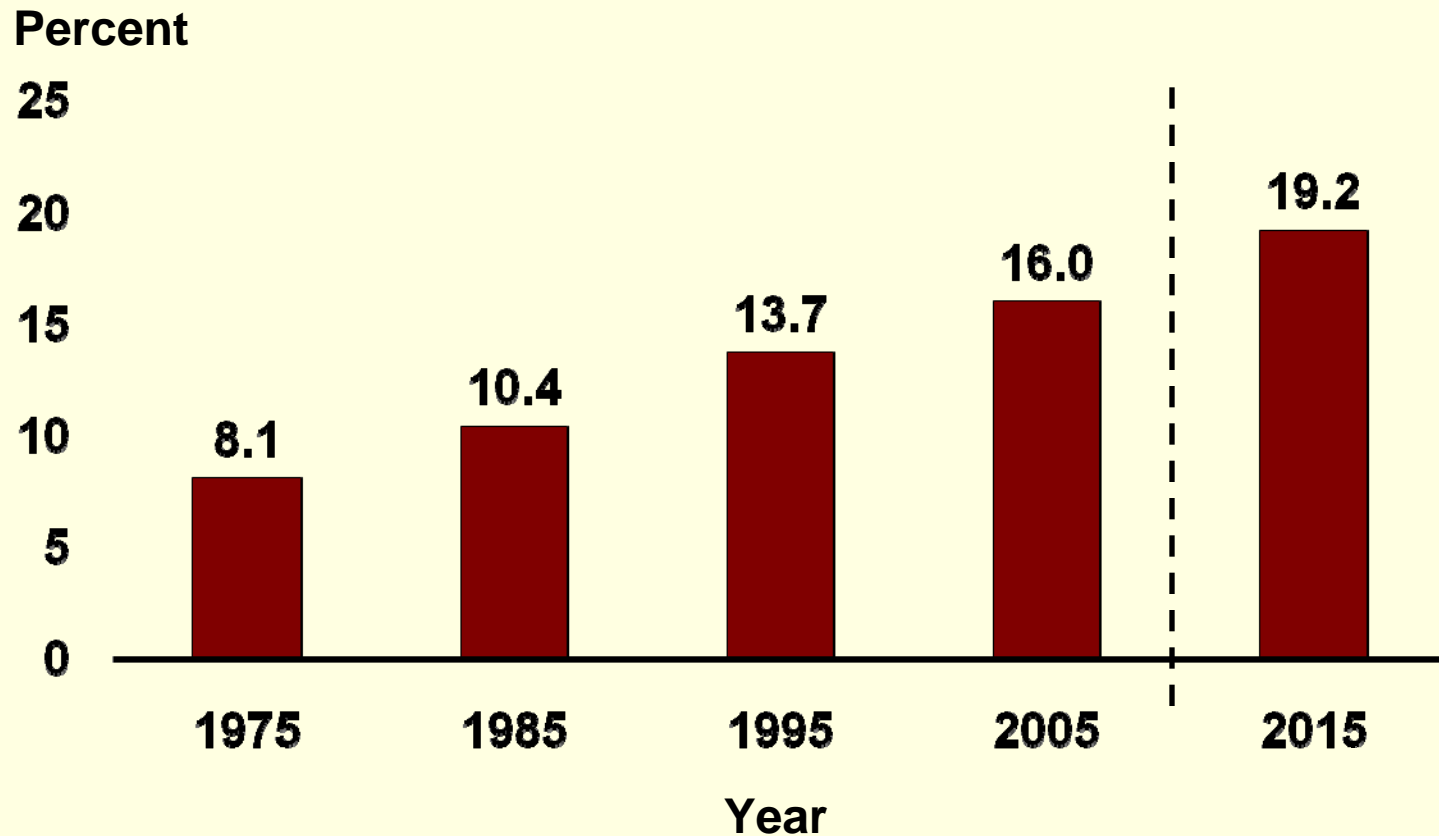
# Possible Way Forward on Social Security Reform

Make little or no changes to those who are near retirement or already retired, and make a number of adjustments that would affect younger workers:

- Phase in an increase in the **normal** retirement age and index it to life expectancy
- Consider phasing in an increase in the **early** retirement age and index it to life expectancy, with a modified disability access provision
- Modify income replacement and/or indexing formulas for middle and upper income earners
- Strengthen the minimum benefit
- Consider a modest adjustment to the COLA formula
- Increase the taxable wage base, if necessary
- Consider supplemental individual accounts and mandatory individual savings on a payroll deduction basis (e.g., a minimum 2 percent payroll contribution and a program designed much like the Federal Thrift Savings Plan with a real trust fund and real investments)

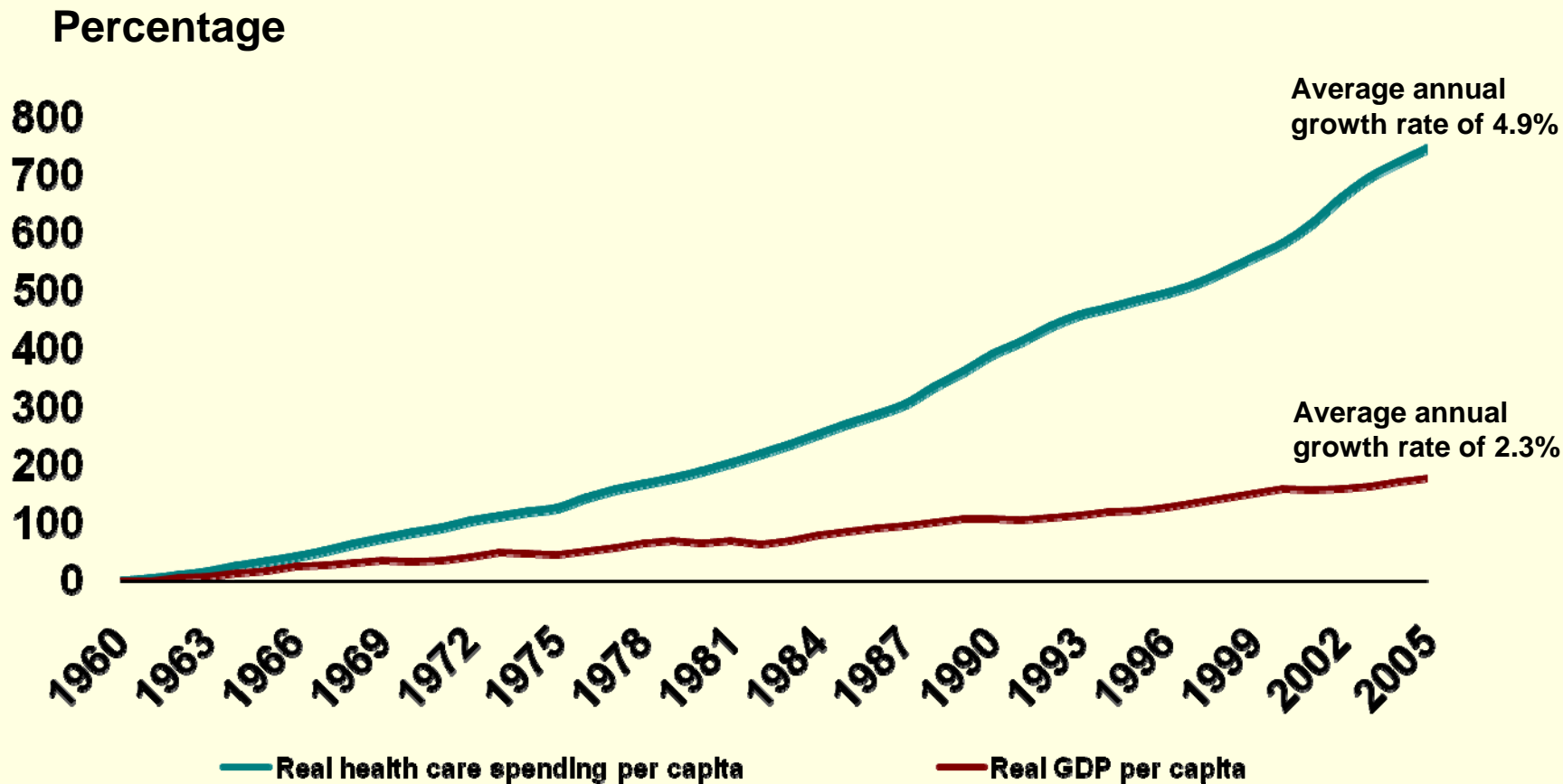
# Growth in Health Care Spending:

## *Health Care Spending as a Percentage of GDP*



Source: GAO analysis of The Centers for Medicare & Medicaid Services, Office of the Actuary.  
Note: The figure for 2015 is projected.

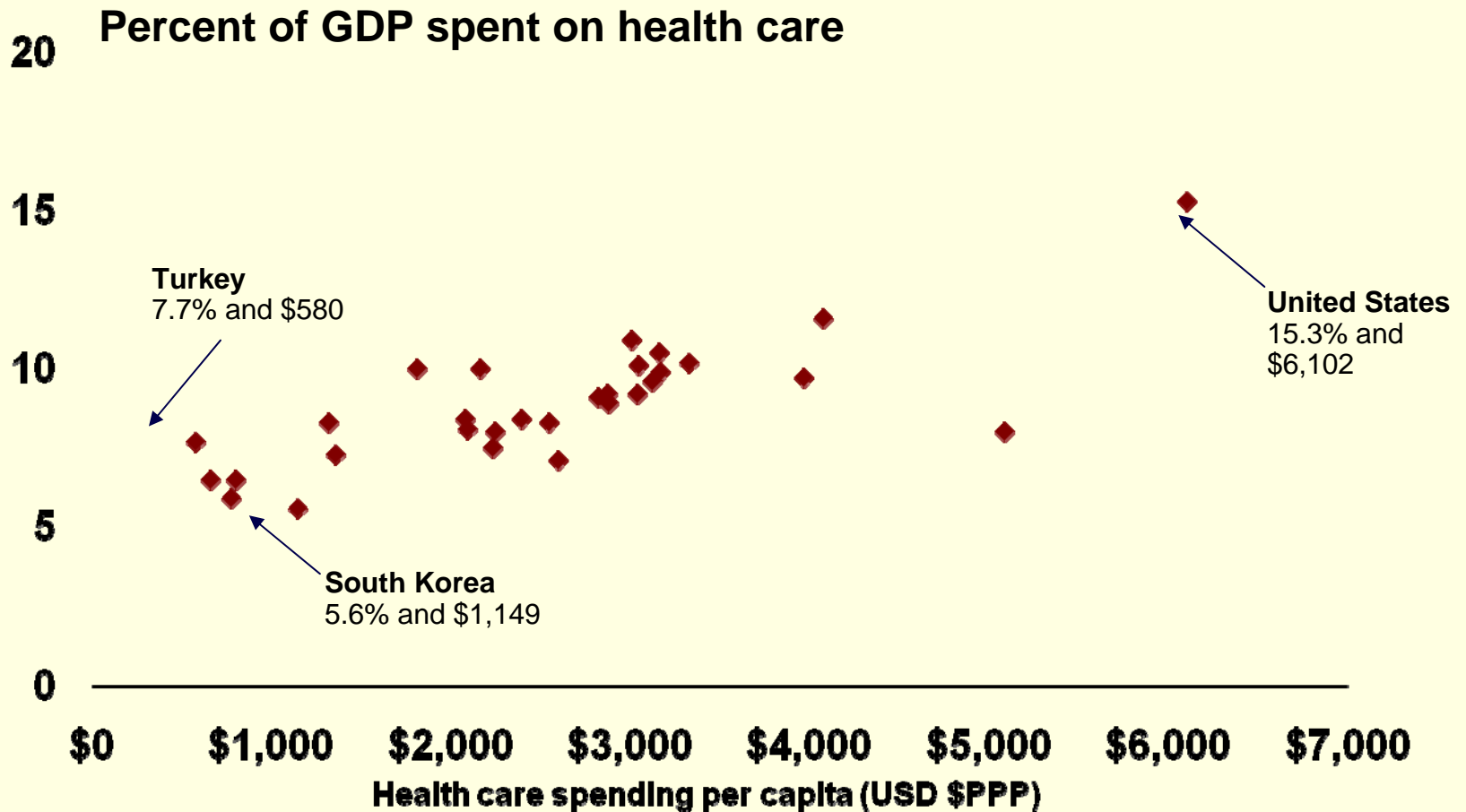
# Growth in Health Care Spending: *Cumulative Growth in Real Health Care Spending Per Capita and Real GDP Per Capita, 1960-2005*



Source: GAO analysis of data from the Centers for Medicare & Medicaid Services, Office of the Actuary, and the Bureau of Economic Analysis.

Note: The most current data available on health care spending per capita are for 2005.

# Growth in Health Care Spending: U.S Compared to Other OECD Countries, 2004

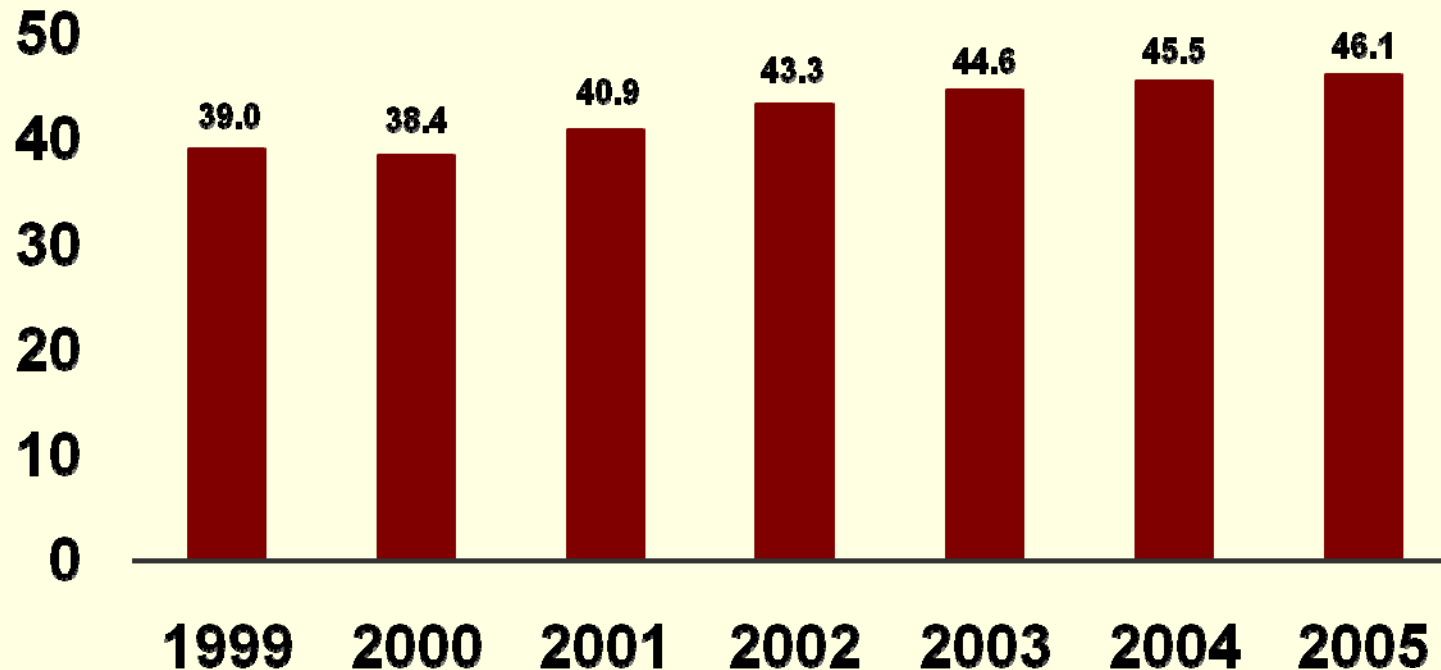


Source: *OECD Health Data, 2006*

Notes: All of the data on per capita spending and GDP have been translated into U.S. dollar equivalents, with exchange rates based on purchasing power parities (PPPs) of the national currencies

# Number of Non-Elderly Uninsured Americans, 1999-2005

Population in millions



Sources: GAO and Urban Institute and Kaiser Commission on Medicaid and the Uninsured analyses.

Notes: Figures for 1999-2000 are from Urban Institute and Kaiser Commission on Medicaid and the Uninsured. The figures for 2001-2005 are from GAO analyses of the Bureau of the Labor Statistics and the Bureau of the Census Current Population Survey, Annual Social and Economic Supplement.

# Where the United States Ranks on Selected Health Outcome Indicators

Outcome	Rank
Life expectancy at birth <i>U.S. = 77.8 years in 2004</i>	<b>23 out of 30 in 2004</b>
Infant Mortality <i>U.S. = 6.8 deaths in 2004</i>	<b>26 out of 30 in 2004</b>
Potential Years of Life Lost <i>U.S. = 5,066 in 2002</i>	<b>23 out of 26 in 2002</b>

Source: GAO analysis of *OECD Health Data 2006 and 2007*

Notes: Data are the most recent available for all countries. Life expectancy at birth for the total population is estimated by the OECD Secretariat for all countries, as the unweighted average of the life expectancy of men and women. Infant mortality is measured as the number of deaths per 1,000 live births. Potential years of life lost (PYLL) is the sum of the years of life lost prior to age 70, given current age-specific death rates (e.g., a death at 5 years of age is counted as 65 years of PYLL).

# Key Dates Highlight Long Term Challenges of the Medicare Program

Date	Event
2007	Medicare Part A outlays exceed cash income
2008	<u>Second</u> “Medicare funding warning” triggered
2014	Projected date that annual “general revenue funding” for Part B will exceed 45 percent of total Medicare outlays
2019	Part A trust fund exhausted, annual income sufficient to pay about 78% of promised Part A benefits

Source: GAO/PGPF analysis of *2008 Annual Report of The Boards of Trustees of The Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds* (Washington, DC, March 2008).

# Issues to Consider in Examining Our Health Care System

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- The public needs to be educated about the differences between wants, needs, affordability, and sustainability at both the individual and aggregate level
- Ideally, health care reform proposals will:
  - Align Incentives for providers and consumers to make prudent decisions about the use of medical services,
  - Foster Transparency with respect to the value and costs of care, and
  - Ensure Accountability from insurers and providers to meet standards for appropriate use and quality.
- Ultimately, we need to address four key dimensions: access, cost, quality, and personal responsibility

# Selected Potential Health Care Reform Approaches

Reform Approach	Short-term action	Long-term action
Revise the government's payment systems and leverage its purchasing authority to foster value-based purchasing for health care products and services	✓	
Consider additional flexibility for states to serve as models for possible health care reforms	✓	
Consider limiting direct advertising and allowing limited importation of prescription drugs	✓	
Foster more transparency in connection with health care costs and outcomes	✓	
Create incentives that encourage physicians to utilize prescription drugs and other health care products and services economically and efficiently	✓	
Foster the use of information technology to increase consistency, transparency, and accountability in health care	✓	
Encourage case management approaches for people with chronic and expensive conditions to improve the quality and efficiency of care delivered and avoid inappropriate care	✓	
Reexamine the design and operational structure of the nation's health care entitlement programs—Medicare and Medicaid, including exploring more income-related approaches	✓	✓

# Selected Potential Health Care Reform Approaches

Reform Approach	Short-term action	Long-term action
Revise certain federal tax preferences for health care to encourage more efficient use of health care products and services	✓	✓
Foster more preventative care and wellness services and capabilities, including fighting obesity and encouraging better nutrition	✓	✓
Promote more personal responsibility in connection with health care	✓	✓
Limit spending growth for government-sponsored health care programs (e.g., percentage of the budget and/or economy)		✓
Develop a core set of basic and essential services. Create insurance pools for alternative levels of coverage, as necessary		✓
Develop a set of evidence-based national practice standards to help avoid unnecessary care, improve outcomes, and reduce litigation		✓
Pursue multinational approaches to investing in health care R&D		✓

# Moving the Debate Forward

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## ■ **The Sooner We Get Started, the Better**

- The miracle of compounding is currently working against us
- Less change would be needed, and there would be more time to make adjustments
- Our demographic changes will serve to make reform more difficult over time

## ■ **We Need Public Education, Discussion and Debate**

- The role of government in the 21<sup>st</sup> Century
- Which programs and policies should be changed and how
- How government should be financed

# Three Key Illnesses

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- ***Myopia***
- ***Tunnel Vision***
- ***Self-Centeredness***

# Four National Deficits

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- ***Budget***
- ***Balance of Payments***
- ***Savings***
- ***Leadership***

# Key Leadership Attributes Needed for These Challenging and Changing Times

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- ***Courage***
- ***Integrity***
- ***Creativity***
- ***Partnership***
- ***Stewardship***

# The Peter G. Peterson Foundation Target Groups

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- ***The Business and Professional Community***
- ***Young Americans***
- ***The Media***

# The Peter G. Peterson Foundation Priorities

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To solve 6 key unsustainable challenges:

- Deficits (budget, savings and balance of payments)
- Entitlement programs
- Ballooning health care costs
- Gaps in our educational system (e.g., financial and literary crisis)
- Excessive energy consumption
- Proliferation of nuclear and biological warfare materials



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**Economic and Retirement Insecurity**

**The Hon. David M. Walker**  
President and CEO  
The Peter G. Peterson Foundation  
and  
Former Comptroller General of the United States



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