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Topic D. Projection Methods for Pension and Social Security Financing

Stochastic Projection Methods for Social Security Systems

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The objective of this paper is to explain the advantages that may be achieved for Social Security policy purposes by developing stochastic financial projections and to provide a general overview of stochastic projection methodology with particular reference to its application to the Social Security system in the United States.

Keywords: Social Security; Actuarial Uncertainty; Stochastic Projection; Monte Carlo Simulation; Time-series Analysis; R-squared; Vector Autoregression.