

Session 3-D-1

Megatrends and Macro Risks for Retirement Plans

MAY 5, 7 & 9, 2025

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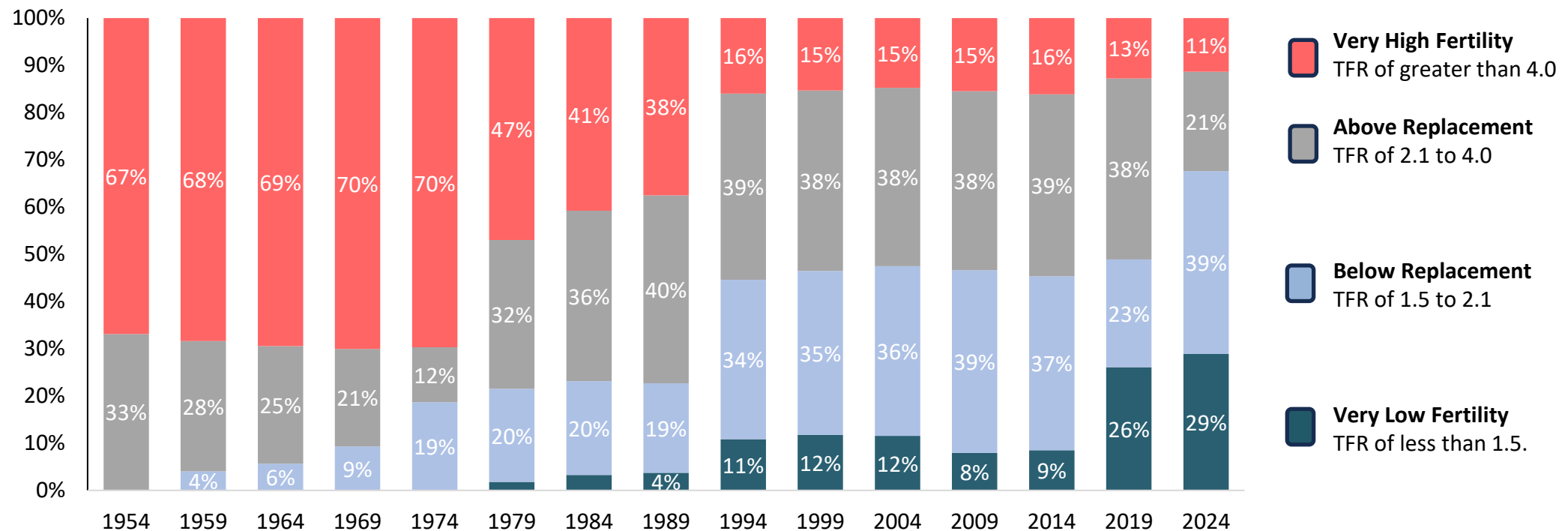


Long-Term Demographic and Economic Trends and Risks

Richard Jackson, PhD

The collapse in birthrates is ushering in a new era of population aging and population stagnation or decline.

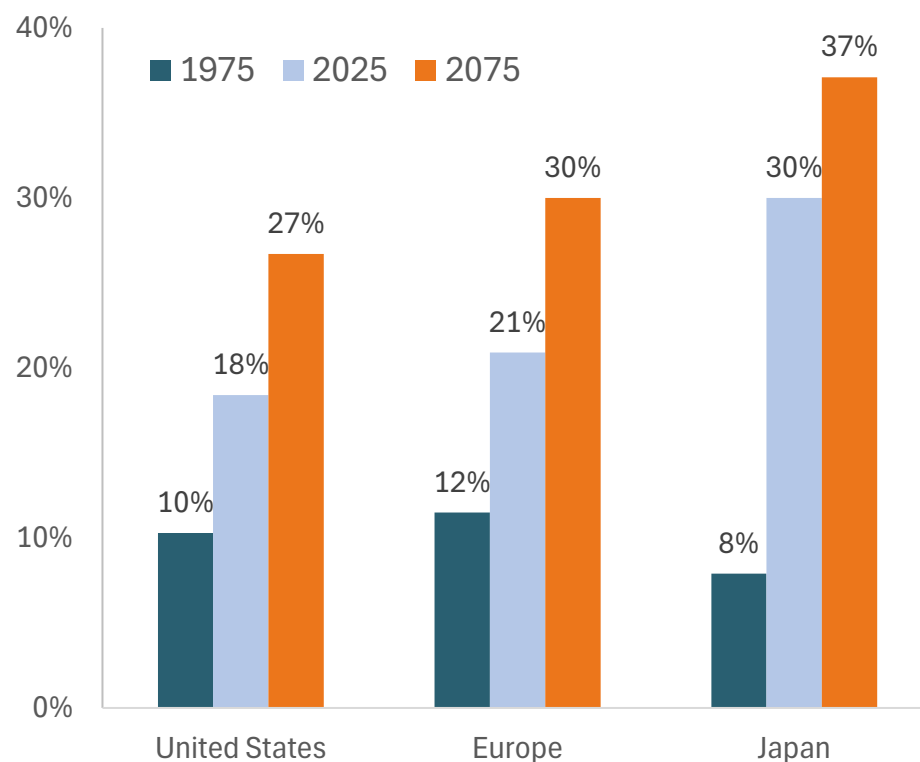
Distribution of the World's Population, by Level of TFR, 1954-2024



Source: UN Population Division (2024)

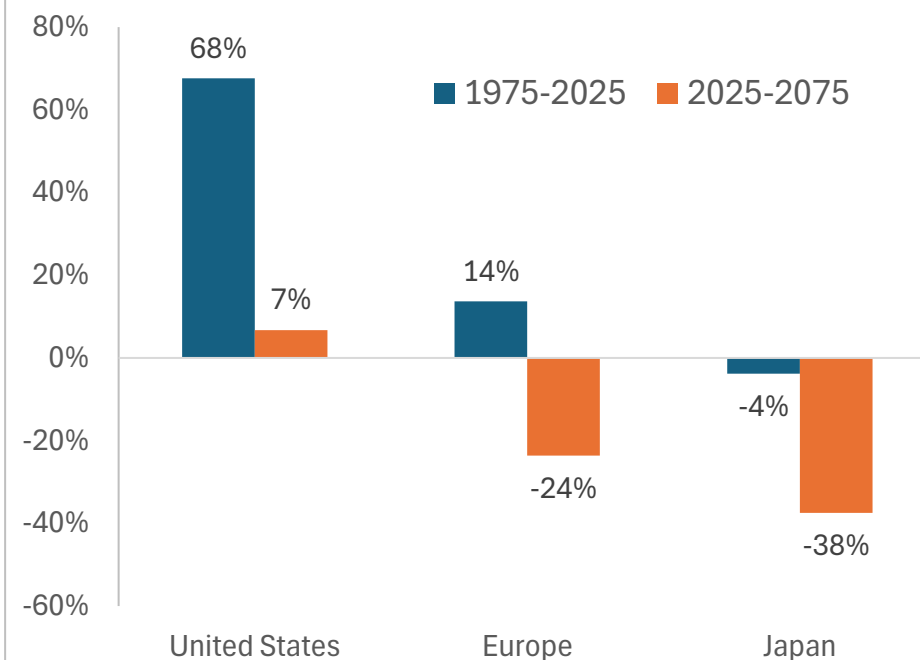
The Developed World Outlook: Only Shades of Gray

Elderly (Aged 65 & Over), as a Share of the Population, by Country or Region, 1975, 2025, and 2075



Source: UN Population Division (2024)

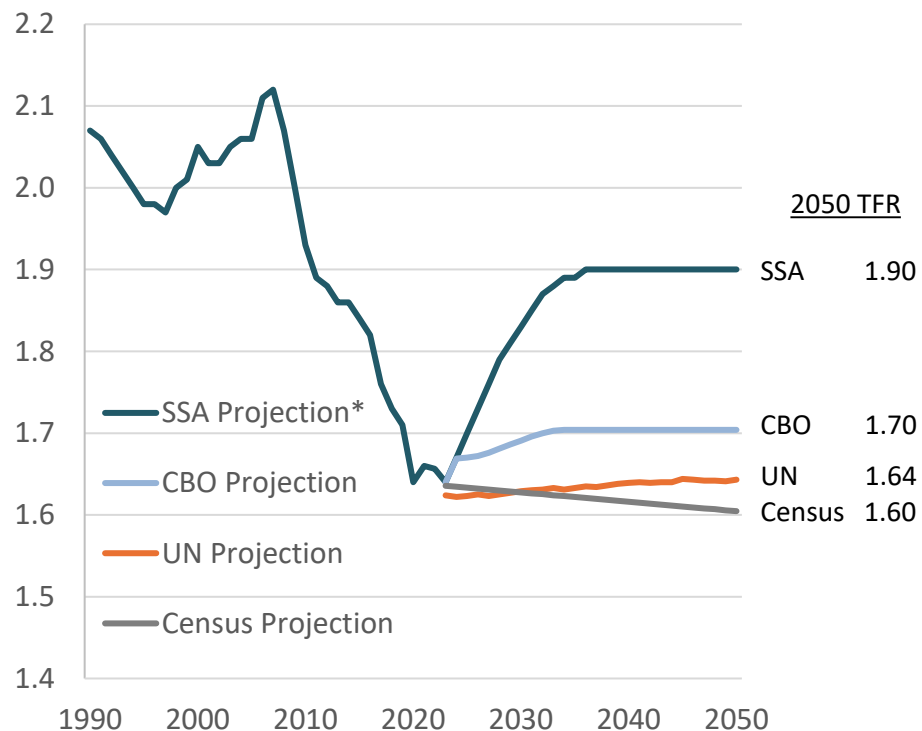
Cumulative Percentage Change in the Working-Age Population (Aged 20-64), by Country or Region, from 1975 to 2025 and 2025 to 2075



Source: UN Population Division (2024)

The End of U.S. Demographic Exceptionalism

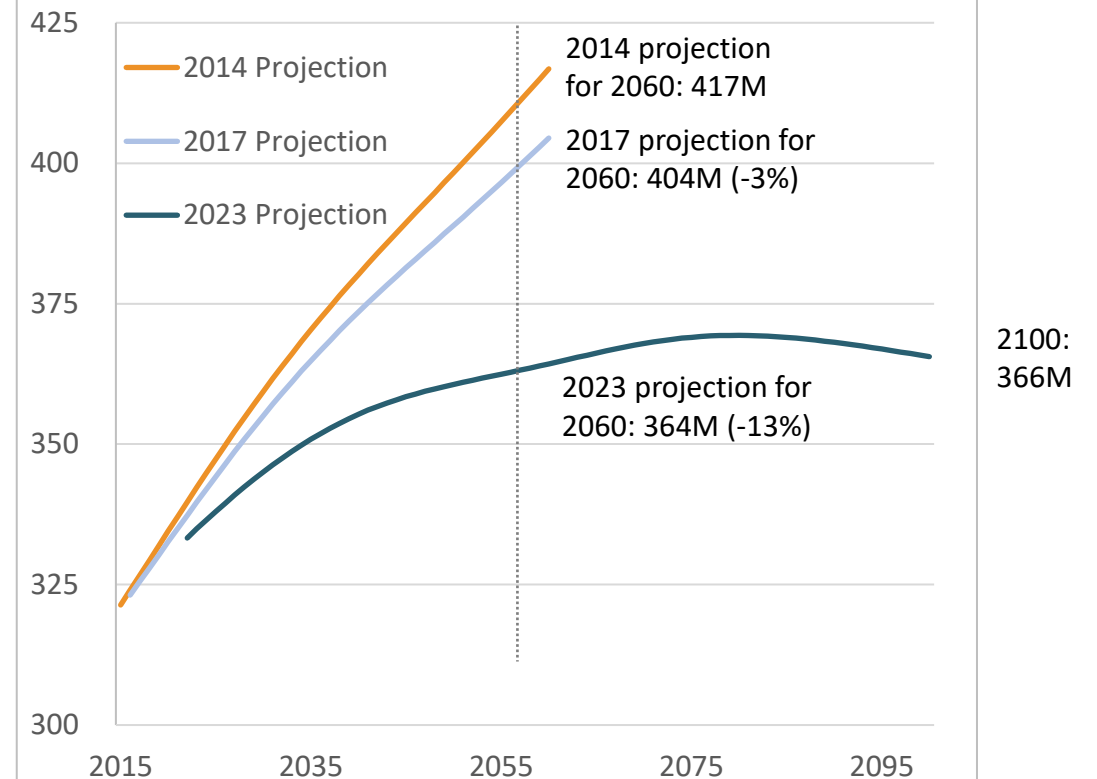
U.S. TFR, History and Projection Scenarios, 1990-2050



*SSA Intermediate Alternative

Source: SSA Office of the Actuary (2024), CBO (2024), Census Bureau (2023), and UN (2024)

Census Bureau Projections of the U.S. Population by Date of Projection, in Millions, 2015-2100

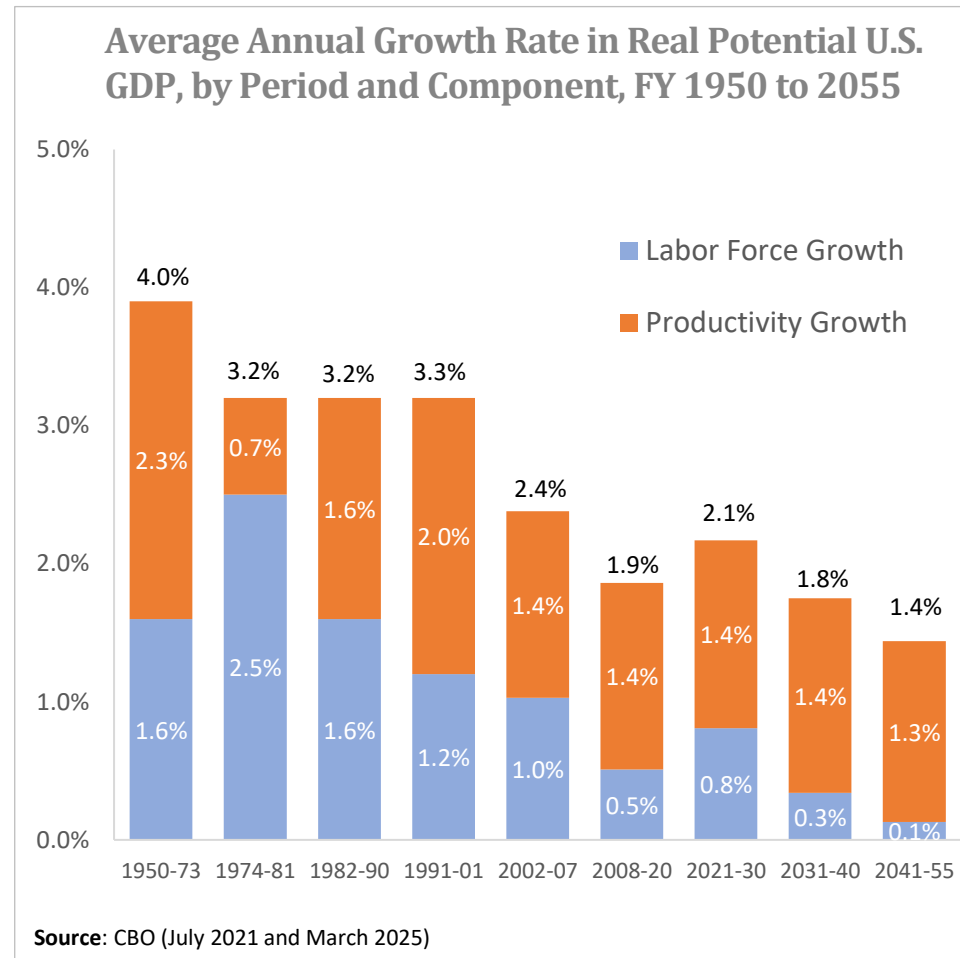


Source: Census Bureau (2014, 2017, and 2023)

A Future of Sluggish Economic Growth

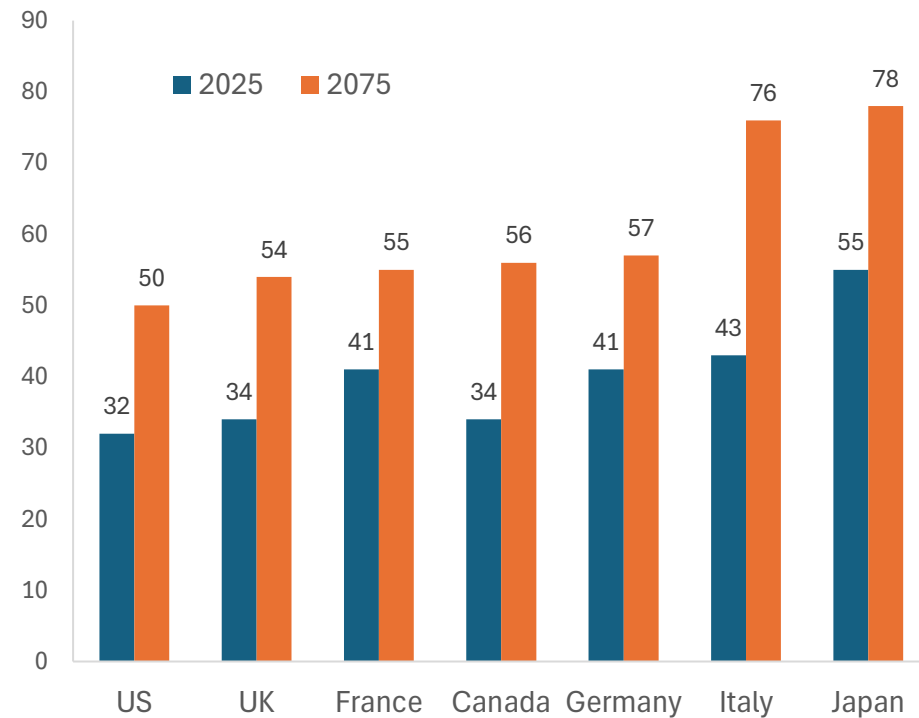
	Average Annual Growth Rate in the Working-Age Population (Aged 20-64), by Country and Decade, 1980s-2040s						
	1980s	1990s	2000s	2010s	2020s	2030s	2040s
Canada	1.7%	1.1%	1.3%	0.7%	0.4%	0.4%	0.2%
France	1.0%	0.4%	0.6%	-0.3%	0.0%	-0.2%	-0.2%
Germany	1.1%	0.3%	-0.5%	0.1%	-0.9%	-0.7%	-0.4%
Italy	0.9%	0.2%	0.2%	-0.3%	-0.7%	-1.4%	-1.2%
Japan	0.7%	0.4%	-0.4%	-1.0%	-0.6%	-1.3%	-1.3%
UK	0.7%	0.4%	0.7%	0.4%	0.4%	0.3%	0.0%
U.S.	1.3%	1.2%	1.1%	0.6%	0.2%	0.3%	0.1%

Source: UN Population Division (2024)



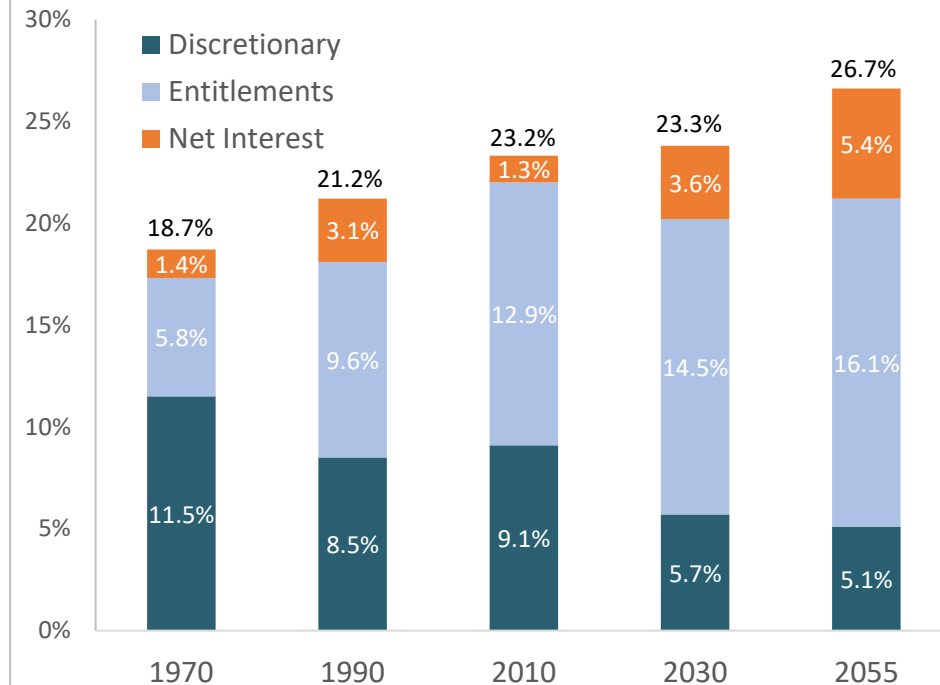
A Future of Rising Fiscal Burdens

Aged Dependency Ratio (Elderly Aged 65 & Over per 100 Adults Aged 20-64), by Country, in 2025 & 2075



Source: UN Population Division (2024)

CBO Projections of Federal Spending by Major Category, as a Percent of GDP, FY 1970-2055



NOTE: The CBO's "extended baseline" assumes that scheduled Social Security and Medicare benefits will be paid in full; entitlement spending is net of offsetting receipts.

Source: CBO (January 2025 and March 2025)

Four Big Unknowns That Could Make a Big Difference

- What happens to immigration?
- How will the long-term federal budget imbalance be resolved?
- What are the prospects for productivity growth?
- Will health spans rise along with life spans?

