The Medicare Wealth Transfer

Medicare transfers wealth from the young to the old. A Washington Post columnist says payroll taxes only cover about half the cost of Medicare. Fifty percent comes from income taxes on working Americans. Here is his very tangible example of the transfer:

A man retiring last year could expect $170,000 dollars in Medicare benefits. But if he’d worked since age 22 at the average U.S. wage each year, he would only have contributed $60,000 dollars in Medicare taxes (valued in 2011 dollars). Thus he receives three times what he paid in, and $110,000 of it is a transfer from younger Americans - maybe even his grandchildren.