You are made a member of a presidential commission to make recommendations for reforming Social Security and Medicare. Answer all four questions.

1) [15 points] Identify the three biggest problems with Social Security and/or Medicare, explain what the issue is, and why it is critical.

2) [30 points] For one of the issues you identified in question (1), write down a rigorous, detailed model that you think is appropriate for analyzing the issue. Explain the model and the implications of the model for behavior.

3) [30 points] For the model you derived in question (2), derive the empirical implications of the model and discuss (in detail) how to use them to estimate the parameters of your model.

4) [15 points] Explain in detail how to use your model from question (2) and the parameter estimates from question (3) to address the policy questions your model can address.