

### Comparison of Benefits and Rates to Inflation Over Time

Year	AWW	Rate for Code:			Weekly Premium for Code:		
		5403	7229	8810	5403	7229	8810
1963	70	2.44	1.70	0.07	1.708	1.19	0.049
2006	900	7.58	6.41	0.24	68.22	57.69	2.16
Inflation*	451	15.71	10.95	0.45	11.0044	7.667	0.3157
Effective Annual Inflation Rate	6.1%	2.7%	3.1%	2.9%	9.0%	9.4%	9.2%

\* What cost (xx) in 1963 would cost (xx) in 2006

Notes:

1. Inflation calculator source: [www.westegg.com/inflation](http://www.westegg.com/inflation) - effective rate of 4.43%
2. Average weekly wage (AWW) from IC 22-3-3-22 prior to HEA 1307, effective 7/1/06, which deleted older years from the statute.

Observations:

The AWW of \$70 in 1963 equates to \$451 in 2006. The actual AWW in 2006 is \$900 which is more than would have been expected based on the selected inflation rate

The rate for code 5403 of \$2.44 in 1963 equates to \$15.71 in 2006. The actual rate in 2006 is \$7.58 which is less than would have been expected based on the selected inflation rate

Premiums inflate as a function of the PRODUCT of wage and rate changes

Over a 43-year horizon, comparisons such as this are sensitive to the selected "base" or "correct" inflation rate. For instance, the fundamental finding (that rates have gone up far slower than wages or "inflation") could change by making nominally different assumptions about inflation and derive a significantly different picture.

More importantly, rates aren't premiums or costs. An employer's cost will inflate at a rate equal to wage changes even if rates are absolutely static. When one computes changes in PREMIUM, the picture is different because the premiums change at a rate which is the product of both wage and rate inflation.