

## 10.2 Social Discount Rate 2

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7:22 PM

- Ap has estimates of the social discount rate
- 1) Real before tax return on AAA corporate bonds  $\approx 4.5\%$
  - 2) Real **After tax** return on savings (10 year indexed T-bill)
  - 3) Govt long term borrowing cost?  $\approx 2.5\%$
  - 4) Avg 1-3  $\approx 2.5-3\%$