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Social Security: Selected Findings of the 2025 Annual Report

According to the 2025 report of the Board of Trustees of the Social Security Trust Funds, the program's finances are in a similar, albeit marginally worse, position in 2025 relative to what they were in 2024. Under intermediate assumptions, the projected combined trust fund asset depletion date is 2034 (versus 2035 in last year's report), after which the percentage of benefits payable would be 81% (versus 83% in the 2024 report).

Social Security Overview

Social Security is a self-financing program that in 2025 covers approximately 185 million workers and provides monthly cash benefits to over 69 million beneficiaries. It is the federal government's largest program in terms of both the number of people affected (i.e., covered workers and beneficiaries) and its finances. Social Security is composed of Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI), referred to collectively as OASDI.

The OASDI program is primarily financed (91.2% of total revenues in 2024) through a payroll tax applied to Social Security–covered earnings up to an annual limit. Some beneficiaries pay income tax on a portion of their Social Security benefits, providing a second source of program financing (3.9% of total revenue in 2024). From 1983 to 2009, the OASDI program collected more in tax revenues than needed to pay benefits. Excess revenues are held in interest-bearing U.S. Treasury securities, providing a third source of funding for the program (4.9% of total revenues in 2024). Monthly benefits are the largest OASDI program cost (99.1% of total costs in 2024). Administrative and other costs account for the remainder of program costs.

The Trust Funds

The OASI and DI programs use a trust fund financing mechanism. Monies credited to these trust funds are earmarked for paying Social Security benefits and certain administrative costs. Using a trust fund allows the OASI and DI programs to track their respective programs' revenues and costs and to hold any accumulated assets from years when revenues exceed costs. The OASI Trust Fund and DI Trust Fund are legally distinct entities. They are discussed here collectively as the OASDI trust funds.

A Board of Trustees manages the trust funds. The trustees' annual reports to Congress on the trust funds' status and financial operations include short-range (10-year) and long-range (75-year) projections. In general, the trust funds' *solvency*—the ability to pay full benefits scheduled under current law on a timely basis—indicates their status. If assets held in the trust funds were to be depleted, the OASDI program could pay out in benefits only what it receives in revenues. **Table 1** shows the trust funds' key dates under the trustees' intermediate assumptions, which reflect their best estimates of future experience.

Table 1. Key Dates Projected for the Social Security Trust Funds in the 2024 and 2025 Trustees Reports

Under the Trustees' Intermediate Assumptions

	2024 Report			2025 Report		
	OASI	DI	OASDI	OASI	DI	OASDI
Cost exceeds tax revenues	2010	>2098	2010	2010	>2099	2010
Cost exceeds total revenues	2021	>2098	2021	2021	>2099	2021
Trust fund reserves depleted	2033	>2098	2035	2033	>2099	2034

Source: CRS, based on the 2024 and 2025 OASDI trustees reports.

In the 2025 report, the trustees project a date of 2034 for OASI trust fund reserve depletion. The DI trust fund is not projected to become depleted in the 75-year projection period. As stated, "the DI program continued to have low levels of disability applications and benefit awards through 2024. Disability applications have declined substantially since 2010, and the total number of disabled-worker beneficiaries in current payment status has been falling since 2014." The trustees have reported that the DI trust fund would not become depleted inside the 75-year projection in their past three annual reports.

In the previous year's (2024) report, as shown in **Table 2**, the trustees projected that the trust funds' overall balance (i.e., the total amount of accumulated asset reserves) would decrease. Asset reserves held in the trust funds decreased less than expected during 2024, owing to larger-than-projected revenues relative to larger-than-projected costs.

Table 2. Financial Operations for the Social Security Trust Funds in the 2024 and 2025 Trustees Reports

In Billions Under the Trustees' Intermediate Assumptions

	2024 (projected)	2024 (actual)	2025 (projected)
Starting trust funds' reserves	$2,788.5	$2,788.5	$2,721.5
Total revenue	1,381.8	1,417.8	1,427.4
Total costs	1,482.2	1,484.8	1,596.1
Change in trust funds' reserves	-100.4	-67.0	-181.4
Ending trust funds' reserves	2,688.0	2,721.5	2,540.0

Source: CRS, based on the 2024 and 2025 OASDI trustees reports.

Since 2010, total costs (i.e., scheduled benefits and administrative costs) have exceeded noninterest revenue (i.e., tax revenues). In 2024, total costs exceeded total revenues (i.e., tax revenues and interest revenue). The same projection is made in the 2025 report (**Table 2**). If this projection were to be realized, the trust fund asset reserves would continue to decrease. As such, trust fund asset reserves are predicted to decline from their peak value of $2.91 trillion in 2021 to $0 in 2034. Upon the trust funds' asset reserves depletion, income from tax revenues is projected to cover approximately 81% of scheduled benefits in 2034 and decrease to 72% by 2099.

Projected Long-Range Financial Outlook

The 2025 report projects a long-range funding shortfall. The funding shortfall is largely a result of rising costs over the 75-year projection period, primarily due to demographic trends. The ratio of OASDI beneficiaries per 100 covered workers, a common indicator of rising costs, is projected to be higher than it was in the 2024 annual report. The 2025 report projected an average of 46.2 beneficiaries per 100 covered workers over the 75-year projection versus 45.5 in last year's report. The historically high projected ratio of beneficiaries to workers is reflective of the projected future age distribution and suggests that program costs (i.e., monthly benefits) are projected to grow faster than program revenues (i.e., dedicated tax revenues). In 2024, the trustees estimated that costs would exceed revenues by 22.2% over the projection period. In 2025, the trustees estimate that costs will exceed revenues by 23.6% over the next 75 years.

If total program revenues were to exceed total costs annually, the program would have a *surplus*. If total program costs were to exceed total revenues, the program would have a *deficit*. The trustees project the program to have a deficit in 2025—just as in the four previous years—and for all remaining years in the 75-year projection period.

The actuarial balance, a summarized measure of the annual surpluses and deficits over the projection period, is one measure of the Social Security program's long-range financial position. When the actuarial balance results in higher costs than revenues over the projection period, the program is described as having an *actuarial deficit*. In 2024, the trustees estimated the long-range actuarial deficit over the next 75 years to average 3.50% of *taxable payroll* (i.e., total earnings subject to the OASDI payroll tax with some adjustments). In 2025, the trustees estimate the long-range actuarial deficit over the next 75 years to average 3.82% of taxable payroll. This amount represents the average increase in the payroll tax over the 75-year projection period that would be needed for the program to pay full scheduled benefits on time and maintain trust fund reserves equal to one year's cost.

The 0.32% of taxable payroll increase in the estimated actuarial deficit—from 3.50% in the 2024 report to 3.82% in the 2025 report—is attributable to a combination of factors. Changes advantageous to the program's long-range outlook were more than offset by changes disadvantageous to the program. First, the Social Security Fairness Act of 2023 (P.L. 118-273) repealed the Windfall Elimination Provision and the Government Pension Offset. The trustees project that the overall effect of this law is an increase in the actuarial deficit of 0.14% of taxable payroll. Second, the trustees reassessed demographic assumptions. Specifically, they project the same ultimate total fertility rate to be reached in 2050 versus 2040 in last year's report. The trustees project the overall effect of this assumption change to increase the actuarial deficit by 0.11% of taxable payroll. Third, the trustees reassessed economic assumptions. Specifically, they project slower average earnings growth over the first 10 years in the projection period and an overall lower level (relative to last year's report) thereafter. The trustees project the overall effect of this assumption change to increase the actuarial deficit by 0.12% of taxable payroll.

As in previous years, a shifting of the 75-year valuation period—from 2024-2098 to 2025-2099—means that a large negative annual balance for 2099 is now included in the actuarial balance. For comparison purposes: "If the assumptions, methods, starting values, and the law had all remained unchanged from last year, the actuarial deficit would have increased to 3.56 percent of payroll solely due to advancing the valuation period by 1 year, from 2024 through 2098 for last year's report to 2025 through 2099 for this year's report."

What Can Be Done?

The trustees project that in nine years Social Security will be unable to pay scheduled benefits in full and on time. To illustrate the magnitude of changes needed to make Social Security solvent over the next 75 years, the trustees estimate the hypothetical payroll tax increase *or* hypothetical benefit reduction needed to maintain solvency (**Table 3**). These hypothetical changes would take immediate effect and apply to all *current* and *future* workers and beneficiaries. The table also shows estimates for changes that would be needed at the projected 2035 insolvency date.

Table 3. Hypothetical Measures to Maintain Solvency

	2024 Report		2025 Report	
	2024	2035	2025	2034
Payroll tax increase (in percentage points)	3.33	4.02	3.65	4.27
Scheduled benefit reduction	20.8%	24.6%	22.4%	25.8%

Source: CRS, based on the 2024 and 2025 OASDI trustees reports.

In the 2025 report, both the size of the payroll tax increase and the benefit reduction needed to maintain solvency are larger than estimated in 2024. Also, each report shows that larger changes—payroll tax increases or benefit cuts—are needed as the insolvency date approaches. This characteristic is attributable to the program's rising costs. As in many previous reports, the trustees state, "Implementing changes sooner rather than later would allow more generations to share in the needed revenue increases or reductions in scheduled benefits." That is, changes implemented sooner would allow workers and beneficiaries more time to change behavior and adjust expectations.

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