

Social Security Primer

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Social Security Primer

Social Security provides monthly cash benefits to retired or disabled workers and their family members, and to the family members of deceased workers. Among the beneficiary population, 86.1% are retired or disabled workers; family members of retired, disabled, or deceased workers make up the remainder. In May 2025, approximately 69.6 million beneficiaries received a total of \$129.4 billion in benefit payments for the month; the average monthly benefit was \$1,858.

Workers become eligible for Social Security benefits for themselves and their family members by working in Social Security–covered employment. In 2025, an estimated 94% of workers will work in paid employment or self-employment covered by Social Security, and their earnings will be subject to the Social Security payroll tax. Employers and employees each pay 6.2% of covered earnings, up to an annual limit on taxable earnings (\$176,100 in 2025).

Among other requirements, a worker generally needs 40 earnings credits (10 years of covered employment) to be eligible for a Social Security retired-worker benefit. Fewer earnings credits are needed to qualify for a disabled-worker benefit; the number needed varies depending on the age of the worker when he or she became disabled. A worker’s initial monthly benefit is based on his or her career-average earnings in covered employment. Social Security retired-worker benefits are first payable at the age of 62, subject to a permanent reduction for early retirement. Full (unreduced) retirement benefits are first payable at the full retirement age (FRA), which increased gradually from 65 to 67 under a law enacted by Congress in 1983. The FRA is 67 for persons born in 1960 or later (i.e., persons who become eligible for retirement benefits at the age of 62 in 2022 or later).

In addition to payroll taxes, Social Security is financed by federal income taxes that some beneficiaries pay on a portion of their benefits and by interest income that is earned on the Treasury securities held by the Social Security trust funds. In 2024, the Social Security trust funds had receipts totaling \$1.42 trillion, expenditures totaling \$1.48 trillion, and accumulated assets (U.S. Treasury securities) totaling \$2.72 trillion. Over the program’s 90-year history, it has collected roughly \$29.17 trillion and paid out \$26.45 trillion, leaving asset reserves of \$2.72 trillion at the end of 2024 in its two combined trust funds. Projections by the trustees show that, based on the program’s current financing and benefit structure, benefits scheduled under current law can be paid in full and on time until 2034 (under the intermediate set of assumptions). Projections also show that Social Security expenditures are estimated to exceed income by 24% on average over the next 75 years. Restoring long-range trust fund solvency and other policy objectives (such as increasing benefits for certain beneficiaries) have made Social Security reform an issue of ongoing congressional interest.

This report provides an overview of Social Security financing and benefits under current law. Specifically, the report covers the origins and a brief history of the program; Social Security financing and the status of the trust funds; how Social Security benefits are computed; the types of Social Security benefits available to workers and their family members; the basic eligibility requirements for each type of benefit; the scheduled increase in the Social Security retirement age; and the federal income taxation of Social Security benefits.

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Introduction

Social Security is a self-financing program that provides monthly cash benefits to retired or disabled workers and their family members and to the family members of deceased workers.¹ As of May 2025, there were approximately 69.6 million Social Security beneficiaries. Of those, 55.6 million (79.8%) were retired workers and family members, 8.2 million (11.8%) were disabled workers and family members, and 5.9 million (8.4%) were survivors of deceased workers.²

Social Security is financed primarily by payroll taxes paid by covered workers and their employers. An estimated 185 million workers are covered by Social Security.³ Employers and employees each pay 6.2% of covered earnings, up to an annual limit; self-employed individuals pay 12.4% of net self-employment income, up to an annual limit. The annual limit on taxable earnings is \$176,100 in 2025.⁴ Social Security is also credited with tax revenues from the federal income taxes paid by some beneficiaries on a portion of their benefits. In addition, Social Security receives interest income from Social Security trust fund investments. Social Security income and outgo are accounted for in two separate trust funds authorized under Title II of the Social Security Act: the Federal Old-Age and Survivors Insurance (OASI) Trust Fund and the Federal Disability Insurance (DI) Trust Fund.⁵ This report refers to the separate OASI and DI trust funds on a combined basis as the Social Security trust funds.⁶ In 2024, the combined Social Security trust funds (OASDI) had total receipts of \$1.42 trillion, total expenditures of \$1.48 trillion, and accumulated holdings (assets) of \$2.72 trillion.⁷

Origins and Brief History of Social Security

Title II of the original Social Security Act of 1935⁸ established a national plan designed to provide economic security for the nation's workers. The system of Old-Age Insurance it created provided benefits to individuals who were aged 65 or older and who had "earned" retirement benefits through work in jobs covered by the system. Benefits were to be financed by a payroll tax paid by employees and their employers on wages up to a base amount (\$3,000 per year at the time). Monthly benefits were to be based on cumulative wages in covered jobs. The law related

¹ A person may receive retired-worker benefits and continue to have earnings. However, under certain circumstances, earnings may affect the amount of a person's monthly benefit.

² Social Security Administration (SSA), *Monthly Statistical Snapshot, May 2025*, Table 2. See the latest edition of the *Monthly Statistical Snapshot* at http://www.socialsecurity.gov/policy/docs/quickfacts/stat_snapshot/index.html.

³ Currently, 94% of workers in paid employment or self-employment are covered by Social Security. SSA, *Social Security Fact Sheet*, at <https://www.ssa.gov/OACT/FACTS/>.

⁴ The annual limit on covered wages and net self-employment income that is subject to the Social Security payroll tax (the taxable wage base) is adjusted annually based on average wage growth, if a Social Security cost-of-living adjustment (COLA) is payable.

⁵ 42 U.S.C. §401.

⁶ Under current law, the Federal Old-Age and Survivors Insurance (OASI) and Federal Disability Insurance (DI) trust funds cannot borrow from each other when faced with a funding shortfall. The shifting of funds between OASI and DI can only be done with authorization from Congress. In the past, Congress has authorized temporary interfund borrowing among the OASI, DI, and Medicare Hospital Insurance trust funds, as well as temporary payroll tax reallocations between OASI and DI, to deal with funding shortfalls. Most recently, under the Bipartisan Budget Act of 2015 (P.L. 114-74), Congress authorized a temporary reallocation of payroll taxes from the OASI fund to the DI fund for calendar years 2016 through 2018. Because of such actions, the OASI and DI trust funds are discussed on a combined basis. For more information, see CRS Report R43318, *The Social Security Disability Insurance (DI) Trust Fund: Background and Current Status*.

⁷ SSA, *Trust Fund Data*, at https://www.ssa.gov/cgi-bin/ops_period.cgi.

⁸ P.L. 74-271.

the amount of the benefit to the amount of a worker's wages covered by the program, but the formula was progressive. That is, the formula was weighted to replace a larger share of the earnings of low-wage workers compared with those of higher-wage workers. Before the Old-Age Insurance program was in full operation, the Social Security Amendments of 1939 shifted the emphasis of Social Security from protection of the individual worker to protection of the family by extending monthly cash benefits to the dependents and survivors of workers.⁹ The program now provided OASI.

During the decades that followed, changes to the Social Security program were mainly ones of expansion. Coverage of workers became nearly universal (the largest groups remaining outside the system are state and local government employees who have not chosen to join the system and federal employees who were hired before 1984). In 1956, Congress established the Disability Insurance (DI) program.¹⁰ Over the years, there were increases in the payroll tax rate, which increased from 2.0% of pay (1.0% each for employees and employers) in the 1937-1949 period to its current level of 12.4%.¹¹ In addition, there were increases in the amount of wages subject to the payroll tax (the taxable wage base), which increased from \$3,000 in the 1937-1950 period to \$176,100 in 2025.¹² The types of individuals eligible for benefits were expanded over the years,¹³ and benefit levels were increased periodically. In 1972, legislation provided for automatic cost-of-living adjustments, starting in 1975, indexed to the change in consumer prices as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) published by the Department of Labor's Bureau of Labor Statistics.¹⁴

Beginning in the late 1970s, legislative action regarding Social Security became more concentrated on solving persistent financing problems. Legislation enacted in 1977 raised taxes and curtailed future benefit growth in an effort to shore up the system's finances.¹⁵ Still, in 1982, the OASI trust fund needed to borrow assets from the DI trust fund and the Medicare Hospital Insurance (HI) trust fund (borrowed amounts were fully repaid by 1986). In 1983, Congress passed additional major legislation that was projected to restore solvency to the Social Security system *on average* over the 75-year projection period at that time.¹⁶

⁹ P.L. 76-379.

¹⁰ The DI program was established by the Social Security Amendments of 1956 (P.L. 84-880). The program became known as the Old-Age, Survivors, and Disability Insurance (OASDI) program, the formal name for Social Security.

¹¹ Congress has increased the Social Security payroll tax rate many times over the program's history. The payroll tax rate under current law (12.4%) was established by the Social Security Amendments of 1983 (P.L. 98-21). P.L. 98-21 increased the payroll tax rate gradually from 11.4% in 1984 to 12.4% in 1990.

¹² The taxable wage base amounts are in nominal dollars. The most recent legislative change to the Social Security taxable wage base was in 1977. The Social Security Amendments of 1977 (P.L. 95-216) established ad-hoc increases in the taxable wage base for 1979, 1980, and 1981, followed by a return to automatic wage indexation for 1982 and subsequent years.

¹³ For example, the Social Security Amendments of 1965 (P.L. 89-97) established benefits for divorced wives aged 62 or older.

¹⁴ See the Social Security Amendments of 1972 (P.L. 92-603). For more information, see CRS Report 94-803, *Social Security: Cost-of-Living Adjustments*.

¹⁵ See the Social Security Amendments of 1977 (P.L. 95-216).

¹⁶ Following the Social Security Amendments of 1983 (P.L. 98-21), projections showed the re-emergence of long-range deficits as a result of changes in actuarial methods and assumptions and because program changes had been evaluated with respect to their effect on the *average* 75-year deficit. That is, while program changes were projected to restore trust fund solvency *on average* over the 75-year projection period, a period of surplus years was followed by a period of deficit years. As time passed, the inclusion of additional deficit years in the 75-year valuation period resulted in a return to projected long-range deficits.

Current projections by the Social Security Board of Trustees show that the Social Security system has a long-range funding shortfall, and that the system will operate with annual cash-flow deficits each year through the end of the 75-year projection period (2098). These projections, and other factors, have focused attention on potential Social Security program changes.

Social Security Financing

The Social Security program is financed primarily by revenues from Federal Insurance Contributions Act (FICA) taxes and Self-Employment Contributions Act (SECA) taxes. FICA taxes are paid by both employers and employees; however, it is employers who remit the taxes to the U.S. Treasury. Employers remit FICA taxes on a regular basis throughout the year (e.g., weekly, monthly, quarterly, or annually), depending on the employer's level of total employment taxes (Social Security, Medicare, and federal individual income tax withholding).

The FICA tax rate of 7.65% each for employers and employees has two components: 6.20% for Social Security and 1.45% for Medicare HI.¹⁷ Under current law, employers and employees each pay 6.2% of covered wages, up to the taxable wage base, in Social Security payroll taxes. The SECA tax rate is 15.3% for self-employed individuals, with 12.4% for Social Security and 2.9% for Medicare HI. Self-employed individuals pay 12.4% of net self-employment income, up to the taxable wage base, in Social Security payroll taxes.¹⁸ One-half of the SECA taxes are allowed as a deduction for federal income tax purposes. SECA taxes are normally paid once a year as part of filing an annual individual income tax return.¹⁹

In addition to Social Security payroll taxes, the Social Security program has two other sources of income. First, certain Social Security beneficiaries must include a portion of Social Security benefits in taxable income for the federal income tax, and the Social Security program receives part of those federal tax revenues.²⁰ Second, the Social Security program receives interest from the U.S. Treasury on its investments in special U.S. government obligations.

As the Managing Trustee of the Social Security trust funds, the Secretary of the Treasury is required by law to invest Social Security revenues in interest-bearing federal government securities held by the trust funds.²¹ The revenues exchanged for the federal government securities are deposited into the general fund of the U.S. Treasury and are indistinguishable from revenues in the general fund that come from other sources. Because the assets held by the trust funds are federal government securities, the trust fund balance represents the amount of money owed to the Social Security trust funds by the general fund of the U.S. Treasury. Funds needed to pay Social

¹⁷ The Patient Protection and Affordable Care Act (ACA; P.L. 111-148) imposed an additional Medicare HI tax of 0.9 percentage point on high-income workers with wages over \$200,000 for single filers and \$250,000 for joint filers, effective for taxable years beginning in 2013.

¹⁸ Self-employed individuals must pay Social Security payroll taxes if they have net earnings from self-employment of \$400 or more in a year; 92.35% of net earnings (up to the annual limit) are taxable.

¹⁹ If a self-employed individual does not pay himself or herself wages, SECA taxes are paid annually on the Internal Revenue Service Form 1040 (U.S. Individual Income Tax Return). If a self-employed individual does pay himself or herself wages, FICA taxes are paid during the year along with any FICA tax payments for his or her employees.

²⁰ The tax revenues associated with including Social Security benefits in federal taxable income go to the Social Security trust funds and the Medicare HI trust fund. For more information, see CRS Report RL32552, *Social Security: Taxation of Benefits*.

²¹ Social Security Act, Title II, §201(d). For more information, see SSA, Office of the Chief Actuary, Actuarial Note Number 142, *Social Security Trust Fund Investment Policies and Practices*, by Jeffrey L. Kunkel, January 1999, at <http://www.ssa.gov/OACT/NOTES/n1990s.html>.

Security benefits and administrative expenses come from the redemption of federal government securities held by the trust funds.²²

Taxation of Social Security Benefits

Since 1984, Social Security benefits have been subject to the federal income tax. As part of the Social Security Amendments of 1983 (P.L. 98-21), Congress made up to 50% of a person's Social Security benefits subject to the federal income tax if he or she has provisional income above a specified threshold (\$25,000 for an individual tax filer; \$32,000 for a married couple filing jointly). Provisional income is defined as total income from all sources recognized for tax purposes plus certain otherwise tax-exempt income, including half of Social Security benefits. Revenues from this "first tier" of taxation are credited to the Social Security trust funds. In 2024, the trust funds received \$55.1 billion (3.9% of total trust fund income) from this provision.²³

Next, as part of the Omnibus Budget Reconciliation Act of 1993 (P.L. 103-66), Congress made up to 85% of a person's Social Security benefits subject to the federal income tax if he or she has provisional income above a second higher threshold (\$34,000 for an individual tax filer; \$44,000 for a married couple filing jointly). Revenues from this "second tier" of taxation are credited to the Medicare HI trust fund. In 2024, the HI trust fund received \$39.8 billion (8.8% of total trust fund income) from this provision.²⁴

Under current law, the income thresholds are fixed (i.e., they are not adjusted for inflation or wage growth). Over time an increasing number of beneficiaries will be subject to the federal income tax on benefits.²⁵

Status of the Social Security Trust Funds

Projections by the Social Security Board of Trustees (the trustees) show that Social Security expenditures will exceed *tax revenues* each year through the end of the 75-year valuation period (2099).²⁶ That is, Social Security will operate with annual *cash-flow deficits* as it has since 2010. With interest income taken into account, Social Security maintained a *total surplus* (tax revenues plus interest income exceeded expenditures) from 2010 through 2020. From 2021 to 2024, total cost exceeded total revenues. The trustees project that total costs will exceed total revenues for all remaining years in the projection period; the last instance of costs exceeding revenues was in 1982. The trustees project that the trust funds will have a positive balance (asset reserves) until 2034, allowing Social Security benefits scheduled under current law to be paid in full and on time until then.²⁷

²² SSA, *Trust Fund FAQs*, at <http://www.socialsecurity.gov/OACT/ProgData/fundFAQ.html>.

²³ The 2025 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, June 18, 2025, <https://www.ssa.gov/oact/tr/2025/tr2025.pdf> (hereinafter cited as 2025 Annual Report of the Social Security Board of Trustees). See Table III.A3, p. 38.

²⁴ Social Security and Medicare Boards of Trustees, *Status of the Social Security and Medicare Programs: A Summary of the 2025 Annual Reports*, June 18, 2025, p. 12, at <https://www.ssa.gov/oact/TRSUM/tr25summary.pdf>.

²⁵ For more information, see CRS Report RL32552, *Social Security: Taxation of Benefits*, by Paul S. Davies.

²⁶ Projections cited in this CRS report are based on the intermediate (or "best estimate") set of assumptions in the 2025 Annual Report of the Social Security Board of Trustees and refer to the OASI and DI trust funds on a combined basis. For more information on the trust fund projections, see CRS Report RL33028, *Social Security: The Trust Funds*.

²⁷ Separately, the OASI fund is projected to have asset reserves until 2033, at which point continuing income to the fund would be sufficient to pay 77% of OASI scheduled benefits. The DI fund is projected to have asset reserves throughout the 75-year projection period. See 2025 Annual Report of the Social Security Board of Trustees, p. 6.

Over the long run, the trustees project that the 75-year actuarial deficit for the trust funds is equal to 3.82% of taxable payroll.²⁸ Stated a different way, the trustees project that Social Security expenditures will exceed income by about 24% on average over the next 75 years. For illustration purposes, the trustees point out that the following changes would be needed for the trust funds to remain solvent throughout the 75-year projection period: (1) an immediate and permanent 3.65-percentage-point increase in the payroll tax rate (from 12.40% to 16.05% beginning in January 2025);²⁹ or (2) an immediate 22.4% reduction in benefits for all current and future beneficiaries beginning in January 2025; or (3) some combination of these approaches. Social Security's projected long-range funding shortfall is attributed primarily to demographic factors (such as lower fertility rates and increasing life expectancy) as well as program design features (such as a wage-indexed benefit formula and annual COLAs).³⁰

At the end of 2024, the trust funds were credited with asset reserves of \$2.72 trillion. With the projection that the program's total costs will continue to exceed total revenue throughout the projection period, the trustees estimated that the value of asset reserves held in the trust funds peaked at the end of 2020. Thus, the trust fund balance began to decline in 2021 and is projected to continue declining until trust fund reserve depletion in 2034. The *trust fund ratio* can be used to put the size of the trust fund balance into perspective. This ratio represents trust fund assets at the beginning of a year as a percentage of cost for the year. In 2025, for example, the projected trust fund ratio is 169%. (Assets held by the trust funds at the beginning of 2025 are projected to be 1.69 times greater than the cost of the program in 2025.) The trustees project that the trust fund ratio will decline to 95% in 2029 and reach zero at the point of trust fund reserve depletion during 2034.³¹

After depletion of trust fund reserves, the program would continue to operate with incoming Social Security receipts; those receipts are projected to be sufficient to pay 81% of benefits scheduled under current law in 2034, declining to 71% of scheduled benefits in 2099.³² Under current law, Social Security does not have authority to borrow from the general fund of the Treasury. Therefore, the program cannot draw upon general revenues to make up the difference between incoming receipts and benefit payments when the program no longer has asset reserves to draw upon. The Social Security Act does not specify what would happen to the payment of benefits scheduled under current law in the event of Social Security trust fund depletion. Two possible scenarios are (1) the payment of full monthly benefits on a delayed basis or (2) the payment of partial (reduced) monthly benefits on time.

²⁸ 2025 Annual Report of the Social Security Board of Trustees, p. 5. The Congressional Budget Office (CBO) also publishes long-range projections for the Social Security trust funds. CBO projects that the trust funds will have a positive balance (asset reserves) until 2034 and a 75-year actuarial deficit equal to 4.9% of taxable payroll. See CBO, *CBO's 2025 Long-Term Projections for Social Security*, June 26, 2025, Table 7, <https://www.cbo.gov/publication/61492>. Taxable payroll refers to total earnings in the economy that are subject to Social Security payroll taxes (with some adjustments). Program costs and income are evaluated as a percentage of taxable payroll because Social Security payroll taxes are the primary source of funding for the program.

²⁹ The estimated payroll tax increase needed to maintain solvency differs from the actuarial deficit for two reasons. First, the estimated tax increase projects zero trust funds reserves at the end of the projection period whereas the actuarial deficit assumes trust fund reserves equal to one year's cost. Second, the estimated payroll tax increase needed to maintain solvency does not reflect behavioral response changes to tax rate changes.

³⁰ A wage-indexed benefit formula allows initial monthly benefits for successive groups of new beneficiaries to keep pace with increases in the standard of living. An annual COLA for benefits already in payment allows benefits for current beneficiaries to keep pace with increases in prices.

³¹ 2025 Annual Report of the Social Security Board of Trustees, Table IV.A3, p. 51.

³² Social Security and Medicare Boards of Trustees, *Status of the Social Security and Medicare Programs: A Summary of the 2025 Annual Reports*, June 18, 2025, p. 7.

Social Security Cash-Flow Surpluses and Deficits

From 1984 to 2009, Social Security generated surplus tax revenues (i.e., the program operated with annual cash-flow surpluses). Surplus tax revenues and interest income credited to the trust funds in the form of federal government securities contributed to a growing trust fund balance. Beginning in 2010, however, the program began operating with annual cash-flow deficits, and the trustees project that Social Security tax revenues will remain below program expenditures each year throughout the 75-year projection period (2025-2099).

When Social Security operates with a cash-flow deficit, the trust funds redeem more federal securities than the amount of current Social Security tax revenues, relying in part on trust fund asset reserves to pay benefits and administrative expenses. Because the federal securities held by the trust funds are redeemed with general revenues, this results in increased spending for Social Security from the general fund. When there are no surplus governmental receipts, the federal government must raise the necessary funds by increasing taxes or other income; reducing other spending; borrowing from the public; or some combination of these measures.

With respect to the program's reliance on general revenues, it is important to note that Social Security does not have authority to borrow from the general fund of the Treasury under current law. Rather, the program relies on revenues collected for Social Security purposes in previous years that were used by the federal government at the time for other (non-Social Security) spending needs and interest income earned on trust fund investments. The program draws on those previously collected Social Security tax revenues and interest income (trust fund asset reserves) when current Social Security tax revenues fall below current program expenditures.

Social Security Reform Debate

Social Security reform is an issue of ongoing interest to lawmakers. For some advocates of reform, the focus is on restoring long-range solvency to the trust funds. For others, the focus is on constraining the projected growth in spending for entitlement programs—including Social Security, Medicare, and Medicaid—in the context of broader efforts to reduce growing federal budget deficits. The Social Security reform debate reflects other policy objectives as well, such as improving the adequacy and equity of benefits,³³ and different philosophical views about the role of the Social Security program and the federal government in providing retirement income. Over the years, the debate has reflected two fundamentally different approaches to reform. The *traditional approach* would maintain the current structure of the program (i.e., a defined benefit system funded on a pay-as-you-go basis) by making relatively modest changes, such as an increase in the retirement age or an increase in the taxable wage base. In general, the goal of this approach is to preserve the social insurance nature of the program. In contrast, the *personal savings and investment approach* would redesign the 1930s-era program to create a prefunded system in which benefits would be based partially or entirely on personal savings and investments. More recently, the Social Security debate has reflected a shift in focus among some lawmakers away from efforts to scale back the program toward proposals that would expand Social Security benefits to address concerns about the adequacy of benefits and, more broadly, retirement income security.

³³ Traditionally, one of the principles governing the Social Security program has been balancing the competing goals of social adequacy and individual equity. The *social adequacy* goal takes into account factors beyond a person's payroll tax contributions in determining the appropriate level of benefits (factors such as providing a minimum standard of living). The *individual equity* goal takes into account the degree to which a person's benefit level reflects his or her payroll tax contributions to the system.

Social Security Benefit Rules

Social Security provides monthly cash benefits to retired or disabled workers and to the family members of retired, disabled, or deceased workers. Benefits are designed to replace part of a worker's earnings. As such, a worker's benefit is based on his or her career-average earnings in covered employment (i.e., earnings up to the annual taxable limit) and a progressive benefit formula that is intended to provide adequate benefit levels for workers with low career-average earnings. This section explains how the worker's primary insurance amount (PIA) is computed. The worker's PIA is his or her monthly benefit amount payable at the full retirement age (FRA); it also determines the amount of monthly benefits payable to family members based on the worker's record. This section also covers the basic eligibility requirements for different types of Social Security benefits.

Full Retirement Age

Social Security retirement benefits are first payable to retired workers at the age of 62, subject to a permanent reduction for "early retirement." The age at which full (unreduced) retirement benefits are first payable is the FRA.³⁴ For most of the program's history, the FRA was 65. As part of the Social Security Amendments of 1983 (P.L. 98-21), Congress raised the FRA from 65 to 67. The 1983 law established a gradual phase-in from 65 to 67 over a 22-year period (2000 to 2022).

Specifically, workers born in 1938 or later are affected by the increase in the FRA (i.e., workers who become eligible for retirement benefits at age 62 in 2000 or later). The increase in the FRA has been fully phased in for workers born in 1960 or later (i.e., workers who become eligible for retirement benefits at age 62 in 2022 or later). **Table 1** shows the scheduled increase in the FRA being phased in under current law.³⁵

Table 1. Increase in the Full Retirement Age Scheduled Under Current Law

Year of Birth	Full Retirement Age
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943 to 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

³⁴ The full retirement age is also called the *normal retirement age* (NRA).

³⁵ For more information, see CRS Report R44670, *The Social Security Retirement Age*.

Source: Social Security Administration, Office of the Chief Actuary, *Normal Retirement Age*, <https://www.ssa.gov/OACT/ProgData/nra.html>.

Computation of a Social Security Retired-Worker Benefit

Among other requirements, a worker generally needs 40 earnings credits (10 years of Social Security–covered employment) to be eligible for a Social Security retired-worker benefit.³⁶ A worker’s initial monthly benefit is based on his or her highest 35 years of earnings in covered employment, which are indexed to historical wage growth.³⁷ The highest 35 years of indexed earnings are summed, and the total is divided by 420 months (35 years x 12 months). The resulting amount is the worker’s *average indexed monthly earnings* (AIME). If a worker has fewer than 35 years of earnings in covered employment, years with no earnings are entered as zeroes in the computation, resulting in a lower AIME and therefore a lower monthly benefit.

The worker’s PIA is determined by applying a formula to the AIME as shown in **Table 2**. First, the AIME is sectioned into three brackets (or segments) of earnings, which are divided by dollar amounts known as bend points. In 2025, the bend points are \$1,226 and \$7,391.³⁸ Three different replacement factors—90%, 32%, and 15%—are applied to the three brackets of AIME.³⁹ The three products derived from multiplying each replacement factor and bracket of AIME are added together. For workers who become eligible for retirement benefits (i.e., those who attain age 62), become disabled, or die in 2025, the PIA is determined as shown in the example in **Table 2**.

**Table 2. Computation of a Worker’s Primary Insurance Amount (PIA) in 2025
Based on an Illustrative AIME of \$7,500**

Replacement Factors	Three Brackets of AIME	PIA for Worker with an Illustrative AIME of \$7,500
90%	first \$1,226 of AIME, plus	$90\% \times \$1,226 = \$1,103.40$
32%	AIME over \$1,226 and through \$7,391, plus	$32\% \times \$6,165 = \$1,972.80$
15%	AIME over \$7,391	$15\% \times \$109 = \16.35
Total: Worker’s PIA (rounded down to lower dime)		\$3,092.50

Source: Congressional Research Service.

Note: Under current law, PIA is rounded down to the nearest dime (42 U.S.C. §415(a)(1)(A)).

Generally, a worker’s PIA increases each year from the year of eligibility (at age 62) to the year of benefit receipt based on the Social Security COLA.⁴⁰ In addition, Social Security benefits already in payment generally increase each year based on the COLA.

³⁶ A worker may earn up to four earnings credits per calendar year. In 2025, a worker earns one credit for each \$1,810 of covered earnings, up to a maximum of four credits for covered earnings of \$7,240 or more. Earnings credits are also called *quarters of coverage*.

³⁷ Earnings through the age of 60 are indexed; earnings thereafter are counted at nominal value. Indexing past earnings brings them up to near-current wage levels.

³⁸ The bend points in the benefit formula are indexed to average wage growth under current law.

³⁹ The replacement factors in the benefit formula are fixed under current law.

⁴⁰ Automatic COLAs went into effect in 1975. Since that time, there have been three years when no COLA was payable (2010, 2011, and 2016). For more information, see CRS Report 94-803, *Social Security: Cost-of-Living Adjustments*.

Adjustments to Benefits Claimed Before or After the FRA

A worker's initial monthly benefit is equal to his or her PIA if he or she begins receiving benefits at the FRA. A worker's initial monthly benefit will be *less* than his or her PIA if he or she begins receiving benefits *before* the FRA, and it will be *greater* than his or her PIA if he or she begins receiving benefits *after* the FRA.

A retired-worker benefit is payable as early as the age of 62, however, the benefit will be permanently reduced to reflect the longer expected period of benefit receipt. Retired-worker benefits are reduced by five-ninths of 1% (or 0.0056) of the worker's PIA for each month of entitlement before the FRA up to 36 months, for a reduction of about 6.7% per year. For each month of benefit entitlement before the FRA in excess of 36 months, retirement benefits are reduced by five-twelfths of 1% (or 0.0042), for a reduction of 5% per year.⁴¹

Workers who delay filing for benefits until after the FRA receive a delayed retirement credit (DRC). The DRC applies to the period that begins with the month the worker attains the FRA and ends with the month before he or she attains the age of 70. The DRC is 8% per year for workers born in 1943 or later (i.e., workers who attain the age of 62 in 2005 or later).

The actuarial adjustment to benefits based on claiming age is intended to provide the worker with roughly the same total lifetime benefits, regardless of the age at which he or she begins receiving benefits (based on average life expectancy). Therefore, if a worker claims benefits before the FRA, his or her monthly benefit is reduced to take into account the longer expected period of benefit receipt. For a worker whose FRA is 66, the decision to claim benefits at the age of 62 results in a 25% reduction in his or her PIA. For a worker whose FRA is 67, the decision to claim benefits at the age of 62 results in a 30% reduction in his or her PIA. Similarly, if a worker claims benefits after the FRA, his or her monthly benefit is increased to take into account the shorter expected period of benefit receipt.⁴²

Other Adjustments to Benefits

Other benefit adjustments may apply, such as those related to simultaneous entitlement to more than one type of Social Security benefit. Under the dual entitlement rule, for example, a Social Security spousal benefit is reduced if the person also receives a Social Security benefit based on his or her own work in *covered* employment (i.e., a retired-worker or disabled-worker benefit).⁴³

Under the retirement earnings test (RET), a person's Social Security benefit is subject to withholding when he or she is below the FRA and has wage or salary income above an annual

⁴¹ The early retirement reduction for *spousal benefits* is different. Spousal benefits claimed before the FRA are reduced by 25/36 of 1% (or 0.0069) for each month of entitlement before the FRA, up to 36 months, and by five-twelfths of 1% (or 0.0042) for each month of entitlement before the FRA in excess of 36 months. The reduction is applied to the base spousal benefit, which is 50% of the worker's PIA. The spousal benefit is not reduced for entitlement before the FRA if the spouse is caring for a qualifying child. The early retirement reduction also differs for *widow(er)'s benefits*. The maximum reduction for widow(er)'s benefits claimed before the FRA is equal to 28.5% of the deceased worker's PIA. Alternatively, if a widow(er) claims benefits at the FRA, his or her benefits are reduced if the deceased worker claimed benefits before the FRA and therefore was receiving a reduced benefit. Under the widow(er)'s limit provision, the widow(er)'s benefit is limited to the higher of (1) the benefit the deceased worker would be receiving if he or she were still alive or (2) 82.5% of the deceased worker's PIA. In this case, the maximum reduction applied to the widow(er)'s benefit is equal to 17.5% of the deceased worker's PIA.

⁴² For more information, see CRS Report R43542, *How Social Security Benefits Are Computed: In Brief*.

⁴³ For more information, see CRS In Focus IF10738, *Social Security Dual Entitlement*.

dollar threshold (i.e., above an annual exempt amount).⁴⁴ Under the Social Security maximum family benefit rules, benefits payable to each family member (with the exception of the worker) are subject to reduction when total benefits payable to the family based on the worker's record exceed a specified limit.

Disabled-Worker Benefit

For Social Security disability benefits, "disability" is defined as the inability to engage in substantial gainful activity (SGA) by reason of a medically determinable physical or mental impairment that is expected to last for at least 12 months or result in death. Generally, the worker must be unable to do any kind of substantial work that exists in the national economy, taking into account age, education, and work experience. As noted previously, a worker generally needs 40 earnings credits to qualify for a Social Security retired-worker benefit. A worker under the age of 62 can qualify for a Social Security disabled-worker benefit with fewer earnings credits. The number of earnings credits needed varies, depending on the age of the worker when he or she became disabled; however, a minimum of six earnings credits is needed. Similarly, while the worker's highest 35 years of earnings are used to compute a retired-worker benefit, fewer years of earnings may be used to compute a disabled-worker benefit.⁴⁵ Because a disabled worker's benefit is not reduced for entitlement before the FRA, a disabled worker's benefit is equal to his or her PIA.⁴⁶

Benefits for the Worker's Family Members

Although the majority of Social Security beneficiaries are retired or disabled workers, 9.7 million beneficiaries (13.9% of the total) are the dependents and survivors of retired, disabled, or deceased workers.⁴⁷

Social Security benefits are payable to the spouse, divorced spouse, or child of a retired or disabled worker. Benefits are also payable to the widow(er), divorced widow(er), child, or parent of a deceased worker. In addition, mother's or father's benefits are payable to a young widow(er) who is caring for a deceased worker's child; the child must be under the age of 16 or disabled, and the child must be entitled to benefits.⁴⁸ Benefits payable to family members are equal to a specified percentage of the worker's PIA, subject to a maximum family benefit. For example, the spouse of a retired worker may receive up to 50% of the retired worker's PIA, and the widow(er) of a deceased worker may receive up to 100% of the deceased worker's PIA. Benefits payable to family members may be subject to adjustments based on the person's age at entitlement, receipt of a Social Security benefit based on his or her own work record, and other factors.

⁴⁴ For more information, see CRS Report R41242, *Social Security Retirement Earnings Test: How Earnings Affect Benefits*, by Zhe Li and SSA, Exempt Amounts Under the Earnings Test, at <https://www.ssa.gov/OACT/COLA/rtea.html>.

⁴⁵ For more information, see CRS Report R43370, *Social Security Disability Insurance (SSDI): Becoming Insured, Calculating Benefit Payments, and the Effect of Dropout Year Provisions*.

⁴⁶ For more information, see CRS Report R44948, *Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI): Eligibility, Benefits, and Financing*.

⁴⁷ SSA, *Monthly Statistical Snapshot*, May 2025, Table 2. See the latest edition of the *Monthly Statistical Snapshot* at http://www.socialsecurity.gov/policy/docs/quickfacts/stat_snapshot/index.html.

⁴⁸ To receive mother's/father's benefits, the person must be unmarried and must not be entitled to widow(er)'s benefits.

Table 3 provides a summary of Social Security benefits payable to the family members of a retired, disabled, or deceased worker. It includes the basic eligibility requirements and basic benefit amounts before any applicable adjustments (such as for the maximum family benefit).

Maximum Family Benefit

The total amount of Social Security benefits payable to a family based on a retired, disabled, or deceased worker's record is capped by the maximum family benefit. The family maximum cannot be exceeded, regardless of the number of beneficiaries entitled to benefits on the worker's record.⁴⁹ If the sum of all benefits payable on the worker's record exceeds the family maximum, the benefit payable to each dependent or survivor is reduced in equal proportion to bring the total amount of benefits payable to the family within the limit. In the case of a *retired or deceased worker*, the maximum family benefit is determined by a formula and varies from 150% to 188% of the worker's PIA. For the family of a worker who attains the age of 62 in 2025, or dies in 2025 before attaining the age of 62, the total amount of benefits payable to the family is limited to

- 150% of the first \$1,567 of the worker's PIA, plus
- 272% of the worker's PIA over \$1,567 and through \$2,262, plus
- 134% of the worker's PIA over \$2,262 and through \$2,950, plus
- 175% of the worker's PIA over \$2,950.⁵⁰

The dollar amounts in the maximum family benefit formula (\$1,567 / \$2,262 / \$2,950 in 2025) are indexed to average wage growth, as in the regular benefit formula. In the case of a *disabled worker*, the maximum family benefit is equal to 85% of the worker's AIME; however, the family maximum cannot be *less than 100%* or *more than 150%* of the worker's PIA.⁵¹

Table 3. Social Security Benefits for the Worker's Family Members

Basis for Entitlement	Basic Eligibility Requirements	Basic Benefit Amount Before Any Applicable Adjustments
Spouse	At least age 62, or Any age if caring for the child of a retired or disabled worker. The child must be under the age of 16 or disabled, and the child must be entitled to benefits.	50% of worker's PIA
Divorced Spouse (The divorced individual must have been married to the worker for at least 10 years before the divorce became final.)	At least age 62 Must be unmarried Note: A divorced spouse who is under the age of 62 is not eligible for spousal benefits even if he/she is caring for the child of a retired or disabled worker.	50% of worker's PIA

⁴⁹ Social Security Act, Title II, §203.

⁵⁰ SSA, Formula for Family Maximum Benefit, at <https://www.socialsecurity.gov/OACT/COLA/familymax.html>.

⁵¹ Benefits for a divorced beneficiary are not taken into account for purposes of the family maximum. See SSA, Program Operations Manual System (POMS), Section RS 00615.682, "Family Benefits Where a Divorced Spouse or a Surviving Divorced Spouse is Entitled," at <https://secure.ssa.gov/apps10/poms.nsf/lnx/0300615682>.

Basis for Entitlement	Basic Eligibility Requirements	Basic Benefit Amount Before Any Applicable Adjustments
Aged Widow(er) & Divorced Aged Widow(er) (The divorced individual must have been married to the worker for at least 10 years before the divorce became final.)	At least age 60 Must be unmarried (unless the marriage occurred after attainment of age 60)	100% of worker's PIA ^a
Disabled Widow(er) & Divorced Disabled Widow(er) (The divorced individual must have been married to the worker for at least 10 years before the divorce became final.)	At least age 50 (ages 50-59) Must be unmarried (unless the marriage occurred after attainment of age 50) The qualifying disability must have occurred (1) before or within seven years of the worker's death; (2) within seven years of having been previously entitled to benefits on the worker's record as a widow(er) with a child in his or her care; or (3) within seven years of having been previously entitled to benefits as a disabled widow(er) that ended because the qualifying disability ended (whichever is later).	71.5% of worker's PIA ^a Disabled widow(er)s and divorced disabled widow(er)s ages 50-59 receive the same rate of reduction set for widow(er)s at age 60 (28.5% of the worker's PIA), regardless of their age at the time of entitlement.
Widowed Mother or Father (Young Widow(er) with Child)	Surviving spouse of any age who is caring for the deceased worker's child. The child must be under the age of 16 or disabled, and the child must be entitled to benefits. Must be unmarried Must not be entitled to widow(er)'s benefits Note: In the case of a surviving divorced parent, the child must be his or her natural or legally adopted child. The 10-year marriage requirement that applies to divorced spouses under other circumstances does not apply.	75% of deceased worker's PIA
Child	A dependent, unmarried child of a retired, disabled, or deceased worker. The child must be (1) under the age of 18; (2) a full-time elementary or secondary student under the age of 19; or (3) a disabled person aged 18 or older whose disability began before age 22. The term child refers to a biological child, adopted child, stepchild, or in some cases grandchild, of the worker.	50% of worker's PIA for child of a retired or disabled worker 75% of deceased worker's PIA for child of a deceased worker

Basis for Entitlement	Basic Eligibility Requirements	Basic Benefit Amount Before Any Applicable Adjustments
Dependent Parent of a Deceased Worker	At least age 62 Must not have married since the worker's death Must have been receiving at least one-half of his or her support from the worker at the time of the worker's death (or, if the worker had a period of disability that continued until death, at the beginning of the period of disability).	82.5% of deceased worker's PIA if one parent is entitled to benefits 75% of deceased worker's PIA (for each parent) if two parents are entitled to benefits

Source: Congressional Research Service.

Notes: The family relationship requirement for entitlement to benefits based on the worker's record may be met in alternative ways. For example, the relationship requirement can be met if, under state law as interpreted by the courts of the state, the applicant would be able to inherit a share of the worker's personal property if the worker were to die without leaving a will. The table shows the minimum eligibility age for each type of benefit (i.e., the age at which benefits are first payable on a reduced basis). The maximum family benefit may apply, reducing the benefit payable to each family member (excluding the worker) on a proportional basis. In the case of a retired or deceased worker, the maximum family benefit varies from 150% to 188% of the worker's PIA. In the case of a disabled worker, the maximum family benefit is equal to the lesser of 85% of the worker's AIME or 150% of the worker's PIA, but no less than 100% of the worker's PIA. Other benefit adjustments may apply.

- a. A worker's claiming age affects the widow(er) benefit. If a worker was receiving a reduced benefit due to claiming benefits *before* the full retirement age, the widow(er) benefit cannot exceed the worker's reduced benefit amount. Alternatively, if a worker was entitled (or would have been entitled) to a higher benefit due to claiming benefits *after* the full retirement age, the worker's PIA—adjusted to take into account the delayed retirement credit—is used to compute the widow(er) benefit, thereby increasing the benefit.

Social Security Beneficiaries

In May 2025, there were approximately 69.6 million Social Security beneficiaries. As shown in **Table 4**, retired-worker and disabled-worker beneficiaries accounted for 86.1% of the beneficiary population. The largest single category of beneficiaries was retired workers (75.9%), with an average monthly benefit of \$2,002. The second-largest category was disabled workers (10.3%), with an average monthly benefit of \$1,582. Family members of retired, disabled, or deceased workers accounted for the remainder of the beneficiary population (13.9%).⁵² **Table 4** provides a breakdown of the Social Security beneficiary population in May 2025.

Table 4. Social Security Beneficiaries, by Type, May 2025

Type of Beneficiary	Number (in thousands)	Percentage	Total Monthly Benefits (in millions)	Average Monthly Benefit
All beneficiaries	69,628	100.0%	\$129,351	\$1,857.75
Old-Age and Survivors Insurance	61,405	88.2	117,511	1,913.70
Retirement benefits	55,551	79.8	108,339	1,950.27
Retired workers	52,817	75.9	105,760	2,002.39

⁵² Percentages do not sum to 100% due to rounding.

Type of Beneficiary	Number (in thousands)	Percentage	Total Monthly Benefits (in millions)	Average Monthly Benefit
Spouses of retired workers	1,995	2.9	1,895	950.20
Children of retired workers	739	1.1	684	925.14
<i>Survivor benefits</i>	5,854	8.4	9,172	1,566.66
Children of deceased workers	2,081	3.0	2,371	1,139.18
Widowed mothers/fathers	99	0.1	130	1,314.10
Nondisabled widow(er)s	3,479	5.0	6,485	1,863.71
Disabled widow(er)s	194	0.3	185	953.73
Parents of deceased workers	1	^a	1	1,697.90
Disability Insurance	8,223	11.8	11,841	1,439.97
Disabled workers	7,137	10.3	11,291	1,581.97
Spouses of disabled workers	87	0.1	38	440.46
Children of disabled workers	999	1.4	512	512.13

Source: Table reproduced from Social Security Administration, *Monthly Statistical Snapshot, May 2025*, Table 2. See the latest edition of the *Monthly Statistical Snapshot* at http://www.socialsecurity.gov/policy/docs/quickfacts/stat_snapshot/index.html.

a. Indicates a value less than 0.05%.

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