

Social Security: Trust Funds, Financing, and the Projected Shortfall

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SUMMARY

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Social Security: Trust Funds, Financing, and the Projected Shortfall

The Social Security program pays monthly cash benefits to retired or disabled workers and their family members and to the family members of deceased workers. Social Security's receipts and expenditures are accounted for through two federal trust funds: the Federal Old-Age and Survivors Insurance (OASI) Trust Fund and the Federal Disability Insurance (DI) Trust Fund. The trust funds represent funds dedicated to pay current and future Social Security benefits.

The OASI and DI programs each have three sources of income: payroll tax revenues, federal income taxes paid by some beneficiaries on a portion of their benefits, and interest income from the investment of asset reserves in U.S. government securities. Payroll tax revenues provide about 90% of program income, federal income taxes on Social Security benefits provide about 5% of program income, and interest provides about 5% of program income. By law, Social Security tax revenues must be invested in U.S. government obligations (debt instruments of the U.S. government). The OASI and DI programs each have three sources of cost: monthly benefits, administrative costs, and costs associated with the Railroad Retirement Board interchange. Monthly benefits typically account for over 99% of program costs. The interactions between these revenues, costs, and trust fund balances (i.e., accumulated excess revenues from previous years) determine each program's ability to pay full scheduled benefits on time.

According to the 2026 annual report of the Social Security Board of Trustees, the OASI trust fund has been operating under an annual deficit—total costs exceeding total revenues—since 2021. Furthermore, the Social Security trustees project this financial shortfall to continue indefinitely. Specifically, the trustees show that while OASI's total revenues are increasing, the program's total costs are increasing more rapidly. This trend can exist, with the OASI program able to pay full benefits, only so long as a positive trust fund balance exists to cover the shortfall.

Under their intermediate assumptions and current law, the Social Security trustees project that the OASI trust fund will become depleted (i.e., insolvent) in 2032, whereas the DI trust fund will not become depleted in the 75-year projection period. The two trust funds are legally distinct and do not have authority to borrow from each other. However, Congress has authorized the shifting of funds between OASI and DI in the past to address shortfalls in a particular fund. For this reason, and because of the projected insolvency of the OASI trust fund, the two trust funds are often considered on a combined (i.e., OASDI) basis. The trustees project that the combined Social Security trust funds would become depleted in 2034. At the point of trust fund depletion, a program's (e.g., OASI's) incoming revenue would be sufficient to pay only a fraction of the benefits scheduled to be paid under current law. Trust fund insolvency does not mean that Social Security will be unable to pay any benefits.

If a trust fund were to be depleted and current receipts were insufficient to cover current expenditures, there would be a conflict between two federal laws. Under the Social Security Act, beneficiaries would still be legally entitled to their full scheduled benefits. However, the Antideficiency Act prohibits government spending in excess of available funds, so the Social Security Administration (SSA) would not have legal authority to pay full Social Security benefits on time.

The Social Security Act does not stipulate what happens to benefit payments if a trust fund becomes depleted. Thus, it is unclear what specific actions SSA would take if a trust fund were insolvent. After depletion, a trust fund would continue to receive tax revenues from which a portion of scheduled benefits could be paid. One option would be to pay full benefits on a delayed schedule; another would be to make timely but reduced payments.

Eliminating OASI's financial shortfall would require reductions in Social Security benefits, increases in tax revenues, or some combination of the two. The sooner that Social Security policy changes are undertaken, the less abrupt the changes would need to be, because they could be spread over a longer period and would therefore affect a larger number of workers and beneficiaries. Enacting adjustments to Social Security policy sooner, rather than later, would give workers and beneficiaries more time to plan and adjust their work and savings behavior.

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Introduction

Known collectively as Social Security, the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) programs provide monthly cash benefits to eligible retired or disabled workers and their dependents, and to the eligible survivors of deceased insured workers.[1] The programs, referred to on a combined basis as OASDI, are authorized under Title II of the Social Security Act and are administered by the Social Security Administration (SSA).[2]

Workers obtain insurance by working for a sufficient number of years in jobs covered by Social Security. A worker's job is considered covered if the earnings derived from that job are subject to the Social Security payroll tax and are thus creditable for program purposes. In 2026, an estimated 185 million people (or about 94% of all workers) will work in paid employment or self-employment covered by Social Security.[3] In August 2026, more than 71 million people collected Social Security benefits.[4] Approximately 77% of those beneficiaries are retired workers, and another 10% of those beneficiaries are disabled workers.

Monthly Social Security benefits are based on a retired or disabled worker's career-average earnings in jobs covered by Social Security. The monthly benefits are designed to replace a portion of the income lost to a family due to the retirement, disability, or death of the worker. In August 2026, the average monthly benefit for retired workers was $2,088, whereas the average monthly benefit for disabled workers was $1,636.[5] Family members of retired, disabled, or deceased workers accounted for the remainder of the benefit population (about 13%) and collected an average monthly benefit of $1,325.

Social Security's receipts and expenditures are accounted for through two federal trust funds: the Federal Old-Age and Survivors Insurance (OASI) Trust Fund and the Federal Disability Insurance (DI) Trust Fund. The trust funds represent funds dedicated to pay current and future Social Security benefits. The OASI and DI programs' ability to pay the full amount of scheduled monthly benefits depends on the relationship between the revenues, costs, and asset reserves held in the respective trust fund.

Each year when the Social Security trustees release their annual report, attention is focused on the projected year in which the Social Security trust funds will become depleted (i.e., the year in which the amount of asset reserves falls to zero). In their 2026 report, the trustees project that the OASI trust fund will become depleted in 2032, whereas the DI trust fund is not projected to become depleted at any time in the next 75 years.[6] The trustees project, on a hypothetical combined basis, that the OASDI trust fund would be depleted sometime in 2034. These projections, and the projections presented in this report, are based on the trustees' intermediate assumptions, which reflect their best understanding of the status of the Social Security trust funds

[1] For more program information, see CRS Report R42035, *Social Security Primer*.

[2] P.L. 74-271, as amended.

[3] Social Security Administration (SSA), *Fact Sheet on the Old-Age, Survivors, and Disability Insurance Program*, October 5, 2026, https://www.ssa.gov/OACT/FACTS/fs2026_06.pdf.

[4] SSA, *Monthly Statistical Snapshot*, August 2026, Table 2. The most recent monthly data can be accessed at https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/.

[5] For more information on how Social Security benefits are computed, as well as examples, see CRS Report R46658, *Social Security: Benefit Calculation*.

[6] Board of Trustees, *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, p. 2, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf (hereinafter cited as the *2026 Annual Report*).

at the start of 2026.[7] These projected depletion dates indicate a financial shortfall that, absent a change to current law, would compromise the program's ability to pay full scheduled benefits.

Social Security is the federal government's largest benefit program. Moreover, among aged individuals, Social Security is the most common source of income (90% of aged individuals receive Social Security benefits) and also the largest source of income (Social Security supports over one-quarter of aggregate income for aged individuals).[8] Some people mistakenly believe that if the trust funds were depleted, Social Security would be unable to pay benefits at all. However, in 2032, the first year of the projected depletion of the OASI trust fund, ongoing revenues are expected to pay approximately 78% of scheduled benefits.[9]

To examine the Social Security trust funds and the projected financial shortfall, this report (1) discusses what the Social Security trust funds are and how they are used; (2) defines Social Security's sources of income and cost, and analyzes their respective performance (cash flow and annual balances); (3) discusses the effects of these balances on trust fund asset reserves and the ability of each program to pay full benefits; and (4) focuses on what would happen if a trust fund were to be depleted.

The Social Security Trust Funds

Within the U.S. Treasury, numerous accounts are in place for internal accounting purposes. Although all the monies within the U.S. Treasury are federal monies, the designation of an account as a trust fund allows the government to track revenues dedicated for specific purposes (as well as expenditures). In addition, the government can affect the level of revenues and expenditures associated with a trust fund through changes in the law.

Social Security program revenues (i.e., income or receipts) and costs (i.e., outgo or expenditures) are accounted for in two separate trust funds authorized under Title II of the Social Security Act: (1) the Federal Old-Age and Survivors Insurance (OASI) Trust Fund and (2) the Federal Disability Insurance (DI) Trust Fund.[10] The OASI trust fund was created by the Social Security Act Amendments of 1939 (P.L. 76-379) and superseded the Old-Age Reserve Account established by the original Social Security Act in 1935 (P.L. 74-271).[11] The DI trust fund was established as part of the Social Security Amendments of 1956 (P.L. 84-880).[12] The trust funds have existed on a

[7] In each annual report, the trustees present three alternative sets of assumptions for the demographic, economic, and program-specific factors used to determine the status of the trust funds for the next 75 years. The low-cost set of assumptions represents a future experience that is the most advantageous to the program's financial status. The high-cost set of assumptions represents a future experience that is the least advantageous to the program's financial status. In actual experience, it is unlikely that all demographic, economic, and program-specific factors would move in a manner that is either favorable or unfavorable to the program's financial status. Thus, the trustees use the intermediate set of assumptions to illustrate their best estimate of future experience.

[8] See, for example, CRS Report R47341, *Income for the Population Ages 65 and Older: Evidence from the Health Retirement Study (HRS)*.

[9] The trustees project this percentage to fall to 62% by the end of the next 75 years (*2026 Annual Report*, p. 2).

[10] Social Security Act, Title II, §201 (42 U.S.C. §401).

[11] The OASI trust fund became effective on January 1, 1940. For more information on the origins of the OASI trust fund and the Old-Age Reserve Account, see Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund, *First Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund*, January 3, 1941, https://www.ssa.gov/oact/tr/historical/1941TR.html.

[12] For more information on the Social Security Amendments of 1956, see CRS Report RL30920, *Social Security: Major Decisions in the House and Senate Since 1935*.

hypothetical combined basis since the DI fund was first credited with receipts and debited for expenditures in 1957.

In the federal accounting structure, a trust fund is an accounting mechanism used by the Department of the Treasury to track and report receipts dedicated for spending on specific purposes, as well as expenditures made to beneficiaries that are financed by those receipts, in accordance with the terms of a statute that designates the fund as a trust fund.[13] The OASI trust fund records receipts and expenditures associated with retired workers, their dependents, and survivors of deceased insured workers. The DI trust fund records receipts and expenditures associated with disabled workers and their dependents. Under current law, the two trust funds are legally distinct and do not have authority to borrow from each other. However, several times in the past, lawmakers have authorized the reallocation of the Social Security payroll tax rate and have authorized interfund borrowing to preserve the solvency of the two trust funds.[14] This precedent is important given projections showing that the asset reserves held by the OASI fund will be depleted in 2032, whereas the asset reserves held by the DI fund are not projected to be depleted at any time during the next 75-year period.[15] Because of the prior authorization to shift funds between OASI and DI, analysts often treat the two funds collectively on a hypothetical basis as the combined OASDI trust funds.

A government trust fund has different attributes than private sector trust funds. The Government Accountability Office (GAO) notes the following:

> In the federal budget the meaning of the term "trust" differs significantly from its private sector usage. In the private sector, a person creates a private trust fund using his or her own assets to benefit a stated individual(s). The creator of the trust names a trustee who has a fiduciary responsibility to manage the designated assets in accordance with the stipulations of the trust. In the federal sector, the Congress creates a federal trust fund in law and designates a funding source to benefit stated groups or individuals. However, in contrast to a private trust fund, the federal government does not have a fiduciary responsibility to the trust beneficiaries, and it can raise or lower future trust fund collections and payments or change the purposes for which the collections are used by changing existing laws. Moreover, the federal government has custody and control of the funds as well as the earnings of most federal trust funds.[16]

Why Use Trust Funds?

As opposed to the General Fund, which finances the daily and long-term operations of the federal government as a whole, a trust fund—such as the two Social Security trust funds—is required to be available for a specific program or use.[17] Under current law, monies held in the Social Security trust funds may be spent only on program costs. In the case of Social Security, costs are largely synonymous with benefit payments. It is argued that the decision to tie a program to a trust fund

[13] An account of the U.S. Treasury is designated as a trust fund by the Office of Management and Budget (OMB), in consultation with the Department of the Treasury, if the fund's authorizing legislation makes such a designation and if the fund's receipts are earmarked for spending on specific purposes or programs. Section 201 of the Social Security Act (42 U.S.C. §401) authorizes the Federal Old-Age and Survivors Insurance (OASI) Trust Fund and the Federal Disability Insurance (DI) Trust Fund and designates them as trust funds.

[14] See "Historical Combined Trust Fund Operations" for a discussion on temporary allowances for borrowing.

[15] *2026 Annual Report*, p. 2.

[16] GAO, *Federal Trust and Other Earmarked Funds: Answers to Frequently Asked Questions*, GAO-01-199SP, January 1, 2001, p. 7, https://www.gao.gov/products/GAO-01-199SP.

[17] Eric M. Patashnik, *Putting Trust in the US Budget; Federal Trust Funds and the Politics of Commitment*, 1st ed. (2000), p. 1. The General Fund is managed by the Bureau of Fiscal Service; see https://fiscal.treasury.gov/accounting/general-fund.

signals a long-term political commitment: "The trust fund device is meant to provide assurance that policy promises, once made, will be kept."[18] Upon creation of the OASI trust fund, President Franklin D. Roosevelt remarked, "We put those pay roll contributions there so as to give the contributors a legal, moral, and political right to collect their pensions and their unemployment benefits. With those taxes in there, no damn politician can ever scrap my social security program."[19]

Although usage of the trust fund mechanism may reflect a political commitment, it does not represent a legally binding one. While Social Security has been referred to as an intergenerational compact—between workers of one generation and beneficiaries from another—it has also been argued that "a trust fund is only as secure as its beneficiaries are powerful."[20] Congress has the right to change the compact at any point by altering the tax revenue supplied by workers or the benefits collected by beneficiaries.

Social Security Trust Funds and Investment

The Secretary of the Treasury is required by law to invest Social Security revenues in securities backed by the U.S. government (i.e., special U.S. government obligations).[21] These securities are held in the Social Security trust funds, and the trust funds receive interest on these holdings. Each U.S. government security issued by the U.S. Treasury for purchase by the Social Security trust funds must be a paper instrument in the form of a bond, note, or certificate of indebtedness.[22]

Any interest or proceeds from the sale of U.S. government securities held by the Social Security trust funds must be paid in the form of paper checks from the General Fund of the Treasury to the Social Security trust funds.[23] The interest rates paid on the securities issued to the Social Security trust funds are tied to market rates. Specifically, for any newly-issued security, the average yield is calculated as the average market yield on any marketable interest-bearing security of the federal government that is not due or callable until after four years from the last business day of the prior month, rounded to the nearest eighth of one percent.[24]

For internal federal accounting purposes, when special U.S. government obligations are purchased by the Social Security trust funds, the U.S. Treasury is shifting surplus Social Security revenues from one government account (the Social Security trust funds) to another government account (the General Fund). The special U.S. government obligations are physical documents held by SSA, not the U.S. Treasury. The securities held by the Social Security trust funds are redeemed on a regular basis. These special U.S. government obligations, however, are not

[18] Eric M. Patashnik, *Putting Trust in the US Budget; Federal Trust Funds and the Politics of Commitment*, 1st ed. (2000), p. 2.

[19] Luther Gulick, "SSA Historian's Office Research Note #23," Luther Gulick Memorandum re: Famous FDR Quote, https://www.ssa.gov/history/Gulick.html.

[20] Allen Shick, *The Federal Budget: Politics, Policy, Process*, 1st ed. (2000), p. 40.

[21] Social Security Act, Title II, §201(d) (42 U.S.C. §401(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, http://www.ssa.gov/OACT/NOTES/n1990s.html.

[22] Social Security Act, Title II, §201(d) (42 U.S.C. §401(d)).

[23] Social Security Act, Title II, §201(f) (42 U.S.C. §401(f)). The funds are then used to purchase additional U.S. government securities credited to the Social Security trust funds.

[24] Social Security Act, Title II, §201(d) (42 U.S.C. §401(d)).

resources for the federal government because they represent both an asset and a liability for the government.[25]

Social Security Trust Funds and Off-Budget Status

For federal budget purposes, *on-budget* status generally refers to programs that are included in the annual congressional budget process, whereas *off-budget* status generally refers to programs that are not included in the annual congressional budget process.

Social Security's receipts and most of its outlays are designated by law as off-budget. The off-budget designation has no practical effect on program funding, spending, or operations. The annual congressional budget resolution, in its legislative language, separates the off-budget totals from the on-budget totals. The report language accompanying the congressional budget resolution usually shows the unified budget totals (which combine the on- and off-budget amounts) as well as the separate on- and off-budget totals. The President's budget tends to use the unified budget measures when referring to the budget totals. The President's budget documents also include the totals for the on- and off-budget components, as required by law. The Congressional Budget Office uses the unified budget numbers in its analyses of the budget; it generally does not include on- and off-budget data in its regular annual reports.

The unified budget framework is important because it includes all federal receipts and outlays, providing a more comprehensive picture of the size of the federal government and the federal budget's impact on the economy. In the unified budget, the Social Security program is a large source of both federal receipts and federal outlays.[26] For purposes of the unified budget, the annual Social Security cash flow surplus or deficit is counted in determining the overall federal budget surplus or deficit.[27]

Social Security Trust Funds and the Level of Federal Debt

As part of the annual congressional budget process, the level of federal debt (the federal debt limit) is established for the budget by Congress. The federal debt limit includes debt held by the public, as well as the internal debt of the U.S. government (i.e., debt held by government accounts). Borrowing from the public and the investment of the Social Security trust funds in special U.S. government obligations both fall under the restrictions of the federal debt limit. As a result, the balance of the Social Security trust funds has implications for the federal debt limit.[28]

Program Financing

Social Security program financing determines the program's ability to pay benefits to current and future beneficiaries. Revenues for the OASI and DI programs are credited to their respective trust funds, whereas costs for the OASI and DI programs are debited from their respective trust funds.

[25] For SSA's perspective on the U.S. government securities held by the trust funds, see SSA, *Trust Fund FAQs*, http://www.ssa.gov/oact/progdata/fundFAQ.html.

[26] See data from U.S. Office of Management and Budget, *Historical Tables, Budget of the U.S. Government, Fiscal Year 2027*, Tables 2.2 and 4.2, https://www.whitehouse.gov/omb/budget/historical-tables/.

[27] For related information, see David Pattison, "Social Security Trust Fund Cash Flows and Reserves," *Social Security Bulletin*, vol. 75, no. 1 (February 2015), https://www.ssa.gov/policy/docs/ssb/v75n1/v75n1p1.html.

[28] For a discussion of how reaching the debt limit could potentially affect Social Security trust fund investment practices and benefit payments, see CRS Report R41633, *Reaching the Debt Limit: Background and Potential Effects on Government Operations*.

Sources of Income

Social Security has three sources of income or revenue: (1) payroll tax revenues, (2) tax revenues from the taxation of benefits, and (3) interest earned on asset reserves held in the trust funds. Taken together, payroll tax revenues and tax revenues from the taxation of benefits are referred to more generally as *tax revenues* or *non-interest income*. Interest earned on asset reserves held in the trust funds is commonly referred to as *interest income*.

Payroll Taxes

Payroll taxes provided under the Federal Insurance Contributions Act (FICA) and Self-Employment Contribution Act (SECA) are the primary source of financing for both the OASI and DI programs.[29] FICA taxes are paid by both employers and employees, but 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 (including FICA and federal personal income tax withholding). For past FICA and SECA tax rates, see **Table A-1**.

Under current law, the FICA tax rate is 7.65% of covered earnings for each employees and employers (i.e., each party pays 7.65%, yielding a combined 15.3% payroll tax).[30] The FICA tax has two components: 6.2% of covered earnings for Social Security and 1.45% of covered earnings for Medicare Hospital Insurance (HI).[31] The SECA tax rate is 15.3% of covered earnings for self-employed individuals, with 12.4% of covered earnings for Social Security and 2.9% of covered earnings for Medicare HI.[32]

The Social Security portions of FICA and SECA taxes are split between the two Social Security trust funds. FICA taxes are divided, with both employees and employers paying 5.3% of covered earnings to the OASI trust fund (i.e., combined 10.6%) and 0.9% of covered earnings to the DI trust fund (i.e., combined 1.8%). SECA taxes are also divided, with self-employed individuals paying 10.6% of covered earnings to the OASI trust fund and 1.8% of covered earnings to the DI trust fund.[33]

The Social Security portions of FICA and SECA taxes are applied to covered earnings up to an annual limit. The annual limit, known formally as the *contribution and benefit base* (CBB), is indexed to national average wages and is only adjusted in years for which a cost-of-living

[29] In most years, payroll taxes provide over 90% of Social Security's combined (OASDI) revenues (*2026 Annual Report*, Tables IV.A1 and IV.A2; single-year tables are available at https://www.ssa.gov/OACT/STATS/table4a1.html).

[30] 26 U.S.C. §§3101 and 3111.

[31] Medicare HI payroll taxes are credited to its trust fund. For more information on Medicare trust funds, see CRS Report R43122, *Medicare's Financial Status*.

[32] 26 U.S.C. §1401.

[33] Self-employed individuals may deduct one-half of the SECA taxes for federal income tax purposes. Self-employed individuals are required to pay Social Security payroll taxes if they have annual net earnings of $400 or more. Only 92.35% of net self-employment income (up to the annual limit) is taxable (see https://www.irs.gov/taxtopics/tc554). SECA taxes are normally paid once a year as part of filing an annual individual income tax return. However, some self-employed individuals may need to file estimated taxes on a quarterly basis (see https://www.irs.gov/businesses/small-businesses-self-employed/self-employment-tax-social-security-and-medicare-taxes and https://www.irs.gov/businesses/small-businesses-self-employed/self-employed-individuals-tax-center).

adjustment is payable.[34] Consequently, the CBB generally increases each year.[35] While the CBB can remain the same as the previous year, it is protected from decreasing.[36] **Table A-2** provides a historical record of CBBs.

Contribution and Benefit Base (CBB)

The contribution and benefit base, frequently referenced as the taxable maximum, serves two purposes. First, it limits the amount of covered earnings subject to the Social Security payroll tax. Second, it limits the amount of covered earnings that are used to calculate benefits. Earnings above the CBB are not subject to the Social Security payroll tax and are not included in benefit calculations. Taken together, the CBB links the payroll taxes paid by workers to their future benefits. For a detailed explanation of the Social Security benefits, including example calculations, see CRS Report R46658, *Social Security: Benefit Calculation*.

In aggregate nominal dollars, revenues from payroll taxes have generally increased each year and are projected to increase in each future year[37]—a result of, among other things, a generally increasing number of workers, generally increasing wages, and a generally increasing CBB (i.e., taxable maximum).[38] **Table 1** shows the previous five years of payroll tax revenues for each trust fund and the combined trust fund, as well as the projected payroll tax revenues for each under the trustees' intermediate assumptions for the next five years.

Table 1. Payroll Tax Revenues for the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Combined OASDI Trust Funds

In billions of dollars

Year	OASI	DI	OASDI
Historical			
2021	$838.2	$142.4	$980.6
2022	945.9	160.7	1,106.6
2023	1,054.1	179.0	1,233.1
2024	1,105.6	187.7	1,293.3
2025	1,130.7	191.9	1,322.6
Projected (under intermediate assumptions)			
2026	1,166.5	198.1	1,364.6
2027	1,204.5	204.5	1,409.0
2028	1,276.5	216.8	1,493.2
2029	1,338.4	227.3	1,565.7
2030	1,402.8	238.2	1,641.0

[34] For more information on cost-of-living adjustments, see CRS Report 94-803, *Social Security: Cost-of-Living Adjustments*.

[35] The SSA's Average Wage Index (AWI)—a measure of all workers' wages subject to federal income taxes and contributions to deferred compensation plans—is used to measure growth in average wages in the national economy. As such, it is calculated using some wages that are not subject to the Social Security payroll tax.

[36] 42 U.S.C. §430(b).

[37] *2026 Annual Report*, Tables IV.A1, IV.A2, and IV.A3, pp. 45-52.

[38] *2026 Annual Report*, Table IV.B4, pp. 69-70; Table IV.B1, pp. 118-119; and Table V.C1, pp. 129-130.

Source: Board of Trustees, *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, Tables IV.A1, IV.A2, and IV.A3, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf.

Notes: Individual trust fund values may not sum to the combined (OASDI) total due to rounding.

Taxation of Benefits

The second type of tax revenue credited to the Social Security trust funds is revenue from the taxation of benefits.[39] Beginning in 1984, up to 50% of Social Security benefits became subject to federal income tax for beneficiaries whose provisional income exceeds $25,000 and couples whose provisional income exceeds $32,000.[40] The proceeds from taxing up to 50% of Social Security benefits are credited to the trust funds. Beginning in 1994, up to 85% of Social Security benefits became taxable if provisional income exceeds $34,000 for single-filing beneficiaries and $44,000 for couples. Proceeds from taxes on the first 50% of Social Security benefits are credited to the trust fund (e.g., OASI or DI) from which they were paid. Proceeds from taxes on Social Security benefits that exceed 50% are credited to the Medicare HI trust fund, regardless of whether benefits were paid from the OASI or DI trust funds.[41]

The two sets of thresholds mentioned above are fixed in law. That is, unlike the CBB (i.e., taxable maximum), they are not indexed. Because the thresholds are fixed, the share of Social Security beneficiaries subject to income taxation of a portion of their Social Security benefits is expected to increase as overall economy-wide wages and monthly benefit amounts increase.[42] Recent projections suggest that more than half of Social Security beneficiaries will be subject to federal income taxes on a portion of their Social Security benefits each year between now and 2050.[43]

Table 2 shows the previous five years of revenues from the taxation of Social Security benefits for the two Social Security trust funds, and the combined trust funds, as well as the projected revenues from the taxation of Social Security benefits for each under the trustees' intermediate assumptions for the next five years. In aggregate nominal dollars, revenues from the taxation of benefits have generally increased each year and are projected to increase in each future year.[44] This increase results from, among other things, a generally increasing number of beneficiaries and generally increasing average benefits.[45]

[39] Since 1984, the first year in which some Social Security benefits were subject to the federal income tax, revenues from the taxation of benefits provided about 2%-4% of Social Security's combined (OASDI) revenues (*2026 Annual Report*, Tables IV.A1 and IV.A2; single-year tables are available at https://www.ssa.gov/OACT/STATS/table4a1.html).

[40] Provisional income equals adjusted gross income plus certain otherwise tax-exempt income, including half of Social Security benefits.

[41] *2026 Annual Report*, p. 161.

[42] Patrick J. Purcell, "Income Taxes on Social Security Benefits," SSA, Issue Paper no. 2015-02, December 2015, chart 1, at https://www.ssa.gov/policy/docs/issuepapers/ip2015-02.html.

[43] Purcell, "Income Taxes on Social Security Benefits."

[44] *2026 Annual Report*, Tables IV.A1, IV.A2, and IV.A3, pp. 45-52. Among other things, the Fiscal Year 2025 Reconciliation Law (P.L. 119-21) created an additional standard deduction for tax filers over the age of 65. The effects of this bill are incorporated in the projections shown in **Table 2** (under intermediate assumptions). The trustees project this provision to result in less tax revenue for the trust funds than would have been collected without this change in law (*2026 Annual Report*, p. 3). For more information on how this provision may affect beneficiaries and the trust funds, see "Additional Considerations," in CRS Report R48613, *Taxation of Social Security Benefits and the Senior Deduction in P.L. 119-21: In Brief*.

[45] *2026 Annual Report*, Table V.C4, pp. 144-145; Table V.C5, pp. 152-153; and Table V.C7, pp. 164-165.

Table 2. Revenues from Taxation of Socal Security Benefits for the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Combined OASDI Trust Funds

In billions of dollars

Year	OASI	DI	OASDI
Historical			
2021	$37.2	$0.5	$37.6
2022	47.1	1.6	48.6
2023	49.8	0.9	50.7
2024	54.4	0.7	55.1
2025	56.4	1.4	57.8
Projected (under intermediate assumptions)			
2026	60.0	1.4	61.4
2027	69.1	1.7	70.8
2028	74.6	1.8	76.4
2029	83.7	1.9	85.6
2030	90.2	2.0	92.2

Source: Board of Trustees, *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, Tables IV.A1, IV.A2, and IV.A3, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf.

Notes: Individual trust fund values may not sum to the combined (OASDI) total due to rounding. Among other things, the Fiscal Year 2025 Reconciliation Law (P.L. 119-21) created an additional standard deduction for tax filers over the age of 65.

Interest Income

Under current law, asset reserves held in the Social Security trust funds are invested in nonmarketable federal public debt obligations known as *special issues*.[46] These securities—like other federal debt obligations—are interest-bearing and, thus, provide a source of income to the Social Security program. The amount of interest income earned for the trust funds depends on the trust fund having a positive balance (i.e., the trust fund must have asset reserves upon which interest is earned) and the interest, or coupon, rate.[47] For a list of historical interest rates, see **Table A-3**.

On a combined OASDI basis, revenues from interest income have generally decreased in recent years and are projected to decrease in each future year, in aggregate nominal dollars.[48] This decrease results from, among other things, a decreasing amount of excess reserves held in the trust funds.[49] On an individual fund basis, this holds true for the OASI trust fund but not the DI trust fund (as discussed above, the DI trust fund is not projected to become depleted at any time in the next 75 years). **Table 1** shows the previous five years of interest income for each trust fund, and the combined trust funds, as well as the projected interest income for each under the trustees' intermediate assumptions for the next five years.

[46] 42 U.S.C. §401.

[47] 42 U.S.C. §401(d).

[48] *2026 Annual Report*, Tables IV.A1, IV.A2, and IV.A3, pp. 45-52.

[49] *2026 Annual Report*, Table IV.B4, pp. 69-70; Table IV.B1, pp. 118-119; and Table V.C1, pp. 129-130.

Table 3. Interest Income for the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Combined OASDI Trust Funds

In billions of dollars

Year	OASI	DI	OASDI
Historical			
2021	$67.5	$2.6	$70.1
2022	63.5	2.8	66.4
2023	63.0	3.8	66.9
2024	63.7	5.4	69.1
2025	61.7	7.2	68.9
Projected (under intermediate assumptions)			
2026	57.9	9.1	67.0
2027	52.6	10.7	63.4
2028	45.3	12.6	57.9
2029	36.9	14.8	51.8
2030	27.6	17.5	45.1

Source: Board of Trustees, *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, Tables IV.A1, IV.A2, and IV.A3, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf.

Notes: Individual trust fund values may not sum to the combined (OASDI) total due to rounding.

Total Revenues

Table 4 shows the previous five years of total revenues for each trust fund, and the combined trust funds, as well as the projected total revenues for each under the trustees' intermediate assumptions for the next five years. As shown in the table, total trust fund revenues have grown and are projected to continue to grow on an individual and combined basis. This is largely due to growth in payroll taxes (the largest source of revenue for each trust fund).

Table 4. Total Revenues for the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Combined OASDI Trust Funds

In billions of dollars

Year	OASI	DI	OASDI
Historical			
2021	$942.9	$145.5	$1,088.3
2022	1,056.7	165.1	1,221.8
2023	1,166.9	183.8	1,350.7
2024	1,224.0	193.8	1,417.8
2025	1,248.8	200.5	1,449.3
Projected (under intermediate assumptions)			
2026	1,284.6	208.6	1,493.2
2027	1,326.2	217.0	1,543.2

Year	OASI	DI	OASDI
2028	1,396.4	231.1	1,627.5
2029	1,459.1	244.0	1,703.1
2030	1,520.6	257.7	1,778.3

Source: Board of Trustees, *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, Tables IV.A1, IV.A2, and IV.A3, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf.

Notes: Individual trust fund values may not sum to the combined (OASDI) total due to rounding and net reimbursements from the General Fund of the Treasury to the OASI trust fund. This includes reimbursements for (1) the cost of payroll tax credits provided to employees in 1984 and self-employed persons in 1984-1989 by P.L. 98-21; (2) payroll tax revenue forgone under the provisions of P.L. 111-147, P.L. 111-312, P.L. 112-78, and P.L. 112-96; and (3) transfers of a portion of proceeds from repayments of loans authorized under P.L. 116-136.

Sources of Cost

Social Security has three sources of cost: (1) monthly benefits, (2) administrative costs, and (3) costs associated with the Railroad Retirement Board (RRB) interchange. On a combined basis, monthly benefits typically account for over 99% of program costs.[50] Conversely, when taken together, administrative costs and transfers required for the RRB interchange account for less than 1% of program costs.

Monthly Benefits

The Social Security program pays benefits on a monthly schedule to all program beneficiaries. Retirement benefits and survivors benefits are paid out (i.e., debited) from the OASI trust fund; disability benefits are paid out (i.e., debited) from the DI trust fund.

In aggregate nominal dollars, the amount paid in monthly benefits has increased in every year of the program's history.[51] The total amount of monthly benefits can be thought of as the product of average benefits and the number of beneficiaries, both of which are projected to increase in future years. (**Figure A-1** and **Figure A-2** show the intermediate projections for the number of beneficiaries and initial monthly benefits by earnings level.) As such, the total amount of *scheduled* benefits (i.e., benefits calculated under current law) are projected to increase as well.

Social Security Benefit Calculation

Social Security benefits for retired and disabled workers are calculated using the same benefit computation process. The computation process includes three main steps. First, a summarized measure of lifetime Social Security-covered earnings is computed. This measure is called the average indexed monthly earnings, or AIME. Second, a progressive benefit formula is applied to a worker's AIME to compute his or her primary insurance amount, or PIA. The PIA is commonly referred to as the *basic monthly benefit* (i.e., the monthly benefit before any adjustments are applied). Third, adjustments are applied to the worker's PIA. The two most common adjustments are cost-of-living adjustments and adjustments for claiming age. Benefits for eligible dependents and survivors are based on a worker's PIA. For a detailed explanation of Social Security benefits, including example calculations, see CRS Report R46658, *Social Security: Benefit Calculation*.

[50] For this reason, Social Security's total benefit payments are frequently referred to simply as costs. *2026 Annual Report*, Tables IV.A1 and IV.A2; single-year tables are available at https://www.ssa.gov/OACT/STATS/table4a1.html.

[51] See SSA, *Social Security Trust Fund Data*, available at https://www.ssa.gov/OACT/ProgData/funds.html.

Table 5. Aggregate Monthly Benefits for the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Combined OASDI Trust Funds

In billions of dollars

Year	OASI	DI	OASDI
Historical			
2021	$993.1	$140.1	$1,133.2
2022	1,088.1	143.6	1,231.7
2023	1,227.4	151.9	1,379.3
2024	1,316.4	155.0	1,471.4
2025	1,438.5	158.0	1,596.5
Projected (under intermediate assumptions)			
2026	1,517.6	165.7	1,683.3
2027	1,609.4	175.8	1,785.1
2028	1,700.2	180.6	1,880.8
2029	1,792.0	183.8	1,975.8
2030	1,884.8	187.2	2,072.0

Source: Board of Trustees, *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, Tables IV.A1, IV.A2, and IV.A3, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf.

Notes: Individual trust fund values may not sum to the combined (OASDI) total due to rounding.

Administrative Costs

Expenses incurred by SSA and the Department of the Treasury in administering the OASI and DI programs and associated provisions of the Internal Revenue Code are debited from their respective trust funds.[52] Nearly all of SSA's administrative expenses are funded by appropriations to its limitation on administrative expenses account, and almost all of the funding for this account is provided each year as part of the annual appropriations process.[53]

Table 6. Administrative Costs for the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Combined OASDI Trust Funds

In billions of dollars

Year	OASI	DI	OASDI
Historical			
2021	$4.0	$2.5	$6.5
2022	4.0	2.7	6.7
2023	4.4	2.8	7.2
2024	4.9	2.5	7.4

[52] *2026 Annual Report*, p. 236.

[53] For more information, see CRS Report R49047, *The Social Security Administration's (SSA's) FY2027 Annual LAE Appropriation: In Brief*.

Year	OASI	DI	OASDI
2025	4.3	2.6	7.0
Projected (under intermediate assumptions)			
2026	4.4	3.2	7.7
2027	4.4	3.0	7.5
2028	4.5	3.0	7.5
2029	4.7	3.1	7.8
2030	4.9	3.2	8.2

Source: Board of Trustees, *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, Tables IV.A1, IV.A2, and IV.A3, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf.

Notes: Individual trust fund values may not sum to the combined (OASDI) total due to rounding.

Railroad Retirement Board Interchange

To ensure the OASI and DI trust funds maintain the same financial position in which they would have been if railroad employees had always been covered by Social Security, the Railroad Retirement Act requires an annual financial interchange between the OASI and DI programs with the Railroad Retirement program.[54]

Table 7. Transfers for the Railroad Retirement Board Interchange for the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Combined OASDI Trust Funds

In billions of dollars

Year	OASI	DI	OASDI
Historical			
2021	$4.8	$0.1	$4.9
2022	5.3	0.2	5.5
2023	5.6	0.1	5.6
2024	5.9	0.1	5.9
2025	6.0	—	6.0
Projected (under intermediate assumptions)			
2026	5.9	-0.1	5.8
2027	6.1	-0.1	6.1
2028	6.2	-0.1	6.2

[54] *2026 Annual Report*, p. 33. For more information, see CRS Report RS22350, *Railroad Retirement Board: Retirement, Survivor, Disability, Unemployment, and Sickness Benefits*. The railroad retirement system and the Social Security system have been coordinated financially since 1951 (P.L. 82-234). The financial interchange involves computing the amount of Social Security taxes that would have been collected on railroad employment and computing the amount of additional benefits that Social Security would have paid to railroad retirement beneficiaries during the same fiscal year. When benefit reimbursements exceed payroll taxes, the difference, with an allowance for interest and administrative expenses, is transferred from the Social Security trust funds to the Social Security Equivalent Benefits Account. If taxes exceed benefit reimbursements (this has not happened since 1951), a transfer would be made in favor of the Social Security trust funds.

Year	OASI	DI	OASDI
2029	6.4	—	6.3
2030	6.4	—	6.4

Source: Board of Trustees, *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, Tables IV.A1, IV.A2, and IV.A3, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf.

Notes: Individual trust fund values may not sum to the combined (OASDI) total due to rounding. A dash ("—") denotes a value between -$50 million and $50 million.

Total Costs

Table 8 shows the previous five years of total costs for each trust fund and the combined trust funds, as well as the projected total costs for each under the trustees' intermediate assumptions for the next five years. As shown in the table, total trust fund costs have grown, and are projected to continue to grow, on an individual and combined basis. As the largest individual source of costs, growth in total costs is attributable to the growth in scheduled benefits.

Table 8. Total Costs for the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Combined OASDI Trust Funds

In billions of dollars

Year	OASI	DI	OASDI
Historical			
2021	$1,001.9	$142.6	$1,144.6
2022	1,097.5	146.5	1,243.9
2023	1,237.3	154.8	1,392.1
2024	1,327.2	157.6	1,484.8
2025	1,448.8	160.7	1,609.5
Projected (under intermediate assumptions)			
2026	1,528.0	168.8	1,696.8
2027	1,619.9	178.8	1,798.7
2028	1,710.9	183.5	1,894.4
2029	1,803.1	186.9	1,990.0
2030	1,896.2	190.4	2,086.5

Source: Board of Trustees, *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, Tables IV.A1, IV.A2, and IV.A3, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf.

Notes: Individual trust fund values may not sum to the combined (OASDI) total due to rounding.

Surpluses, Deficits, and Balances

Comparing OASI and DI revenues and costs helps to illustrate the financial position of each program. The differences between costs and revenues can be analyzed on a cash flow basis (i.e., noninterest revenues less cost) and on an annual basis (i.e., total revenues less cost). When either

measure results in a positive balance, the program operates under a surplus according to that measure. When either measure results in a negative balance, the program operates under a deficit.

Cash Flow Balances

Cash flow balances show the difference between the OASI and DI programs' current revenues and current costs. This measure does not consider interest income earned on asset reserves held in the respective trust funds, as these are generally earned based on accumulated excess revenues from prior years. When noninterest income (i.e., tax revenues) exceeds total cost, the program has a cash flow surplus. When noninterest income (i.e., tax revenues) is less than total costs, the program has a cash flow deficit. If either program operates a cash flow deficit, it may use interest income or accumulated holdings in its trust fund to help cover costs. **Table 9** shows that the OASI program has operated cash flow deficits (i.e., negative cash flow balances) for the past five years and is projected to do so for the next five years. Under the intermediate assumptions, the trustees project the OASI program will experience cash flow deficits indefinitely.[55] Conversely, the DI program has operated cash flow surpluses in each of the past five years, a trend that is expected to continue in the next five years (as shown in **Table 9**) and in each of the next 75 years.[56] On a hypothetical OASDI basis, the combined trust funds are projected to experience cash flow deficits in each of the next 75 years.[57]

Operating with Cash Flow Deficits

When a trust fund (e.g., OASI) operates with annual cash flow deficits, the U.S. Treasury can continue to pay benefits scheduled under current law as long as the accumulated balance in the trust fund is sufficient to cover the costs. This is because the Social Security program has budget authority to pay benefits in full and on time if there is a positive balance in the designated account. However, if Social Security cannot cover benefits, the U.S. government must raise the funds necessary to pay back the bonds held in the trust funds. To do this, the government can increase taxes or other income, reduce non-Social Security spending, borrow from the public (i.e., by replacing bonds held by the trust funds with bonds held by the public), or a combination of these measures.

Table 9. Cash Flow Balances for the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Combined OASDI Trust Funds

In billions of dollars

Year	OASI	DI	OASDI
Historical			
2021	-$126.5	$0.3	-$126.4
2022	-104.5	15.8	-88.7
2023	-133.4	25.1	-108.3
2024	-167.2	30.8	-136.4
2025	-261.7	32.6	-229.1
Projected (under intermediate assumptions)			
2026	-301.5	30.7	-270.8
2027	-346.3	27.4	-318.9

[55] *2026 Annual Report*, Table IV.A1, pp. 45-46.

[56] *2026 Annual Report*, Table IV.A2, pp. 49-50.

[57] *2026 Annual Report*, Table IV.A3, pp. 51-52.

Year	OASI	DI	OASDI
2028	-359.8	35.1	-324.8
2029	-381.0	42.3	-338.7
2030	-403.2	49.8	-353.3

Source: Congressional Research Service (CRS) using the *2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, Tables IV.A1, IV.A2, and IV.A3, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf.

Notes: Individual trust fund values may not sum to the combined (OASDI) total due to rounding.

Annual Balances

The occurrence of cash flow deficits—total costs exceeding noninterest revenues (i.e., tax revenues)—does not necessarily indicate an inability of a trust fund to pay full scheduled benefits (i.e., remain solvent).

> In fact, in a perfectly pay-as-you-go (PAYGO) financing approach, with the assets in the trust fund maintained consistently at the level of a "contingency reserve" targeted at one year's cost for the program, the program might well be in a position of having negative cash flow on a permanent basis. This would occur when the interest rate on the trust fund assets is greater than the rate of growth in program cost. In this case, interest on the trust fund assets would be more than enough to grow the assets as fast as program cost, leaving some of the interest available to augment current tax revenue to meet current cost.[58]

If a trust fund's total revenues (i.e., noninterest income plus interest income) were to exceed total cost, the program would be operating an annual surplus. On one hand, a program could operate simultaneous cash flow deficits and annual surpluses, wherein the cash flow deficits were offset by interest income, allowing for full scheduled benefits to be paid.

On the other hand, the ability of a trust fund to pay full benefits could be weakened by sustained annual deficits where total revenues (i.e., noninterest income plus interest income) are less than total cost. A trust fund experiencing sustained cash flow deficits large enough to result in declining trust fund reserves would eventually threaten a program's ability to remain solvent. That is, a trust fund cannot sustain continued cash flow deficits and annual deficits.

Table 10 shows the annual balances for the OASI, DI, and combined trust funds for the previous five years and the next five years under the intermediate assumptions. As shown in **Table 10**, the OASI program has had annual deficits—interest income was not enough to offset negative cash flows—for the past five years and is projected to have annual deficits for the next five-years. This is projected to continue in each of the next 75 years as well.[59] Although the DI program has had, and is projected to continue to have, annual surpluses, the status of the combined OASDI trust fund is expected to mimic that of the OASI program.

[58] Stephen C. Goss, "The Future Financial Status of the Social Security Program," *Social Security Bulletin*, vol. 70, no. 3 (August 2010), available at https://www.ssa.gov/policy/docs/ssb/v70n3/v70n3p111.html.

[59] *2026 Annual Report*, Table IV.A1, pp. 45-46.

Table 10. Annual Balances for the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Combined OASDI Trust Funds

In billions of dollars

Year	OASI	DI	OASDI
Historical			
2021	-$59.1	$2.8	-$56.3
2022	-40.7	18.6	-22.1
2023	-70.4	29.0	-41.4
2024	-103.2	36.2	-67.0
2025	-200.00	39.8	-160.2
Projected (under intermediate assumptions)			
2026	-243.3	39.7	-203.6
2027	-293.7	38.2	-255.5
2028	-314.5	47.6	-266.9
2029	-344.0	57.1	-286.9
2030	-375.5	67.3	-308.3

Source: *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, Tables IV.A1, IV.A2, and IV.A3, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf.

Notes: Individual trust fund values may not sum to the combined (OASDI) total due to rounding.

Asset Reserves Held in the Trust Funds

When a trust fund spends more than it receives in tax revenue and interest income, as it would under an annual deficit, it can redeem accumulated assets to pay scheduled benefits. Essentially, an annual deficit can be offset by drawing from accumulated assets (i.e., excess revenues accrued during years of annual surpluses). This process—redeeming assets reserves (i.e., bonds) held in the trust funds—results in a decrease in trust fund balances and can only occur when a positive trust fund balance exists.

Table 11 shows the trust fund balances for the OASI, DI, and combined trust funds for the previous five years and for the next five years under the intermediate assumptions. As shown in **Table 11**, the OASI program's annual deficits resulted in decreasing trust fund balances for the 2021 through 2025 period and are projected to continue for the next five years. Moreover, because costs are projected to grow faster than revenues, the trustees estimate that the continuing annual deficits will require increasing amounts of asset reserve redemption leading to asset reserve depletion in 2032. The combined trust funds' experience will closely resemble that of the OASI trust fund; the trustees estimate that on a combined basis, the OASDI trust funds assets would be depleted sometime in 2034. This combined result, an extension of overall program solvency by about two years, relies on the annual surpluses and a growing trust fund balance of the DI trust fund. As previously discussed, any transfer or borrowing from one trust fund to another would require a change in law.

Table 11. Asset Reserves for the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Combined OASDI Trust Funds

In billions of dollars

Year	OASI	DI	OASDI
Historical			
2021	$2,752.6	$99.4	$2,852.0
2022	2,711.9	118.0	2,829.9
2023	2,641.5	147.0	2,788.5
2024	2,538.3	183.2	2,721.5
2025	2,338.3	223.0	2,561.3
Projected (under intermediate assumptions)			
2026	2,094.9	262.8	2,357.7
2027	1,801.3	301.0	2,102.2
2028	1,486.8	348.6	1,835.3
2029	1,142.8	405.7	1,548.5
2030	767.2	473.0	1,240.2

Source: *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, Tables IV.A1, IV.A2, and IV.A3, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf.

Notes: Individual trust fund values may not sum to the combined (OASDI) total due to rounding.

Historical Combined Trust Fund Operations

The trust funds have run annual surpluses in most years. Except for the first decades of the program and a few years beginning in the late 1960s, these annual surpluses were typically small relative to the size of the trust funds' expenditures. Beginning in 1975, the combined trust funds ran annual deficits. The trust funds made up the difference between revenues and cost during these years by redeeming some of the bonds accumulated in earlier years.

The Social Security program experienced significant financial difficulties during the mid-1970s through the early 1980s. A combination of high inflation, high unemployment, and slow real wage growth during this period caused the program's costs to exceed its income, which eroded the balances of the Social Security trust funds. To address these challenges, Congress passed a series of legislative measures aimed at mitigating program costs and increasing revenues.[60]

Near-Insolvency of the OASI Trust Fund in the Early 1980s

The 1982 Social Security trustees report projected that in the absence of legislative changes, the OASI trust fund would become insolvent by July 1983.[61] To relieve the pressure on the OASI trust fund, Congress temporarily permitted the fund to borrow from the DI and HI trust funds through the end of 1982.[62] On November 5, 1982, the balance of the OASI trust fund had fallen to zero, and continuing tax revenues were insufficient to pay in full

[60] For more information, see CRS Report RL30920, *Social Security: Major Decisions in the House and Senate Since 1935*.

[61] Board of Trustees, *The 1982 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, April 1, 1982, p. 2, https://www.ssa.gov/oact/tr/historical/1982TR.pdf.

[62] P.L. 97-123.

the OASI benefit checks that had been delivered on November 3.[63] To cover the shortfall, the Secretary of the Treasury authorized a $581 million loan from the DI trust fund to the OASI trust fund. Additional loans from the DI and HI trust funds to the OASI trust fund were made before the temporary interfund borrowing authority expired. Essentially, these loans gave Congress the time necessary to develop the Social Security Amendments of 1983 (P.L. 98-21). The 1982 loans from the DI and HI trust funds to the OASI trust fund were repaid, with interest, by the end of April 1986.[64]

The Social Security Amendments of 1983 (P.L. 98-21) are commonly considered the most recent major reform to Social Security.[65] When the amendments were passed, Social Security was months away from being unable to pay full benefits. Among other provisions, the amendments used a combination of revenue-increasing and cost-reducing measures to improve the program's long-range financial status. As a result, from 1983 through 2009, Social Security operated with a cash flow surplus (i.e., tax revenues exceeded costs).[66] Each of those year's cash surpluses accumulated in the trust funds and were invested in government securities—as required by law—earning interest and contributing to a growing level of asset reserves held in the trust funds (see **Figure 1**).[67]

The 1983 legislation was seen as solving the short-term and medium-term financing issues that had pressured Social Security for the prior 10-year period. After the 1983 legislation, the program's projected revenues and costs were relatively close over the immediate 75-year projection period (1983-2058). However, in the ensuing years, the program moved farther out of actuarial balance. The Committee on Ways and Means' *2004 Green Book* summarized this transition:

> The longer range picture for Social Security has been worsening gradually since 1983…. In fact, projections made then showed that Congress had stemmed the red ink, at least on average, for the following 75 years. However, the average condition of the two trust funds did not represent their condition over the entire period. The funds were not shown to be insolvent at any point, but their expenditures were expected to exceed their income by 2025 and to remain higher thereafter. Simply [s]tated, 40 years of surpluses were to be followed by an indefinite period of deficits. With each passing year since 1983, the Trustees' 75-year averaging period has picked up 1 deficit year at the back end and dropped a surplus year from the front end. This, by itself, would cause the average condition to worsen. However in recent reports, assumptions about birth rates, economic growth, and wages have been lowered, causing further deterioration in the long-term outlook.[68]

[63] Bruce D. Schobel, "Interfund Borrowing Under the Social Security Act," *Social Security Bulletin*, vol. 46, no. 9 (September 1983), https://www.ssa.gov/policy/docs/ssb/v46n9/. See also Edward Cowan, "Leaders of Both Parties Facing Tough Choices on Social Security Problems," *The New York Times*, November 7, 1982, http://www.nytimes.com/1982/11/07/us/leaders-of-both-parties-facing-tough-choices-on-social-security-problems.html.

[64] SSA, "Research Note #4: Inter-Fund Borrowing Among the Trust Funds," http://www.ssa.gov/history/interfundnote.html.

[65] For more information on the development of the 1983 amendments, see CRS Report R47040, *Social Security: Trust Fund Status in the Early 1980s and Today and the 1980s Greenspan Commission*.

[66] See SSA, "Old-Age, Survivors, and Disability Insurance Trust Funds, 1957-2025," https://www.ssa.gov/OACT/STATS/table4a3.html.

[67] 42 U.S.C. §401(d).

[68] U.S. Congress, House Committee on Ways and Means, *Background Material and Data on the Programs within the Jurisdiction of the Committee on Ways and Means (Green Book)*, 108th Cong., 2nd sess., March 1, 2004, WMCP 108-6, pp. 1.11-1.12, https://www.govinfo.gov/content/pkg/GPO-CPRT-108WPRT108-6/pdf/GPO-CPRT-108WPRT108-6-2-1.pdf.

Since 2010, the Social Security program has operated with cash flow deficits (i.e., costs exceeded tax revenues).[69] Thus, starting in 2010 the program has relied in part on interest income to pay the full amounts of scheduled benefits. For a time, the asset reserves continued to increase but at a slower pace (see **Figure 1**). Under the intermediate assumptions, the trustees project cash flow deficits for the remainder of the 75-year projection period.

Near-Insolvency of the DI Trust Fund in the 2010s

In their annual reports for 2012 through 2015, the trustees projected that the DI trust fund would be depleted in late 2016. The shortfall resulted from an increase in costs stemming from the growth in the number of DI beneficiaries. During that period, the number of disabled-worker beneficiaries increased by 113%, from nearly 4.2 million to more than 8.9 million.[70] The Bipartisan Budget Act of 2015 (BBA 2015; P.L. 114-74), among other provisions, authorized a temporary reallocation of the payroll tax rate between the OASI and DI trust funds (see **Table A-1**). The DI trust fund's share of the combined tax rate increased by 0.57 percentage points at the beginning of 2016, from 1.80% to 2.37%, and OASI's share of the combined tax rate declined by 0.57 percentage points at the start of 2016, from 10.60% to 10.03%. The combined payroll tax rate of 12.40% was unchanged. At the beginning of 2019, the shares allocated to each trust fund returned to their 2015 levels (1.80% to the DI trust fund and 10.60% to the OASI trust fund).

Starting in 2021, the Social Security program has been operating annual deficits (i.e., total costs exceeded total revenues). Tax revenues and interest together have not covered the amount of scheduled benefits. Thus, since 2021, Social Security has redeemed a portion of the asset reserves held in the trust funds to pay the full amounts of scheduled benefits. Under the intermediate assumptions, the trustees project continuing and generally increasing annual deficits, which will require redeeming increasing amounts of asset reserves (see **Figure 1**).[71] The program is projected to be able to rely on asset reserves to help pay scheduled benefits on a combined basis until sometime in 2034 (2032 for OASI). At that point, with no trust fund assets to redeem, Social Security would be able to pay out in benefits only what it receives in tax revenues (i.e., noninterest income).

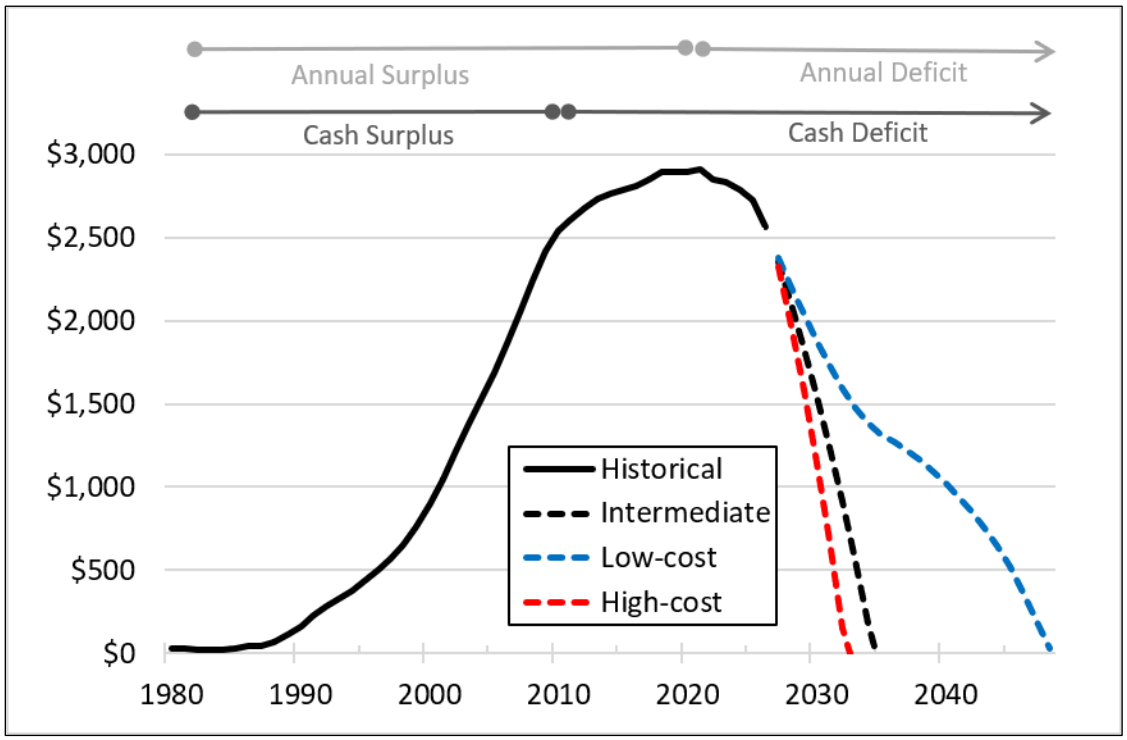
[69] See "Income Components" and "Cost Components" at SSA, "Time Series for Selected Financial Items," https://www.ssa.gov/OACT/ProgData/tsOps.html.

[70] SSA, OCACT, "Benefits Paid by Type of Beneficiary," https://www.ssa.gov/oact/ProgData/icp.html.

[71] *2026 Annual Report*, Table IV.A3, pp. 51-52.

Figure 1. Combined Social Security Trust Fund Asset Reserves, in Billions of Current Dollars

1980-2050 Under Intermediate, Low-cost, and High-cost Assumptions



Source: Congressional Research Service (CRS) and the supplemental single-year tables (Table VI.G2) for the *2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, Table VI.G2, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf.

Notes: Projections use the trustees' 2026 projections. The *low-cost* set of assumptions represents a future experience (e.g., higher fertility, higher mortality, lower unemployment) that is the most advantageous to the program's financial status. The *high-cost* set of assumptions represents a future experience (e.g., lower fertility, lower mortality, higher unemployment) that is the least advantageous to the program's financial status. The trustees use the *intermediate* set of assumptions to illustrate their best guess as to the future experience. Cash surpluses (deficits) denote years in which tax revenues exceed cost (cost exceeds tax revenues). Annual surpluses (deficits) denote years in which total revenues exceed cost (cost exceeds total revenue).

Projected Shortfall

As mentioned above, the projected shortfall—an inability at some point of a program to fulfill scheduled benefit payments—has been expected as the "valuation period moves forward and near-term years of surplus are replaced by distant years of deficit."[72] A financial shortfall within the 75-year period has been projected in each annual report since 1984.[73]

[72] Board of Trustees, *The 1984 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, April 5, 1984, p. 81, https://www.ssa.gov/OACT/TR/historical/1984TR.pdf.

[73] Sharon Chu and Kyle Burkhalter, *Disaggregation of Changes in the Long-Range Actuarial Balance for the Old-Age, Survivors, and Disability Insurance (OASDI) Program Since 1983*, Social Security Administration, Actuarial Services, June 2026, https://www.ssa.gov/OACT/NOTES/ran8/an2026-8.pdf.

What Caused the Projected Shortfall?

The projected shortfall is caused by demographic factors (e.g., fertility, mortality, and immigration), economic factors (e.g., wage growth, price growth, and productivity), and program-specific factors (e.g., automatically adjusted parameters). Considered together, projections of these factors predict a continued trend of program costs growing faster than program revenues.

Projected demographic, economic, and program-specific factors affect all aspects of the future financial status of the program, such as the number of covered workers and their levels of earnings, as well as the size and makeup of the beneficiary population and the level of monthly benefits. Assumptions for all three categories of factors contribute to the projected imbalance. For instance, economic factors—such as recessions—could lead to lower-than-expected payroll tax revenues and higher-than-expected costs.

According to the trustees, the growing difference between costs and revenues is largely attributable to demographic factors. Demographic factors alone are expected to cause the costs to increase markedly in coming years. The trustees write, "Under the intermediate assumptions, demographic factors cause the projected cost rate to rise rapidly until about 2085."[74] Specifically, the U.S. population has been experiencing a shift in age structure toward older ages and an increase in the median age, termed *demographic aging*. Two demographic effects have contributed to this aging over time: decreasing fertility and increasing longevity. The Social Security population's changing age distribution is creating a situation in which fewer workers in covered employment are supporting a growing number of people collecting benefits (see **Table A-3**).[75] This relationship is temporarily sustainable, as the OASI program can draw upon the $2.1 trillion in asset reserves (i.e., the trust fund balance at the beginning of 2026) held in the trust funds to augment program revenues and fulfill all scheduled benefit payments. However, the OASI program's ability to pay 100% of scheduled benefits becomes unsustainable when these asset reserves are depleted.

Social Security's Projected Shortfall: The Role of Demographic Factors

CRS Report R48557, *Social Security's Projected Shortfall: The Role of Demographic Factors*, analyzes key demographic assumptions of the Social Security-covered population and its relationship to the financing of Social Security. The report provides background on the three demographic factors that determine a population—fertility, mortality, and immigration—as well as trends over time in these factors in the United States. This report then analyzes the sensitivity of the program's financial status to different fertility, mortality, and immigration scenarios, relying on projections from the Social Security Board of Trustees and the Congressional Budget Office.

Scheduled Versus Payable Benefits

As discussed above, Social Security's ability to pay the full amounts of scheduled benefits to current and future beneficiaries is determined by its revenues, costs, and trust funds. At the point of asset reserve depletion, there would be a difference between scheduled benefits (i.e., benefit amounts specified under current law) and *payable* benefits (i.e., the percentage of scheduled

[74] *2026 Annual Report*, p. 15. Given how the program is expected to change over the 75-year projection period—in terms of the number of workers, the proportion of earnings subject to the payroll tax, price growth, and wage growth—a common practice is to compare the programs' revenues and costs as a rate of taxable payroll. Taxable payroll is the weighted sum of taxable wages and taxable self-employment income. When this sum is multiplied by the OASDI program payroll tax rate, it results in the total amount of payroll taxes.

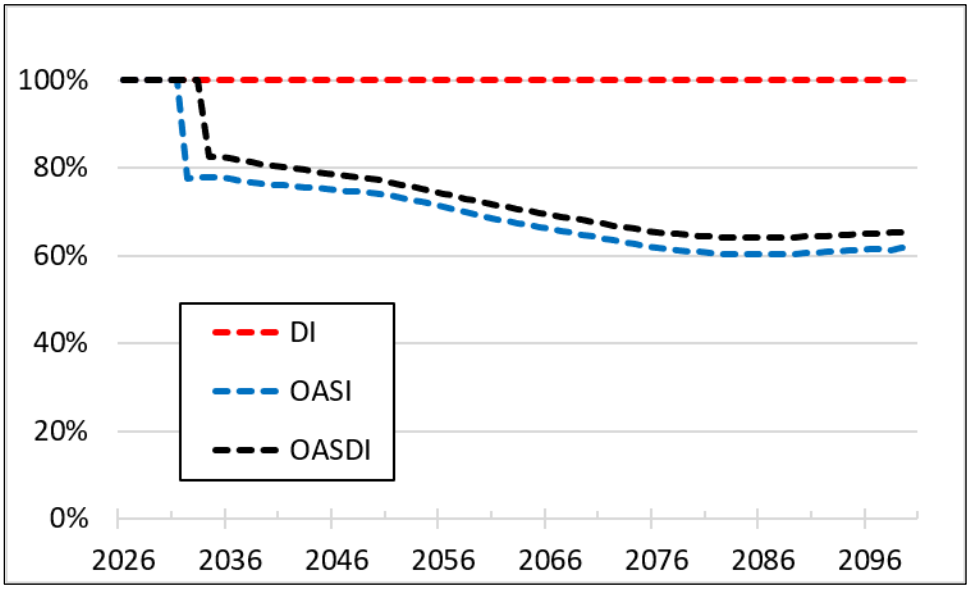
[75] *The 2026 Annual Report*, p. 69. Overall, the trustees identify the movement of the baby boom cohort (born 1946-1964) into retirement and increases in longevity at older ages as the cause of the demographic shift from workers toward beneficiaries.

benefits supported by continuing revenue). **Figure 2** shows that, prior to trust fund depletion, scheduled benefits will equal payable benefits. However, at the time of depletion (projected to be 2032 for the OASI program) and absent any changes to current law, total payable benefits will become equal to continuing tax revenues. Payable OASI benefits are projected to be about 78% of scheduled benefits in 2032, gradually decreasing to 60% in the 2080s.

If the trust funds were to combine, then the OASDI program is projected to be able to pay full scheduled benefits until sometime in 2034, after which payable benefits for the OASI *and* DI program would be about 83% of scheduled benefits, an amount that would gradually decrease to 64% in the 2080s.

Figure 2. Projected Payable Benefits for the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Combined OASDI Trust Funds

As a percentage of scheduled benefits (2026-2100)



Source: Congressional Research Service, based on memo from Kyle Burkhalter, Actuary, and Zhongde Li, Actuary, to Daniel Nickerson, Head of Trust Fund Operations and Proposal Estimates, and Karen Glenn, Chief Actuary, Social Security Administration, Office of the Chief Actuary (OCACT), "Current-Law OASDI Payable Percentages: Current-Law Revenue as a Percent of the Cost of Providing Scheduled Benefits Through Year 2100—Information," August 5, 2026.

Notes: Projections are based on the 2026 intermediate assumptions. In calculating the percentage of payable benefits, OCACT limits revenue from the taxation of benefits to the amount that would be obtained from the payable benefits.

What Is the Magnitude of the Shortfall?

The 2026 Social Security trustees report shows the 75-year actuarial deficit for the Social Security trust funds. The actuarial deficit is the difference between the discounted present value of scheduled benefits and the discounted present value of future taxes plus asset reserves held by the trust funds. As a share of taxable payroll, it can be viewed as the amount by which the payroll tax rate would have to be increased to support the level of benefits scheduled under current law throughout the 75-year projection period (or, roughly the amount by which the payroll tax rate would have to be increased for the trust funds to remain fully solvent throughout the 75-year period). The 2026 annual report projects that the 75-year actuarial deficit for the OASI trust fund

is equal to 4.55% of taxable payroll.[76] On a combined OASDI trust fund basis, the 75-year actuarial deficit would be slightly less negative—offset by the more advantageous position of the DI trust fund—at 4.42% of taxable payroll.

Projected Shortfall: 1983 Versus 2026

The actuarial balance is a frequently used summary measure of the program's financial status. It is often interpreted as the basis for the approximate percentage point increase in the payroll tax rate that would be necessary for the trust funds to remain fully solvent throughout the 75-year projection period.[77]

Before passage of the 1983 amendments, the OASDI program faced an actuarial balance of -1.82% of taxable payroll.[78] In the 2026 annual report, the Social Security trustees estimate the OASDI actuarial balance to be -4.42% of taxable payroll.[79] In other words, the projected shortfall in 2026 is more than twice as large as the one lawmakers addressed in 1983.

What Happens to Benefits in the Case of Insolvency?

The Social Security Act states that every individual who meets program eligibility requirements is entitled to benefits.[80] As an *entitlement program*, the federal government is legally obligated to pay Social Security benefits to all those who are eligible for them as set forth in the statute.[81] If the federal government fails to pay the benefits stipulated by law, beneficiaries could take legal action. Insolvency would not relieve the government of its obligation to provide benefits.

However, the Social Security Act specifies that benefit payments shall be made only from the trust funds.[82] Another law, the Antideficiency Act, prohibits government spending in excess of available funds.[83] Consequently, if the Social Security trust funds become insolvent—that is, if current tax receipts and accumulated assets are not sufficient to pay the benefits to which people are entitled, as the OASI trust fund is projected to experience in 2032—the law effectively prohibits full Social Security benefits from being paid on time.

The Antideficiency Act prohibits government agencies from paying for benefits, goods, or services beyond the limit authorized in law for such payments. The authorized limit in law for Social Security benefits is the balance of the trust fund. The Social Security Act does not stipulate what would happen to benefit payments if the balance of the trust funds is not sufficient to cover

[76] *2026 Annual Report*, p. 2. The Congressional Budget Office (CBO) estimates the 75-year actuarial deficit for the OASI trust fund to be -4.5% of taxable payroll, the 75-year actuarial deficit for the DI trust fund to be 0.0% of taxable payroll (i.e., in actuarial balance), and the 75-year actuarial deficit for the OASDI trust fund to be -4.6% of taxable payroll. See CBO's 2026 Long-Term Projections for Social Security, *Data and Supplemental Information*, at https://www.cbo.gov/publication/62556.

[77] At the start of 2026, the actual payroll tax rate increase that would have been necessary to ensure the trust funds remain fully solvent throughout the 75-year projection period was 4.25 percentage points. This is less than the 4.42% actuarial deficit for two reasons: (1) the actuarial deficit incorporates an ending trust fund asset reserve equal to one year's cost at the end of the projection period (i.e., 75 years) and (2) the actuarial deficit does not reflect behavioral responses to the payroll tax rate increase (*The 2026 Annual Report*, p. 6).

[78] John A. Svahn and Mary Ross, "Social Security Amendments of 1983: Legislative History and Summary of Provisions," *Social Security Bulletin*, vol. 46, no. 7 (July 1983), p. 41, https://www.ssa.gov/policy/docs/ssb/v46n7/v46n7p3.pdf (hereinafter cited as "Svahn and Ross 1983").

[79] *The 2026 Annual Report*, p. 25.

[80] 42 U.S.C. §§402 and 423.

[81] See 2 U.S.C. §622 for the definition of *entitlement authority*. Congress retains the right to modify provisions of the Social Security Act at any time, which could affect the benefits current and future beneficiaries may receive (see 42 U.S.C. §1304).

[82] 42 U.S.C. §401(h).

[83] 31 U.S.C. §1341.

the benefit payments. Absent any change to current law, a trust fund reaching insolvency would essentially convert that program to a purely pay-as-you-go system, in which program costs (i.e., benefits paid) are equal to program tax revenues on an annual basis and there are no trust fund assets.

Possible Scenario #1: Full Delayed Payments

The 1982 annual trustees report, which was released in April of that year, stated that in the absence of legislative action, the OASI trust fund would soon be insolvent:

> Without corrective legislation in the very near future, the Old-Age and Survivors Insurance Trust Fund will be unable to make benefit payments on time beginning no later than July 1983…. If assets are allowed to decline to the point where their amount at the end of a particular month is less than the benefit payments falling due on the third of the following month, inability to pay some benefits on time for that month would result.[84]

That language (i.e., "on time") suggests that after insolvency, full benefit payments would have been made on a *delayed* schedule. To see how a delay could affect beneficiaries, consider the current Social Security benefit payment schedule, shown in **Table 12**.

Table 12. Current Social Security Benefit Payment Schedule

Benefits Paid On	Birth Date of Worker on Whose Record Benefits Are Paid
Third day of every month	Any birth date for (1) Social Security beneficiaries who also receive Supplemental Security Income benefits or who reside in a foreign country, and (2) most beneficiaries who began to receive benefits prior to June 1997.
Second Wednesday	1st to 10th day of the month
Third Wednesday	11th to 20th day of the month
Fourth Wednesday	21st to 31st day of the month

Source: Congressional Research Service (CRS), based on 20 C.F.R. §404.1807 and Social Security Administration (SSA), Office of the Chief Actuary (OCACT), "Cyclical Payment of Social Security Benefits," http://ssa.gov/OACT/ProgData/cyclicalpay.html.

Notes: For beneficiaries scheduled to receive payments on the third day of the month, benefits may be paid earlier if the third day is on a weekend or holiday.

For beneficiaries who first file for benefits after May 1997, payment dates are generally based on their day of birth. For example, if the worker covered by Social Security was born on the first of the month (e.g., June 1), his or her benefit payment is made on the second Wednesday of each month.[85]

If trust fund insolvency were to cause delays in the payment schedule, benefit payments could be made in the usual order—first to those who receive benefits on the third day of the month, then to those on the second Wednesday of the month, and so on, until the remainder of the trust funds' balance reached zero. At that point, no benefits could be paid until more tax receipts were credited to the trust funds. Then benefit payments could continue where they left off when the

[84] *The 1982 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, April 1, 1982, p. 2, at https://www.ssa.gov/OACT/TR/historical/1982TR.pdf.

[85] For beneficiaries who receive Social Security benefits based on another person's work record (e.g., spousal benefits), their payment date depends on the birth date of the worker on whose record they receive benefits. The current benefit payment schedule was first implemented for new beneficiaries in May 1997.

trust funds ran out. This cycle could continue indefinitely. The timing of these payments would be unpredictable. Additionally, the benefit payment schedule is not established in statute and may be changed at the discretion of the Commissioner of Social Security.[86]

Possible Scenario #2: Reduced On-Time Payments

The 2026 annual trustees report states:

> After reserves are depleted, the trust funds would be unable to pay scheduled benefits in full on a timely basis if annual income were less than annual cost.[87]

This language is seemingly more neutral than previous (i.e., 1982) language and could be interpreted to mean *reduced* benefits could be paid on a timely basis after a trust fund reached insolvency. Paying reduced but timely benefits could take many forms. For instance, all benefits could be reduced proportionally across the board, such that projected payable benefits in any year would resemble those in **Figure 2**. In such a scenario, all beneficiaries would experience the same percentage reduction in benefit amounts. Alternatively, reduced benefits could be structured to protect certain groups, such as disabled or low-income beneficiaries. For instance, some researchers argue that in the event of trust fund insolvency, the President has "considerable discretion to allocate those limited funds in a reasonable manner."[88] This research further posits that the President could not reduce total benefits paid by more than an amount needed to ensure costs do not exceed revenues, and that the President could not provide benefits to any beneficiaries (i.e., low-income beneficiaries) that were higher than calculated under law.[89]

What Can Congress Do?

Under current law and intermediate assumptions, the trustees estimate that in about six years the OASI program will be unable to pay scheduled benefits in full and on time. Generally speaking, the types of measures needed to eliminate the projected shortfall and maintain the program's solvency can be characterized as *revenue-increasing* or *cost-reducing*.

In practice, a wide range of solvency-related measures are available to lawmakers. For instance, each year the SSA's Office of the Chief Actuary updates a list of financial effects for over 100 commonly proposed solvency-related measures.[90] The Congressional Budget Office provides a similar function in its *Options for Reducing the Deficit* and *Social Security Policy Options*.[91] These reports generally agree that no single provision is likely to entirely eliminate the financial shortfall.[92] For this reason, many proposals addressing the program's finances include both

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[86] 20 C.F.R. §404.1807. For the payment schedule rationale, see SSA, "Cycling Payment of Social Security," 62 *Federal Register* 6114, February 11, 1997, https://www.gpo.gov/fdsys/pkg/FR-1997-02-11/pdf/97-3205.pdf.

[87] *2026 Annual Report*, p. 44.

[88] Andrew G. Biggs and Kristin A. Shapiro, *A Simple Plan to Address Social Security Insolvency*, American Enterprise Institute (AEI), AEI Economics Working Paper 2024-17, September 2024, https://www.aei.org/wp-content/uploads/2024/09/Biggs-Shapiro-A-Simple-Plan-to-Address-Social-Security-Insolvency-WP.pdf?x37436.

[89] Biggs and Shapiro, *A Simple Plan to Address Social Security Insolvency*.

[90] For a list of many policy options, see https://www.ssa.gov/OACT/solvency/provisions/index.html.

[91] For the most recent examples of each, see https://www.cbo.gov/publication/60557 and https://www.cbo.gov/publication/51011.

[92] For instance, the intermediate assumptions in the 2011 annual report were the last year that eliminating the taxable maximum was projected to eliminate the entire projected financial shortfall (see https://www.ssa.gov/OACT/solvency/provisions_tr2011/charts/chart_run108.html). Under the intermediate assumptions in the 2026 annual report, eliminating the taxable maximum would have eliminated 67% of the funding shortfall (see https://www.ssa.gov/OACT/(continued...)

revenue-increasing and cost-reducing measures. The Social Security Amendments of 1983 (P.L. 98-21)—commonly considered the last major reform to the program—included measures that increased revenues (e.g., income from the taxation of benefits), reduced costs (e.g., increase of the retirement age), and expanded coverage (e.g., for newly hired federal employees), among many other provisions.[93] That said, the solvency-related issue facing lawmakers today is larger.[94] For this reason, the trustees recommend that "lawmakers address the projected trust fund shortfalls in a timely way in order to phase in necessary changes gradually and give workers and beneficiaries time to adjust to them. Implementing changes sooner rather than later would allow more generations to share in the needed revenue increases or reductions in scheduled benefits."[95] Depending on what provisions, if any, might be included in future legislation, program changes may affect groups of workers and beneficiaries differently. Policy changes implemented sooner rather than later, in addition to requiring cost-reducing or revenue-increasing provisions that are smaller in magnitude, would allow current workers and beneficiaries more time to adapt.

solvency/provisions/charts/chart_run415.html). For more information on policy options related to the taxable maximum, see CRS Report RL32896, *Social Security: Raising or Eliminating the Taxable Earnings Base*.

[93] For a description of all provisions, see https://www.ssa.gov/policy/docs/ssb/v46n7/v46n7p3.pdf.

[94] The 75-year actuarial deficit in 1983 was 1.82% of taxable payroll (see footnote 93) versus a 75-year actuarial deficit for 2026 of 4.42% of taxable payroll. The *2026 Annual Report*, p. 2.

[95] *The 2026 Annual Report*, p. 29.

Appendix. Supporting Tables and Figures

Table A-1. Payroll Tax Rates for Social Security Old-Age and Survivor's Insurance (OASI), Social Security Disability Insurance (DI), and Medicare Hospital Insurance (HI)

Percentage of covered earnings

	Federal Insurance Contribution Act (FICA) [Employee & Employer]					Self-Employment Contributions Act (SECA)				
Year(s)	OASI	DI	OASDI	HI	TOTAL	OASI	DI	OASDI	HI	TOTAL
1937-1949	1.00	—	1.00	—	1.00	—	—	—	—	—
1950	1.50	—	1.50	—	1.50	—	—	—	—	—
1951-1953	1.50	—	1.50	—	1.50	2.25	—	2.25	—	2.25
1954-1956	2.00	—	2.00	—	2.00	3.00	—	3.00	—	3.00
1957-1958	2.00	0.25	2.25	—	2.25	3.00	0.38	3.38	—	3.38
1959	2.25	0.25	2.50	—	2.50	3.38	0.38	3.75	—	3.75
1960-1961	2.75	0.25	3.00	—	3.00	4.13	0.38	4.50	—	4.50
1962	2.88	0.25	3.13	—	3.13	4.33	0.38	4.70	—	4.70
1963-1965	3.38	0.25	3.63	—	3.63	5.03	0.38	5.40	—	5.40
1966	3.50	0.35	3.85	0.35	4.20	5.28	0.53	5.80	0.35	6.15
1967	3.55	0.35	3.90	0.50	4.40	5.38	0.53	5.90	0.50	6.40
1968	3.33	0.48	3.80	0.60	4.40	5.09	0.71	5.80	0.60	6.40
1969	3.73	0.48	4.20	0.60	4.80	5.59	0.71	6.30	0.60	6.90
1970	3.65	0.55	4.20	0.60	4.80	5.48	0.83	6.30	0.60	6.90
1971-1972	4.05	0.55	4.60	0.60	5.20	6.08	0.83	6.90	0.60	7.50
1973	4.30	0.55	4.85	1.00	5.85	6.21	0.80	7.00	1.00	8.00
1974-1977	4.38	0.58	4.95	0.90	5.85	6.19	0.82	7.00	0.90	7.90
1978	4.28	0.78	5.05	1.00	6.05	6.01	1.09	7.10	1.00	8.10
1979	4.33	0.75	5.08	1.05	6.13	6.01	1.04	7.05	1.05	8.10
1980	4.52	0.56	5.08	1.05	6.13	6.27	0.78	7.05	1.05	8.10
1981	4.70	0.65	5.35	1.30	6.65	7.03	0.98	8.00	1.30	9.30
1982	4.58	0.83	5.40	1.30	6.70	6.81	1.24	8.05	1.30	9.35
1983	4.78	0.63	5.40	1.30	6.70	7.11	0.94	8.05	1.30	9.35
1984[a]	5.20	0.50	5.70	1.30	7.00	10.40	1.00	11.40	2.60	14.00

	Federal Insurance Contribution Act (FICA) [Employee & Employer]					Self-Employment Contributions Act (SECA)				
Year(s)	OASI	DI	OASDI	HI	TOTAL	OASI	DI	OASDI	HI	TOTAL
1985[a]	5.20	0.50	5.70	1.35	7.05	11.06	1.06	12.12	2.70	14.82
1986-1987[a]	5.20	0.50	5.70	1.45	7.15	11.06	1.06	12.12	2.90	15.02
1988-1989[a]	5.53	0.53	6.06	1.45	7.51	11.06	1.06	12.12	2.90	15.02
1990-1993[b]	5.60	0.60	6.20	1.45	7.65	11.20	1.20	12.40	2.90	15.30
1994-1996[b]	5.26	0.94	6.20	1.45	7.65	10.52	1.88	12.40	2.90	15.30
1997-1999[b]	5.35	0.85	6.20	1.45	7.65	10.70	1.70	12.40	2.90	15.30
2000-2015[b,c]	5.30	0.90	6.20	1.45	7.65	10.60	1.80	12.40	2.90	15.30
2016-2018[b,d]	5.02	1.19	6.20	1.45	7.65	10.03	2.37	12.40	2.90	15.30
2019 and later[b]	5.30	0.90	6.20	1.45	7.65	10.60	1.80	12.40	2.90	15.30

Source: Social Security Administration, *Social Security & Medicare Tax Rates*, available at https://www.ssa.gov/OACT/ProgData/taxRates.html, and *Social Security Tax Rates*, available at https://www.ssa.gov/OACT/ProgData/oasdiRates.html.

Note: Social Security portions of the payroll taxes are applied on earnings up to the contribution and benefit base (i.e., taxable maximum). Hospital Insurance payroll taxes are applied to all earnings.

a. An immediate credit of 0.3% of covered earning was allowed against the combined OASDI taxes paid by employees in 1983. Similar credits were allowed in 1984, 1985, and 1986-1989 at respective rates of 2.7%, 2.3%, and 2.0% of covered earnings.

b. Starting in 1990, self-employed individuals can deduct one half of SECA taxes for federal income tax purposes. The combined OASDI rate is then applied to the net earnings after the deduction subject to the annual taxable maximum (i.e., contribution and benefit base).

c. In 2010, most employers were exempt from the employer share of OASDI taxes on wages paid to qualified workers hired after February 3. In 2011 and 2012, the OASDI tax for employees was reduced by 2.0 percentage points for workers and self-employed individuals.

d. For 2016-2018, the Bipartisan Budget Act of 2015 (P.L. 114-74) reallocated a portion of the OASI tax to DI.

Table A-2. Social Security Average Wage Index (AWI), Annual Change in AWI, and Contribution and Benefit Base (CBB), by Year

Year(s)	AWI	Annual Change in AWI	CBB	Year(s)	AWI	Annual Change in AWI	CBB
1937-1950	—	—	$3,000.00	1989	$20,099.55	3.96%	$48,000.00
1951	$2,799.16	—	3,600.00	1990	21,027.98	4.62%	51,300.00
1952	2,973.32	6.22%	3,600.00	1991	21,811.60	3.73%	53,400.00
1953	3,139.44	5.59%	3,600.00	1992	22,935.42	5.15%	55,500.00
1954	3,155.64	0.52%	3,600.00	1993	23,132.67	0.86%	57,600.00
1955	3,301.44	4.62%	4,200.00	1994	23,753.53	2.68%	60,600.00
1956	3,532.36	6.99%	4,200.00	1995	24,705.66	4.01%	61,200.00
1957	3,641.72	3.10%	4,200.00	1996	25,913.90	4.89%	62,700.00
1958	3,673.80	0.88%	4,200.00	1997	27,426.00	5.84%	65,400.00
1959	3,855.80	4.95%	4,800.00	1998	28,861.44	5.23%	68,400.00
1960	4,007.12	3.92%	4,800.00	1999	30,469.84	5.57%	72,600.00
1961	4,086.76	1.99%	4,800.00	2000	32,154.82	5.53%	76,200.00
1962	4,291.40	5.01%	4,800.00	2001	32,921.92	2.39%	80,400.00
1963	4,396.64	2.45%	4,800.00	2002	33,252.09	1.00%	84,900.00
1964	4,576.32	4.09%	4,800.00	2003	34,064.95	2.44%	87,000.00
1965	4,658.72	1.80%	4,800.00	2004	35,648.55	4.65%	87,900.00
1966	4,938.36	6.00%	6,600.00	2005	36,952.94	3.66%	90,000.00
1967	5,213.44	5.57%	6,600.00	2006	38,651.41	4.60%	94,200.00
1968	5,571.76	6.87%	7,800.00	2007	40,405.48	4.54%	97,500.00
1969	5,893.76	5.78%	7,800.00	2008	41,334.97	2.30%	102,000.00
1970	6,186.24	4.96%	7,800.00	2009	40,711.61	-1.51%	106,800.00
1971	6,497.08	5.02%	7,800.00	2010	41,673.83	2.36%	106,800.00
1972	7,133.80	9.80%	9,000.00	2011	42,979.61	3.13%	106,800.00
1973	7,580.16	6.26%	10,800.00	2012	44,321.67	3.12%	110,100.00
1974	8,030.76	5.94%	13,200.00	2013	44,888.16	1.28%	113,700.00
1975	8,630.92	7.47%	14,100.00	2014	46,481.52	3.55%	117,000.00
1976	9,226.48	6.90%	15,300.00	2015	48,098.63	3.48%	118,500.00
1977	9,779.44	5.99%	16,500.00	2016	48,642.15	1.13%	118,500.00
1978	10,556.03	7.94%	17,700.00	2017	50,321.89	3.45%	127,200.00
1979	11,479.46	8.75%	22,900.00	2018	52,145.80	3.62%	128,400.00
1980	12,513.46	9.01%	25,900.00	2019	54,099.99	3.75%	132,900.00
1981	13,773.10	10.07%	29,700.00	2020	55,628.60	2.83%	137,700.00
1982	14,531.34	5.51%	32,400.00	2021	60,575.07	8.89%	142,800.00
1983	15,239.24	4.87%	35,700.00	2022	63,795.13	5.32%	147,000.00

Year(s)	AWI	Annual Change in AWI	CBB	Year(s)	AWI	Annual Change in AWI	CBB
1984	16,135.07	5.88%	37,800.00	2023	66,621.80	4.43%	160,200.00
1985	16,822.51	4.26%	39,600.00	2024	69,846.57	4.84%	168,600.00
1986	17,321.82	2.97%	42,000.00	2025	72,800.33	4.23%	176,100.00
1987	18,426.51	6.38%	43,800.00	2026	—	—	184,500.00
1988	19,334.04	4.93%	45,000.00	2027	—	—	192,300.00

Source: Social Security Administration (SSA), *Social Security Average Wage Index (AWI) Series*, available at https://www.ssa.gov/OACT/COLA/awiseries.html, and *Contribution and Benefit Base*, available at https://www.ssa.gov/OACT/COLA/cbb.html.

Notes: SSA publishes the annual AWI calculation in the *Federal Register*. It typically takes about three calendar quarters for the SSA to collect the wage data and perform the necessary calculations. For instance, the AWI calculations for 2022 were published in the *Federal Register* on October 23, 2023. Social Security Administration, "Cost-of-Living and Other Determinations for 2024," 88 *Federal Register* 72803, October 23, 2023. (See CRS In Focus IF11931, *Social Security: The Average Wage Index*.) The automatic indexation of the CBB was established in the 1972 Amendments to the Social Security Act (P.L. 92-336), while the current-law formula for determining the CBB was established by the Social Security Independence and Program Improvements Act of 1994 (P.L. 103-296), which set the formula for the CBB in years after 1994. While the CBB can remain the same as the previous year, it is protected from decreasing.

Table A-3. Average and Effective Interest Rates Earned on Asset Reserves Held in the Social Security Trust Funds

1940-2025

Year	Average Interest Rate	Effective Interest Rate	Year	Average Interest Rate	Effective Interest Rate	Year	Average Interest Rate	Effective Interest Rate
1940	2.5%	2.4%	1970	7.3%	5.1%	2000	6.2%	6.9%
1941	2.5%	2.4%	1971	6.0%	5.3%	2001	5.2%	6.6%
1942	2.2%	2.3%	1972	5.9%	5.4%	2002	4.9%	6.4%
1943	1.9%	2.1%	1973	6.6%	5.8%	2003	4.1%	6.0%
1944	1.9%	2.0%	1974	7.5%	6.2%	2004	4.3%	5.7%
1945	1.9%	2.1%	1975	7.4%	6.6%	2005	4.3%	5.5%
1946	1.9%	2.0%	1976	7.1%	6.7%	2006	4.8%	5.3%
1947	2.0%	1.9%	1977	7.1%	7.0%	2007	4.7%	5.3%
1948	2.1%	2.8%	1978	8.2%	7.2%	2008	3.6%	5.1%
1949	2.1%	1.3%	1979	9.1%	7.5%	2009	2.9%	4.9%
1950	2.1%	2.0%	1980	11.0%	8.6%	2010	2.8%	4.6%
1951	2.2%	2.9%	1981	13.3%	9.9%	2011	2.4%	4.4%
1952	2.3%	2.2%	1982	12.8%	11.2%	2012	1.5%	4.1%
1953	2.4%	2.3%	1983	11.0%	10.8%	2013	1.9%	3.8%
1954	2.3%	2.3%	1984	12.4%	11.6%	2014	2.3%	3.6%
1955	2.3%	2.2%	1985	10.8%	11.2%	2015	2.0%	3.4%
1956	2.5%	2.4%	1986	8.0%	11.1%	2016	1.8%	3.2%
1957	2.5%	2.5%	1987	8.4%	10.1%	2017	2.3%	3.0%
1958	2.6%	2.5%	1988	8.8%	9.8%	2018	2.9%	2.9%
1959	2.6%	2.6%	1989	8.7%	9.6%	2019	2.2%	2.8%
1960	2.9%	2.6%	1990	8.6%	9.3%	2020	1.0%	2.6%
1961	3.8%	2.8%	1991	8.0%	9.1%	2021	1.4%	2.5%
1962	3.9%	2.8%	1992	7.1%	8.7%	2022	3.0%	2.4%
1963	3.9%	2.9%	1993	6.1%	8.3%	2023	4.1%	2.4%
1964	4.1%	3.1%	1994	7.1%	8.0%	2024	4.3%	2.5%
1965	4.2%	3.2%	1995	6.9%	7.8%	2025	4.3%	2.6%
1966	4.9%	3.5%	1996	6.6%	7.6%			
1967	5.0%	3.8%	1997	6.6%	7.5%			
1968	5.5%	4.0%	1998	5.6%	7.2%			
1969	6.6%	4.4%	1999	5.9%	6.9%			

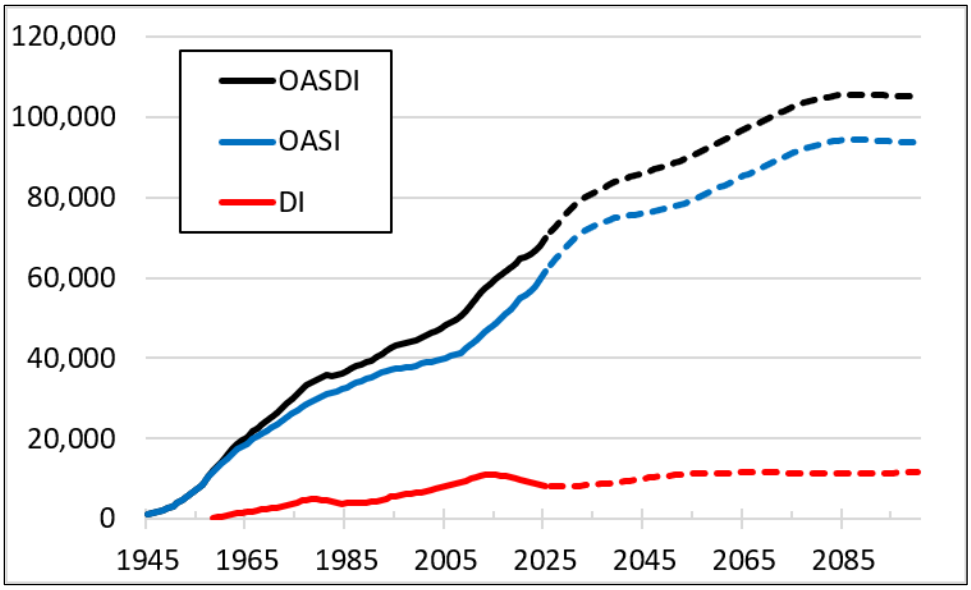
Source: Social Security Administration (SSA), *Average and Effective Interest Rates,* available at https://www.ssa.gov/OACT/ProgData/annualinterestrates.html.

Notes: As defined by SSA, the effective interest rate provides a measure of the rate of return on an investment portfolio (i.e., the asset reserves held in the trust fund). The average interest rate is the average of the monthly

interest rates for new special issues for that calendar year. The interest rate applicable for asset reserves held in the trust funds is specified in 42 U.S.C. §401(d). In any month, the average yield for any new security is the average market yield on any marketable interest-bearing security of the federal government that is not due or callable until after four years from the last business day of the prior month, rounded to the nearest eighth of one percent.

Figure A-1. Historical and Projected Beneficiaries for the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Combined OASDI Programs

1945-2100 (in thousands)

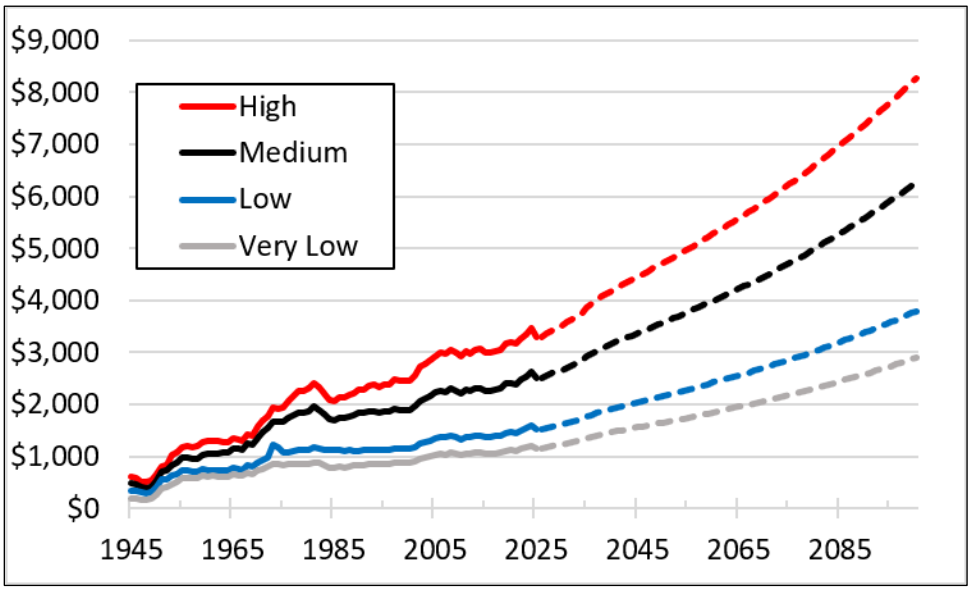


Source: *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, Table IV.B4, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf.

Notes: Projected values for 2026-2100 are shown in dashed lines.

Figure A-2. Monthly Scheduled Benefits for Retired Hypothetical Workers at Retirement Age

1945-2100 (in 2026 dollars)

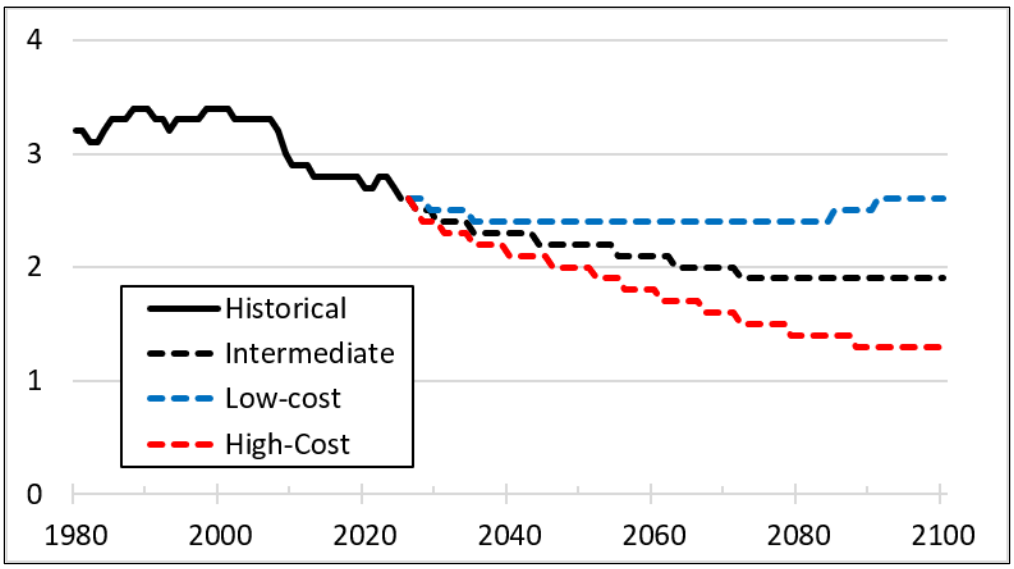


Source: *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, Table V.C7, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf.

Notes: Projected values for 2026-2100 are shown in dashed lines. Dollar amounts are adjusted to 2026 dollars using the Consumer Price Index (CPI) series in Table VI.G1 of the 2026 annual report. These figures use SSA's Office of the Chief Actuary's scaled factors for hypothetical earners. Very low, low, medium, and high earners' career-average earnings levels are 25%, 45%, 100%, and 160% of the average wage index, respectively.

Figure A-3. Historical and Projected Covered Workers per Beneficiary

1980-2100



Source: *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 8, 2026, Table IV.B4, https://www.ssa.gov/OACT/TR/2026/tr2026.pdf.

Notes: Projected values for 2026-2100 are shown in dashed lines. The *low-cost* set of assumptions represents a future experience that is the most advantageous to the program's financial status. The *high-cost* set of assumptions represents a future experience that is the least advantageous to the program's financial status. The trustees use the *intermediate* set of assumptions to illustrate their best guess as to the future experience.

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