



SUMMARY: Actuarial Status of the Social Security Trust Funds

April
2020

The [annual report](#) of the Social Security Board of Trustees presents the actuarial status of the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds. The table below outlines key measures of the actuarial status of the trust funds under the intermediate assumptions in the 2020 report.

The projections and analysis in this year's report do not reflect the potential effects of the COVID-19 pandemic on the Social Security program. Given the uncertainty associated with these impacts, the Trustees believe that it is not possible to adjust their estimates accurately at this time.

The outlook for the combined OASDI trust funds has worsened from the 2019 report. The projected actuarial deficit for the combined trust funds over the next 75 years is 3.21 percent of taxable payroll, 0.43 percentage point greater than last year. The main causes are the repeal of the excise tax on employer-sponsored group health insurance premiums above a specified level (commonly referred to as the "Cadillac tax"), which slows the projected growth in real covered earnings and results in less payroll tax income, as well as lower anticipated fertility rates, consumer inflation, and interest rates. As a share of

Comparison: Key Measures of Actuarial Status in the Social Security Trustees Reports

	<u>2019 report</u>	<u>2020 report</u>
75-year actuarial deficit		
As a percentage of taxable payroll	2.78%	3.21%
As a percentage of GDP	1.0%	1.1%
Income and outgo in year prior to report year (in billions)		
Income		
Total	\$1,003	\$1,062
Social Security contributions ^a	\$885	\$944
Income taxes on benefits	\$35	\$36
Interest	\$83	\$81
Outgo		
Total	\$1,000	\$1,059
Benefit payments ^b	\$994	\$1,053
Administration	\$7	\$6
Net increase in assets	\$3	\$2
Trust fund reserves		
Amount at beginning of report year (in billions)	\$2,895	\$2,897
Amount at beginning of report year (as a percentage of report year outgo)	273%	261%
Year of peak trust fund reserves ^c	2019	2020
Amount at end of peak year (in billions)	\$2,896	\$2,902
Year of trust fund depletion		
OASDI	2035	2035
OASI	2034	2034
DI	2052	2065
Share of OASDI outgo covered by scheduled revenue in—		
Year of trust fund depletion	80%	79%
End of 75-year reporting period	75%	73%

SOURCES: 2019 and 2020 Trustees Reports.

a. Includes adjustments for prior calendar years.

b. Includes a small amount of payments to the Railroad Retirement Board.

c. Measured at end of year.

the economy as measured by gross domestic product (GDP), the actuarial deficit over the next 75 years is projected to be 1.1 percent.

Depletion of the DI Trust Fund asset reserves is now projected for 2065, 13 years later than in last year's report. Disabled-worker applications have continued to decline since 2010 and disability incidence rates have been well below expectations. Based on sustained lower incidence rates, the Trustees have again reduced the long-range disability incidence rate assumption for this report.

The OASI Trust Fund alone can pay full benefits until 2034, the same as projected last year, and the combined OASDI funds until 2035, also the same as in last year's report.

A 2019 annual surplus of \$2.5 billion increased the asset reserves of the combined OASDI trust funds to \$2.90 trillion at the end of the year. This amount is equal to 261 percent of the estimated annual expenditures for 2020. The 2019 Trustees Report had projected a \$1.0 billion increase in combined trust fund reserves during 2019 under the intermediate assumptions.

The Trustees now project that OASDI annual cost will exceed total income beginning in 2021—one year later than projected in last year's report—and continuing throughout the projection period. After the projected trust fund reserve depletion in 2035, continuing income would be sufficient to pay 79 percent of program cost, declining to 73 percent for 2094.

Beneficiaries and Benefit Payments

At the end of 2019, the Social Security program was providing monthly benefits to about 64 million people: 54 million from the OASI Trust Fund and 10 million from the DI Trust Fund. Total benefit payments for the year (excluding payments to the Railroad Retirement Board) were \$1,048 billion: \$903 billion from the OASI Trust Fund and \$145 billion from the DI Trust Fund.

Sources of Trust Fund Income

During 2019, an estimated 178 million workers had earnings covered by Social Security and paid payroll taxes. Employees pay a 6.2 percent contribution from earnings up to a maximum of \$137,700 in 2020, which their employers match. Self-employed workers pay both shares of the contribution, or 12.4 percent. More than 40 percent of current beneficiaries pay income taxes on part of their benefits, and those taxes go to the OASDI trust funds and Medicare's Hospital Insurance Trust Fund. The trust funds also earn interest (\$81 billion in 2019 for the combined OASDI trust funds) on their accumulated reserves.



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