

# Social Security Update

Wednesday, July 22, 2026

12:30 – 1:45pm Eastern Time

**Moderator:** Jake Libauskas – Cheiron, Inc.

**Presenters:** Karen P. Glenn – Social Security Administration  
Daniel E. Nickerson – Social Security Administration  
Jason P. Schultz – Social Security Administration

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# Introductions and Overview

# Agenda

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- Legislative Mandate
- Changes in the 2026 Trustees Report
- 2026 Trustees Report Results
- Selected Other Measures and Assumptions of Interest to Actuaries
- How to Eliminate the Social Security Long-Term Actuarial Deficit
- For More Information

# What Is the Legislative Mandate for the Social Security Annual Report?

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1. Trust Fund operations of the past year and the next five years
2. Actuarial status of the trust funds
  - The ability to meet the cost of scheduled benefits with scheduled revenue and trust fund reserves
  - And the extent to which scheduled revenue would fall short under current law, indicating the size of legislative changes that will be needed

**The report has been produced every year starting in 1941!**

# Changes in the 2026 Trustees Report

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# Four Primary Changes This Year

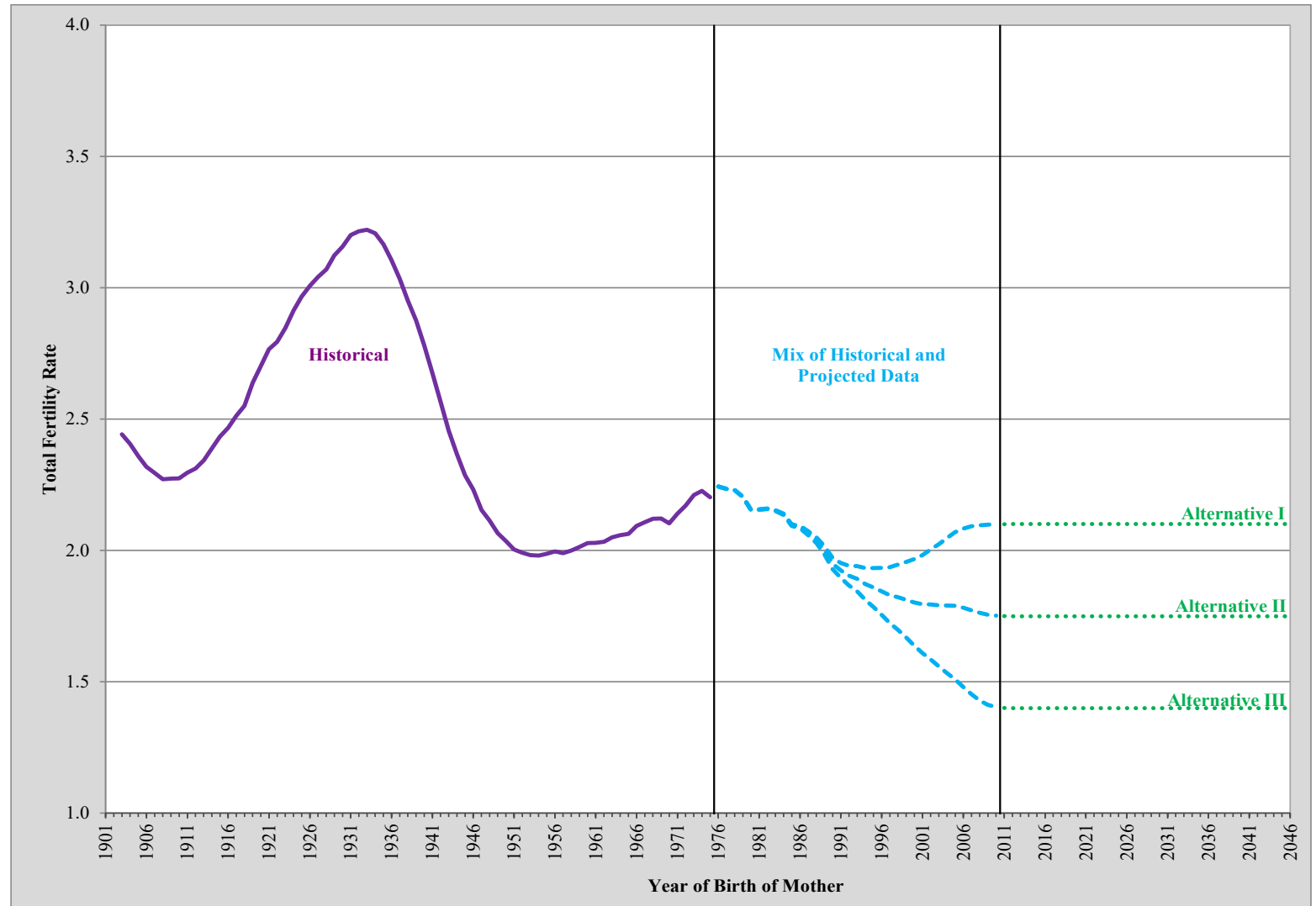
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1. **Fertility Assumption:** The assumed ultimate total fertility rate was lowered from 1.90 children per woman to 1.75 children per woman. This reduction reflects continuing low birth rates in recent years and societal changes related to family formation and the desire for children.
2. **Immigration Assumptions:** Future levels of net immigration for the unlawfully present immigrant population are assumed to be lower than in last year's report. This reduction reflects recent historical data and revised expectations for immigration and emigration levels in the future.
3. **Economic Assumptions:** Real GDP per hour worked (labor productivity) and average real earnings are assumed to grow faster in the near term than in last year's report. These higher growth rates reflect an improved near-term outlook for these economic factors.
4. **Law Change:** The One Big Beautiful Bill Act was enacted on July 4, 2025. This law made changes to future income tax rates and standard deductions. As a result, projected trust fund revenues from income taxes on benefits are reduced.

# Birth Rates by Cohort

Under intermediate assumptions, birth rates are projected to go below 2.00 for women born after 1989, reaching an assumed ultimate level of 1.75.

**Chart 1.4: Historical and Projected Total Fertility Rates by Birth Cohort**

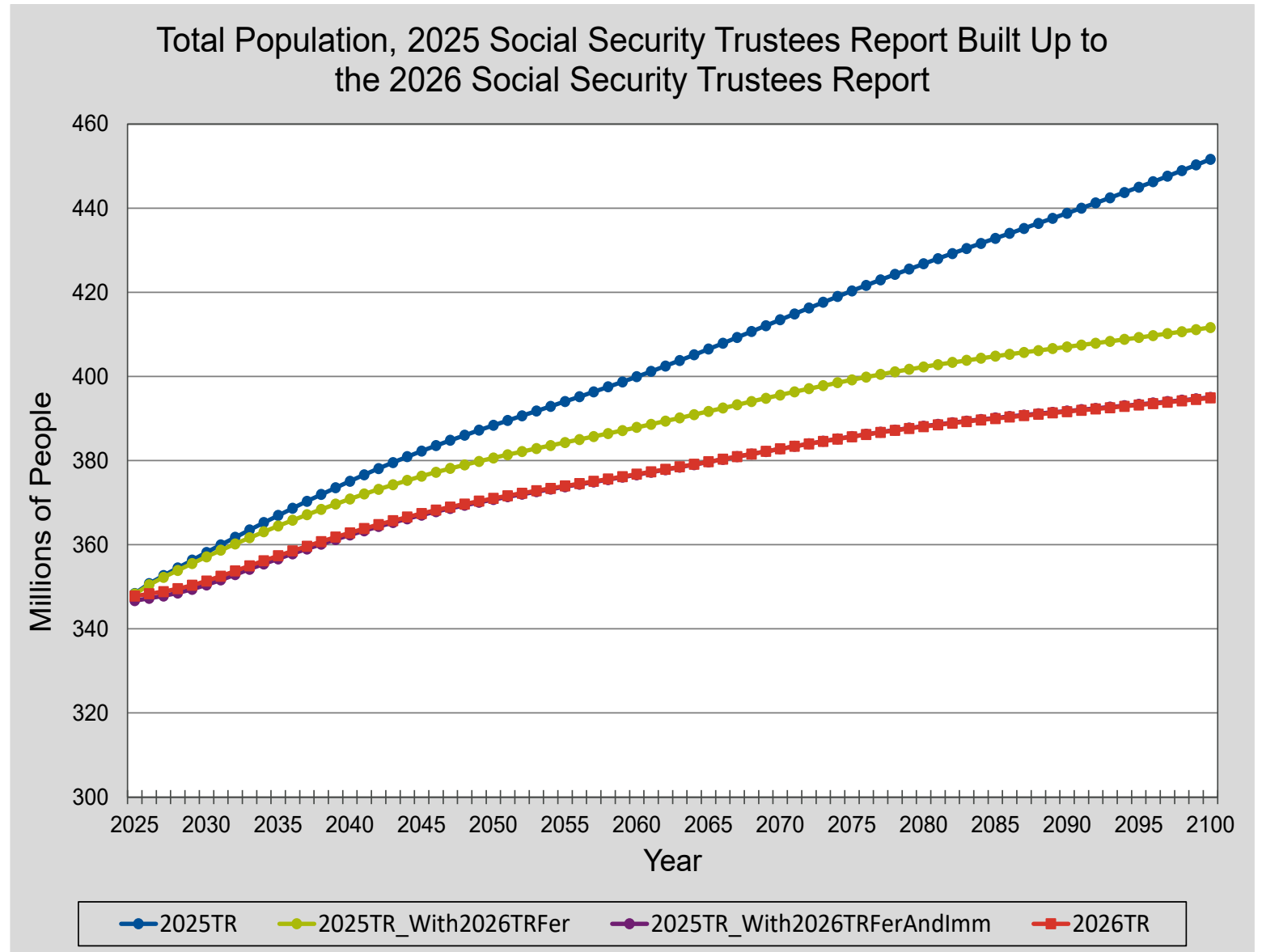


[https://www.ssa.gov/oact/TR/2026/2026\\_Long-Range\\_Demographic\\_Assumptions.pdf](https://www.ssa.gov/oact/TR/2026/2026_Long-Range_Demographic_Assumptions.pdf)

# Population Changes Due to Fertility and Immigration Data and Assumption Updates

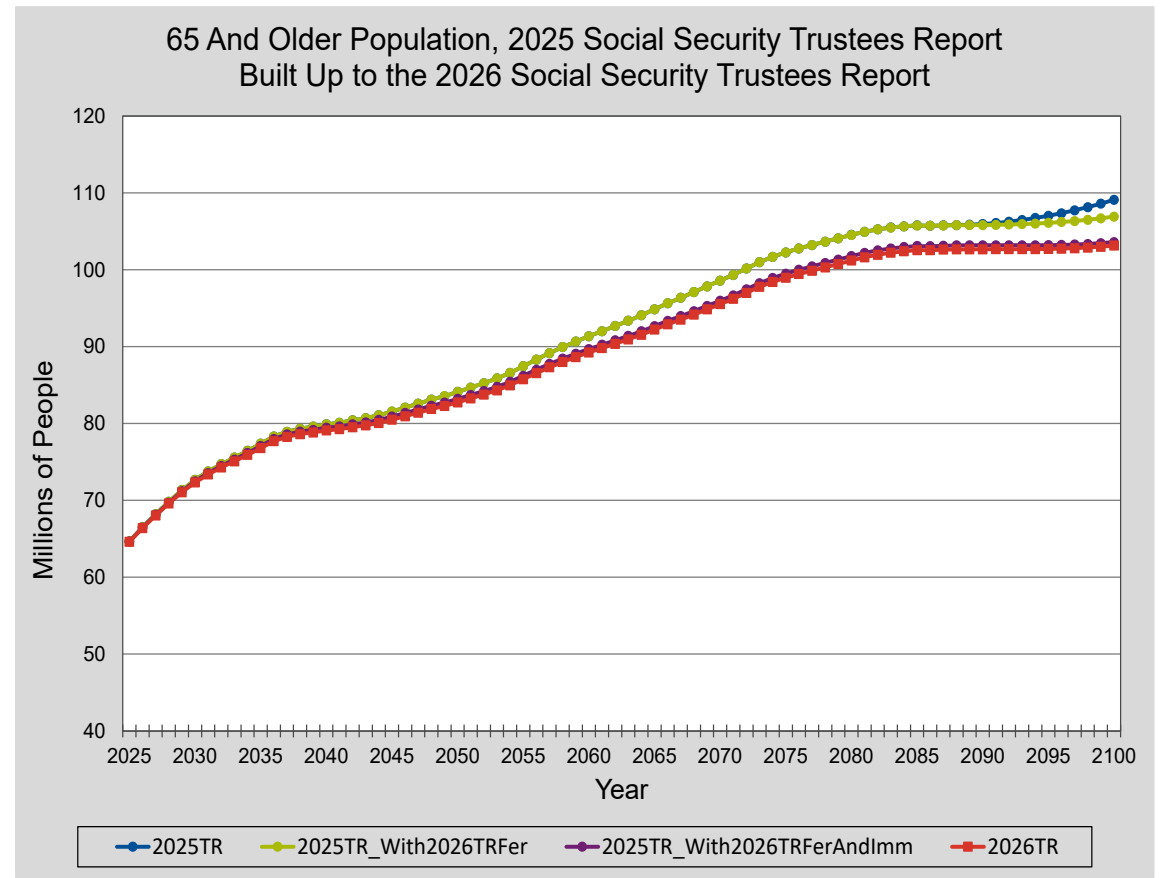
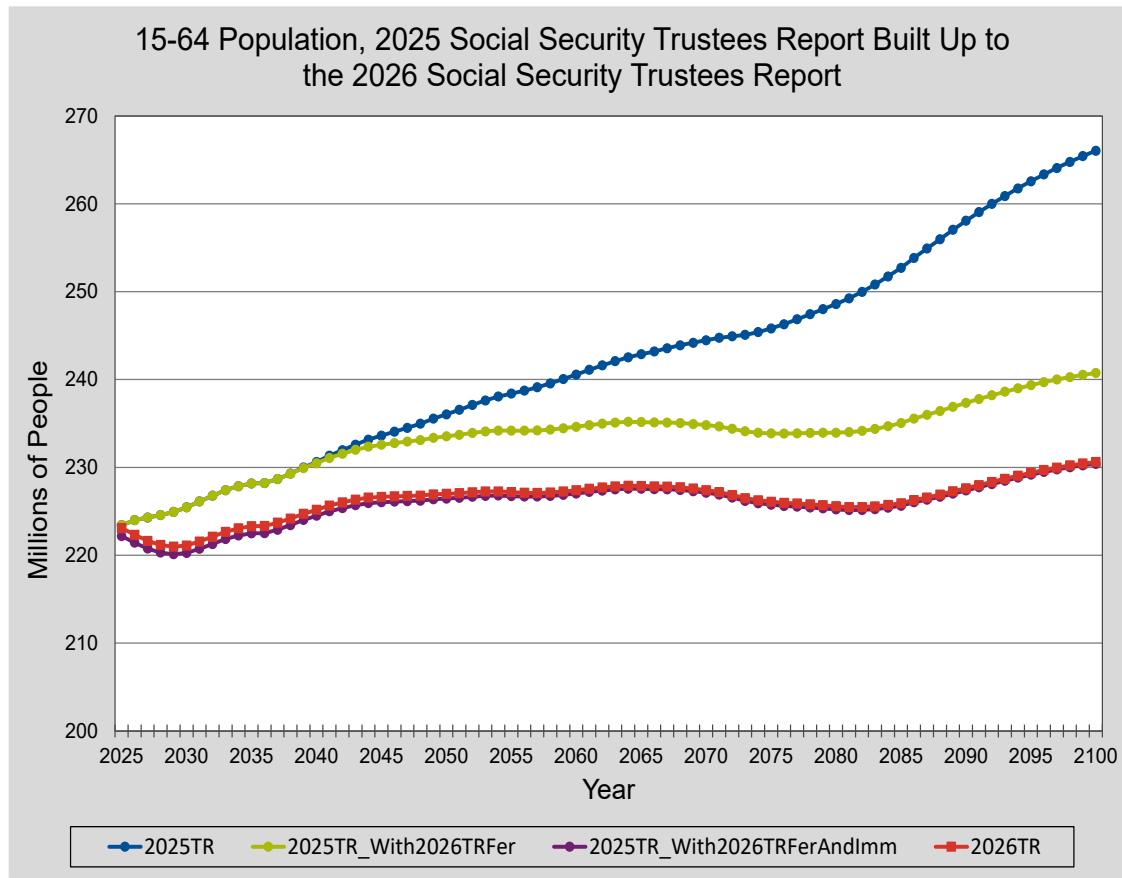
The assumed ultimate total fertility rate was lowered from 1.90 children per woman in the 2025 TR to 1.75 children per woman in the 2026 TR.

Future levels of net immigration are assumed to be lower than in last year's report.





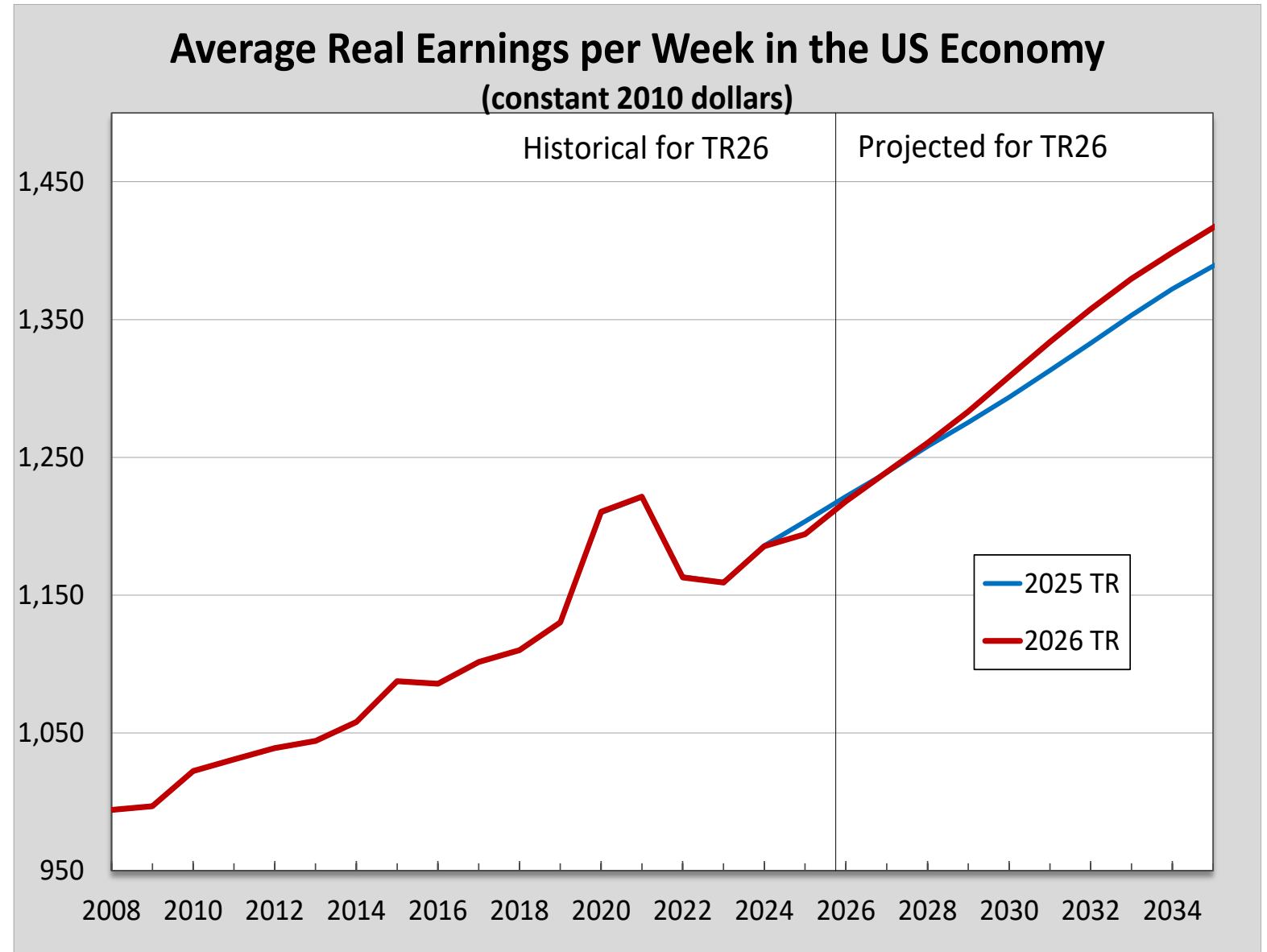
# Population Changes Due to Fertility and Immigration Data and Assumption Updates



# Average Weekly Real U.S. Earnings

Increased above trend in 2020 and 2021 due to the unusual features of the pandemic-induced recession, where job losses were concentrated in the low-wage sectors. This effect was largely reversed by 2022.

Compared to the 2025 TR, average real earnings are projected to grow faster through 2036, consistent with the faster growth in labor productivity. After 2036, average real earnings are projected to grow at the same rate as in 2025 TR, and thus to remain at a higher level than in 2025 TR.



# 2026 Trustees Report Results

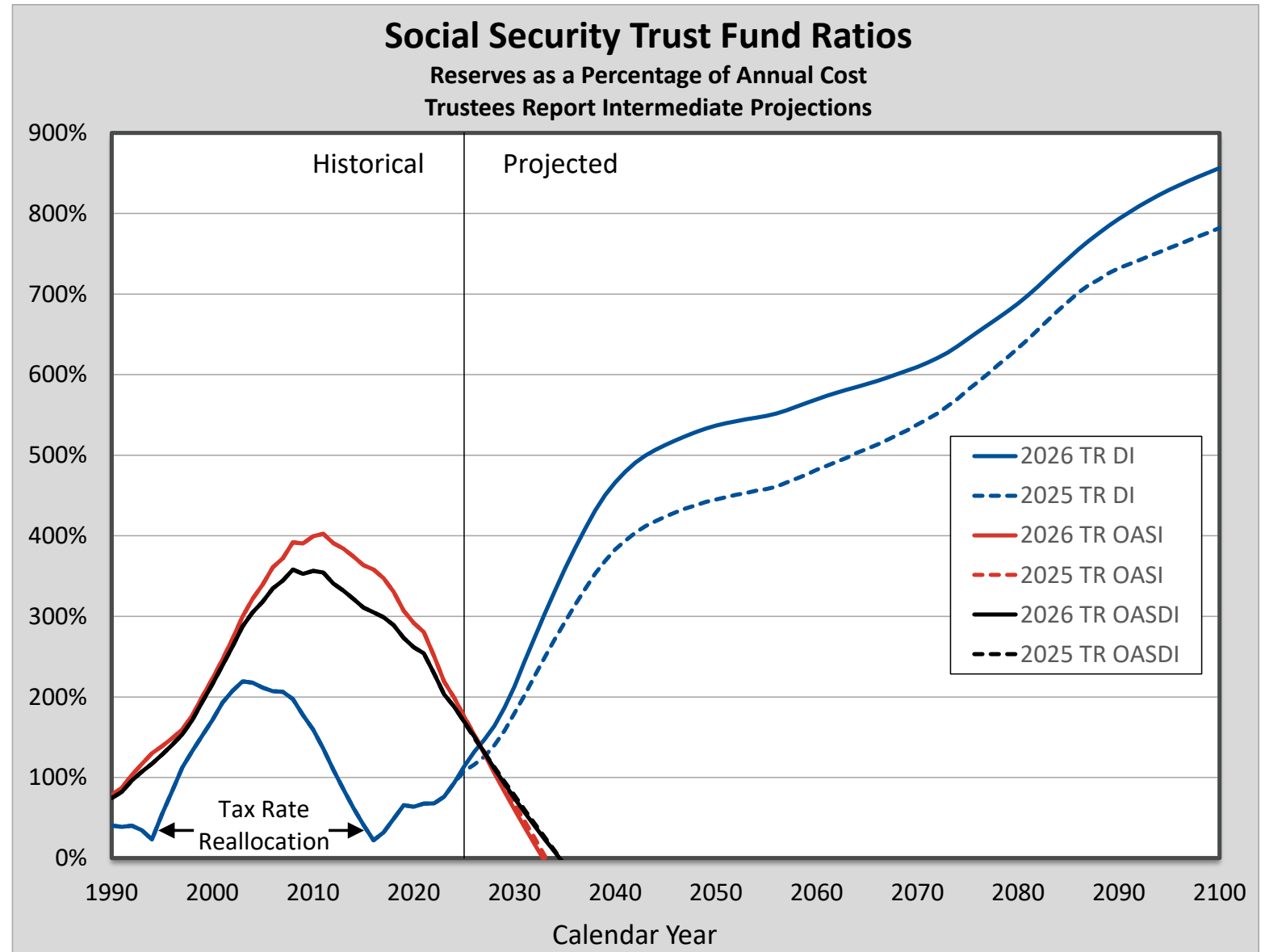
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# Solvency: OASI+DI Trust Fund Reserve Depletion in 2034 (same as last year)

OASDI reserve depletion date has varied from 2033 to 2035 in reports over the last 15 years (2012-2026) and from 2029 to 2042 in reports over the last 36 years (1991-2026).

OASI reserve depletion date is now in the fourth quarter of 2032 versus the first quarter of 2033 in last year's report.

DI Trust Fund: reserves do not deplete, due largely to continued low applications and awards.

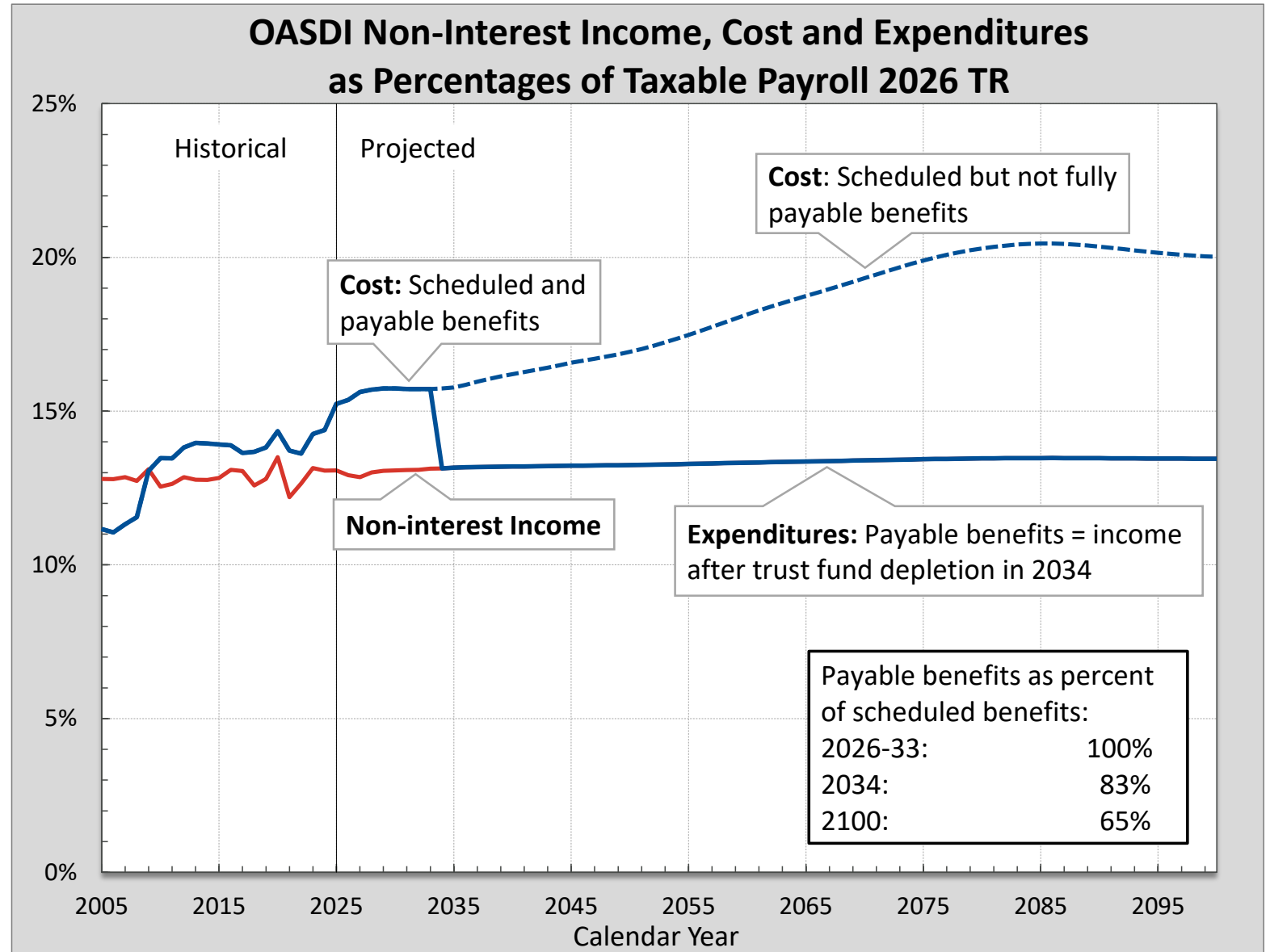


# OASDI Annual Cost and Non-Interest Income as Percent of Taxable Payroll

Persistent negative annual cash-flow balance starting in 2010.

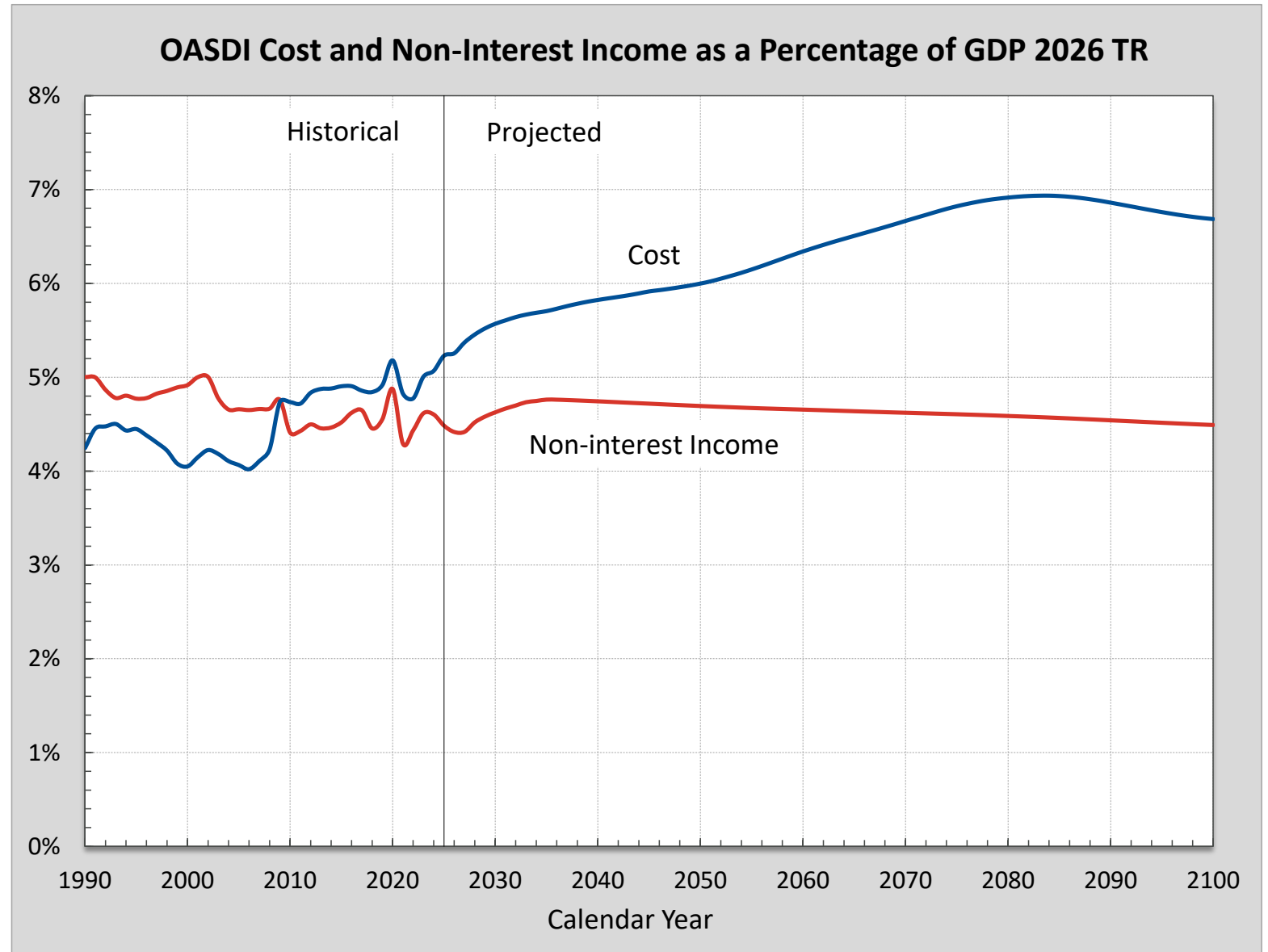
83 percent of scheduled benefits still payable at trust fund reserve depletion; was 81 percent in last year's report.

65 percent payable for 2100; was 72 percent for 2099 in last year's report.



# Sustainability: Cost as Percent of GDP

Rises from a 4.2 percent average in 1990-2008, to a peak of about 6.9 percent for 2084, and then declines to 6.7 percent by 2100.

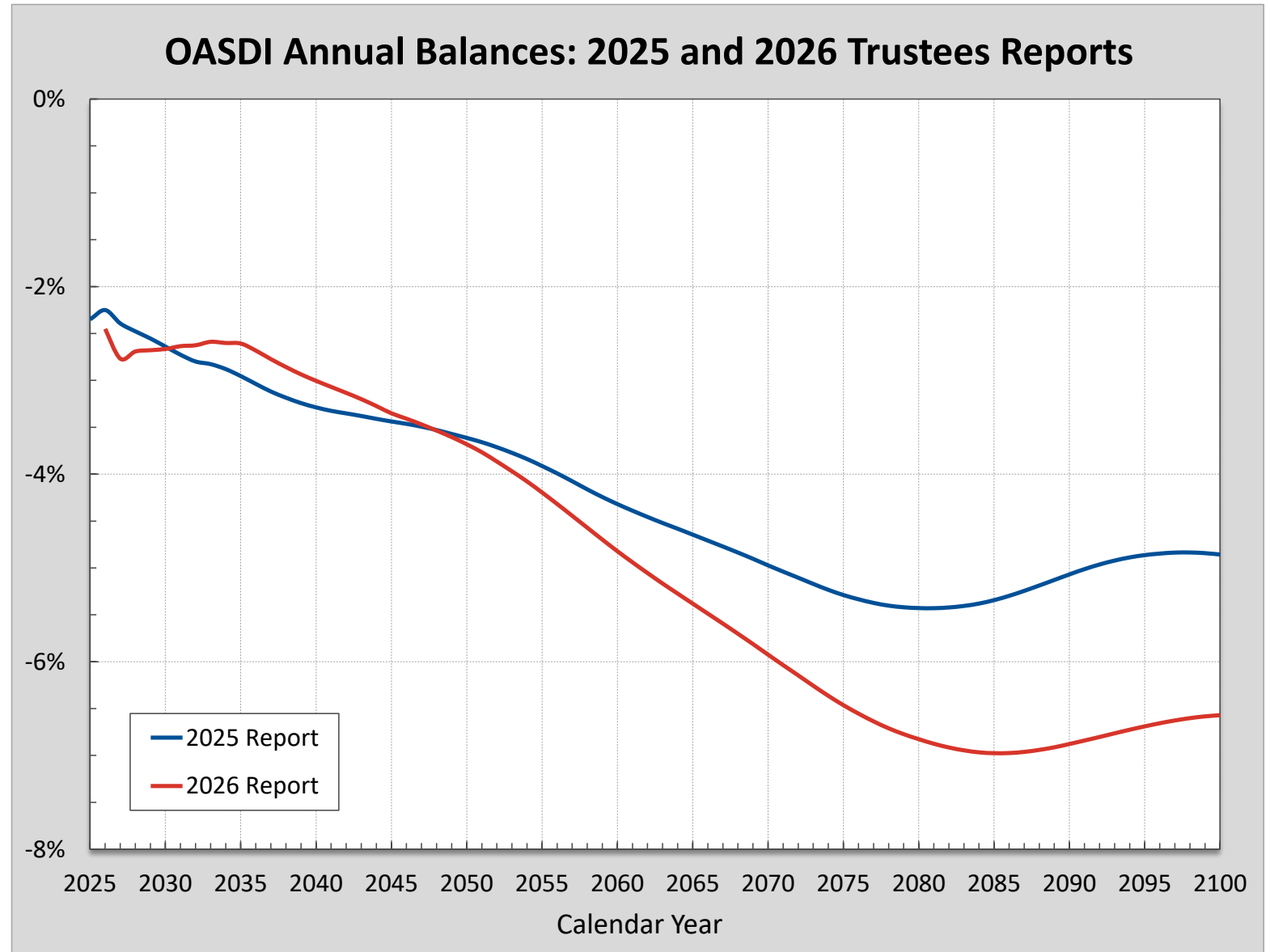


# Changes in OASDI Annual Balance

Annual income rate minus  
annual cost rate.

Annual balances are higher in  
the near-term and then lower.

The higher annual balances in  
the near-term are mainly due to  
an improved economic outlook.  
The lower annual balances in  
the long-term are due primarily  
to the lower ultimate total  
fertility rate; the changes in  
future levels of net immigration  
and the One Big Beautiful Bill  
Act also contribute.



# Changes in Timing of Trust Fund Reserve Depletion in 2026 Report

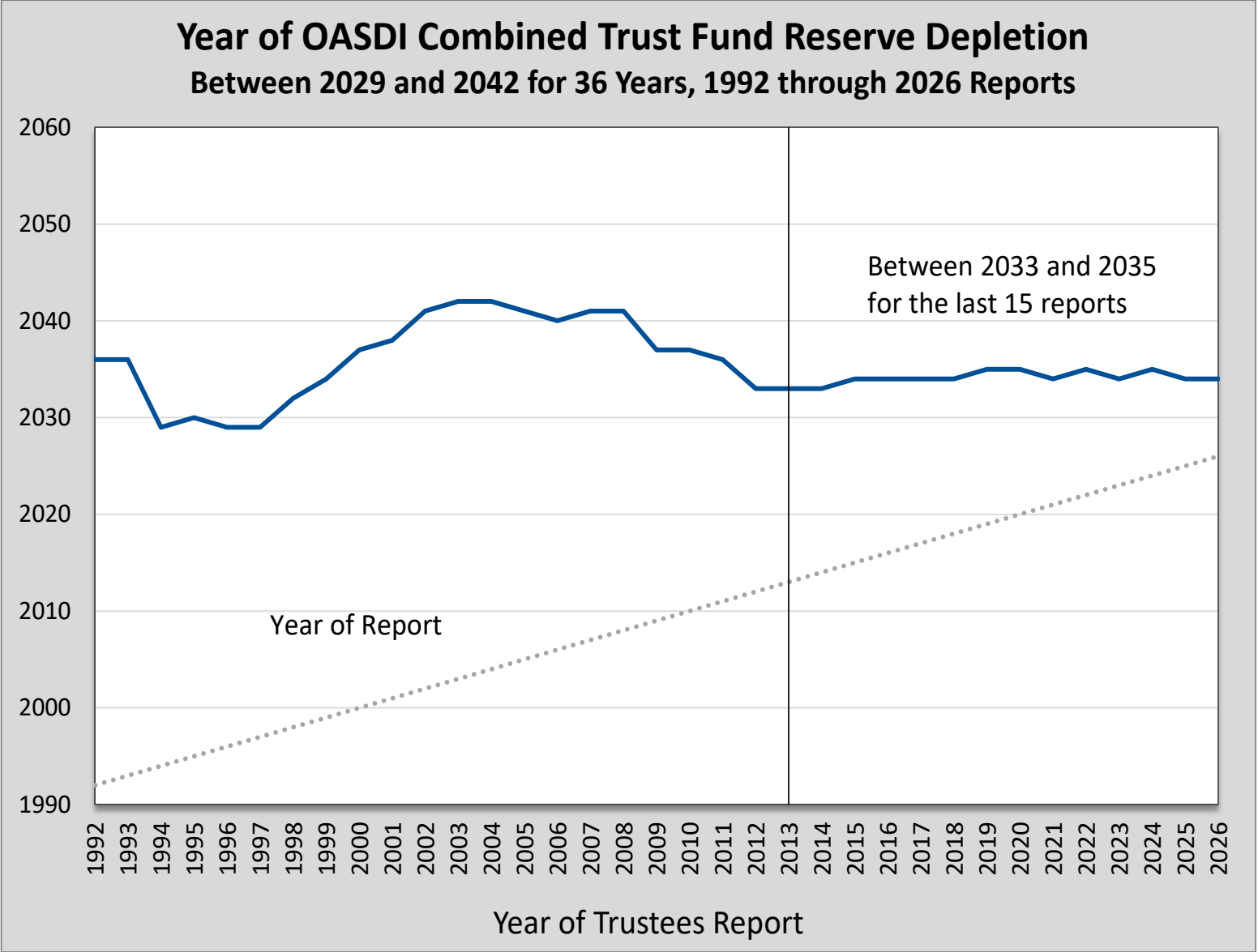
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1. OASDI reserve depletion is in third quarter of 2034 (same as in last year's report)
  - The improved near-term economic outlook largely offset the changes in immigration assumptions and the effects of the OBBBA over the next few years
  - The change in fertility assumption has very little effect in the near term
2. OASI reserve depletion is in fourth quarter of 2032 (1 quarter earlier than in last year's report)
3. DI reserves remain positive throughout the 75-year long-range projection period (as in last year's report)
  - Applications and benefit awards continue to be quite low through 2025
  - Assumed gradual increase in initial applications to ultimate levels
  - The outlook for DI alone is somewhat improved this year (even more positive)



# Year of OASDI Combined Trust Fund Reserve Depletion

OASDI reserve depletion date varied from 2033 to 2035 in reports over the last 15 years (2012-2026) and from 2029 to 2042 in reports over the last 36 years (1991-2026).



# Reasons for Change in Actuarial Balance in 2026 Trustees Report

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**Actuarial Balance: -4.42 percent of taxable payroll (from -3.82 percent in last year's report)**

**Valuation Period** - Changes the actuarial balance by

**-0.07 percent of payroll**

**Legislation etc.** – Changes the actuarial balance by

- One Big Beautiful Bill Act

**-0.16 percent of payroll**  
(-0.16 percent)

**Demographic Data/Assumptions** – Changes the actuarial balance by

- Fertility updates (in particular, the lower assumed ultimate total fertility rate)
- Immigration updates (mainly assumptions for the unlawfully present population)
- Updated mortality data
- Other data updates

**-0.44 percent of payroll**  
(-0.35 percent)  
(-0.21 percent)  
(+0.09 percent)  
(+0.03 percent)

**Economic Data/Assumptions** – Changes the actuarial balance by

- Improved near-term outlook for labor productivity and average earnings growth

**+0.10 percent of payroll**  
(+0.10 percent)

**Disability Data/Assumptions** – Changes the actuarial balance by

- New disability data and a more gradual transition to the ultimate incidence rate

**+0.02 percent of payroll**

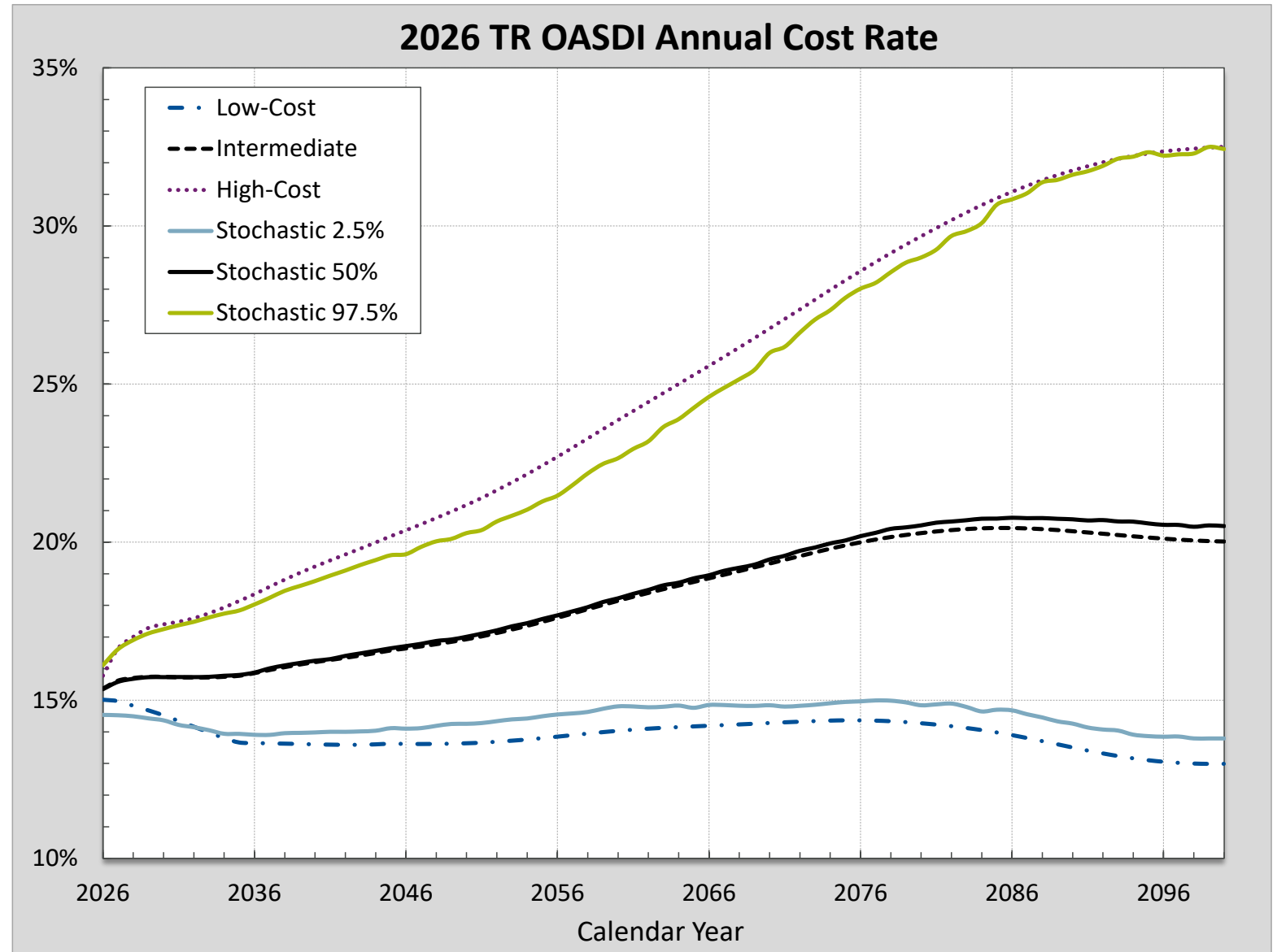
**Methods and Programmatic Assumptions** – Changes the actuarial balance by

- Methodological improvements, programmatic data and other improvements and updates

**-0.05 percent of payroll**

# Uncertainty Illustrations

Stochastic simulations suggest that the high- and low-cost alternatives, in the aggregate, roughly coincide with the 95% range of outcomes.



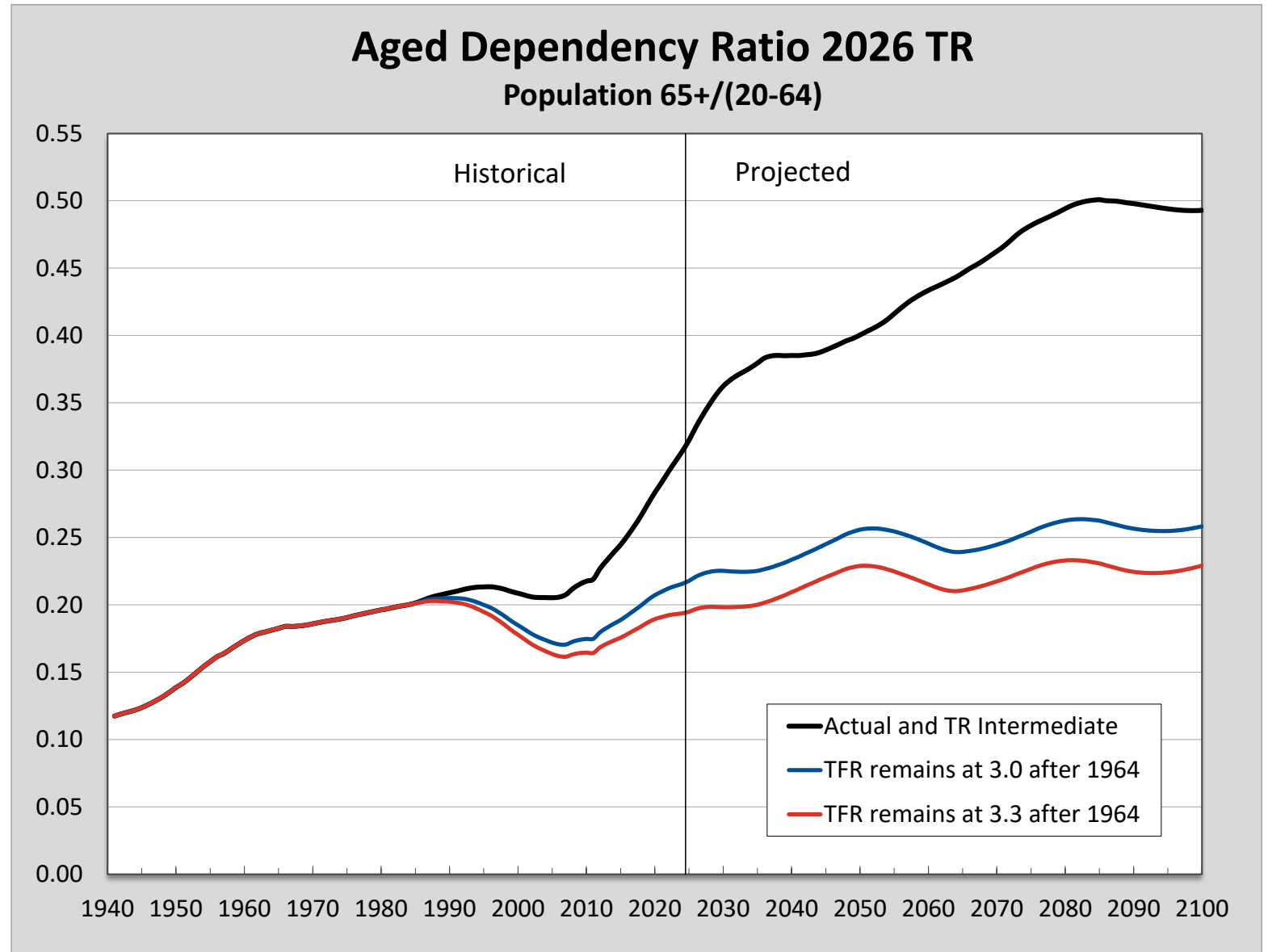
# Selected Other Measures and Assumptions of Interest to Actuaries...

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# Aging: Change in Age Distribution

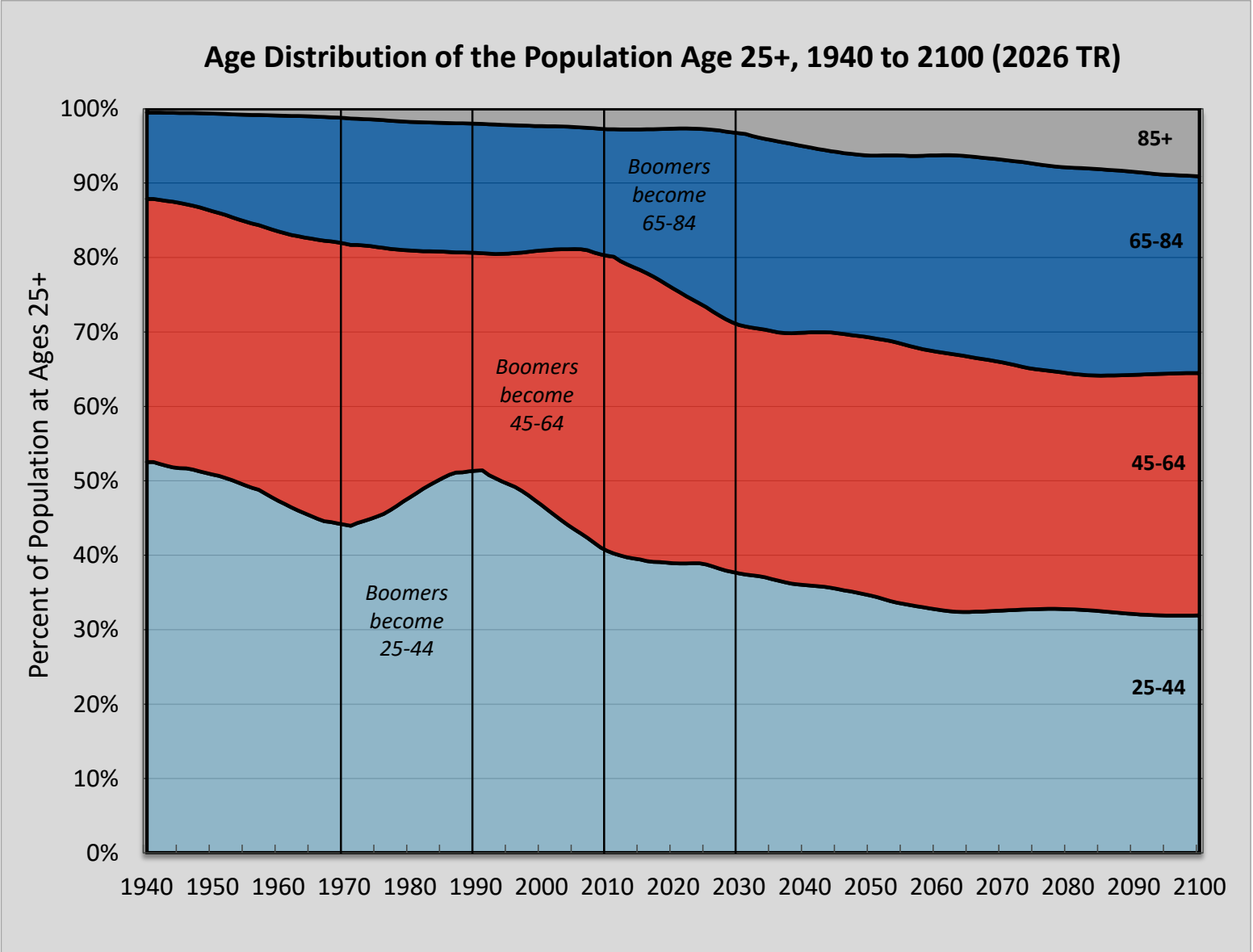
This is the primary reason for increasing cost relative to payroll and GDP.

Mainly due to the drop in birth rates following the baby boom and low expectations for the future.



# Changing Age Distribution Over Time

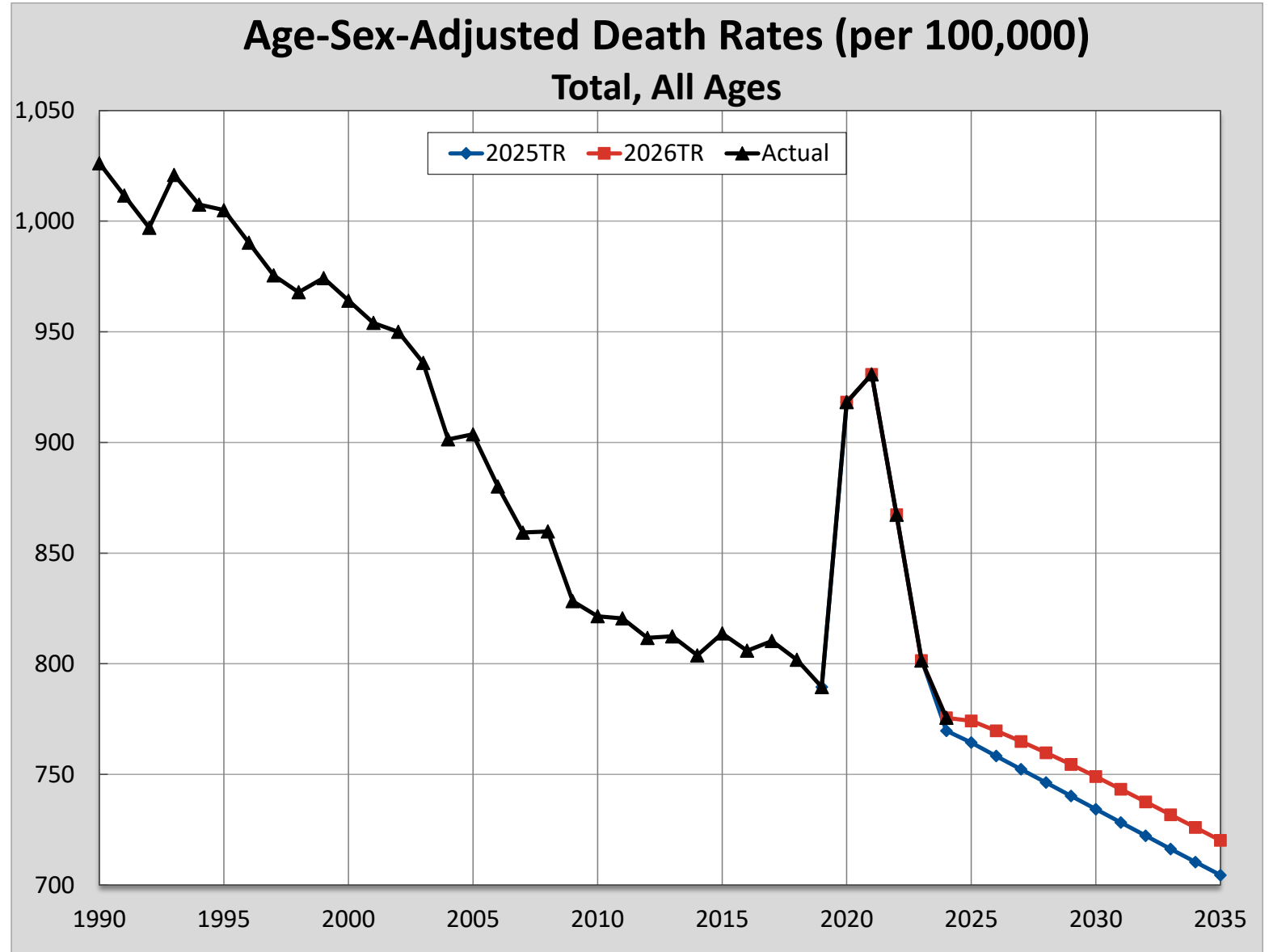
Continued aging of the population.



# Mortality Experience: All Ages

Significantly increased mortality in 2020-23 reflects the effects of the COVID-19 pandemic.

Projected rates are higher than in the 2025 TR, due to incorporating some post-pandemic data (calendar year 2024) into the regressions used for projections.

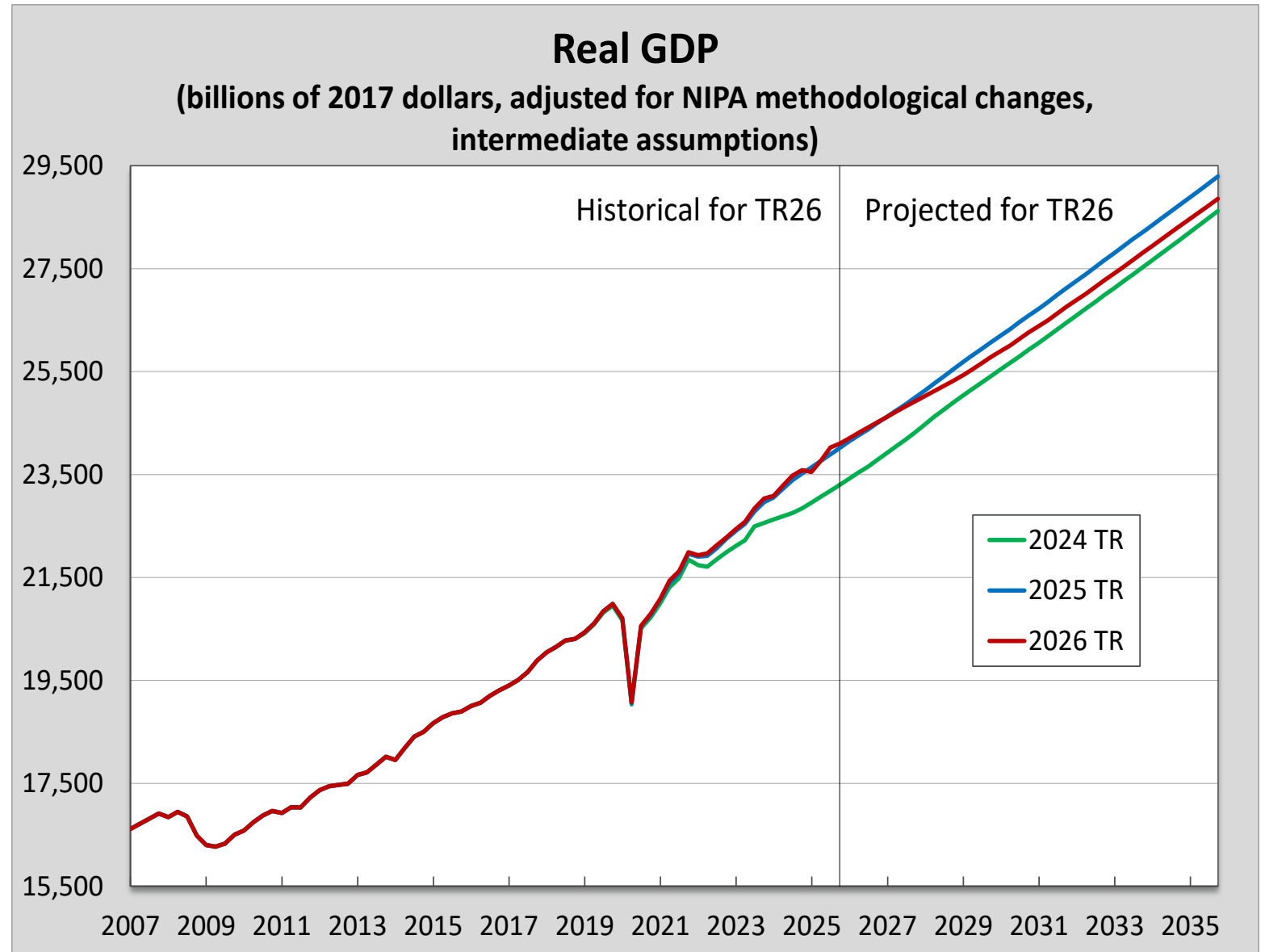


# Slower GDP Growth in 2026 TR than in 2025 TR

Recent economic developments and data revisions suggest that, in 2025, real GDP was similar to what was projected in the 2025 TR.

Subsequent GDP growth is slower than in the 2025 TR due to slower growth in population and the labor force, partly offset in the near term due to faster growth in labor productivity.

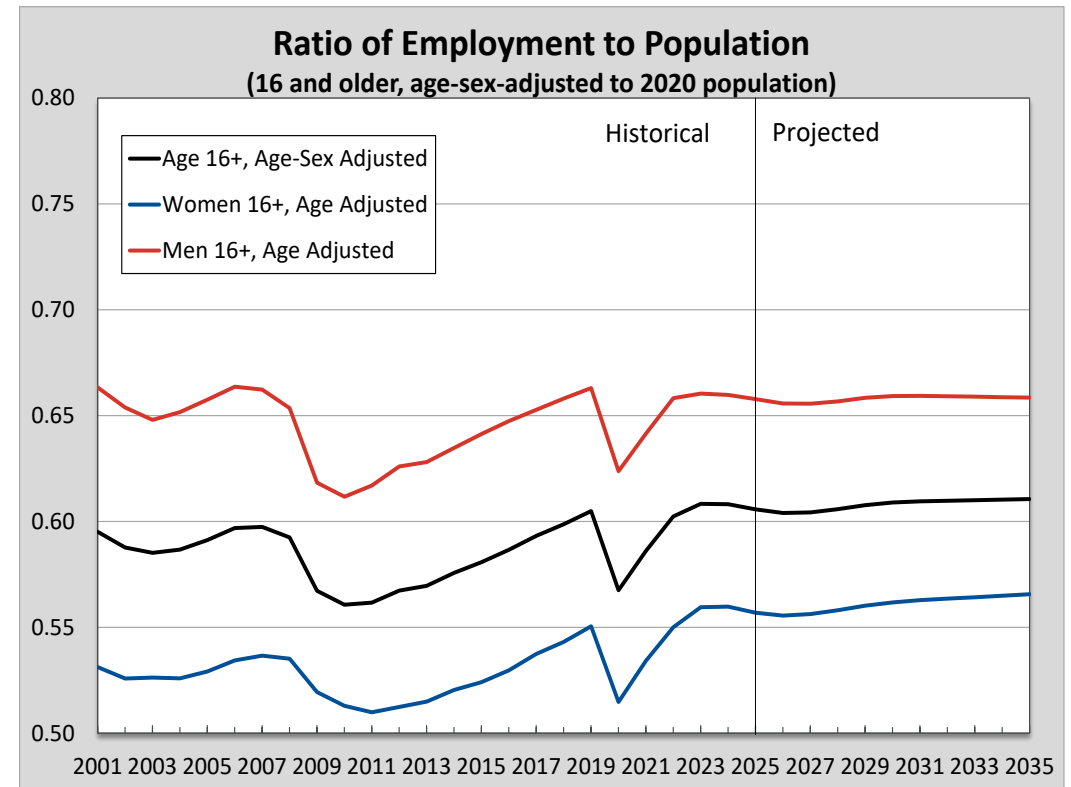
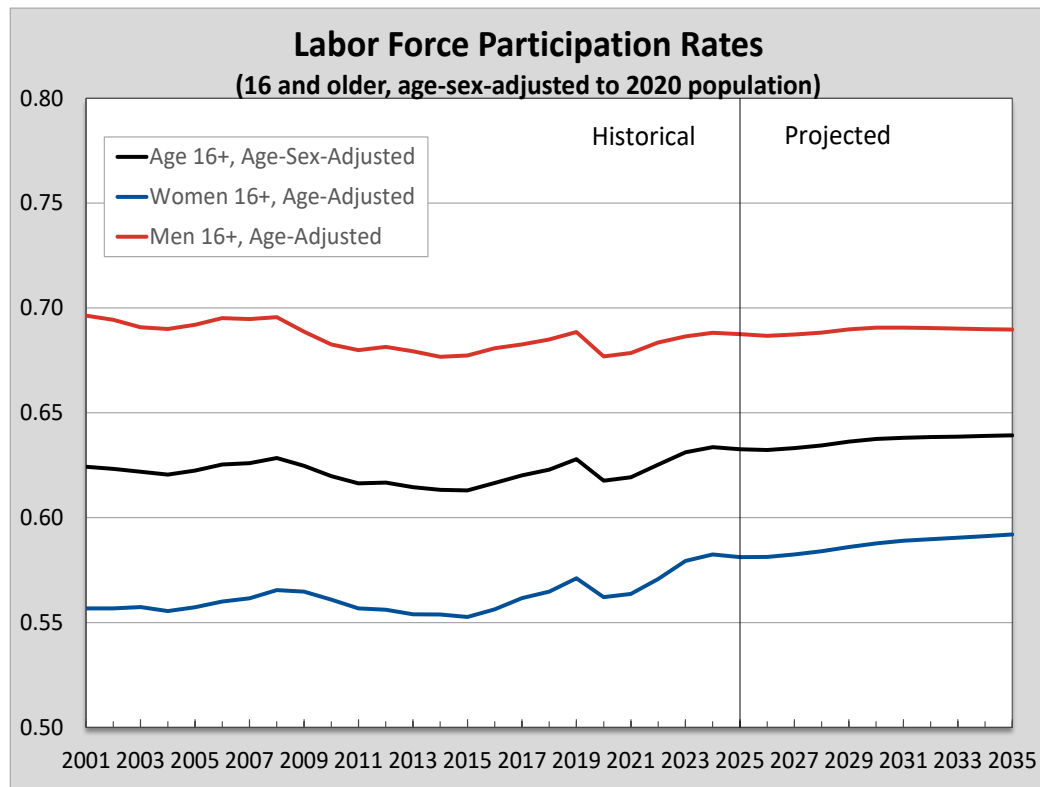
By 2035, the GDP is projected to be 1.5 percent lower than was projected in the 2025 TR.





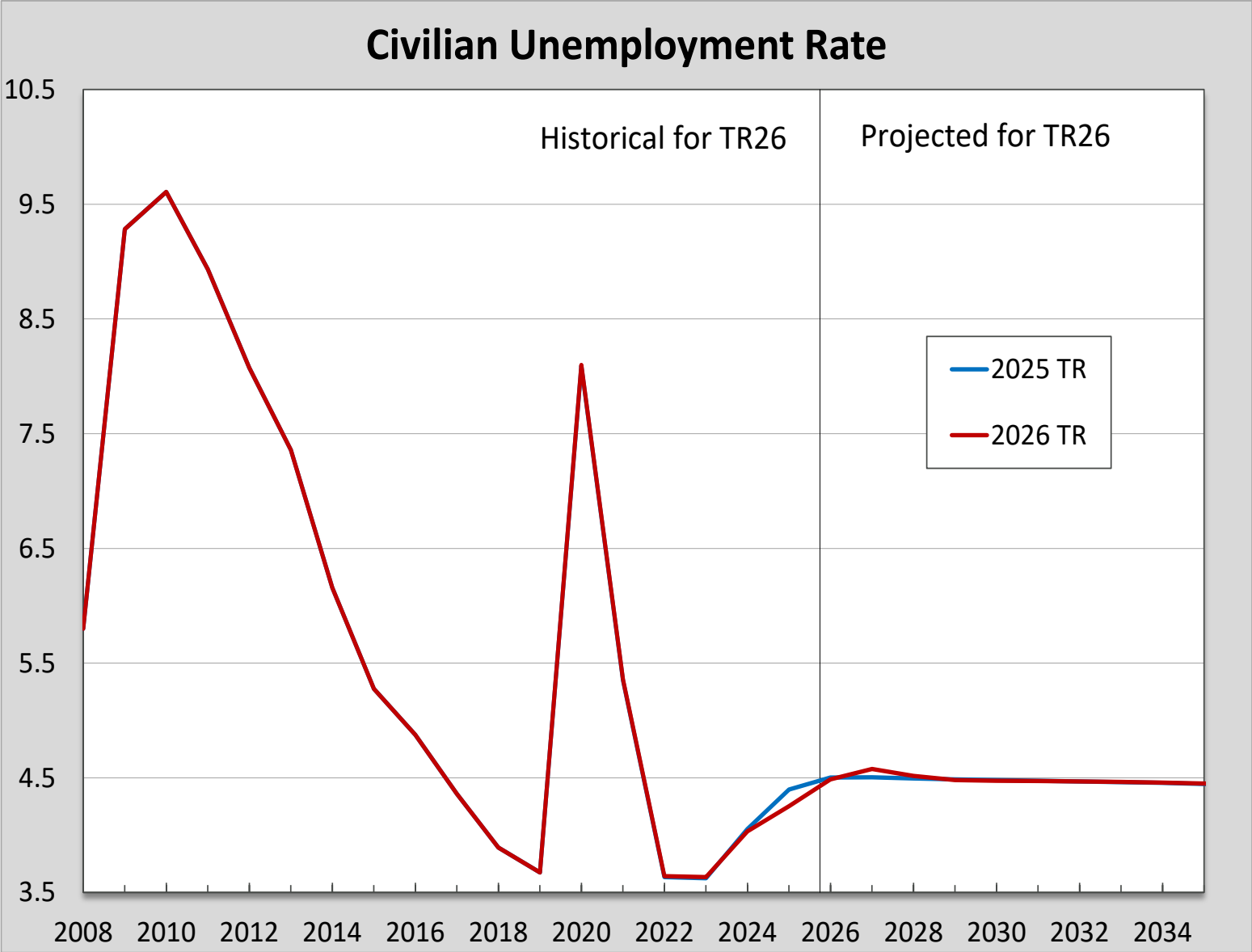
# The Labor Market Has Been Relatively Stable

After a strong recovery from the pandemic-induced recession, employment and labor force participation rates have declined somewhat, but remain near sustainable potential levels.



# Unemployment Rates Rising from 2022-23 Lows

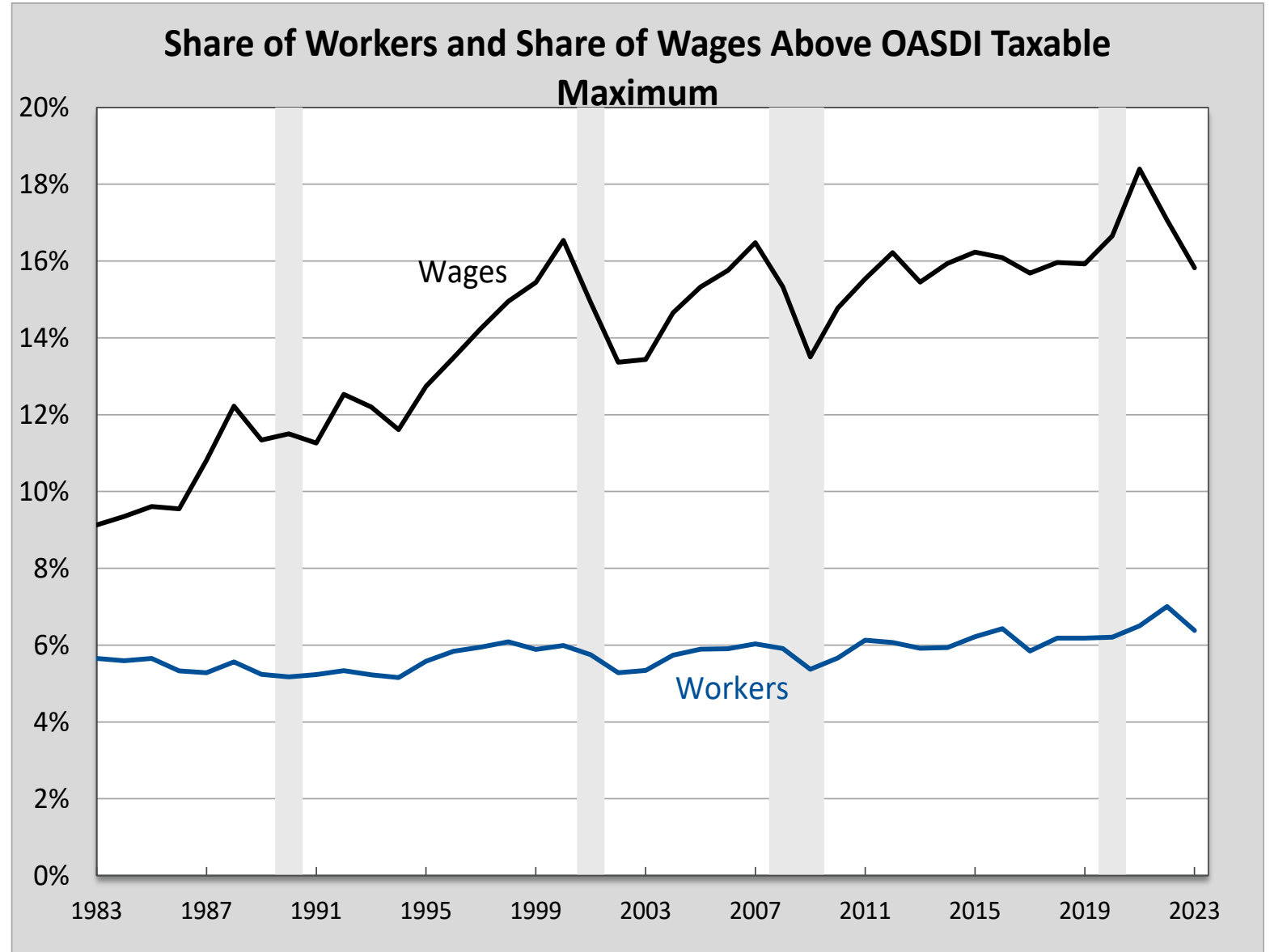
The unemployment rate is projected to continue increasing slightly for another year and then settle at the assumed ultimate level by 2028.



# OASDI-Covered Wages in Excess of the Taxable Maximum

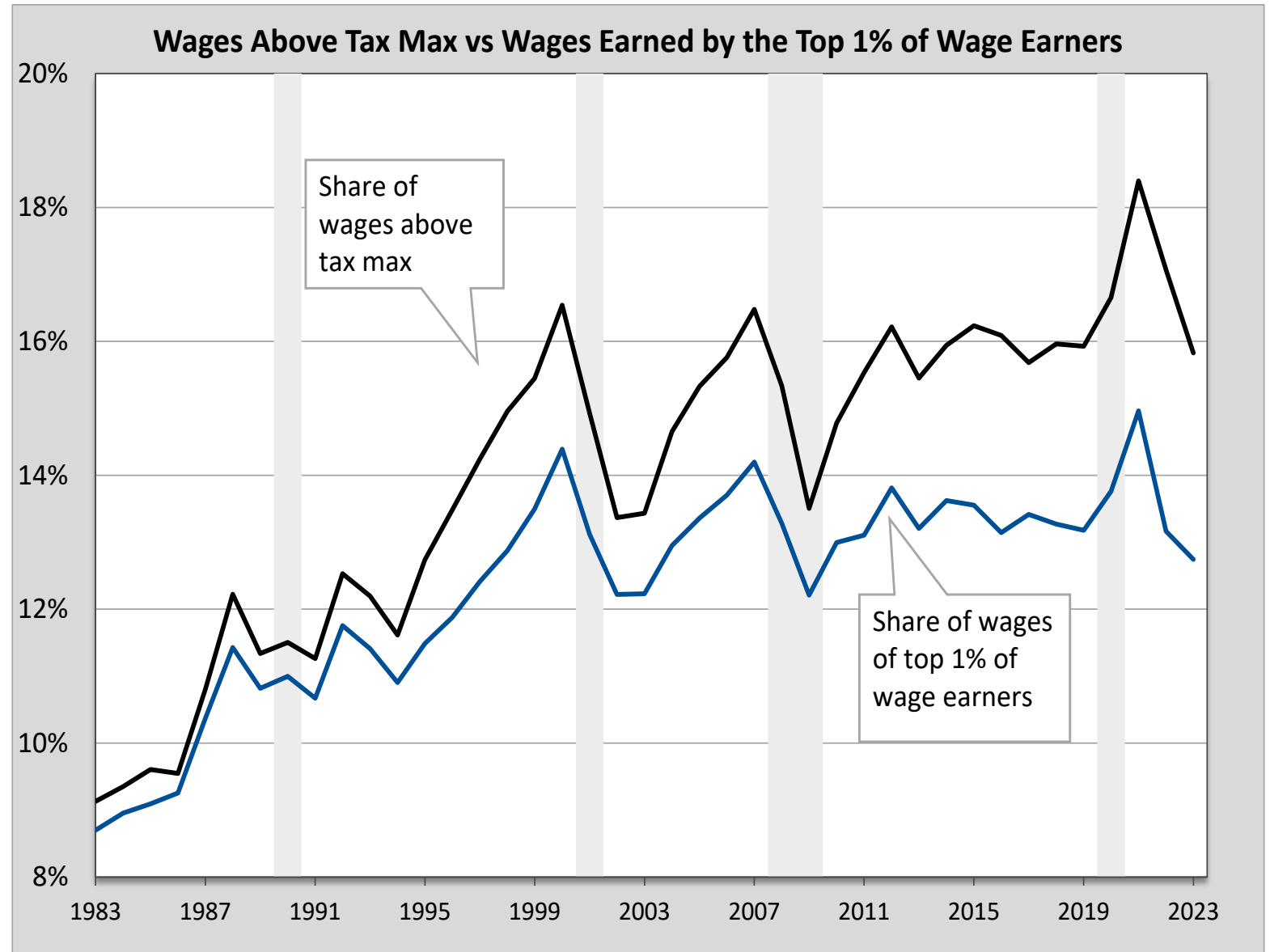
The share of *workers* with wages exceeding the OASDI taxable maximum remained fairly stable around 6 percent.

The share of *wages* in excess of the OASDI taxable maximum has generally risen since 1983 and it stood at 15.8 percent in 2023 (the latest historical data available).



# Share of Wages Earned by the Top 1% of Wage Earners

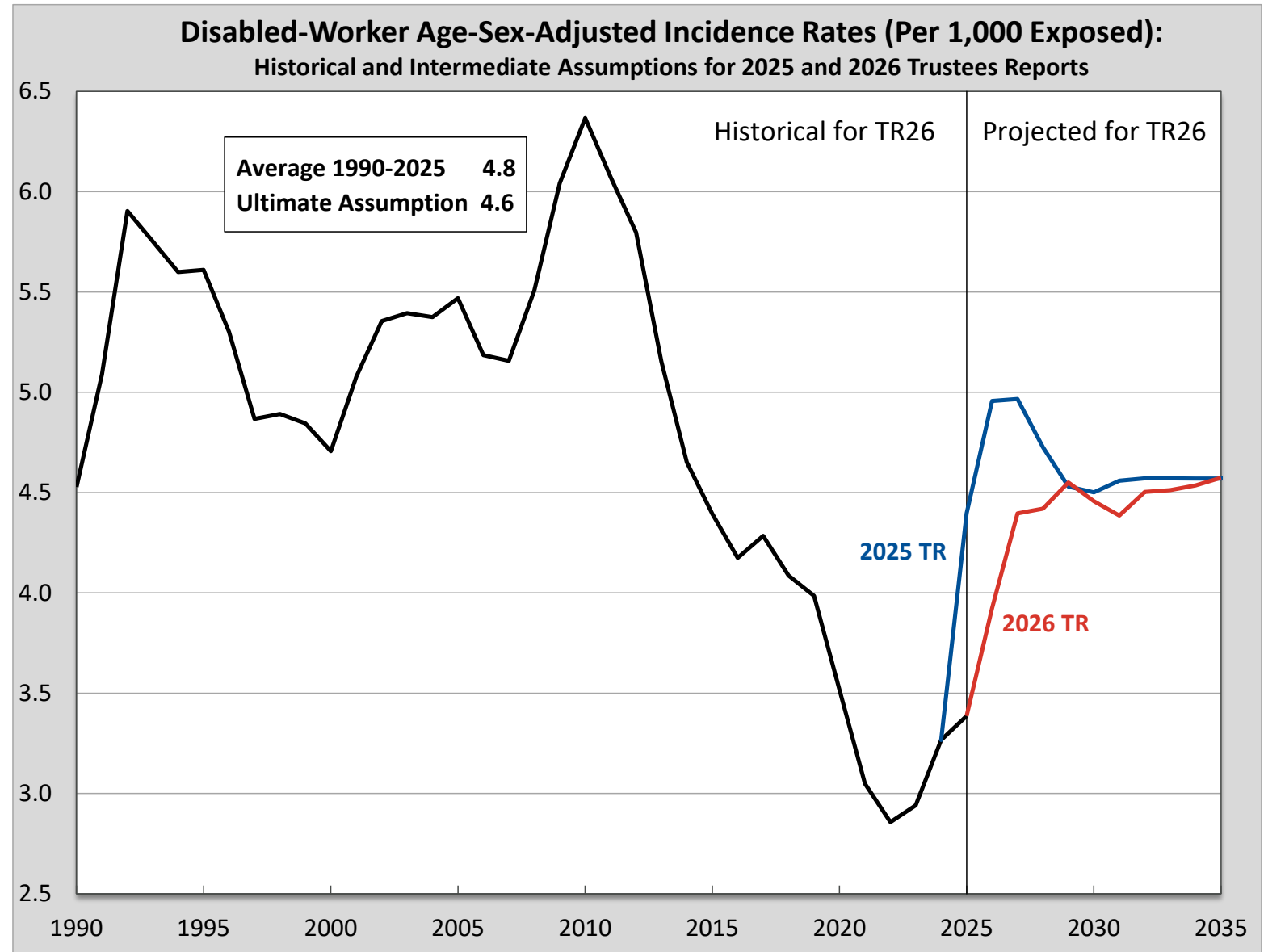
The trend and fluctuations in wages earned by the top 1% significantly influence the trend and fluctuations of all wages above the taxable maximum.



# Disabled-Worker Incidence Rate Remains Near Historically Low Level

The disabled-worker incidence rate rose sharply in the 2008 recession and has declined since the peak in 2010 to extraordinarily low levels in 2016 through 2022.

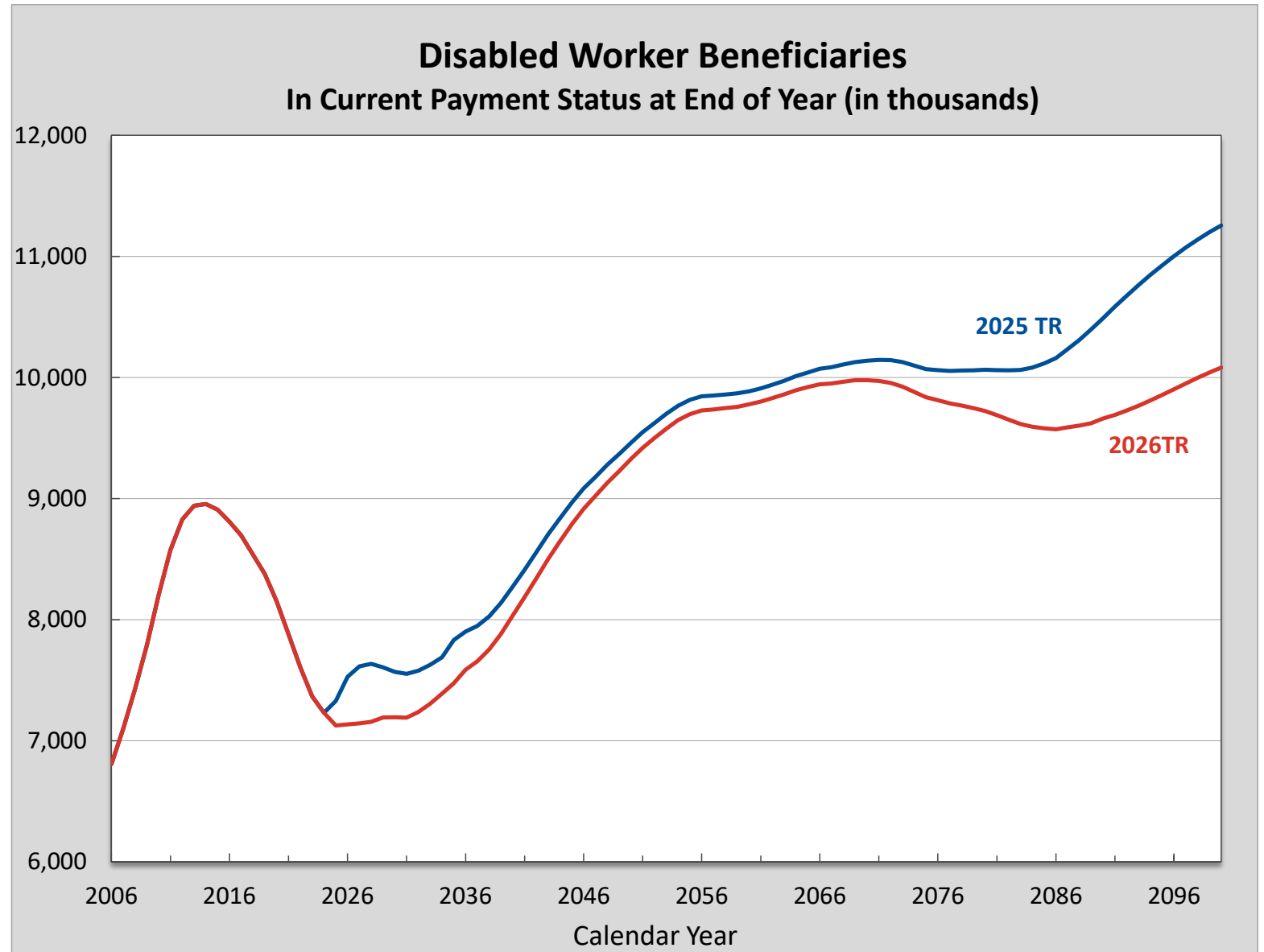
Incidence rates increased slightly in 2023 through 2025 and are projected to rise in order to reduce pending claims.



# Disabled Worker Beneficiaries

The near-term projections are significantly lower than last year's report based on more recent data and assumptions for the next few years.

Thereafter, the projections are slightly lower in the long-term based on updated near-term incidence rates.



# Changing Nature of Work: Trends in Employment by Occupation

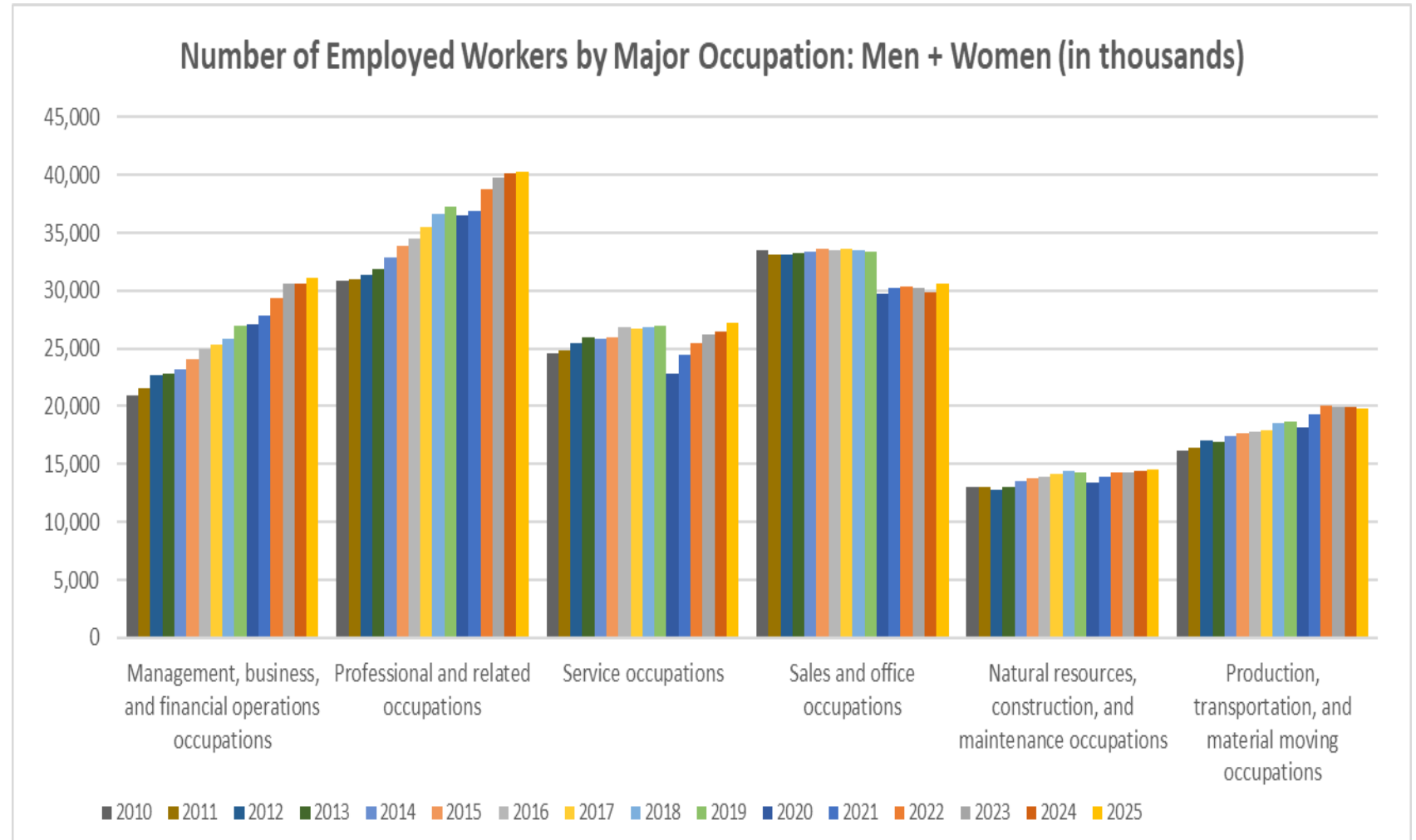
Employment effects in all areas in 2020; share for management and professional, highly paid, increased (BLS cpsaat09)

Will trends continue?

Will these shifts continue with technology, automation, and increasing education levels?

Might increases in infrastructure spending or AI adoption change these trends?

Also, changes in how job-specific tasks are performed.

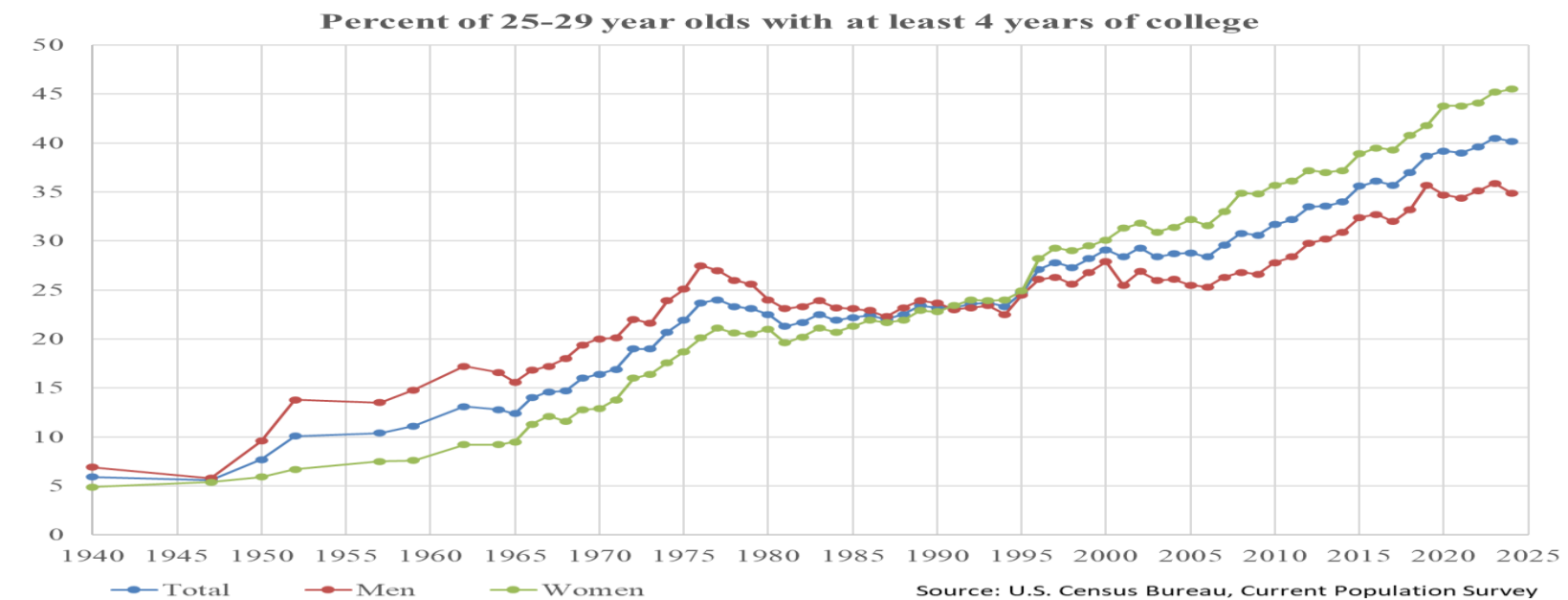
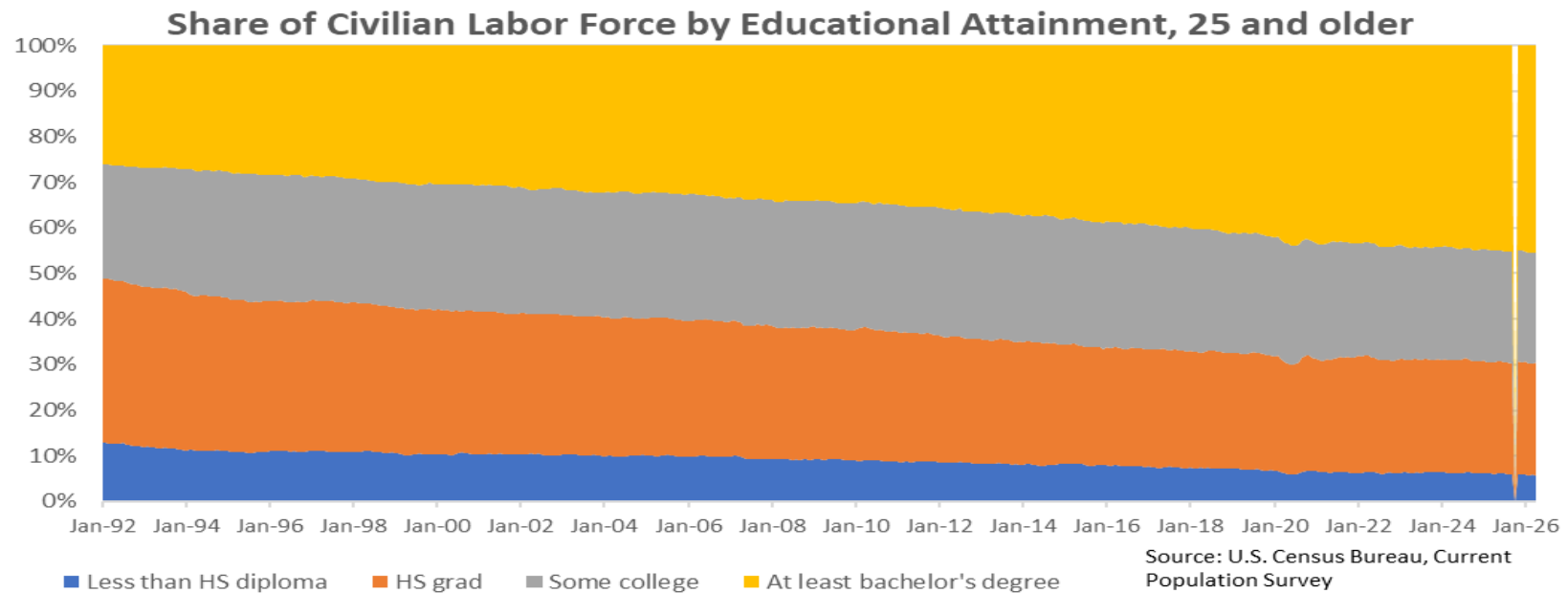


# Changing Educational Attainment

Increasing share of labor force has at least a bachelor's degree—around 25 percent in 1992 to about 45 percent in 2025.

By birth cohort, for those born in the early 1900s, about 5 percent had at least 4 years of college, increasing to 40 percent for those born in the 1990s.

Women have increased attainment more than men.



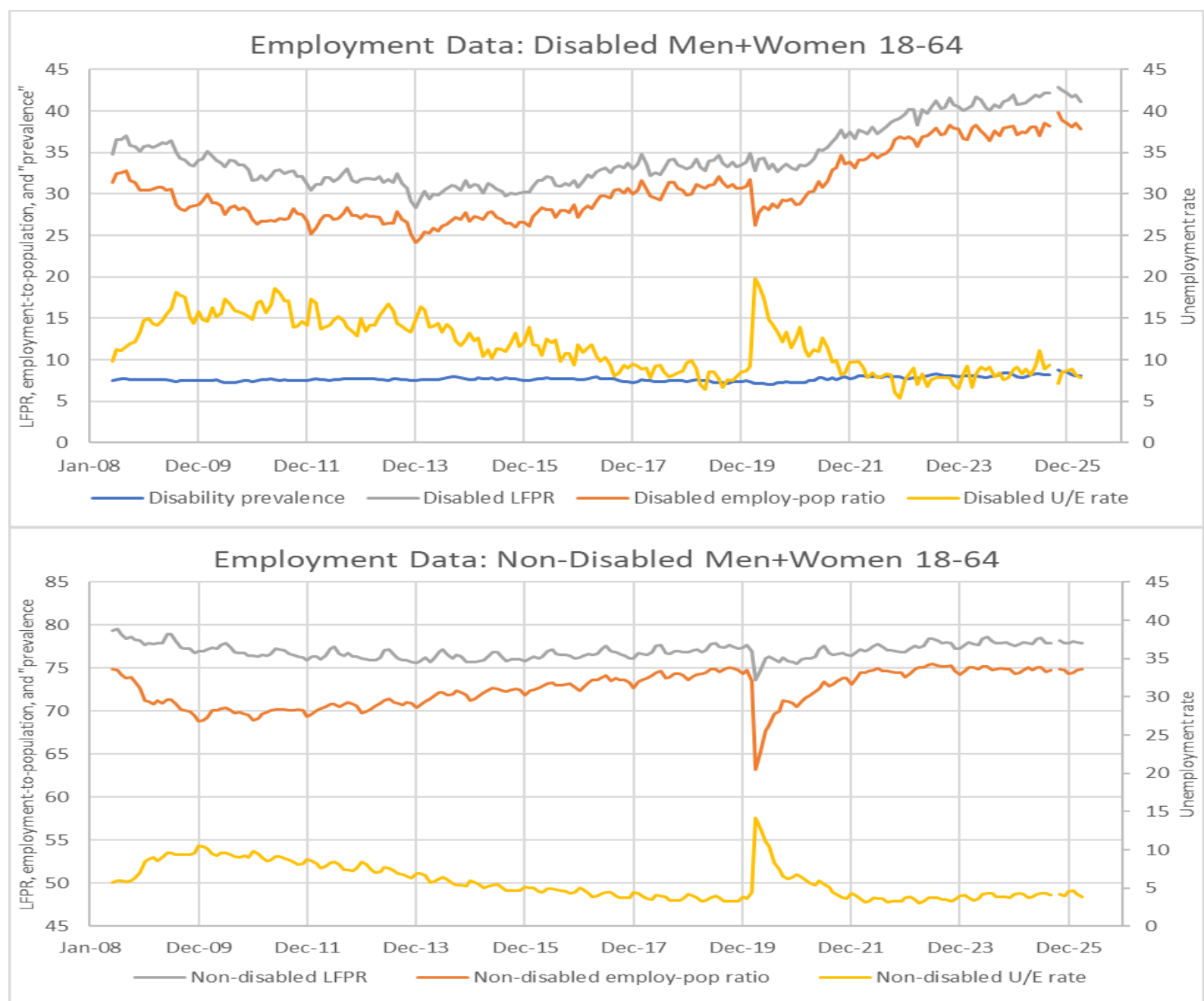


# Employment of the Disabled

Employment of individuals self-identifying as disabled appears to be gradually rising from low rates experienced in 2013-15.

Current rates of employment are at the highest levels since the beginning of 2008. Will this continue to increase or level out?

Note that this is self-identification of disability by CPS survey respondents, so the definition of disability may greatly differ from what is used for the OASDI program.



# How to Eliminate the Social Security Long-Term Actuarial Deficit

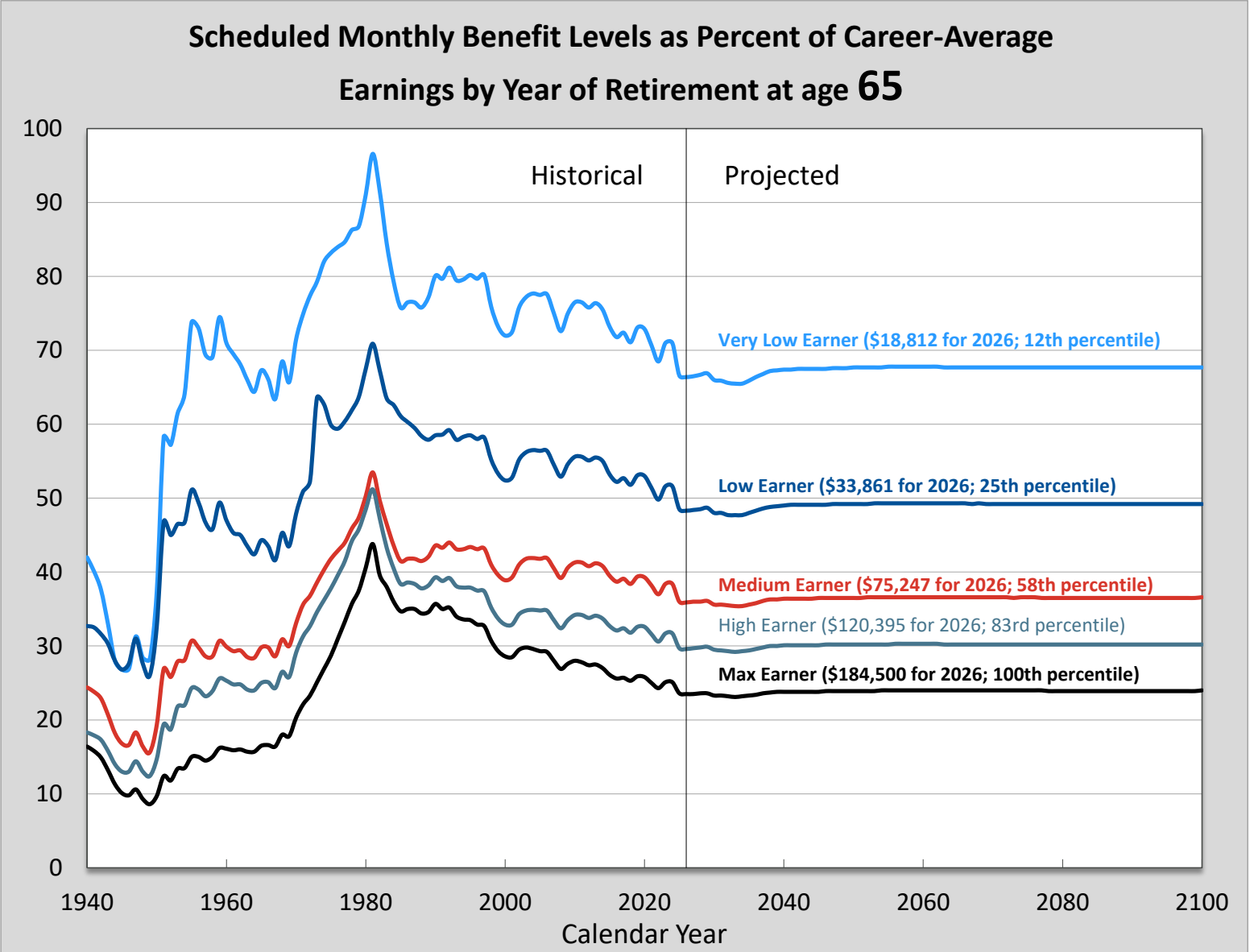
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# Long-Term Projections Inform Policymakers

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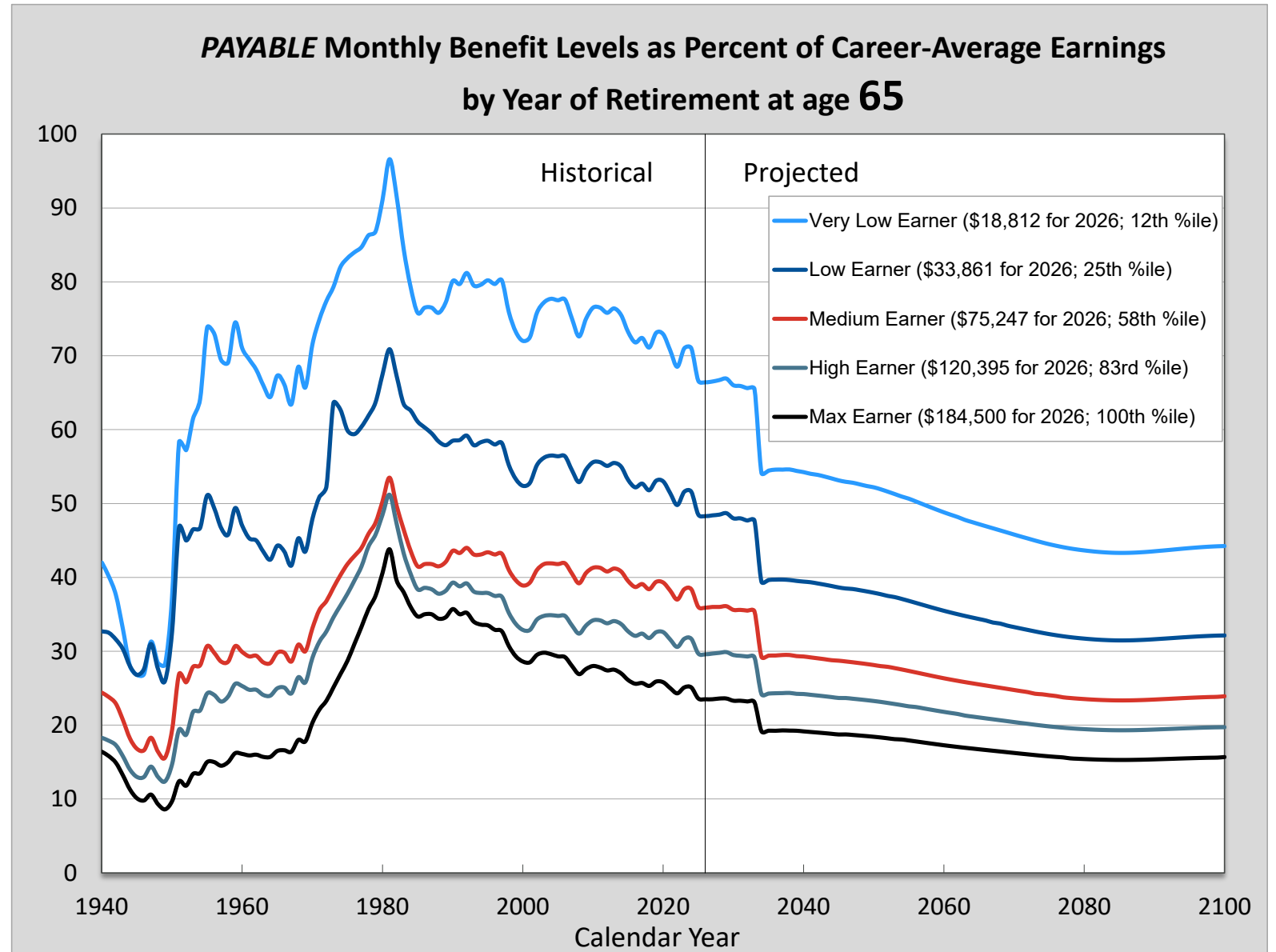
- The Trustees consistently advise that Congress should act sooner rather than later
- Straightforward solutions:
  - Raise scheduled revenue by 2034 by about one-third
  - Reduce scheduled benefits by 2034 by about one-fourth
  - Or some combination of the two
  - Comprehensive changes *implemented* by 2034 (by 2032 for OASI alone)
- Consider adequacy of benefits?

# Replacement Rates Based on the 2026 TR



Source: Annual Recurring Actuarial Note #9 at [www.ssa.gov/oact/NOTES/ran9/index.html](http://www.ssa.gov/oact/NOTES/ran9/index.html)

Payable Benefits  
Under the Law,  
After Trust Fund  
Reserves Are  
Depleted, Are  
Even Lower



Source: Annual Recurring Actuarial Note #9 at [www.ssa.gov/oact/NOTES/ran9/index.html](http://www.ssa.gov/oact/NOTES/ran9/index.html)

# Ways to Lower Cost

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- Increase the NRA
  - Lowers OASI cost, but increases DI cost
  - Can exempt long-career low earners
- Modify the benefit formula
  - Lower PIA factors
  - Increase number of computation years
  - Price indexing
  - Mini PIA
- Reduce the cost-of-living adjustment (COLA)
  - Chain-weighted CPI-U
  - Some say increase COLA with the CPI-E (based on purchases of consumers over age 62)

# Ways to Increase Revenue

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- Raise the 12.4 percent OASDI payroll tax rate
- Raise tax on highest earners
  - Increase taxable maximum amount
  - Some tax on all earnings above the maximum
- Tax employer group health insurance premiums
  - Affects only middle class if taxable maximum remains
- Tax individuals' investment income
  - Or potentially a wealth tax?
- Invest the trust funds in higher-yielding investments
  - Potentially increasing risk

# Notable Proposals Scored: Hoyer/Primus

Rep. Steny Hoyer and Dr. Wendell Primus (Brookings)—January 3, 2025

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- Significant provisions:
  - Increase the taxable maximum level by 6 percent faster than current law, until it reaches 90 percent of covered earnings
  - Place all proceeds from taxation of Social Security benefits into the OASI and DI funds
  - Change immigration policies to increase lawful immigration
  - Increase the number of computation years from 35 to 40, gradually
  - Increase the NRA for those in the top 40 percent of the all-career average earnings distribution
  - Several other provisions with smaller effects (17 provisions in total)
- Making these changes would lead to 75-year solvency under TR24 baseline
- See [https://www.ssa.gov/OACT/solvency/HoyerPrimus\\_20250103.pdf](https://www.ssa.gov/OACT/solvency/HoyerPrimus_20250103.pdf)



# Notable Proposals Scored: Larson

Representative John Larson—July 12, 2023 (*original version July 2014*)

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- Significant provisions:
  - Several benefit improvements similar to his prior bills, but for 10 years only
  - Apply payroll tax on earnings above \$400,000, with a small benefit credit
  - Add a 12.4-percent tax on net investment income above \$400,000
- Making these changes would lead to an additional 32 years of full solvency under TR23 baseline (reserve depletion in 2066)
- See [www.ssa.gov/OACT/solvency/JLarson\\_20230712.pdf](https://www.ssa.gov/OACT/solvency/JLarson_20230712.pdf)

# Notable Proposals Scored: Johnson

Former Representative Sam Johnson—December 8, 2016

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- Significant provisions:
  - Make benefit formula less generous but more “progressive”; change to mini-PIA approach; add a new minimum benefit
  - Raise Normal Retirement Age to age 69 (8-year phase-in)
  - Lower the COLA by using chain-weighted CPI; no COLA if high income
  - Eliminate taxation of Social Security benefits
- Making these changes would have led to 75-year solvency under TR16 baseline
- See [www.ssa.gov/OACT/solvency/SJohnson\\_20161208.pdf](http://www.ssa.gov/OACT/solvency/SJohnson_20161208.pdf)

# For More Information, Go to

<https://www.ssa.gov/oact/>

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- There you will find:
  - The 2026 and all prior OASDI Trustees Reports
  - Detailed single-year tables for recent reports
  - Our estimates for comprehensive proposals and individual provisions
  - Actuarial notes
  - Actuarial studies
  - Extensive databases
  - Congressional testimonies
  - Presentations by Actuarial Services employees

# Thank You!

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All webinars are presented 12:30 – 1:45pm ET unless otherwise noted.

### Upcoming Webinars\*

- Insights into Plan Year 2027: Maximum Fair Price for Prescription Drugs – Healthcare – August 5, 2026
- Reimagining Retirement in the U.S. – An Update from the RSII – Retirement – September 9, 2026
- Leading from Within: Emotional Intelligence for the Consulting Actuary\*\* – Cross Discipline – September 16, 2026  
*\*\*included w/ CCA Leadership Seminar, September 15 and 17*
- Medicare Advantage and Part D – Consulting for Challenges – Healthcare – November 11, 2026
- Safeguarding Pension Data: Cybersecurity and Privacy in Retirement Systems – Retirement – November 18, 2026

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