

Social Security Actuarial Status

The 2026 Annual Report of the Board of Trustees
of the OASI and DI Trust Funds

Key Changes and Results Under Intermediate Assumptions

PREPARED BY ACTUARIAL SERVICES, SSA

AMERICAN ENTERPRISE INSTITUTE WEBINAR JUNE 12, 2026

What is the Legislative Mandate for the Social Security Annual Report?

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!

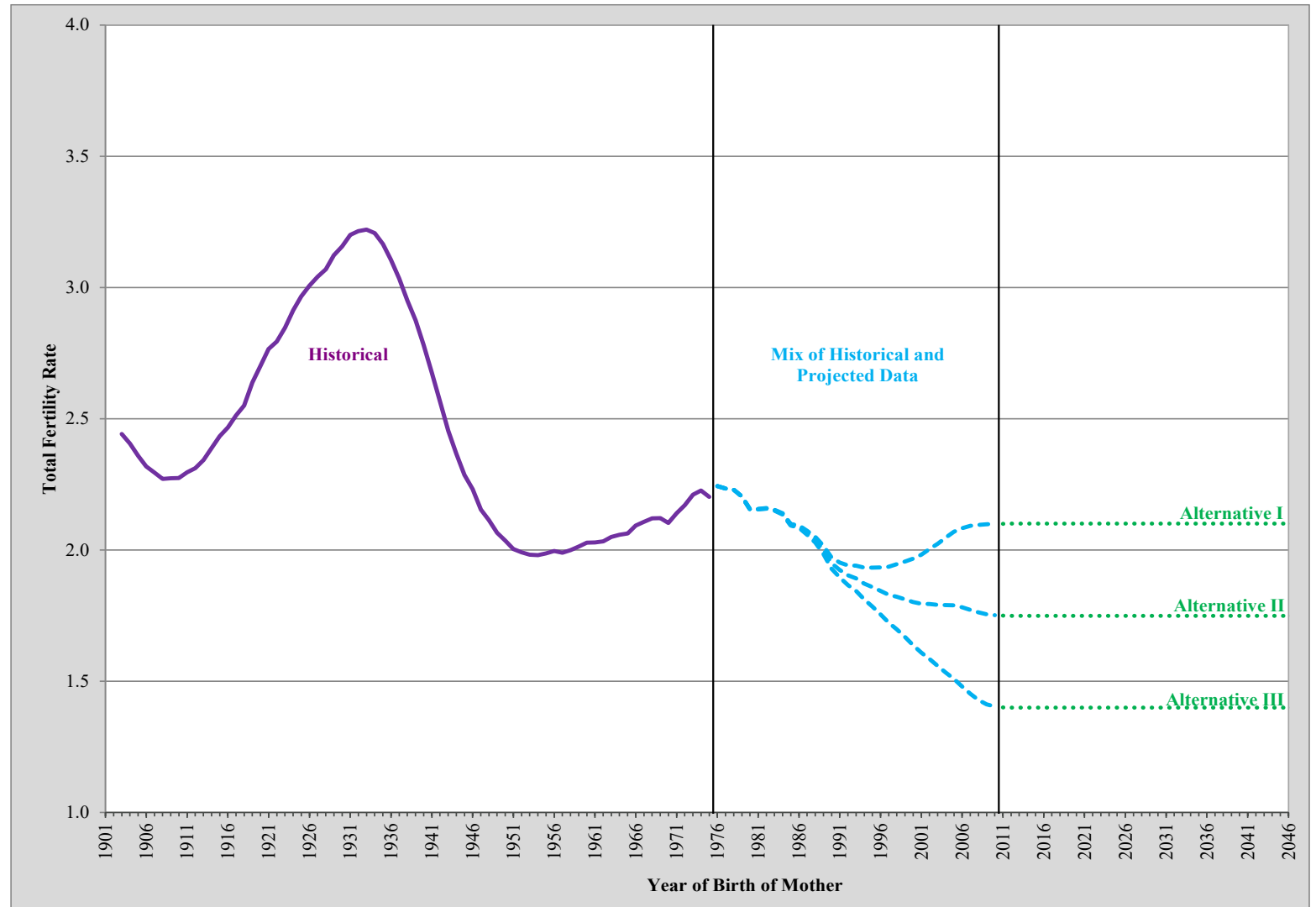
Four Primary Changes This Year

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

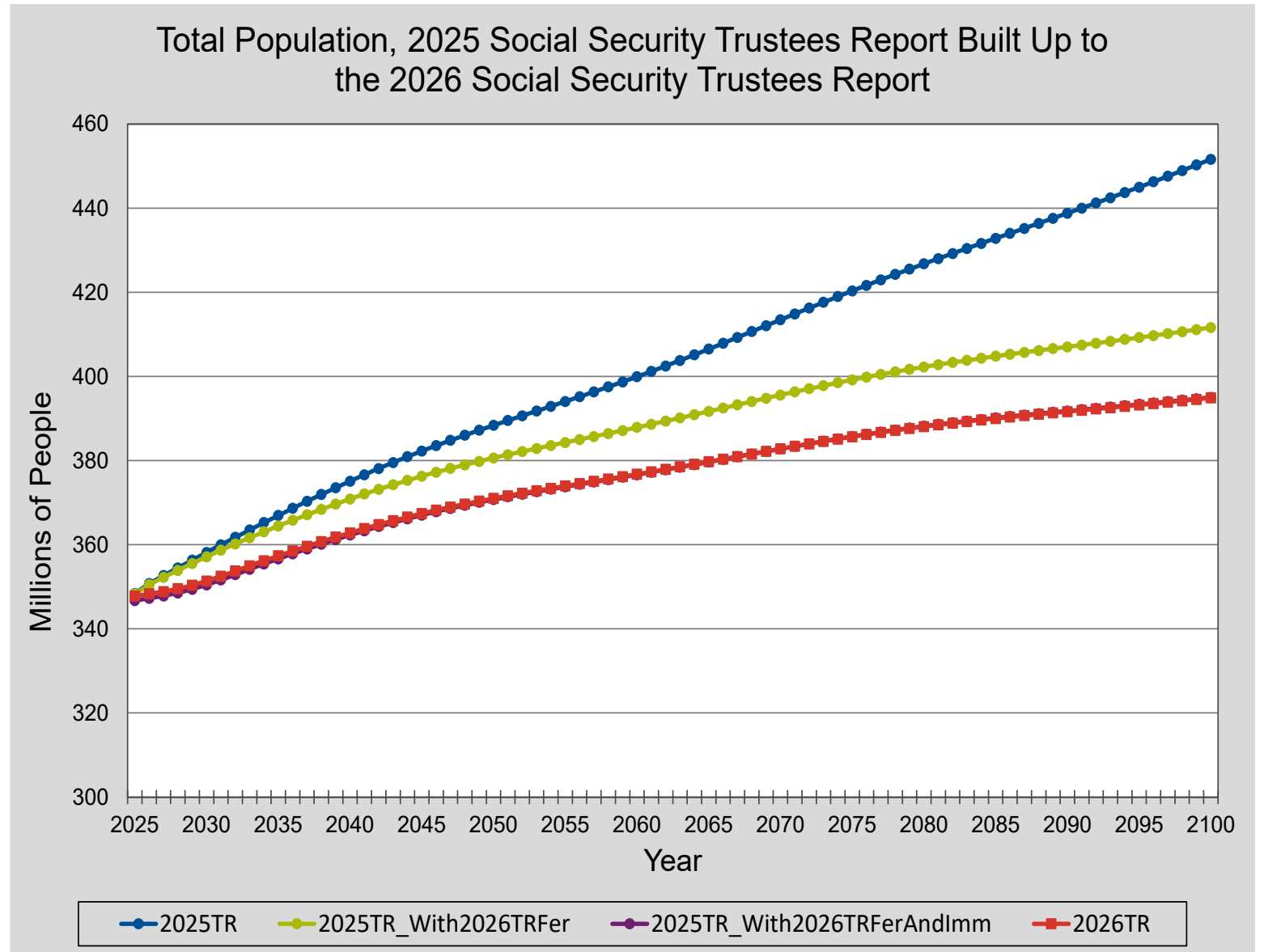


[https://www.ssa.gov/oact/TR/2026/2026 Long-Range Demographic Assumptions.pdf](https://www.ssa.gov/oact/TR/2026/2026_Long-Range_Demographic_Assumptions.pdf)

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.

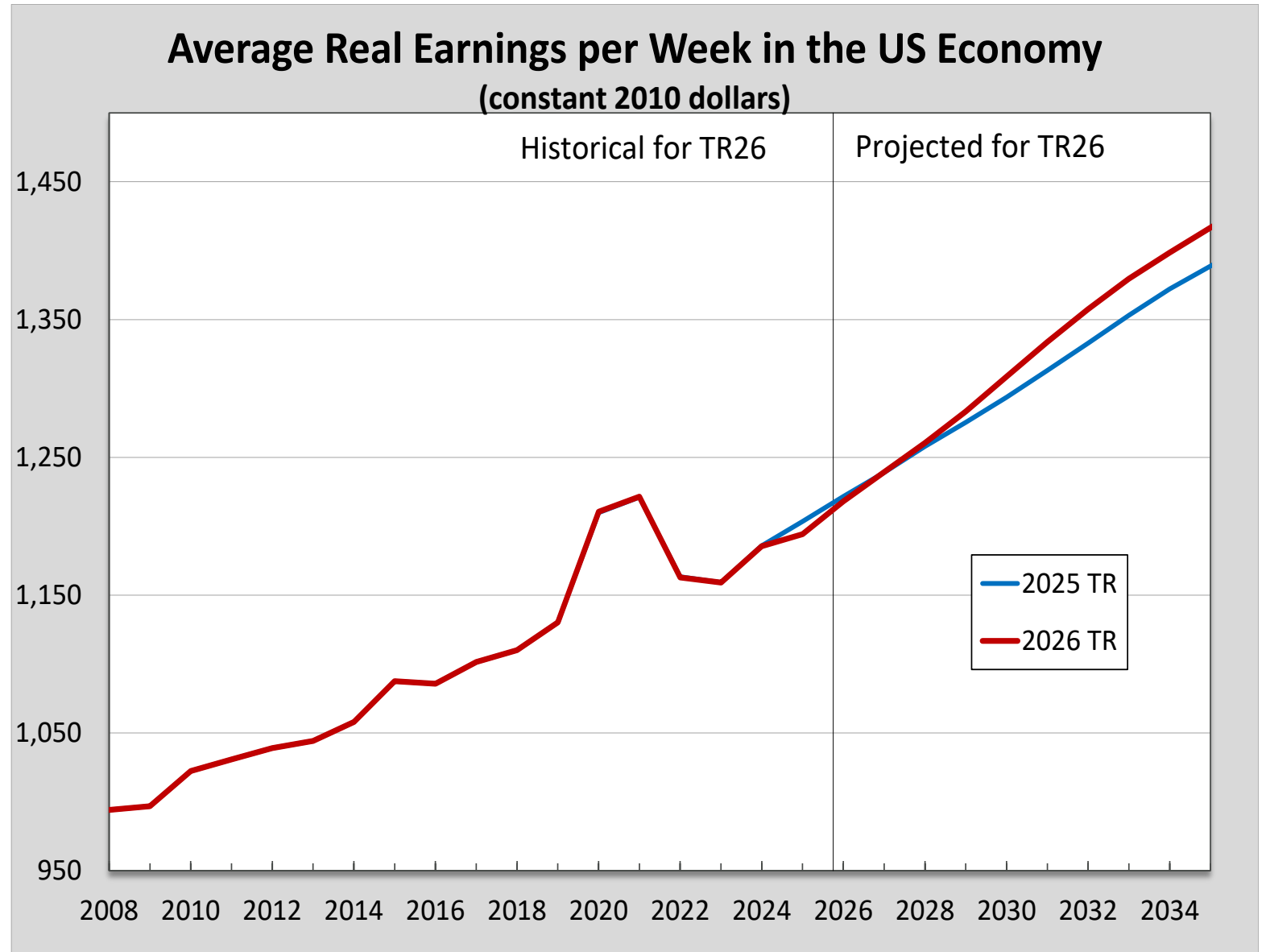
Future levels of net immigration are assumed to be lower than in last year's report.



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.

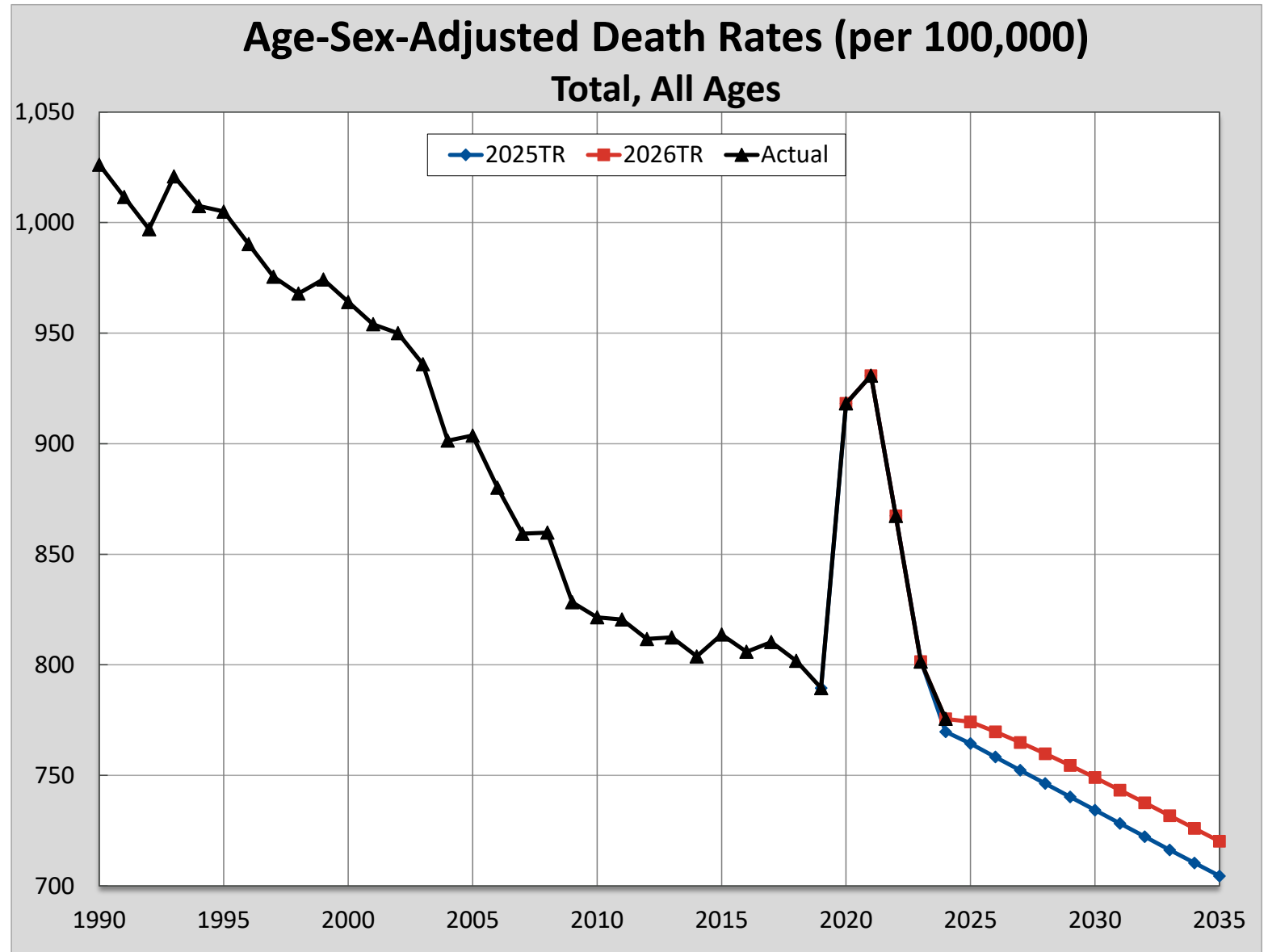
Compared to the 2025 TR, average real earnings are projected to grow faster through 2036, consistent with the faster growth in labor productivity. After 2036, average real earnings are projected to grow at the same rate as in 2025 TR, and thus to remain at a higher level than in 2025 TR.



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.

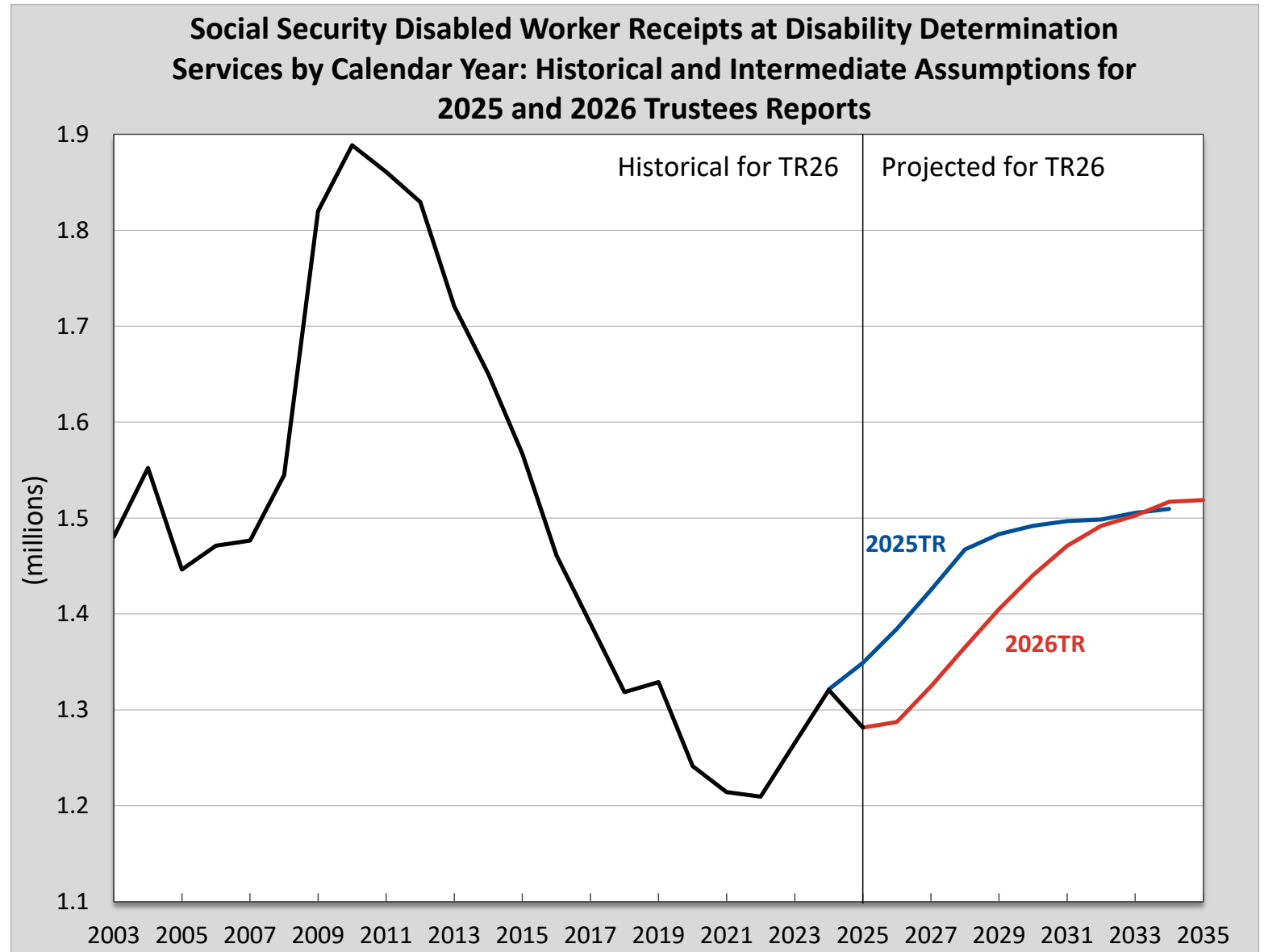


Applications for Disabled-Worker Benefits Remain Near Historically Low Level

At the peak of the last economic cycle in 2007, applications were low, but increased rapidly in the 2008 recession from 1.5 million in 2007 to 1.9 million in 2010.

From 2017 through 2022, applications dropped to well below the 2007 level.

Applications increased recently but remain near historically low levels.

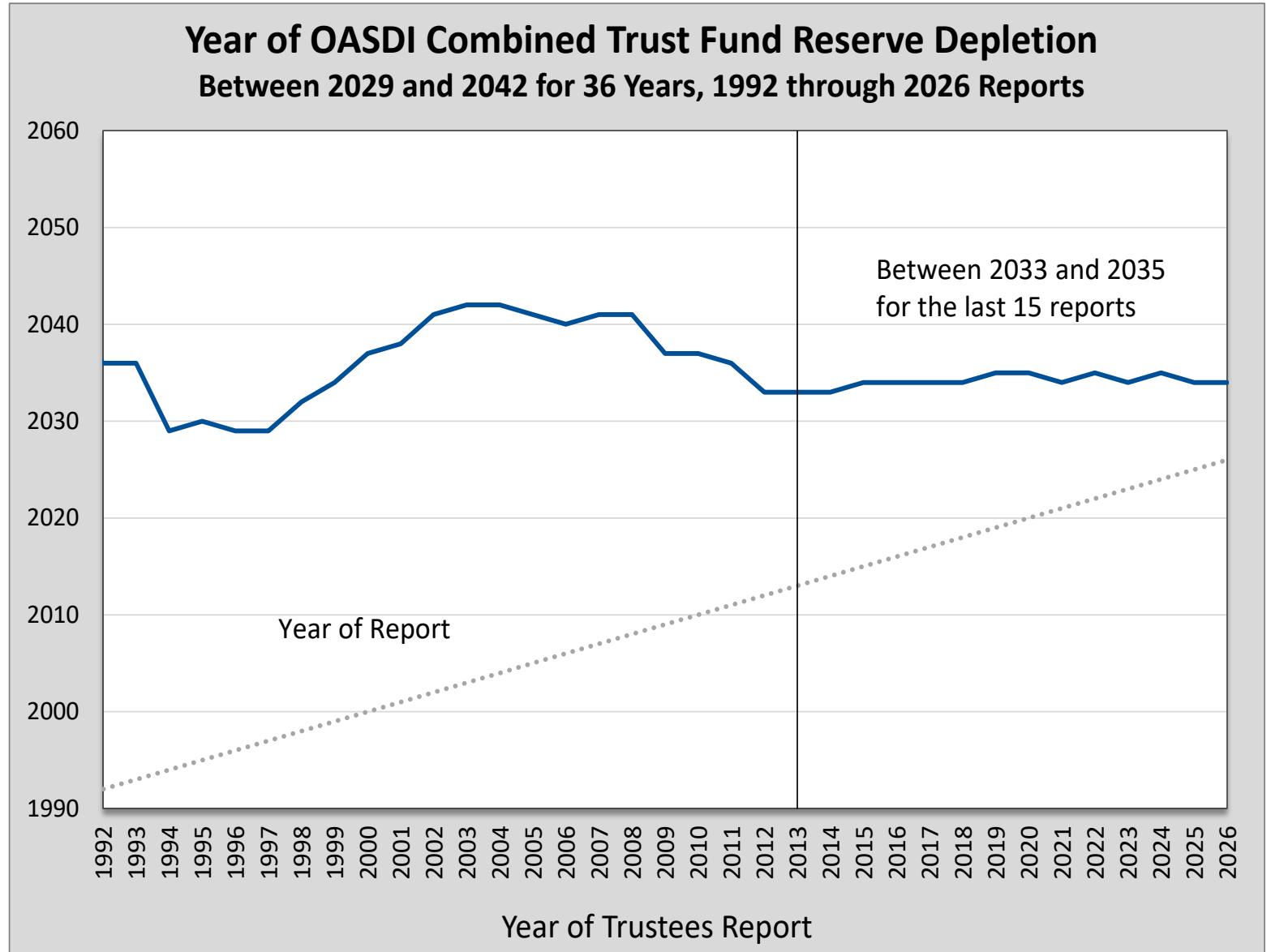


Changes in Timing of Trust Fund Reserve Depletion in 2026 Report

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)

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

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

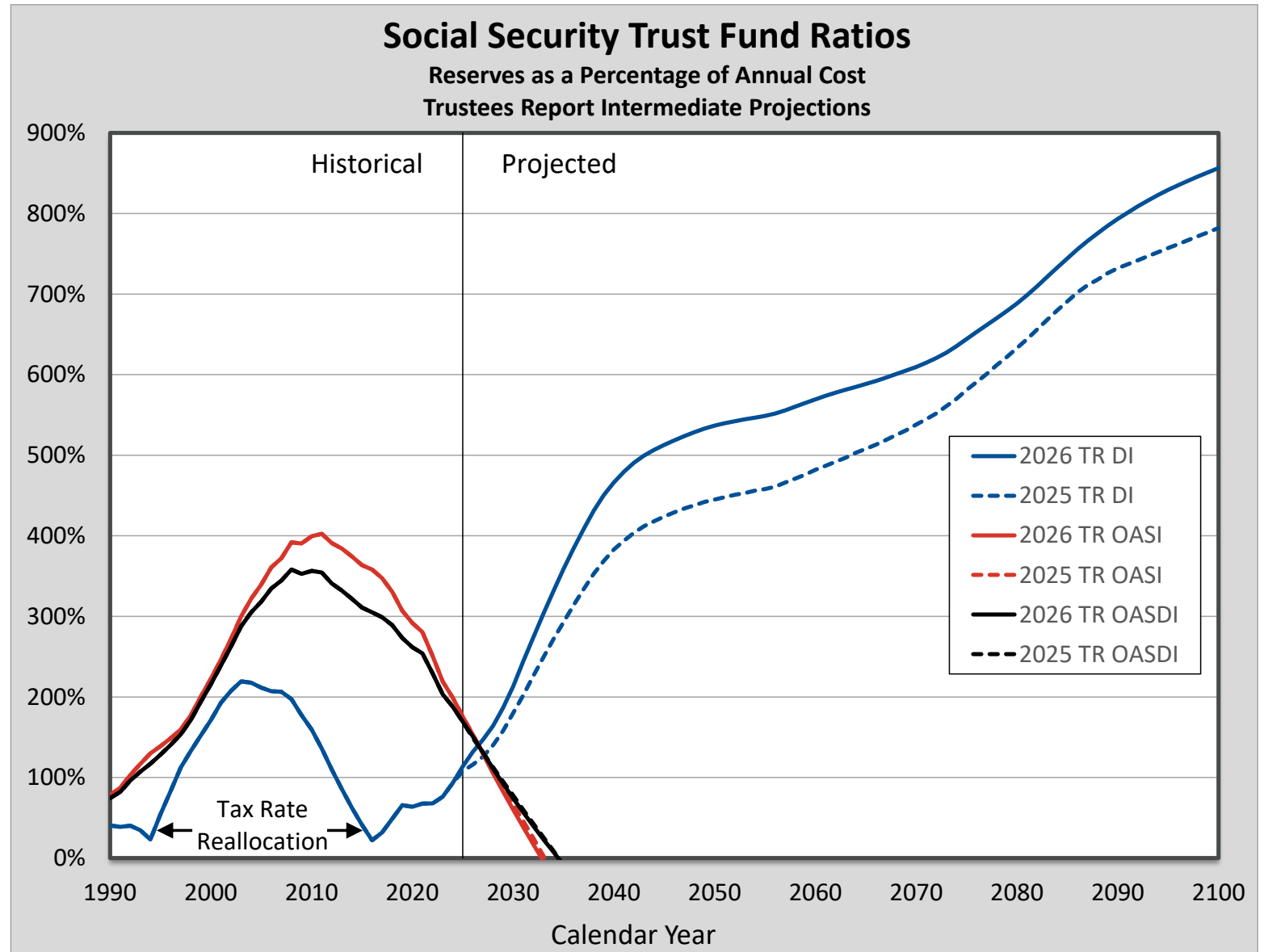
-0.05 percent of payroll

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.

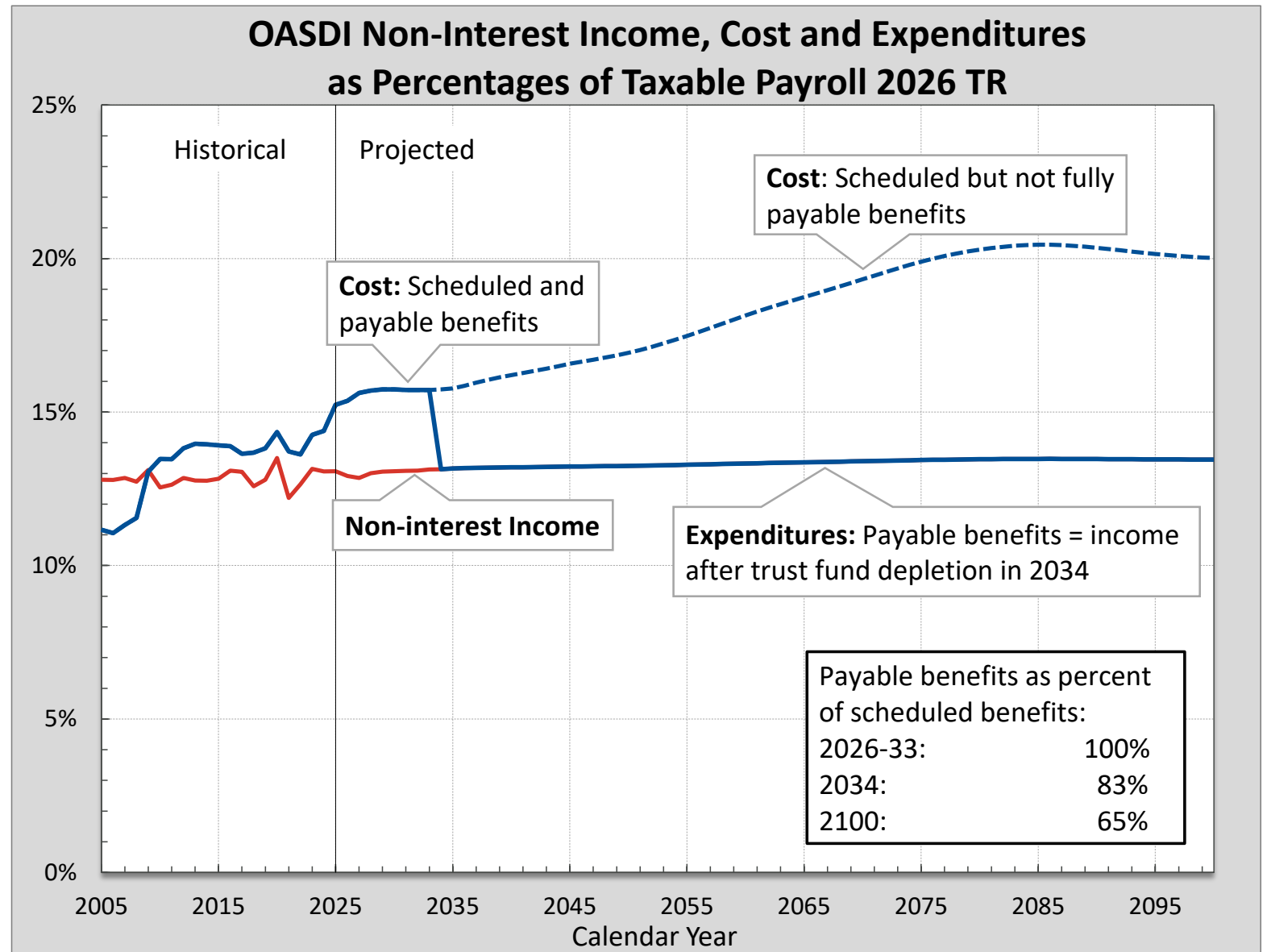


OASDI Annual Cost and Non-Interest Income as Percent of Taxable Payroll

Persistent negative annual cash-flow balance starting in 2010.

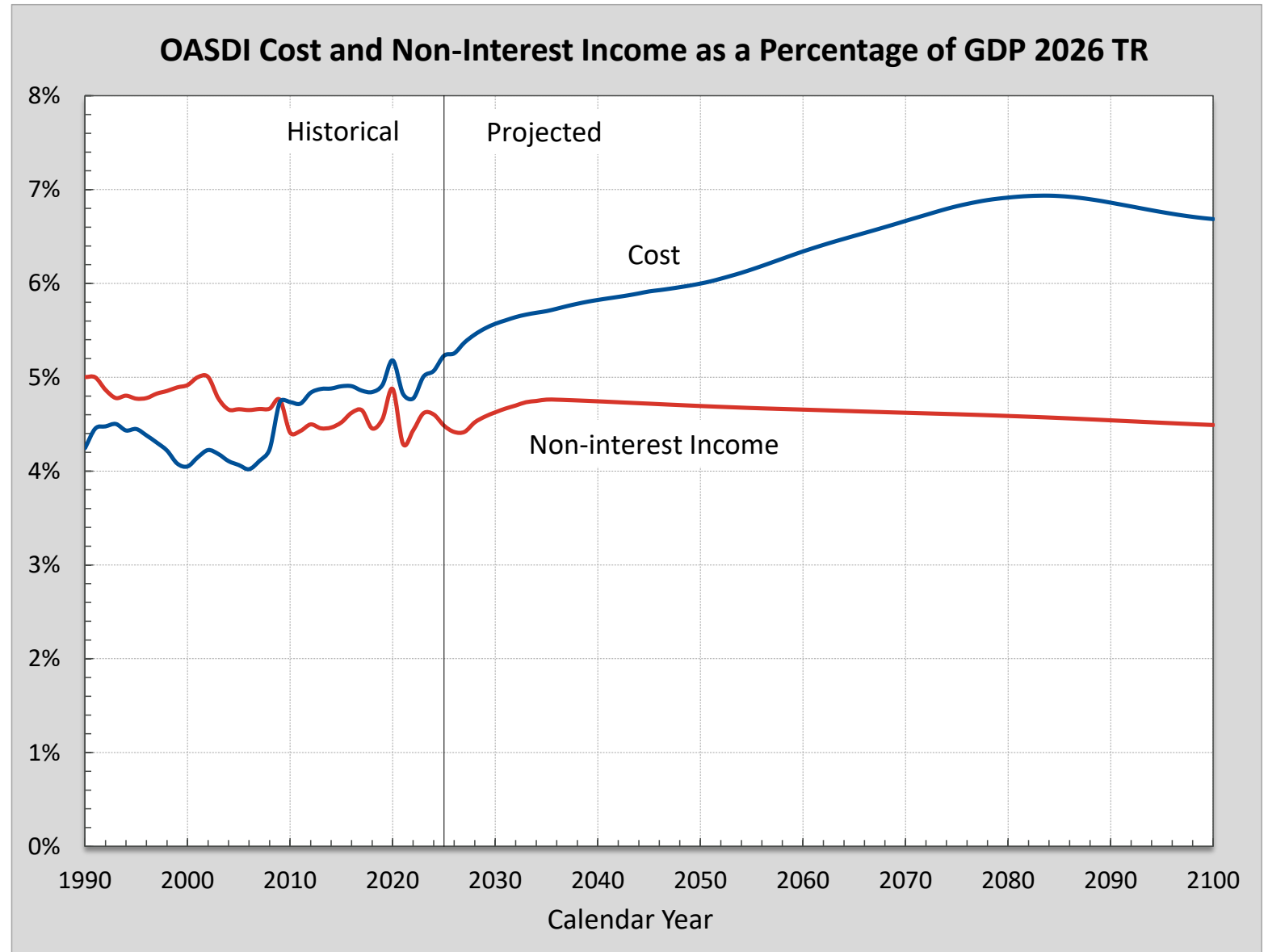
83 percent of scheduled benefits still payable at trust fund reserve depletion; was 81 percent in last year's report.

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.

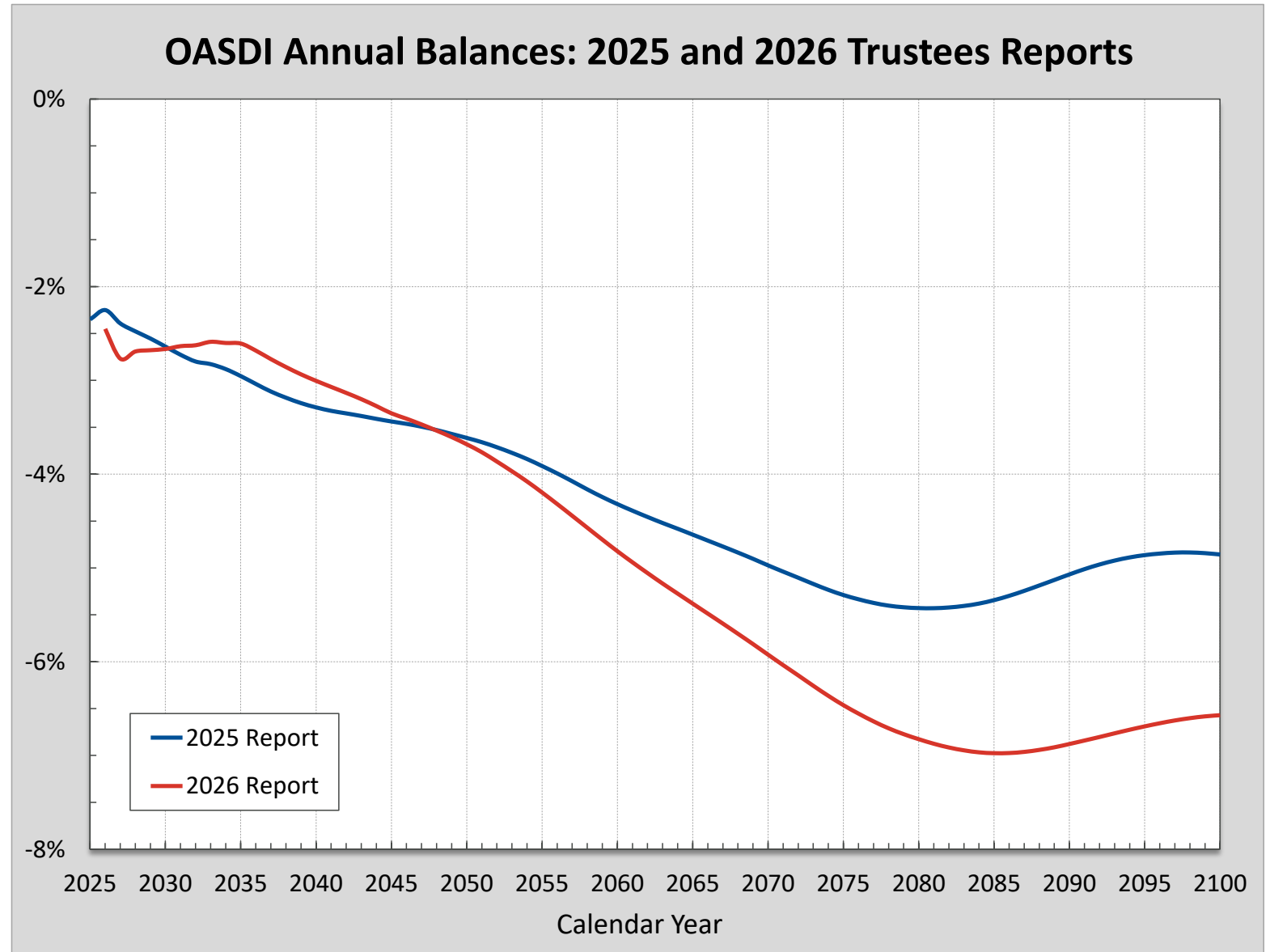


Changes in OASDI Annual Balance

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.



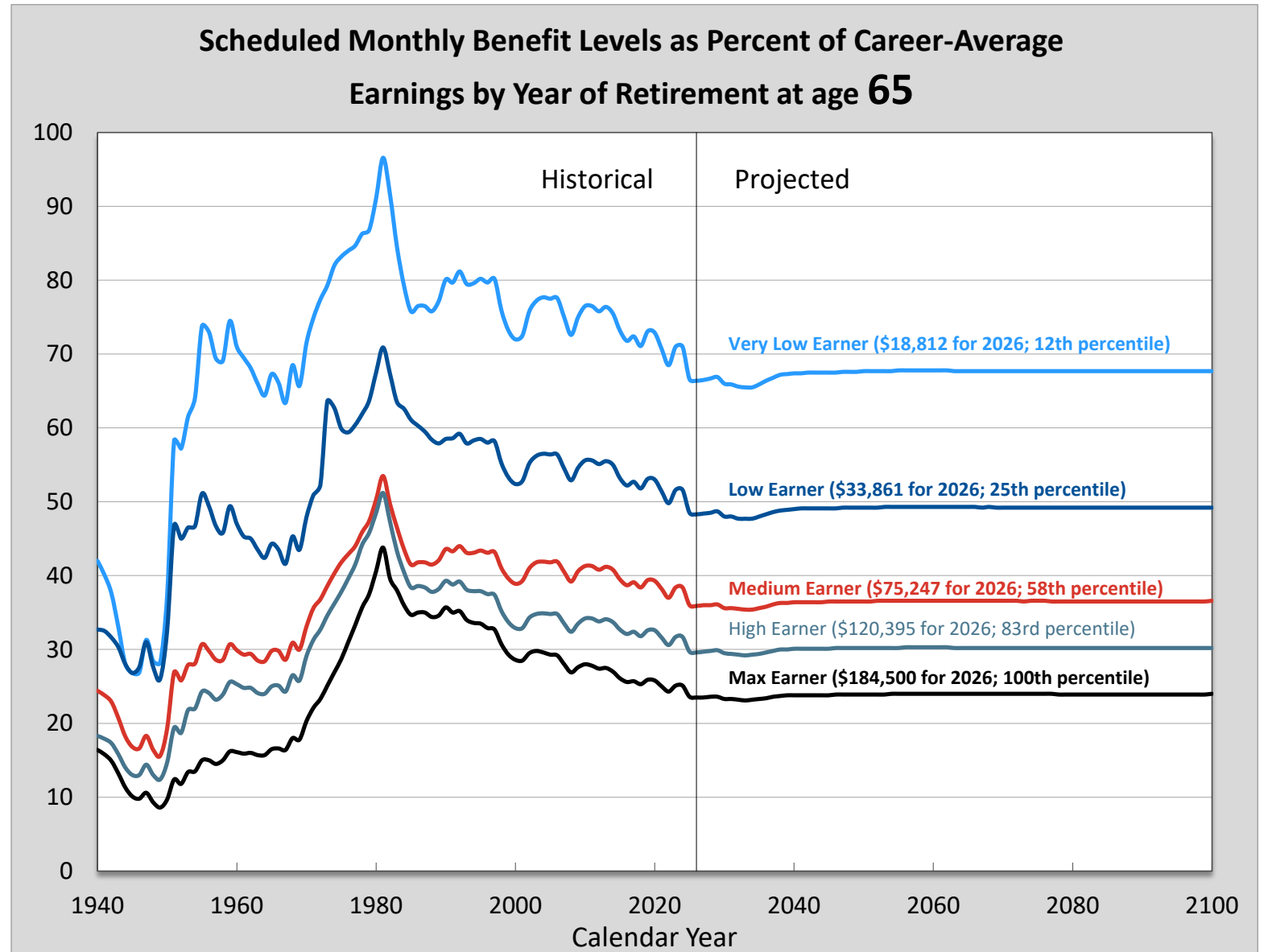
How to Eliminate the Social Security Long-Term Actuarial Deficit

Make choices addressing OASDI shortfall 2034-2100:

- Raise scheduled revenue by 2034 by about one-third
- Reduce scheduled benefits by 2034 by about one-fourth
- Or some combination of the two

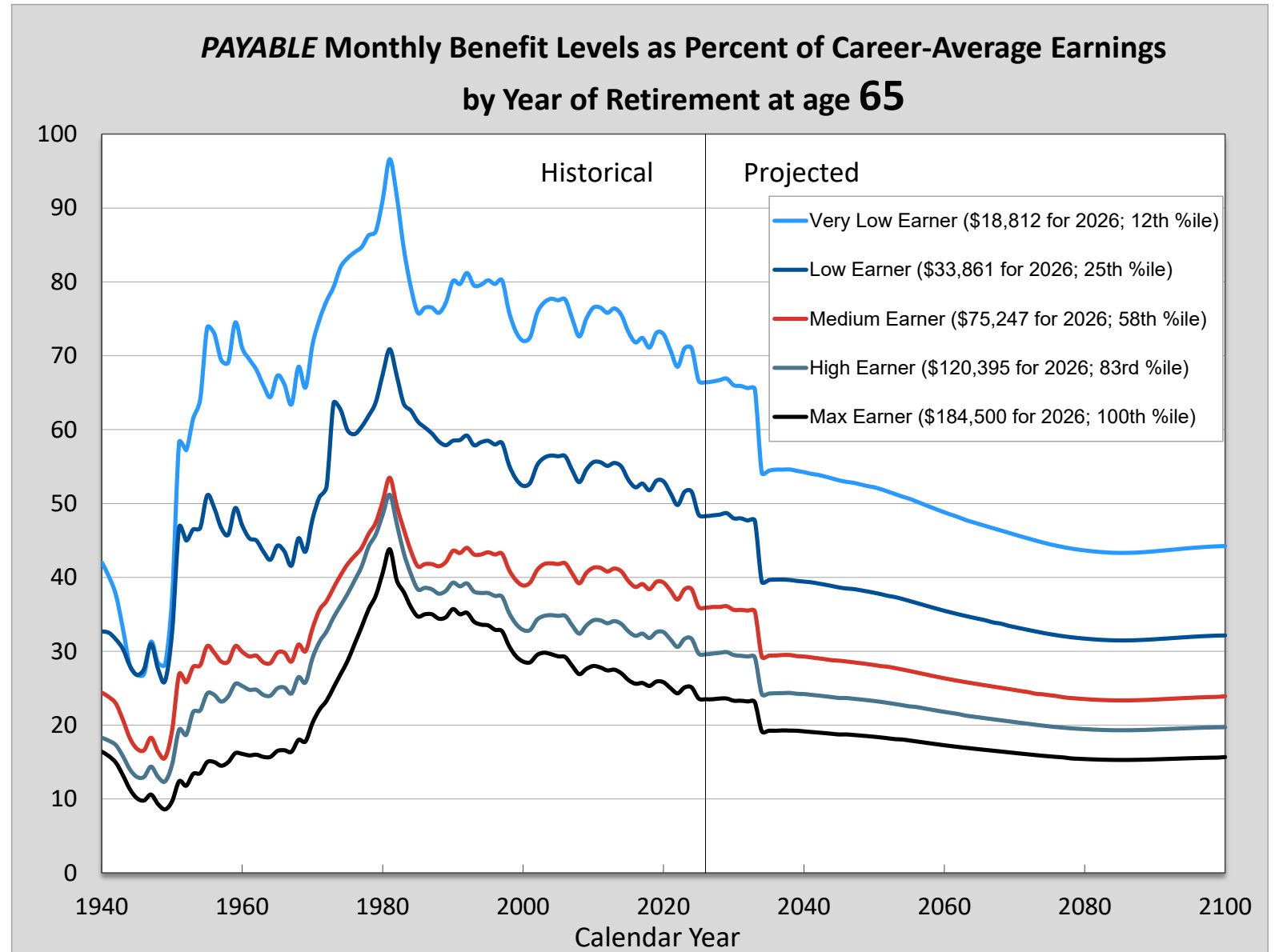
Consider adequacy of benefits?

Replacement Rates Based on the 2026 TR



Source: Annual Recurring Actuarial Note #9 at www.ssa.gov/oact/NOTES/ran9/index.html

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

Ways to Lower Cost

- Lower benefits for retirees – not disabled?
 - Increase normal retirement age (lowers OASI cost, but increases DI cost)
 - Can exempt long-career low earners
- Lower benefits mainly for high earners?
 - Reduce PIA above some level
 - Often combined with increasing PIA below some level, subject to work year requirements
- Lower benefits mainly for the oldest old?
 - Reduce the COLA by using the chain-weighted CPI-U
 - But, some say increase it with the CPI-E (based on purchase of consumers over age 62)

Ways to Increase Revenue

- 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

The Bottom Line

- Long-term projections provide information to assess solvency and changes needed to eliminate shortfalls
- The Trustees consistently advise that Congress should act sooner rather than later
- If trust fund reserves were to become depleted:
 - Full benefits could not be paid timely (how that would happen is TBD)
 - So Congress must act, as it always has
- Straightforward solutions:
 - Add revenue and/or lower cost for OASDI
 - Comprehensive changes *implemented* by 2034 (by 2032 for OASI alone)

For More Information Go to

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

- 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