

**BOARD OF TRUSTEES OF THE
FEDERAL OLD-AGE AND SURVIVORS INSURANCE AND
FEDERAL DISABILITY INSURANCE TRUST FUNDS**
Washington, D.C., June 18, 2025

HON. JD VANCE,
President of the Senate.

DEAR MR. PRESIDENT:

We are writing to notify you that we project that the reserves held in the Federal Old-Age and Survivors Insurance (OASI) Trust Fund will fall below 20 percent of annual cost by December 31, 2034, without legislation to address the imbalance between Social Security program revenues and benefits.

The reserves expressed as a percentage of annual program cost of the OASI Trust Fund (the balance ratio) are projected to fall below 20 percent by the beginning of 2033.¹ We project that the reserves of the OASI Trust Fund will be depleted soon after, during 2033, and only about 77 percent of benefits scheduled in current law will be payable at that time if no legislative action is taken.

Background

Section 709 of the Social Security Act² states that if the Board of Trustees determines that the balance ratio of a trust fund may become less than 20 percent, we must send Congress a report setting forth “specifically the extent to which benefits would have to be reduced, taxes would have to be increased, or a combination thereof,” that would alleviate the balance ratio’s inadequacy. This letter fulfills that reporting requirement.

The annual report that we submit to Congress today under section 201(c) of the Social Security Act—commonly referred to as the Trustees Report—provides an extensive evaluation of the trust funds’ actuarial status through the next 75 years. The Board believes that issuing a report under Section 709 whenever the balance ratio³ of a trust fund is expected to fall below 20 percent within the first 10 projected years under the intermediate assumptions of the Trustees Report provides reasonable advance notice and time for prudent action.

¹ References to years in this letter are to calendar years.

² “Recommendations by Board of Trustees to Remedy Inadequate Balances in the Social Security Trust Funds.” The determination of trust fund “adequacy” in this letter is based on the meaning under this section of the law.

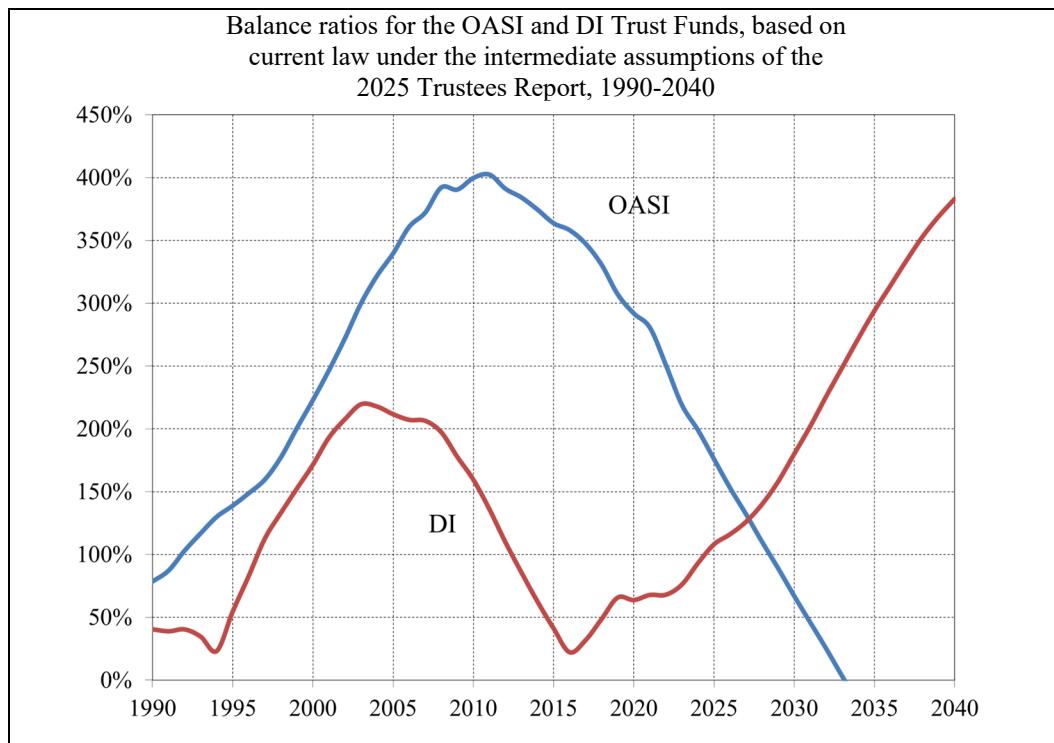
³ The balance ratio is also called a *trust fund ratio* in the 2025 Trustees Report.

The Old-Age and Survivors Insurance Trust Fund

Estimates in the 2025 Trustees Report show that although the Federal Disability Insurance (DI) Trust Fund is adequately financed through the first 10 projected years under the intermediate assumptions, the OASI fund is not.

The intermediate set of assumptions represent the Trustees' best estimate of future economic and demographic trends⁴. Under these assumptions, the OASI Trust Fund reserves decline throughout the projection period, reaching 25 percent of annual cost at the beginning of 2032, falling to 3 percent of annual cost by the beginning of 2033, and becoming depleted in the first quarter of 2033.

The figure below shows the estimated balance ratios for the OASI Trust Fund up to the date of trust fund reserve depletion. The DI Trust Fund reserves are projected not to be depleted in the 75-year projection period.



⁴ The intermediate assumptions for the 2025 Trustees Report were set in December 2024. The Trustees will continue to monitor developments, reevaluate the assumptions, and modify the projections in later reports.

Maintaining a Balance Ratio of at Least 20 Percent

Changes to keep the OASI balance ratio from dropping below 20 percent would be required by 2032, as the balance ratio first falls below 20 percent during 2032. The following table shows annual amounts of change necessary to meet this goal. The options presented are:

- (1) additional payroll tax revenue alone,
- (2) benefit cost reductions alone, and
- (3) a combination of approximately equal amounts of payroll tax revenue increases and benefit cost reductions.

Changes required through 2034 to prevent the OASI balance ratio from declining below 20 percent through the beginning of 2035 under the Intermediate Assumptions of the 2025 Trustees Report <i>(In billions)</i>			
Calendar year	Additional payroll tax revenue only	Benefit cost reduction only	Total amounts of additional payroll tax revenue and benefit cost reductions under a combined approach
2032	\$358.8	\$276.3	\$317.7
2033	477.3	506.2	491.7
2034	502.0	531.1	516.5
Total, 2032-2034	1,338.1	1,313.6	1,325.9

Note: Totals do not necessarily equal the sums of rounded components.

Additional changes in OASI revenue and/or benefit cost would be required in later years in increasing amounts in order to maintain an OASI balance ratio of at least 20 percent beyond 2034.

To maintain the 20-percent minimum OASI balance ratio through additional payroll tax revenue alone, an increase is first needed in 2032. Reductions in benefit cost (alone) are also first needed in 2032, with the benefit cost reductions in 2032 slightly smaller than the payroll tax increases.⁵ Amounts of necessary increases in payroll tax (alone) and reductions in benefit cost (alone) are close for 2033 and would continue to be close in subsequent years.

Under the combined approach, roughly half of the change needed is assumed to be made through additional payroll tax revenue and half through benefit cost reductions.

Recommendation

Congress must take prompt action to strengthen the actuarial status of the OASI Trust Fund. Lawmakers could choose to increase revenues to the trust fund, reduce cost through

⁵ An improvement in the 2033 balance ratio accomplished only by additional 2032 payroll tax revenue increases the trust fund reserves at the start of 2033, which is the numerator of the 2033 balance ratio. Alternatively, benefit cost reductions in 2032 and 2033 both increase the reserves in the numerator and decrease the cost in the denominator of the 2033 balance ratio.

modification of the OASI program benefit levels or eligibility requirements, or use a combination of methods to strengthen the trust fund's financial condition.

The Board recommends that lawmakers quickly enact legislation to make the necessary adjustments for the OASI program.



Respectfully,



SCOTT BESENT,
*Secretary of the Treasury,
and Managing Trustee
of the Trust Funds.*

ROBERT F. KENNEDY, JR.,
*Secretary of Health
and Human Services,
and Trustee.*

VACANT,
Public Trustee.

LORI CHAVEZ-DEREMER,
*Secretary of Labor,
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FRANK J. BISIGNANO,
*Commissioner of Social Security,
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VACANT,
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MARK A. STEFFENSEN,
*Deputy Commissioner and General Counsel,
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