



Management's Discussion and Analysis



MANAGEMENT'S DISCUSSION AND ANALYSIS SUMMARY

The *Management's Discussion and Analysis* (MD&A) section is required supplementary information to the financial statements and provides a high-level overview of the Social Security Administration. The MD&A describes who we are, what we do, and how well we meet our established goals.

The *Overview of the Social Security Administration* highlights our mission, identifies the major programs we administer, and provides a brief explanation of our organization.

The *Overview of Our Fiscal Year 2025 Performance Results* provides a high-level discussion of our Strategic Focus Areas and our key mission results. We display our fiscal year 2025 operating expenses by Strategic Focus Area, discuss our Agency Priority Goals, and highlight how our results under each Strategic Focus Areas.

The MD&A also addresses our financial performance in the *Highlights of Financial Position*. We provide an overview of our financial data and explain the major sources and uses of our funds, as well as the use of these resources in terms of both program and function. We also provide an overview of our Social Insurance data, discuss the solvency of the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds, and indicate the projections for short-term and long-term financing of the OASI and DI Trust Funds.

Finally, *Analysis of Systems, Controls, and Legal Compliance* describes the actions we have taken to address our management control responsibilities. The Management Assurances subsection provides our assurances related to the *Federal Managers' Financial Integrity Act* and the determination of our compliance with the *Federal Financial Management Improvement Act*. We also address the results of the audit of our financial statements and compliance with the *Federal Information Security Management Act*, as amended.



OVERVIEW OF THE SOCIAL SECURITY ADMINISTRATION

Mission

For 90 years, the Social Security Administration (SSA) has helped secure the financial future for millions and safeguarded the identities of our growing clientele—now over 330 million—making us the largest service provider for the American public. We serve every member of the American public at some point in their lives: from birth, when registering for a Social Security number; to their first job, where we verify Social Security numbers and track reported earnings; to providing income support through disability and survivor benefits if the unexpected happens; and helping individuals as they plan for retirement.

Programs

Few government agencies affect the lives of as many people as we do. In accordance with law and regulations, we administer three programs under the *Social Security Act*:

- **Old-Age and Survivors Insurance:** Established in 1935, the Old-Age and Survivors Insurance (OASI) program provides retirement and survivors benefits to qualified workers and their family members. In fiscal year (FY) 2025, we paid OASI benefits to an average of approximately 61 million beneficiaries each month and incurred over \$1,423 billion in benefit payment expenses¹ to OASI beneficiaries through the fiscal year. Learn more about retirement benefits on our website at [SSA.gov/retirement](https://www.ssa.gov/retirement) and about survivors benefits at [SSA.gov/survivors](https://www.ssa.gov/survivors).
- **Disability Insurance:** Established in 1956, the Disability Insurance (DI) program provides benefits for workers who become disabled and their families. In FY 2025, we paid DI benefits to an average of over 8 million beneficiaries each month and incurred about \$156 billion in benefit payment expenses¹ to DI beneficiaries through the fiscal year. Learn more about DI benefits on our website at [SSA.gov/disability](https://www.ssa.gov/disability).
- **Supplemental Security Income:** Established in 1972, the Supplemental Security Income (SSI) program provides financial support to aged, blind, and disabled adults and children who have limited income and resources. In FY 2025, we paid SSI benefits to a monthly average of 7.4 million recipients (approximately 2.6 million of whom concurrently receive OASI or DI benefits) and incurred about \$60 billion in SSI Federal and State supplementary benefit payment expenses¹ through the fiscal year. Learn more about SSI benefits on our website at [SSA.gov/ssi](https://www.ssa.gov/ssi).

We also support national programs administered by other Federal and State agencies, as required by law, such as Medicare, Medicaid, the Supplemental Nutrition Assistance Program, State Children's Health Insurance Program, E-Verify, Federal Benefits for Veterans, as well as

¹ Benefit payment expenses consist of benefits paid and the change in benefits accrued during FY 2025.



programs associated with the *Employee Retirement Income Security Act of 1974*, *Coal Industry Retiree Health Benefit Act*, and *Help America Vote Act of 2002*.

How Social Security Benefited America in Fiscal Year 2025

Our programs and services are vital to the public, and the scope of our work is enormous.

- We paid a combined total of over \$1.6 trillion in Social Security and SSI benefits.
- This year, about 85 percent of persons aged 65 or older received Social Security and more than 90 percent of those aged 75 and older.
- On average each month, about one million blind or disabled children under age 18 received SSI benefits.

How We Served America in Fiscal Year 2025

- Processed over 528.1 million online transactions.
- Mailed nearly 300 million notices.
- Added 9.3 million new *my Social Security* accounts for a total of 97.3 million accounts. A new account is one where the customer is credentialed and has at least one *my Social Security* log-in.
- Provided *Social Security Statements (Statement)* to beneficiaries online via *my Social Security* nearly 50 million times, and by mail with approximately 10 million paper *Statements*.
- Eliminated frequent service downtimes, granting Americans 24/7 access to their personal *my Social Security* account.
- Processed over 17 million applications for new and replacement Social Security Number cards, in office and online through the Internet Social Security Number Replacement Card.
- Posted approximately 295 million annual earnings items to workers' records submitted by both employers and self-employed individuals.
- Reduced in-office wait times by 27 percent to 22 minutes.
- Ensured customers with an appointment only waited around 6 minutes on average to receive assistance.
- Transitioned all field offices to our agency's single telephone platform for consistency and efficiency of service, resulting in 20 percent of all calls to the field offices being handled instantaneously through automation, which gives our teams more time to focus on customers needing help in-person.



- Handled over 25 million calls in our field offices, our National 800 Number agents handled over 33 million calls, and our self-service options handled over 34.8 million calls. We reduced the annual average speed of answer to 15.1 minutes on our National 800 Number from 27.6 minutes in FY 2024.
- Sent over 3.1 million payments totaling \$17 billion to eligible beneficiaries five months ahead of schedule under the Social Security Fairness Act.
- Reduced the initial disability claims backlog by 30 percent, from an all-time high of 1.3 million in FY 2024 to nearly 885,000 cases.
- Decreased Disability hearing wait times by nearly 60 days, reaching historic lows.
- Completed over 10.2 million retirement, survivor, disability, and Medicare claims for benefits; conducted over 401,000 full medical continuing disability reviews (CDR); and performed nearly 2.5 million non-medical redeterminations of SSI eligibility.
- Completed nearly 395,000 hearing requests, reviewed nearly 85,000 cases in the Appeals Council, and defended nearly 15,000 disability cases in Federal court.

DID YOU KNOW THAT FOLLOWING THE COMMISSIONER'S CONFIRMATION IN EARLY MAY...

The Initial Disability Claim Average Processing Time decreased by **17** days from May to September, and we decreased our backlog by nearly **89,000** claims

The Reconsideration Disability Claim Average Processing Time decreased by over **9** days from May to September.

The Hearings Average Processing Time decreased by **5** days from May to September

The Retirement, Survivor, and Medicare claims pending decreased by over **146,000** from May to September, and our timeliness increased by over **4** percentage points, achieving **87.1** percent in September.

Visitors who had a scheduled appointment only waited around **6** minutes on average to receive assistance



Organization

Serving the American public requires a vast network of facilities, technology, and skilled staff. Our Commissioner leads approximately 52,000 Federal employees and 13,700 State employees who serve our customers through a network of about 1,500 offices across the country and around the world. We administer our programs and services online, by phone, by video, and in person in our offices. Our customers can access our online services, such as applying for retirement, disability, and Medicare benefits; checking the status of an application or appeal; or requesting a replacement Social Security card.

The 13,700 State employees at disability determination services (DDS) make disability determinations for initial claims, reconsiderations, CDRs, and CDR appeals. We continue to persevere and improve DDS performance despite challenges with hiring and retaining staff. At the Federal level, our Federal Disability Determination Division has jurisdiction in handling disability claims filed by career railroad (RR) employees and certain dependent RR survivor disability annuitants.

Administrative law judges in our hearing offices and administrative appeals judges in our Appeals Council decide appealed cases.

Our processing centers handle the most complex benefit payment decisions, in addition to issuing benefit payments after appeals decisions, determining and collecting debt, correcting records, and performing program integrity work.

Our teleservice centers answer a broad range of Social Security and Medicare questions, schedule appointments for our field offices, provide status updates on current claims or appeals, and ensure the accuracy of our records.

For more information about our organization and its functions, visit our organizational structure [webpage](#).



How Can We Help?

Did you know that Social Security provides financial protection for our nation's people, supporting Americans throughout all of life's journeys. In FY 2025, the agency provided service to more than 330 million Americans. For help finding your local Social Security office, visit our website at www.SSA.gov to use the office locator and to learn more about the online services we offer.



OVERVIEW OF OUR FISCAL YEAR 2025 PERFORMANCE RESULTS

How We Manage Performance

Performance Framework: The *Government Performance and Results Modernization Act of 2010* (GPRMA) describes how agency plans, priorities, and goals align with presidential terms and broader Federal efforts.

Setting goals and measuring our performance are vital to our success. For fiscal year (FY) 2025, in alignment with Presidential Executive Orders and Office of Management and Budget (OMB) guidance, we identified three strategic focus areas further detailed in our [President's FY 2026 Budget Request](#):

- Improve Customer Service;
- Fight Fraud and Waste; and
- Optimize and Empower the Workforce.

Planned Performance: In January 2025, we published our [Annual Performance Report \(APR\) for FY 2024](#) that provides our actual performance results for achieving the Strategic Goals and Objectives in our [Agency Strategic Plan](#) from the prior Administration.

In June 2025, we published our [Annual Performance Plan \(APP\) for FY 2026 and Revised Performance Plan for FY 2025](#) as part of the [President's FY 2026 Budget Request](#). The APP outlines our revised focus and tactical plans to improve the customer experience for all Americans to access their benefits in-person, over the phone, and online. The budgeted workloads published in our APP correspond to the key workload measures in the [FY 2025 Operating Plan](#).

Actual Performance and Program Results: We update the APR after the close of the fiscal year to provide performance results for the previous fiscal year. We expect to publish the final APR containing our actual FY 2025 results and FYs 2026–2027 planned performance on our [website](#) in March 2026.

This *Agency Financial Report* summarizes our key initiatives, overall performance results, and financial activities we conducted to carry out our mission in FY 2025. The following table shows our operating expenses by strategic focus area:



FY 2025 Operating Expenses by Strategic Focus Area
(Dollars in Millions)

Strategic Focus Area	Operating Expenses
Improve Customer Service	\$12,255
Fight Fraud and Waste	\$2,499
Optimize and Empower the Workforce	\$580

Priorities: In support of the GPRMA, we established three Agency Priority Goals (APG), which are 24-month goals reflecting our top priorities. We routinely review our progress and take actions to improve our outcomes, promote innovation, and deliver favorable results.

For FYs 2024–2025, our APGs were:

1. Improve Initial Disability Claims.
2. Improve the National 800 Number Service.
3. Improve the Supplemental Security Income Program.

These near-term goals improve outcomes, setting the stage for improved customer experience and efficiency. We set ambitious targets to improve service for each of these APGs. We are adjusting procedures, policies, and maximizing the resources we have, to improve services.

Please visit [Performance.gov](#) for more information on our APG goals, progress, results, and how we focus leadership priorities to drive progress and change.



Remember! You Can Access Our Services Online

Our [online services](#) allow you to request a replacement Social Security card (in most States), print a benefit verification letter, and more—from anywhere and from any of your devices!



Summary of Fiscal Year 2025 Performance

This section provides a high level overview of progress made in our FY 2025 agency-driven performance measures and targets established in our published [APP for FY 2026 and Revised Performance Plan for FY 2025](#). We highlight the approaches we used to achieve our FY 2025 performance measure results, outline some of the challenges we faced meeting these targets, and provide an analysis of our performance.

Our budget drives the level of service we can deliver, including systems improvements and staffing to stay current with our workloads. While we face multiple challenges to restore service delivery to the standards both we and the public expect, we are working diligently to do so within our resource levels.

For FY 2025, we used 12 performance measures to track progress toward meeting our revised performance targets. Overall, we met our targets for 9 of the 10 performance measures with available data. Final data for 2 of the remaining performance measure targets were not available at the time we published this report. The unavailable data results are indicated as to be determined (TBD).

For more information on our FY 2025 performance, please see our FY 2025–2027 APR, which we expect to publish in March 2026.



Improve Customer Service

Our customers' needs are evolving, and we are using technology to serve them efficiently in the manner they want to be served. We seek to optimize the experience of our customers by providing timely, accurate, and efficient access to our services, while improving the public's experience with our services and programs. In FY 2025, we have made significant process in the following areas:

Online Services: We are committed to delivering excellent service to the public by leveraging advanced technology and promptly addressing customer needs at the first point of contact. The most convenient way for customers to access our services is through their *my Social Security* account, which offers immediate access to important information and tools, allowing customers to make the most of their time. To better serve our customers, we upgraded our website to provide uninterrupted, around-the-clock access to *my Social Security*. This enhancement eliminated 29 hours of scheduled downtime each week, ensuring the public has unrestricted access to their information whenever they need it. In FY 2025, we increased the total *my Social Security* accounts to more than 97.3 million. The growth in accounts, combined with our increased engagement on the benefits of doing business online, enabled a nearly 20 percent increase in online transactions this year compared to 2024.

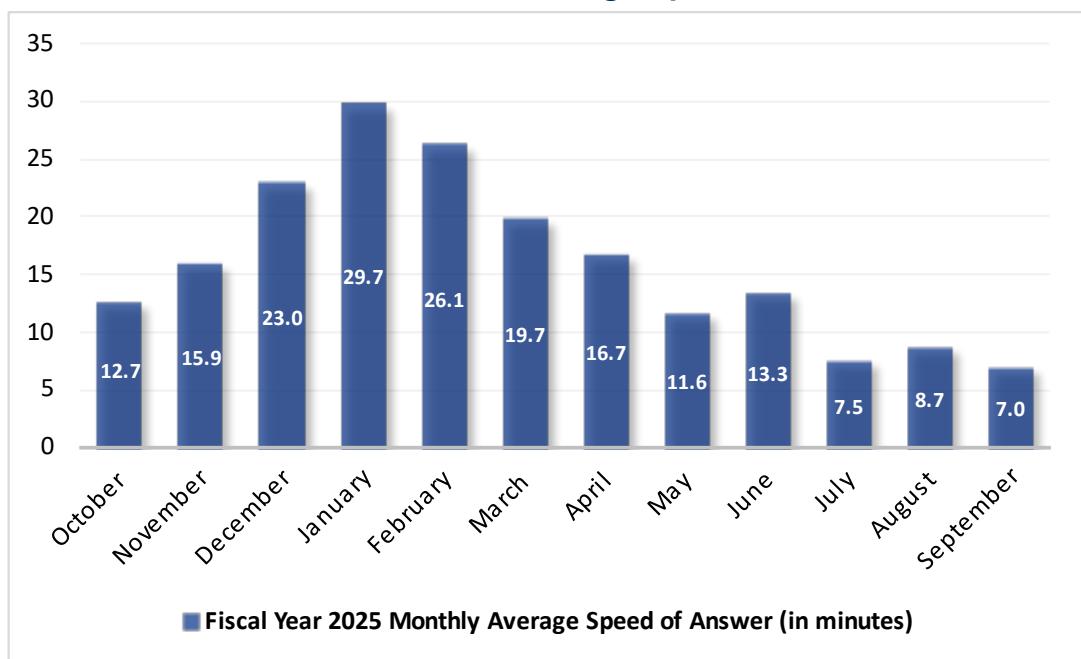
Increase the number of successfully completed online transactions

FY 2025 Target	FY 2025 Results
Estimated target of 451 million	528.1 million

Telephone Service: We have modernized our National 800 Number Network (N8NN) to deliver more reliable, efficient, and accessible telephone service to the public. In FY 2025, we completed the transition to a new cloud-based phone system for all field offices. As a result, our N8NN and field offices are now on the same unified platform, which has improved call handling, reduced wait times, and enhanced customer satisfaction. For our N8NN, we enabled features such as improved callback options, artificial intelligence-powered self-service, multi-language support, and a streamlined interactive voice response system. We reduced the N8NN average speed of answer to a low of 7 minutes in September. Today, answer times on the N8NN are in the single digits while serving twice as many customers on average each day this year compared to the prior year. We also achieved a nearly 0 percent busy rate in September 2025 while handling over 3.5 million calls.



National 800 Number Average Speed to Answer



Disability Processing Times: In FY 2025, we took swift action to implement changes in technology, performance management, and business processes to address this service crisis. We made bold, transformative organizational changes to align all disability functions under one component to improve efficiency. We reduced the initial disability claims backlog to the lowest in three years, bringing it down to about 885,000 people awaiting a decision. We also made significant investments in disability case processing technology, including expanding our network of electronic medical evidence partners and enhancing the use of Intelligent Medical Language Analysis Generation to convert evidence in electronic disability folders into machine-readable text. These advancements increase productivity and generate cost savings. By leveraging advanced technological tools and implementing a portable workload strategy, we are addressing staffing inconsistencies, reducing long customer wait times, and mitigating capacity shortages often faced by our disability determination services partners. Identifying innovative and meaningful ways to support the States enables us to better serve the millions of people who apply for disability benefits each year.

Modernize evidence acquisition systems to drive increased electronic medical evidence volumes through a multi-channel strategy

FY 2025 Target	FY 2025 Results
Acquire 58% of electronic medical evidence	Acquired 60.4% of electronic medical evidence



The following table summarizes our FY 2025 performance measure targets and results that support our customer service efforts:

Improve Customer Service Performance at a Glance

Performance Measure	FY 2025 Target	FY 2025 Result (Actual)	Performance Status
Improve user experience for SSA's website	Achieve an 80% or greater satisfaction score for customers using SSA's website	Achieved 80.1% satisfaction score for customers using SSA's website	● Met
Collect customer feedback	Achieve a 2% increase in customer satisfaction based on the baseline customer experience scores for priority service designations established in FY 2024 (Retirement: 93.1%, Disability: 76.3%, iSSNRC: 91.3%)	Retirement: 89.7% Disability: 72.7% iSSNRC: 89.1%	● Not Met
Increase the number of successfully completed online transactions	Increase the number of successfully completed online transactions by 10 million over the prior year (estimated target of 451 million)	528.1 million	● Met
Modernize evidence acquisition systems to drive increased electronic medical evidence volumes through a multi-channel strategy	Acquire 58% of electronic medical evidence	Acquired 60.4% of electronic medical evidence	● Met
Improve Processing Center (PC) Old-Age, Survivors, and Disability Insurance Claims Timeliness²	Achieve a PC timeliness rate of 91.3%	Achieved a PC timeliness rate of 92.2%	● Met
Improve PC Administrative Law Judge³ (ALJ) Favorable Reversals	Achieve a timely ALJ favorable decision PC processed rate of 97.8%	Achieved a timely ALJ favorable decision PC processed rate of 97.9%	● Met

² Retirement, Survivors, and Health Insurance claims processed in time for initial payment or within 10 days of receipt is considered timely. Disability claims processed in time for initial payment or within 16 days of receipt is considered timely.

³ ALJ favorable reversals processed by the PCs within 60 days are considered timely.



Fight Fraud and Waste

As public servants, we have the responsibility to carefully safeguard taxpayer dollars. That means making sure that every dollar is spent wisely, and that we are making the right spending decisions today to prepare for the future. We continuously seek ways to do business better by improving payment accuracy, enhancing fraud prevention and detection, and applying sound management principles to everyday work.

Payment Accuracy: Our employees are dedicated to protecting Social Security and ensuring that eligible individuals receive the benefits to which they are entitled. We take seriously our responsibility to increase payment accuracy and reduce errors in both the Old-Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. Our most recent payment accuracy report found that OASDI benefit payments were 99.79 percent free of overpayments and 99.93 percent free of underpayments, while 89.97 percent of all SSI payments were free of overpayments and 98.45 percent were free of underpayments.

To further reduce errors and strengthen program integrity, we implemented several key initiatives in FY 2025. Payroll Information Exchange launched in the second half of FY 2025, which automates wage reporting and reduces manual wage entry and reporting delays that can lead to improper payments. We updated disability-related forms to simplify and clarify questions, making it easier for beneficiaries and employers to provide accurate information. Our efforts also included enhanced identity proofing, comprehensive employee training, and targeted anti-fraud initiatives such as cooperative disability investigations and the expansion of Special Assistant United States Attorneys. These actions reflect our ongoing commitment to proper stewardship of taxpayer resources and to ensuring that Social Security benefits are delivered accurately and efficiently.

OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*, defines “High-Priority” programs as all programs with improper payments resulting in monetary loss that exceed \$100,000,000 annually. Our Old-Age and Survivors Insurance, Disability Insurance, and SSI programs meet the definition of High-Priority programs. See the Payment Integrity section of this report or PaymentAccuracy.gov for additional information on our program integrity efforts.

Social Security Fairness Act (SSFA): In July 2025, we announced that we had completed sending over 3.1 million payments, totaling over \$17 billion, to beneficiaries eligible under the SSFA, five months ahead of schedule. When the SSFA became law on January 5, 2025, we identified about 2.8 million current Social Security beneficiaries whose benefits were reduced because of the Windfall Elimination Provision or Government Pension Offset, including firefighters, police officers, teachers, and other essential public servants. Through technology automation and prudent resource management, we successfully completed actions on these beneficiaries’ records, delivering for the public well ahead of the original year or more estimate.

Promote Efficiency and Reduce Costs in Procurement: As we focused on driving down costs, we reduced our contract and grant spending, as noted in [our press release](#). In FY 2025, we terminated and descoped nearly \$286.9 million in unnecessary contracts and grants. We will reinvest those savings into technology to better serve the public.



The following table summarizes our FY 2025 performance measure targets and results that support our stewardship efforts:

Fight Fraud and Waste Performance at a Glance

Performance Measure	FY 2025 Target	FY 2025 Result (Actual)	Performance Status
Improve the integrity of the Supplemental Security Income Program by focusing our efforts on reducing overpayments	94.00% (OP)	Results available summer 2026	TBD
Maintain a high payment accuracy rate by reducing overpayments in the Old-Age, Survivors, and Disability Insurance Program	99.80% (OP)	Results available summer 2026	TBD
Ensure the quality of our decisions by achieving the State disability determination services decisional accuracy rate for initial disability decisions	97% decisional accuracy	Achieved 97.8% decisional accuracy	● Met
Identify and eliminate non-critical contracts and grants	Achieve a cost avoidance of \$180 million	Achieved a cost avoidance of \$286.9 million ⁴	● Met
Reduce our real property footprint	Achieve a 250,000 USF reduction	Achieved a 316,869 USF reduction	● Met



Scammers Are Pretending to be Government Employees
The Social Security Administration will never threaten, scare, or pressure you to take an immediate action.
DO NOT BE FOOLED! IF YOU RECEIVE A SUSPICIOUS CALL:
DO NOT give them money or personal information!
Report the scam at OIG.SSA.gov.
For more information, visit our Antifraud Facts [website](#).

⁴ Includes cost avoidance obtained in FY 2025 for both FY 2025 and future fiscal years.



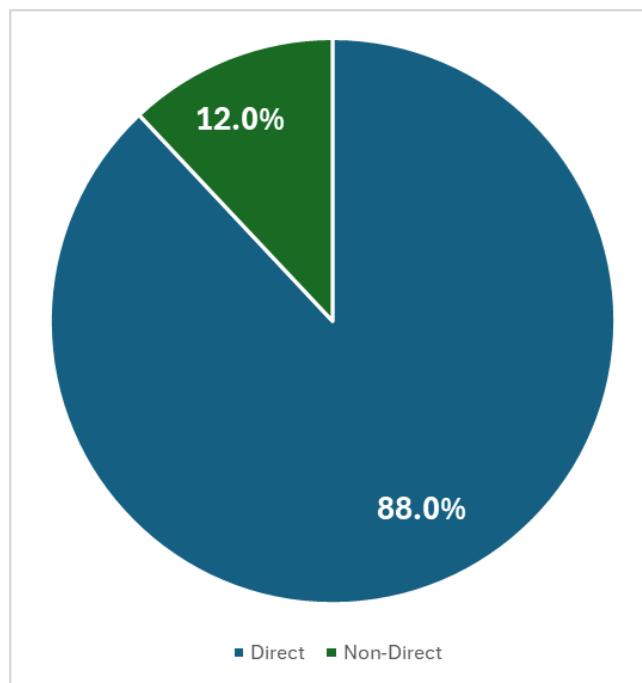
Optimize and Empower the Workforce

To deliver core mission services as our customer base grows, we continue to transform and empower our workforce to deliver outstanding service to every American. We realigned our employees to meet direct service challenges and support our frontline workers with technology and automation that dramatically shift the speed and accuracy with which we process our work.

Workforce and Organizational Realignment: With a renewed focus on our mission-critical service for the American people, we returned employees to the office full time and began reshaping our organization in FY 2025 to increase accountability. With these changes, we right-sized our workforce to fulfill statutorily-defined functions and complete program integrity work to protect taxpayer dollars. We realigned our workforce through large-scale restructuring to increase staff in our direct-service operations, streamlining our headquarters and regional structures, and consolidating similar functions across offices. We placed highly-qualified professionals in direct-service positions and provided them with the necessary tools to serve the public effectively. Many of these employees have years of experience in different types of positions across the agency, making them a tremendous asset in direct-service positions.

In the second half of FY 2025, we deployed approximately four percent of our field office staff (or 1,000 employees total) to assist with calls to the N8NN. Field office managers have the flexibility to rotate these staff members in and out of N8NN call duty, as needed, to support field office operational needs. At the same time, we were able to double the amount of work taken out of the field offices relative to the work added by that N8NN change by re-directing calls and other workloads from field office employees to employees in support units or by handling calls through automation.

FY 2025 Percentage of Employees in Direct vs Non-Direct Service





Employee Support Tools: We are focused on providing our employees with technical training and better electronic tools to assist them with serving our customers more effectively and efficiently. In FY 2025, we rolled out our Agency Support Companion, a generative Artificial Intelligence (AI) chatbot designed to assist with content creation, content summarization, and research tasks. We also completed the nationwide rollout of our Hearing Recording and Transcription system that automates transcripts through generative AI, which enhances business efficiency by allowing employees to dedicate more time to hearings and other priority workloads.

The following table summarizes our FY 2025 performance measure target and result that support our workforce efforts:

Optimize and Empower the Workforce
Performance at a Glance

Performance Measure	FY 2025 Target	FY 2025 Result (Actual)	Performance Status
Optimize our workforce	Increase full-time permanent employees in direct-service components to 88% of total staff	88% of total staff in direct-service components	● Met



Looking Forward – Facing Our Challenges

We recognize that outdated technology and business processes present significant challenges and impediments to meeting the needs of both our customers and employees. Addressing these obstacles is essential to delivering the high-quality service the public expects and supporting our dedicated workforce. Our digital-first strategy is designed to overcome these barriers by introducing modern, innovative solutions that will transform how we operate.

By embracing a digital-first approach, we are better positioned to meet the evolving demands of our customers—who increasingly prefer to do business with us online—while also revolutionizing the tools and processes available to our employees. These improvements are already driving measurable gains in productivity and efficiency, ultimately resulting in significant savings for the American taxpayer.

Building on our recent progress, we are modernizing our information technology infrastructure, transforming employee support systems, and rapidly expanding automation and self-service options for our customers. These initiatives are delivering tangible results: lowering unit costs, increasing productivity, and allowing us to reinvest savings into enhanced service delivery and program integrity.

The Administration has challenged us to fulfill our statutory responsibilities in the most cost-effective manner possible. In response, our IT investments are generating substantial savings in areas such as postage, rent, and personnel. We are deploying new technology across our customer contact and case processing systems, leveraging artificial intelligence to streamline workflows, and automating routine tasks. Through technology and innovation, we are not only meeting but exceeding our service and productivity goals, while delivering meaningful savings for the American taxpayer.

We remain steadfast in our commitment to serving our customers how they want to be served—whether in-person, online, or through other channels. Guided by customer preferences and feedback, we are dedicated to providing accessible and responsive service to all. Looking forward, these preferences will continue to guide us as we work to fulfill our mission and deliver high-quality service to the American public.





HIGHLIGHTS OF FINANCIAL POSITION

Overview of Financial Data

We received an unmodified opinion on our financial statements from Ernst & Young LLP. Our financial statements combined the results from the programs we administer, which include the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) programs (referred to as OASDI when discussing them in combination), and the Supplemental Security Income (SSI) program. OASI and DI have separate funds, which are financed by payroll taxes, interest on investments, and income taxes on benefits. General revenues from the U.S. Treasury finance SSI. Our financial statements, notes, and additional information are located in the *Financial Section* of this report. The following table presents key amounts from our basic financial statements for fiscal year (FY) 2025 (excluding key amounts from our Statements of Social Insurance and Statements of Changes in Social Insurance Amounts, which we present in the Table of Key Social Insurance Measures located in the Overview of Social Insurance Data section).

Table of Key Financial Measures¹
(Dollars in Billions)

Net Position (end of fiscal year)	
	2025
Total Assets	\$2,655.7
Less Total Liabilities	\$182.2
Net Position (assets net of liabilities)	\$2,473.5
Change in Net Position (end of fiscal year)	
	2025
Net Costs	\$1,655.8
Total Financing Sources²	\$1,498.9
Change in Net Position	\$(156.8)

Notes:

1. Totals do not necessarily equal the sum of rounded components.
2. Total Financing Sources includes the following line items from the Statements of Changes in Net Position located in the *Financial Section* of this report: Net Change in Unexpended Appropriations, Appropriations Used in Cumulative Results of Operations, Total Non-Exchange Revenue, Transfers-In/Out Without Reimbursement, Imputed Financing Sources, and Other.



Balance Sheet: The Balance Sheet, located in the *Financial Section* of this report, presents as of a specific point in time, amounts of economic benefits we own or manage (assets), amounts we owe (liabilities), and residual amounts we retain, comprising the difference (net position).

Total assets for FY 2025 are \$2,655.7 billion. Of the total assets, \$2,639.4 billion relate to funds from dedicated collections for the OASI and DI programs. By statute, we invest those funds not needed to pay current benefits in interest-bearing Treasury securities. Our Investments line, which includes interest receivable, accounts for approximately 99.1 percent of our assets.

Liabilities grew in FY 2025 to \$182.2 billion primarily due to our benefits due and payable of \$169.6 billion. This majority of our liabilities (93.1 percent) consists of benefits that have accrued as of the end of the fiscal year, but have not been paid as of September 30, 2025. By statute, payment of OASI and DI program benefits for the month of September does not occur until October. Our net position is \$2,473.5 billion in FY 2025.

Statement of Net Cost: The Statement of Net Cost, located in the *Financial Section* of this report, presents the annual cost of operating our three major programs: OASI, DI, and SSI. The Other category on the Statement of Net Cost consists primarily of our administrative costs not related to the OASI, DI, and SSI programs, and contains non-material activities.

Our net cost of operations includes the gross costs we incurred less any exchange revenue earned from activities. In FY 2025, our total net cost of operations is \$1,655.8 billion. When evaluating our OASI, DI, and SSI Programs, our operating expenses for these programs are only 0.8 percent of these programs' total benefit expenses.

In FY 2025, our total benefit payment expenses are \$1,639.6 billion. The following table provides the benefit payment expense information and the number of beneficiaries. Refer to Note 1, Reporting Entity and Summary of Significant Accounting Policies in the *Financial Section* of this report for additional information on benefit payments.



Benefit Information for Our Major Programs During Fiscal Year 2025

OASI	
	2025
Benefit Payment Expense¹	\$1,423.0
Average Monthly Benefit Payment^{2, 3}	\$1,920.73
Number of Beneficiaries^{3, 4}	62.0
DI	
	2025
Benefit Payment Expense¹	\$156.3
Average Monthly Benefit Payment^{2, 3}	\$1,447.56
Number of Beneficiaries^{3, 4}	8.1
SSI	
	2025
Benefit Payment Expense¹	\$60.3
Average Monthly Benefit Payment^{2, 3}	\$717.20
Number of Beneficiaries^{3, 4}	7.4

Notes:

1. Benefit payment expense presented in billions.
2. Average monthly benefit payment for OASI, DI, and SSI programs presented in actual dollars.
3. Average monthly benefit payment and number of beneficiaries for OASI, DI, and SSI as of September 30.
4. Number of beneficiaries presented in millions.

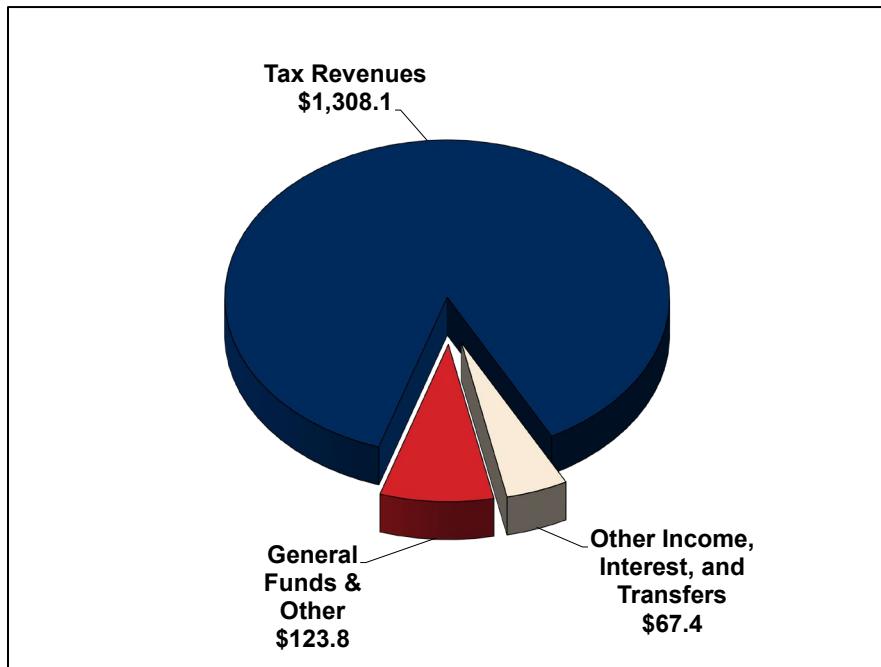
Statement of Changes in Net Position: The Statement of Changes in Net Position, located in the *Financial Section* of this report, presents those accounting items that caused the net position section of the Balance Sheet to change from the beginning to the end of the reporting period. The Statement shows a decrease of \$156.8 billion in the net position of our agency, which is attributable to our net cost exceeding our financing sources. OASDI financing sources are primarily made up of tax revenues and interest earned. In addition, OASDI financing sources are affected by transfers-in from our Payments to the Trust Fund accounts and transfers-out to our Limitation on Administrative Expenses accounts and the Railroad Retirement Board. We use most of the resources available to us to finance OASDI benefits and cover administrative expenses. As of September 30, 2025, OASI's FY 2025 net cost exceed financing sources, decreasing its net position. DI's FY 2025 financing sources exceed its net cost, increasing its net position.

In FY 2025, total financing sources, as shown in the Table of Key Financial Measures displayed earlier in this section, are \$1,498.9 billion. This is primarily due to the OASI and DI tax revenues received in FY 2025. Tax revenue is \$1,308.1 billion in FY 2025. The \$1,498.9 billion in total financing sources from the Statement of Changes in Net Position will not match the amounts reported in the following "Where It Comes From..." chart. The activity reported in the chart includes \$0.4 billion in exchange revenue. Our exchange revenues primarily include payments of fees we receive from States that have us administer their State Supplementation of Federal SSI benefits. These amounts are reported on the Statement of Net Cost and are not classified as a financing source.



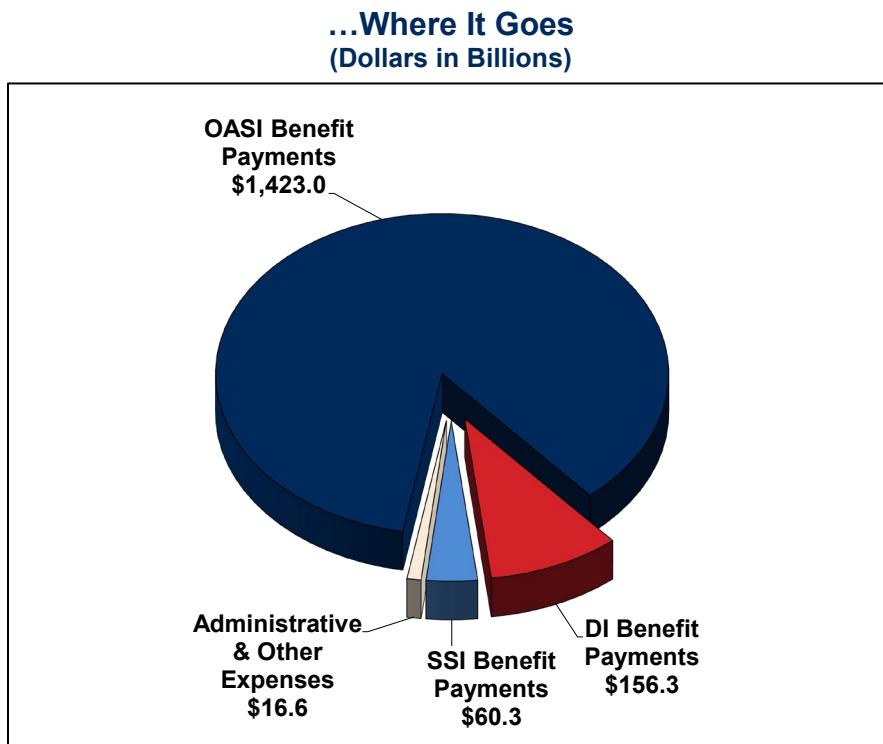
The following charts summarize the activity on our Statement of Net Cost and Statement of Changes in Net Position by showing the sources and uses of funds for FY 2025.

Where It Comes From¹...
(Dollars in Billions)



Note:

1. The individual items included in the “Where It Comes From...” chart total \$1,499.3 billion. Of this total, \$0.4 billion relates to exchange revenue, which is not included on the Statement of Changes in Net Position.



The SSI program's Cumulative Results of Operations are negative due to unfunded Benefits Due and Payable liabilities. Unadjudicated and adjudicated, or pending, claims make up a significant portion of SSI's Benefits Due and Payable activity. SSI will pay for these benefits using future years' resources. While the activity is unfunded, we still record an expense, which creates the negative Cumulative Results of Operations since we do not record an associated financing source.

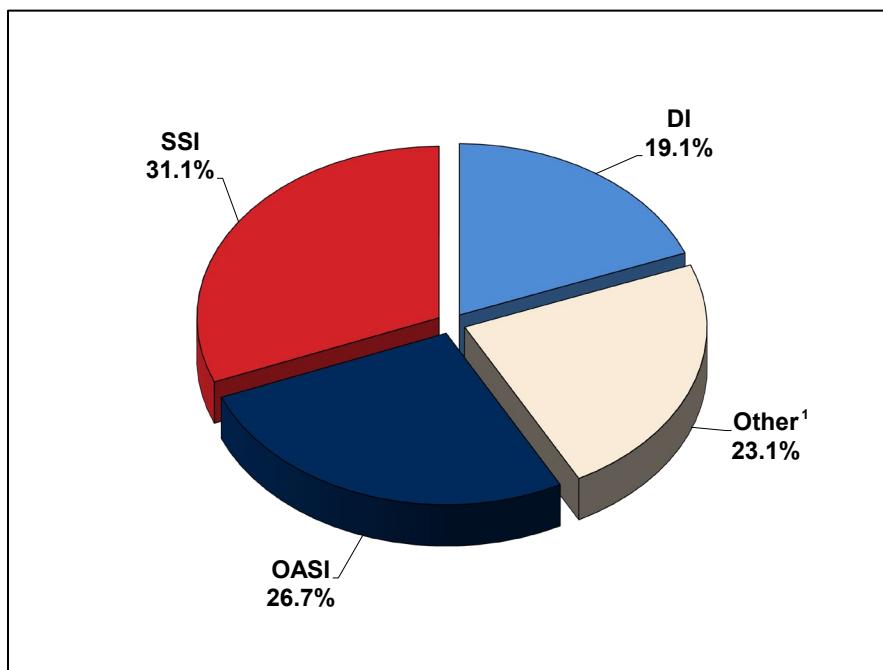
Statement of Budgetary Resources: The Statement of Budgetary Resources, located in the *Financial Section* of this report, provides information on the budgetary resources available to our agency for the year and shows the status of those resources at the end of FY 2025. The Statement shows that we had \$1,742.1 billion in budgetary resources, of which \$1.7 billion remained unobligated at year-end. We recorded total net outlays of \$1,646.5 billion by the end of the year, which primarily represents OASDI and SSI benefit payments during the fiscal year.



Use of Administrative Resources

The following chart displays the use of all administrative resources (including general operating expenses) for FY 2025 in terms of the programs we administer or support. Although the DI program comprises only 9.5 percent of the total benefit payments we make, it consumes 19.1 percent of annual administrative resources. Likewise, while the SSI program comprises only 3.7 percent of the total benefit payments we make, it consumes 31.1 percent of annual administrative resources. State disability determination services decide whether the claimants for DI and SSI disability benefits are disabled. In addition, disability determination services perform continuing disability reviews of individuals receiving DI and SSI disability payments to ensure continued eligibility for benefits.

**Use of Administrative Resources by Program
FY 2025**



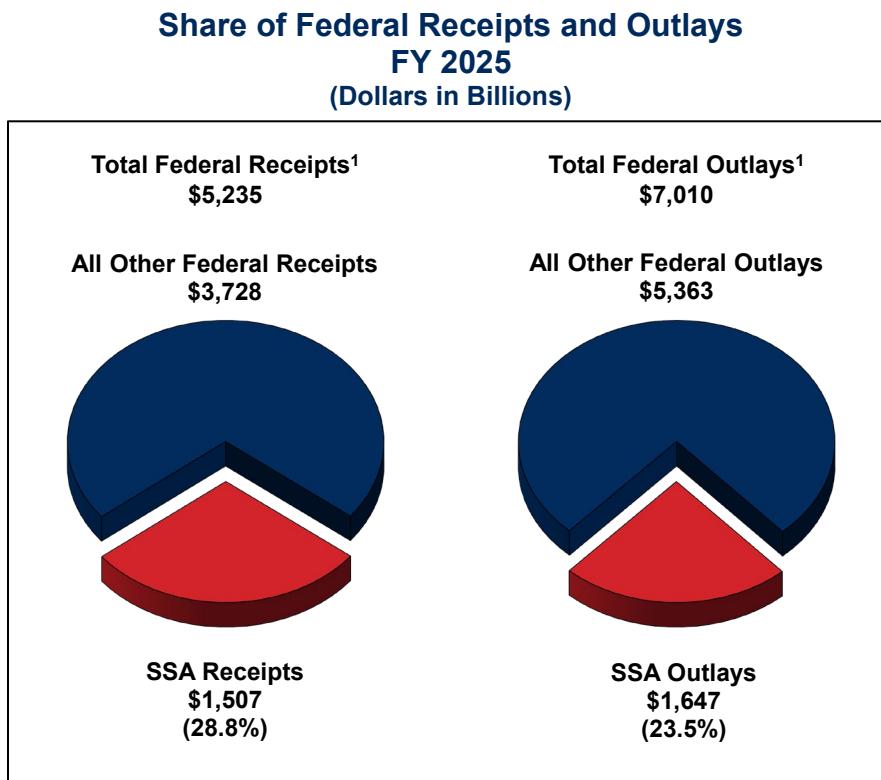
Note:

1. Other primarily consists of Hospital Insurance/Supplemental Medical Insurance.



Share of Federal Operations

The programs we administer constitute a large share of the total receipts and outlays of the Federal Government, as shown in the following chart. Receipts for our programs in FY 2025 represented 28.8 percent of the \$5.2 trillion in total Federal receipts, while outlays represented 23.5 percent of the \$7.0 trillion in total Federal outlays.



Note:

1. Data Source: Final Monthly Treasury Statement of Receipts and Outlays of the United States Government.



Overview of Social Insurance Data

Table of Key Social Insurance Measures¹
(Dollars in Billions)

Statements of Social Insurance Old-Age, Survivors, and Disability Insurance (OASDI) (calendar year basis)				
	2025	2024	Increase / (Decrease)³	
Present value of future net cash flows² for current and future participants over the next 75 years (open group measure)	\$(27,851)	\$(25,406)	\$(2,444)	(9.6)%

Notes:

1. Totals do not necessarily equal the sum of rounded components.
2. Present values used in this presentation are based on the full amounts of estimated noninterest income and the cost of providing benefits at the levels scheduled under current law, even after the combined OASI and DI Trust Fund reserves are depleted. Future net cash flows are defined as future inflows (noninterest income) less future outflows (the cost of providing scheduled benefits) and are estimated over the appropriate 75-year period.
3. We provide high-level descriptions of the reason for the change in present value from year to year in the Statement of Changes in Social Insurance Amounts subsection on the following page.

Statements of Social Insurance: The Statements of Social Insurance, located in the *Financial Section* of this report, present the following estimates:

- The present value of estimated future noninterest income to be received from or on behalf of current participants who have attained retirement eligibility age (i.e., age 62 and over) and the estimated future cost of providing scheduled benefits to those same individuals;
- The present value of estimated future noninterest income to be received from or on behalf of current participants who have not yet attained retirement eligibility age (i.e., ages 15–61) and the estimated future cost of providing scheduled benefits to those same individuals;
- The present value of estimated future noninterest income less estimated future cost for the closed group, which represents all current participants who attain age 15 or older in the first year of the projection period, plus the reserves in the combined OASI and DI Trust Funds as of the beginning of the valuation period;
- The present value of estimated noninterest income to be received from or on behalf of future participants (those under age 15 and to be born during the period) and the cost of providing scheduled benefits to those same individuals; and
- The present value of estimated future noninterest income less estimated future cost for the open group, which represents all current and future participants (including those to be born during the projection period) who are now participating or are expected to eventually participate in the OASDI programs, plus the reserves in the combined OASI and DI Trust Funds as of the beginning of the valuation period.

Estimated future noninterest income shown in the bullets above consists of payroll taxes from employers, employees, and self-employed persons; revenue from Federal income-taxation of scheduled OASDI benefits; and miscellaneous reimbursements from the General Fund of the



Treasury. It does not include interest income on reserves held in the combined OASI and DI Trust Funds. The estimated future cost shown in the prior bullets includes benefit amounts scheduled under current law, administrative expenses, and net transfers with the Railroad Retirement program.

The present value of estimated future net cash flows (estimated noninterest income less estimated cost for scheduled future benefits) for all current and future participants over the next 75 years (open group measure) decreased from -\$25.4 trillion, as of January 1, 2024, to -\$27.9 trillion, as of January 1, 2025. The deficit, therefore, increased in magnitude by almost \$2.5 trillion. Including the reserves in the combined OASI and DI Trust Funds increases this open group measure by about \$2.7 trillion, to -\$25.1 trillion, for the 75-year valuation period.

The present value of estimated future net cash flows for all current participants (who attain age 15 or older in the first year of the projection period) over the next 75 years, plus the reserves in the combined OASI and DI Trust Funds as of the beginning of the period, is -\$51.3 trillion (closed group measure). Including future participants (those under age 15 and to be born during the projection period) over the next 75 years decreases the projected deficit by \$26.2 trillion to the open group measure of -\$25.1 trillion.

Statements of Changes in Social Insurance Amounts: The Statements of Changes in Social Insurance Amounts, located in the *Financial Section* of this report, reconcile the changes (between the current valuation period and the prior valuation period) in the present value of estimated future noninterest income less estimated future cost for current and future participants (the open group measure) over the next 75 years. This reconciliation identifies significant components of the changes and provides reasons for the changes.

From January 1, 2024 to January 1, 2025: Changes in the present value of estimated future net cash flows for this valuation are due to the following factors:

- Advancing the valuation date by one year and including the additional year, 2099, by itself decreased the present value of estimated future cash flows by \$0.8 trillion;
- Changes in demographic data, assumptions, and methods decreased the present value of estimated future net cash flows by \$0.1 trillion;
- Changes in economic data, assumptions, and methods decreased the present value of estimated future net cash flows by \$0.3 trillion;
- Changes in programmatic data and methods decreased the present value of estimated future net cash flows by \$0.2 trillion; and
- Changes in law or policy decreased the present value of estimated future net cash flows by \$1.0 trillion.

Significant changes made for this valuation included:

- The implementation of the *Social Security Fairness Act of 2023*, which was enacted on January 5, 2025. This law repealed the Windfall Elimination Provision and Government



Pension Offset. Implementation of this law increased Social Security benefits for certain people who worked in jobs that were not covered by Social Security;

- Reaching the ultimate total fertility rate of 1.9 children per woman 10 years later; and
- Lowering the long-term assumption for the ratio of total labor compensation to gross domestic product.

OASI and DI Trust Fund Solvency

Significant uncertainty surrounds the estimates for the Statements of Social Insurance. In particular, the actual future values of demographic, economic, and programmatic factors are likely to be different from the near-term and ultimate assumptions used in the projections. Some examples of sources of near-term uncertainty include unanticipated changes in inflation, earnings growth, and interest rates. Such near-term effects do not generally have significant effects on the long-term values shown in the Statements of Social Insurance. Some examples of sources of long-term uncertainty include the effects of levels of future government spending and taxation, and possible future global events and technological advances. To illustrate the uncertainty of the projections, we include sensitivity analysis on a range of long-term assumptions in the *Required Supplemental Information: Social Insurance* section of this report.

Pay-As-You-Go Financing

The OASI and DI Trust Funds are deemed solvent as long as reserves are sufficient to finance program obligations in full and on a timely basis. Such solvency is indicated, for any point in time, by the maintenance of positive OASI and DI Trust Fund reserves. Beginning in 2021, program obligations for the OASDI program have exceeded income, including interest income on reserves held in the combined OASI and DI Trust Funds; therefore, the combined OASI and DI Trust Fund reserves have declined. Under the intermediate assumptions in the 2025 Trustees Report, the reserves are projected to continue to decline until reserves become depleted in 2034.

The following table shows that the combined OASI and DI Trust Fund reserves, expressed in terms of the number of months of program obligations that these reserves could finance, has been declining slowly. This measure indicates the ability of the OASI and DI Trust Funds to cover most short-term financial contingencies. According to the intermediate projections in the 2025 Trustees Report, the number of months that the reserves of the combined OASI and DI Trust Funds could finance was 28.1 months at the end of FY 2021, declining to 25.1 months at the end of FY 2022, 23.1 months at the end of FY 2023, and to estimated values of 21.0 months and 18.6 months at the end of FY 2024 and FY 2025, respectively.



**Number of Months of Cost
Fiscal-Year-End Trust Fund Reserves Can Pay^{1,2}**

	2025	2024	2023	2022	2021
OASI	19.1	22.0	24.6	27.2	30.8
DI	13.9	12.9	11.0	9.0	8.1
Combined	18.6	21.0	23.1	25.1	28.1

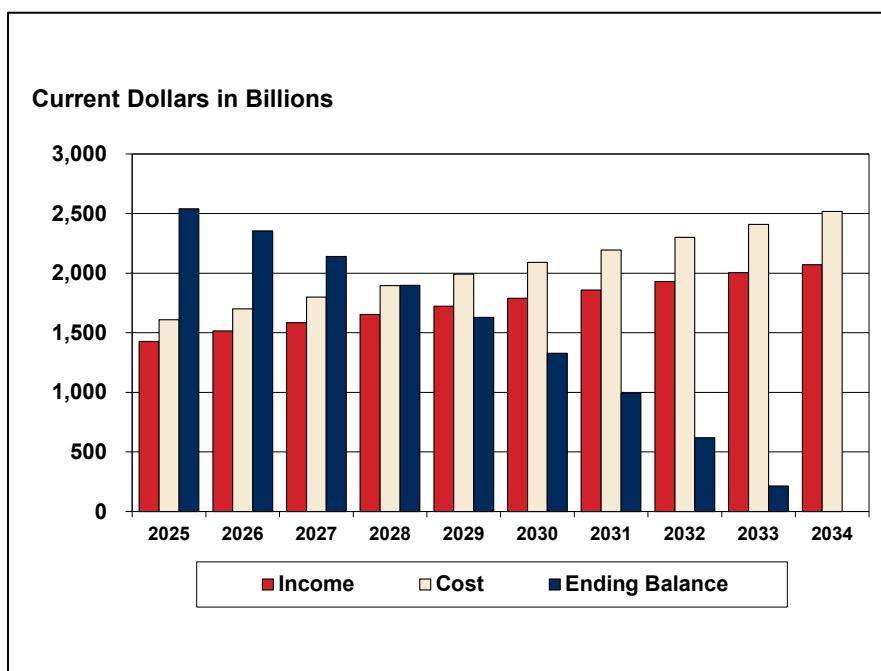
Notes:

1. Computed as 12 times the ratio of end-of-year reserves to cost in the following fiscal year.
2. Values for FY 2024 and FY 2025 are estimates based on the intermediate set of assumptions of the 2025 Trustees Report.

Short-Term Financing

Having trust fund reserves at the beginning of a year at least equal to the projected cost for that year is a good indication that a trust fund can cover most short-term contingencies. Beyond this rough indication, the annual Trustees Reports also include some formal tests to assess financial status. Projections in the 2025 Trustees Report indicate that, on a hypothetical combined basis, the OASI and DI Trust Funds fail the test of short-range financial adequacy, and are therefore not sufficiently financed over the next 10 years. Under the intermediate set of assumptions of the 2025 Trustees Report, OASDI estimated costs of \$2,518 billion and income of \$2,070 billion for 2034 are 70 percent and 46 percent higher than the corresponding amounts in 2024 (\$1,485 billion and \$1,418 billion, respectively). From the end of 2024 to the end of 2034, combined OASI and DI Trust Fund reserves are projected to decrease by 100 percent, from \$2.7 trillion until the projected reserve depletion in 2034.

**OASDI Income, Cost, and
Trust Fund Reserve Balances in the Short Term**





Long-Term Financing

Social Security's financing is not projected to be sustainable over the long term with the tax rates and benefit levels scheduled in current law. Under the intermediate set of assumptions of the 2025 Trustees Report, program costs will exceed income in all years of the 75-year projection period. The combined OASI and DI Trust Fund reserves are projected to become depleted in 2034. Tax revenues are projected to be sufficient to support expenditures at a level of 81 percent of scheduled benefits after the combined OASI and DI Trust Fund reserves become depleted in 2034, declining to 72 percent of scheduled benefits in 2099.

The primary reasons for the projected long-term inadequacy of financing under current law relate to changes in the demographics of the United States: birth rates dropping substantially after 1965, retirees living longer, and baby boomers continuing to retire. In present value terms, the 75-year shortfall is \$25.1 trillion, which is 3.64 percent of taxable payroll and 1.3 percent of gross domestic product over the same period. Some of the possible reform alternatives being discussed—singularly or in combination with each other—are:

- Increasing payroll taxes;
- Slowing the growth in benefits;
- Finding other revenue sources (such as general revenues); or
- Increasing expected returns by investing the OASI and DI Trust Fund reserves, at least in part, in private securities.

Limitations of the Financial Statements

The financial statements beginning on page 47 are prepared to report the financial position, financial condition, and results of operations of the Social Security Administration, consistent with the requirements of 31 United States Code 3515(b). The statements are prepared from records of the Social Security Administration in accordance with Federal generally accepted accounting principles and the formats prescribed by the Office of Management and Budget. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.



ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

Management Assurances

Fiscal Year 2025 Commissioner's Assurance Statement

SSA management is responsible for managing risks and maintaining effective internal control and financial management systems (FMS) to meet the objectives of Sections 2 and 4 of the *Federal Managers' Financial Integrity Act* (FMFIA). We conducted our assessment of risk and internal control in accordance with the requirements of Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Our assessment considered the design and operating effectiveness of our data quality controls to ensure they support *Digital Accountability and Transparency Act* reporting objectives as outlined in our *Data Quality Plan*. Based on the assessment results, we can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2025.

The agency's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with U.S. Generally Accepted Accounting Principles. Management is also responsible for designing, implementing, and maintaining effective internal control over financial reporting. An entity's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. Generally Accepted Accounting Principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

We conducted our assessment of the effectiveness of internal control over financial reporting, based on criteria established in the *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States. Based on the assessment results, we concluded that, as of September 30, 2025, SSA's internal control over financial reporting is effective.

The *Federal Financial Management Improvement Act of 1996* (FFMIA) requires Federal agencies to implement and maintain FMSs that comply substantially with: 1) Federal FMS requirements; 2) applicable Federal accounting standards; and 3) the U.S. Standard General Ledger at the transaction level. We assessed our FMSs in accordance with the requirements of OMB Circular No. A-123, Appendix D, *Management of Financial Management Systems – Risk and Compliance*. Based on the assessment results, we determined our FMSs substantially comply with FFMIA and conform to the objectives of FMFIA. In making this determination, we considered all available information, including the auditor's opinion on our fiscal year 2025 financial statements, the report on the effectiveness of internal controls over financial reporting, and the report on compliance with laws and regulations. We also considered the results of the FMS reviews and management control reviews conducted by the agency and its independent contractor.

Frank J. Bisignano
Commissioner
January 15, 2026



Agency Federal Managers' Financial Integrity Act Program

We have a well-established, agency-wide management control and financial management systems (FMS) program as required by the *Federal Managers' Financial Integrity Act* (FMFIA). We accomplish the objectives of the program by:

- Integrating management controls into our business processes and FMSs at all organizational levels;
- Reviewing our management controls and FMS controls on a regular basis; and
- Developing corrective action plans for control weaknesses and monitoring those plans until completion.

We incorporate effective internal controls into our business processes and FMSs through the life cycle development process. We incorporate the necessary controls into the user requirements, certify the controls are in place by having management review the new or changed processes and systems, and test the controls prior to full implementation to ensure they are effective.

We identify management control issues and weaknesses through audits, reviews, studies, and observations of daily operations. We conduct internal reviews of management and systems security controls in our administrative and programmatic processes and FMSs. These reviews evaluate the adequacy and efficiency of our operations and systems, and provide overall assurance that our business processes are functioning as intended. The reviews also ensure management controls and FMSs comply with the standards established by FMFIA, the *Federal Financial Management Improvement Act of 1996*, and Office of Management and Budget (OMB) Circular Nos. A-123 and A-130. Throughout the fiscal year, management control issues and weaknesses are reviewed individually and in the aggregate to determine if a reportable condition exists.

Our managers are responsible for ensuring effective internal control in their areas and communicating possible reportable conditions as necessary. We require senior-level executives to submit annual statements to the Commissioner providing reasonable assurance that functions and processes under their areas of responsibility were functioning as intended and that there were no major weaknesses that would require reporting, or a statement indicating they could not provide such assurance. This executive accountability assurance provides an additional basis for the Commissioner's annual assurance statement.

Our Executive Internal Control Committee, consisting of senior managers, ensures our compliance with FMFIA and other related legislative and regulatory requirements. The Executive Internal Control Committee evaluates identified major control weaknesses to determine if they are material, and if the Commissioner must make a final determination on whether to report them.

For more information, please refer to the Summary of Financial Statement Audit and Management Assurances located in the *Other Information* section of this report.



Management Control Review Program

In compliance with OMB Circular No. A-123, we have an agency-wide review program for management controls in our administrative and programmatic processes. The reviews encompass our business processes, such as enumeration, earnings, claims and post-entitlement events, and debt management. We conduct these reviews at our field offices, processing centers, hearings offices, and at the State disability determination services. These reviews indicate our management control review program is effective in meeting management's expectations for compliance with Federal requirements.

Financial Management Systems Review Program

The agency maintains an FMS inventory and conducts reviews of the FMSs to ensure they meet Federal requirements. In addition to our financial systems, we include all major programmatic systems in the FMS inventory. On a three-year cycle, an independent accounting firm performs detailed reviews of our FMSs. During fiscal year (FY) 2025, the results of these reviews did not disclose any significant weaknesses that would indicate noncompliance with laws, Federal regulations, or Federal standards.

Government Accountability Office's, Standards for Internal Control in the Federal Government

In FY 2025, we engaged an independent accounting firm, separate from our independent auditor, to assess our compliance with the Government Accountability Office's (GAO), *Standards for Internal Control in the Federal Government*. The standards provide the internal control framework and criteria that Federal managers should use to design, implement, and operate an effective internal control system that will provide us with reasonable assurance that we will achieve our operations, reporting, and compliance objectives. Based on the procedures performed, the independent accounting firm concluded we have an adequately designed system of internal controls that meets the GAO's standards.

Enterprise Risk Management

We continue to mature our Enterprise Risk Management (ERM) program in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. We have implemented a multi-year strategy that will further integrate our existing internal control and risk management frameworks with our strategic planning and review processes. During FY 2025, we continued to expand on our *Risk Evaluation, Assessment, and Considerations Handbook* that provides guidance in incorporating risk assessments and analyses into agency projects, initiatives, and decision memorandums. We incorporated more continuous monitoring into our risk profile process, providing more frequent updates to our risk response and proposed actions sections along with considerations of which risks to include. The risks included in our risk profile align with the Inspector General's report on the agency's "Major Management and Performance Challenges." We updated our risk appetite statement to reflect the changes to our risk posture, aligning with agency leadership. Finally, we are constantly reaching out beyond our Program Partners to integrate ERM with various risk functions throughout the agency.



Financial Statement Audit

The Office of the Inspector General (OIG) contracted with Ernst & Young LLP (EY) for the audit of our FY 2025 financial statements. EY opined that the Consolidated Financial Statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles (GAAP) for Federal entities.

EY also opined that the Sustainability Financial Statements, which comprise the Statement of Social Insurance as of January 1, 2025, and the Statement of Changes in Social Insurance Amounts for the period January 1, 2024 to January 1, 2025, are presented fairly, in all material respects, in accordance with U.S. GAAP.

EY opined that we maintained, in all material respects, effective internal control over financial reporting as of September 30, 2025, based on the criteria established in the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States.

In this year's financial statement audit, EY cited two significant deficiencies identified in prior years. These significant deficiencies concern internal controls over certain financial information systems and internal control over accounts receivable with the public (benefit overpayments). Efforts are underway to rectify deficiencies identified through audits by using risk-based corrective action plans to mitigate risks and strengthen our internal control environment.

For more information on the auditors' findings and our plans to correct the findings, please refer to the *Reports of Independent Auditors* and *Agency Response to the Reports of Independent Auditors* sections of this report.

Federal Information Security Modernization Act

The *Federal Information Security Management Act of 2002* (FISMA), as amended by the *Federal Information Security Modernization Act of 2014*, requires federal agencies to ensure adequate security protections for Federal information systems and data. In accordance with this mandate, agencies must submit annual FISMA reports to OMB. We submitted this year's report on time, providing a comprehensive summary of our security reviews for major information systems and programs, our progress in meeting the Administration's cybersecurity priorities, and the results of other activities conducted during the reporting period, as measured by government-wide cybersecurity performance metrics.

For the FY 2025 FISMA audit, EY identified several recommendations to further mature the agency's cybersecurity posture, including process improvements related to the integration of our enterprise and cybersecurity risk management programs. Based on their assessment, EY issued an overall "Not Effective" rating for our program.

We recognize that strong enterprise cyber governance and effective management of cyber risks are critical to our mission, and we remain committed to continuous improvement across all FISMA domains. To support this, we established an Analytics and Improvements component to centralize authority for data inventory, leveraging existing tools and services such as the Enterprise Data Catalog, with full implementation targeted by January 2026. Additionally, we



have continued to mature our Cybersecurity Risk Program Management Office and have developed a cyber risk taxonomy aligned with the agency's ERM Program. These ongoing efforts will enhance our performance in all FISMA domains and support strategic decision-making.

Furthermore, we are transitioning to a new platform to centralize our governance, risk, and compliance (GRC) activities. This transition will streamline operations, improve service delivery, and enable the migration of all asset inventories to a centralized location, supporting seamless integration with the GRC program.

We concur with EY's "Effective" rating for our Incident Response program, which further demonstrates our commitment to robust incident detection and response capabilities in an evolving threat landscape. Our response to emerging threats, including high-profile exploits affecting both corporate and government entities in FY 2025, highlights our ability to safeguard the agency's information technology assets. We have successfully completed the majority of initial onboarding for enterprise logging (EL) Level 1 assets, set forth in OMB Memorandum 21-31, "Improving the Federal Government's Investigative and Remediation Capabilities Related to Cybersecurity Incidents." We are actively onboarding information systems that qualify for EL Level 2.

The agency will continue to prioritize risk-based decision-making in implementing recommended cybersecurity program improvements. It is important to note that many of these initiatives require multi-year investments to fully meet the criteria for an "Effective" program, as defined by the relevant metrics.

Financial Management Systems Strategy

Over the years, we have worked hard to improve our financial management practices. We continue to develop initiatives to enhance the existing financial and management information systems. Our actions demonstrate discipline and accountability in the execution of our fiscal responsibilities as stewards of the Social Security programs. Going forward, our goal is to achieve government-wide and internal financial management milestones established for improvement.

Annually, we review and update our FMS inventory to reflect the status of our systems modernization projects. We categorize our inventory of FMSs under the broad headings of Program Benefits, Debt Management, or Financial/Administrative and continue the long-term development of our FMSs following a defined strategy.

For the Financial/Administrative systems category, the Social Security Online Accounting and Reporting System (SSOARS) has been our accounting system of record since its implementation in 2003. Every agency financial transaction is recorded in SSOARS. SSOARS is subject to extensive audit testing procedures by the independent auditors contracted by OIG in accordance with the *Chief Financial Officer's Act of 1990*.

SSOARS is a federally certified accounting system based on Oracle Federal Financials and consists of general ledger, payables, purchasing, receivables, iStore, Service Oriented Architecture Suite, and Single Sign-on (SSO) services. SSOARS produces management



information reports and provides real-time integration with administrative and programmatic systems for purchasing, payables, and receivables, which significantly improves reporting accuracy and timeliness.

In FY 2025, we migrated SSOARS to new hardware. The move to the new hardware entailed a change from Solaris to LINUX operating systems. This hardware migration supported improved cadence of monthly hardware and operating system patching. This also achieved more compliance with the agency's Chief Information Officer (CIO)-recommended technologies upon retirement of the Oracle hardware in December.

We achieved significant results with Executive Order (E.O.) 14168 compliance by applying two different patches. We reimplemented Multi-Factor Authentication (MFA)-compliant SSO for invoice approval system users which achieves compliance with the agency's CIO MFA requirements. We monitored and resolved multiple Known Exploited Vulnerabilities (KEV), which are risks identified by the Cybersecurity and Infrastructure Security Agency (CISA). This achieves compliance with the CISA rules for Federal agencies to speedily patch KEV as published by CISA. We replaced de-supported commercial off-the-shelf Preventive Controls Governor software with agency-developed custom configurations achieving form and field changes and validations. We addressed prior year financial audit findings related to timely user removal and system scan result remediation. We implemented a General Ledger upload solution to replace Oracle technology reliant on ActiveX. We improved System Life Cycle environments with the addition of a development environment and made all environments more production-like.

Throughout FY 2026, we plan to continue execution of G-Invoicing releases and patches, with the intention to support G-Invoicing 7600EZ functionality ahead of its use by Go.gov. We will implement multiple new real-time interfaces with the new Federal Travel System, Go.gov. We will analyze and compare Financial Management Quality Service Management Office (FM QSMO) offerors to determine the best offering for the agency. Based on that analysis, and in compliance with E.O. 14249, our goal is to procure an FM QSMO core financial system and related implementation services in FY 2026. If that procurement timeframe is met, FM QSMO system implementation tasks will run through FY 2027 and FY 2028 with tentative cutover at the beginning of FY 2029. We will continue working on E.O. 14222, for payment justifications, and E.O. 14247, working to reduce administrative check payments. We will continue to monitor and resolve issues as CISA identifies risks and vulnerabilities and apply patching for the associated KEV. We will continue to conduct major infrastructure patching of SSOARS.

Digital Accountability and Transparency Act

We submitted and certified the required reports for the *Digital Accountability and Transparency Act* (DATA Act) for the fourth quarter of FY 2024 and the first, second, and third quarters of FY 2025. These reports were submitted monthly as required by OMB Memorandum M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*. Additionally, we have submitted the required reports for July, August, and September 2025.

We are continuing to engage with the DATA Act community to develop improvements to the Governmentwide Spending Data Model (GSDM) formerly known as the DATA Act Information



Model Schema (DAIMS). We participate in workgroups to develop policy, guidance, and new reporting requirements. The DATA Act effort will continue to enhance our transparency through improved consistency. In addition, we are providing more detailed data to [USASpending.gov](https://www.usaspending.gov) and additional data to Treasury.

In compliance with OMB Memorandum M-18-16, *Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk*, we have developed a *Data Quality Plan* to ensure we have effective internal controls over the input and validation of data submitted to USAspending.gov. We leverage our existing FMFIA program activities to identify critical risk points and corresponding mitigating controls and assess the design and operating effectiveness of our data quality controls to ensure they support DATA Act reporting objectives. We also consider the results of our assessment in our FMFIA annual assurance statement process.

The DATA Act has provided the agency a tool to remove the silos for the various lines of business that are impacted by the DATA Act. There is a coordinated effort between finance, budget, acquisition, and financial assistance to make sure our spending data links between the various systems. This allows a link from budget formulation to award issuance to funds disbursement.

USAspending.gov displays the number of unlinked awards submitted for each period for both contracts and financial assistance. In FY 2025, we had 2,512 unlinked awards and 98 percent of these awards were either zero dollar or micro-purchase. These unlinked awards link internally, but due to reporting requirements, do not link externally on USAspending.gov. The unlinked awards on USAspending are dynamic and can change from submission to submission as new data is submitted.

Since the first DATA Act reporting period, second quarter of FY 2017, we have reported on every Treasury Account Symbol and have not had a reporting difference in obligations.