Agency Financial Report

Fiscal Year 2026

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WHAT'S INSIDE

Our *Agency Financial Report* (AFR) provides financial management and high-level performance information that enables the President, Congress, and the public to assess how well we accomplished our mission, achieved our goals, and managed the financial resources entrusted to us. We organize our AFR into the following major sections:

	Executive Overview: The *Executive Overview* includes *A Message from the Commissioner* and a summary of key service improvement metrics that reflect our commitment to building a modern, durable, and sustainable organization capable of meeting the nation's needs for decades to come.
	**Management's Discussion and Analysis:** The *Management's Discussion and Analysis* section provides an overview of our mission, programs, and organization. We provide a summary of key performance results which includes discussion of our Strategic Goals (as detailed in our *Fiscal Years (FY) 2026-2030 Agency Strategic Plan*) and Priority Goals. We highlight our progress toward accomplishing our Strategic Goals and discuss our plans to achieve our mission. We also include a summary of the financial position and condition of the agency and an analysis of our systems, controls, and legal compliance.
	**Financial Section:** The *Financial Section* contains *A Message from the Chief Financial Officer*. We also include our audited financial statements, the accompanying notes to those statements, and required supplementary information, including the Combining Schedule of Budgetary Resources and information on Social Insurance. This section concludes with the *Reports of Independent Auditors* and the *Agency Response to the Reports of Independent Auditors*.
	**Other Information:** The *Other Information* section includes our *Summary of Financial Statement Audit and Management Assurances* tables and *Other Financial Information* as well as *The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2026*. We also provide information on our payment integrity, entitlement reviews and Office of the Inspector General anti-fraud activities, civil monetary penalties, biennial review of user fee charges, grants programs, and debt collection and management activities.
	**Appendix:** The *Appendix* includes a *Glossary of Acronyms*, a list of our agency's key management officials, the members of the Board of Trustees and the members of the Social Security Advisory Board, and a *Summary of Key Management Officials' Responsibilities*.

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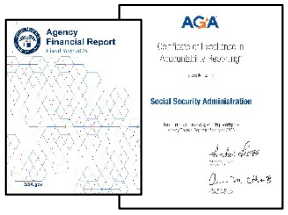
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Our *Agency Financial Report* is available at:
SSA.gov/finance



Did You Know? SSA Produces Award-Winning Reports

For the 28th year in a row, we received AGA's Certificate of Excellence in Accountability Reporting (CEAR) award, recognizing our ongoing commitment to fiscal responsibility. Receiving the CEAR award for our FY 2025 AFR is a significant and unprecedented accomplishment for a Federal agency.



Executive Overview

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Social Security

By The Numbers
FY 2026

330 Million+ Active Social Security Number (SSN) Holders

729 Million Total Transactions with the Public

571 Million
Online Transactions
29.5% increase from FY 2024

5.6 Minute
Average Speed of Answer
79.7% decrease from FY 2024

21 Minute
Field Office Wait Time
31.1% decrease from FY 2024

40 Day Decrease
Average Disability Claim Processing Time
17.4% decrease from FY 2024

24/7 Access
To *my* Social Security
Eliminated 29 hours per week of downtime from FY 2024

105.8 Million
my Social Security Accounts
20.4% increase from FY 2024

99%
Answer Rate
38 point increase from September 2024

23% Decrease
Initial Disability Backlog
From September 2024

$645 Million
Delinquent Debts Collected
Since resuming the Treasury Offset Program in March 2025

24% Decrease
Transactions Pending in Processing Center
From September 2024

15%
Active SSNs Corrected

A MESSAGE FROM THE COMMISSIONER



For more than 90 years, Social Security has helped older Americans, families coping with loss, and people with disabilities live with dignity. We support more than 330 million individuals with active Social Security numbers (SSN) and paid more than $1.7 trillion in benefits in fiscal year (FY) 2026. As the nation's largest service provider, our mission remains clear: deliver timely and accurate service through our digital-first capability while meeting customers where they choose—online, by phone, or in our field offices.

This *Executive Overview* clearly shows how we are driving transformational improvements and achieving historic results across the agency since my confirmation. We will continue making progress based on our FY 2026–2030 *Agency Strategic Plan*, which guides our work through three goals: Be the Premier Service Provider, Preserve and Protect Public Resources, and Enhance the Employee Experience and Productivity. We provide additional information on our FY 2026 progress towards meeting these goals in the *Key Performance Results* section.

Be the Premier Service Provider

FY 2026 was a year of significant service improvement. Customers increasingly chose the convenience of online and telephone service, which now accounts for 96 percent of all contacts. With expanded 24/7 digital access through *my* Social Security, by eliminating 29 hours of weekly downtime, we enabled approximately 10.5 million additional logins during previously unavailable hours. Online services grew to more than 105 million *my* Social Security accounts and 571 million online transactions—a 29.5 percent increase over FY 2024.

Our digital-first strategy and expansion of automation and self-service options enable more customers to complete their business with zero wait time. Customers can use digital tools to get answers, complete transactions, submit documents securely, and apply for benefits without waiting for an office visit.

Telephone service improved sharply as well. Simplified menu options, better call routing, and clear automated self-service options help customers resolve routine matters immediately and connect more quickly with trained employees when personal assistance is needed. As a result, our National 800 Number average speed of answer fell from 28 minutes in FY 2024 to 5.6 minutes, an almost 80 percent reduction, and the busy rate was zero for the last six months of the fiscal year.

Field office traffic declined to nearly 30 million visitors, an 8.1 percent decrease from FY 2024. Overall average field office wait times fell to 20.6 minutes, down over 30 percent. Fewer routine visits mean more time for staff to conduct in-person interviews and resolve complex cases.

We also improved disability services. Through targeted technology investments and collaboration across our workforce and partners, we reduced the initial disability claims pending by nearly 23 percent—from a record high of nearly 1.2 million in FY 2024 to 911,000. We also lowered disability hearing wait times by 72 days from FY 2024, to 270 days, reaching historic lows.

Preserve and Protect Public Resources

Service and stewardship go hand in hand. We are committed to preserving and protecting Social Security and ensuring that all eligible individuals receive their benefits. We consistently maintain more than 99 percent payment accuracy for Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI), collectively referred to as OASDI.

We strengthened the Supplemental Security Income (SSI) program by appointing the first executive lead for SSI and established an SSI Improvement team to provide dedicated program oversight and transform the service we provide to SSI recipients. In FY 2026, we targeted key causes of SSI payment error, including undisclosed assets and wages. We expanded the Access to Financial Institutions tool to require bank account verification before adjudication and payment. We also began monthly wage verifications through our Payroll Information Exchange. These measures allow us to identify and correct issues earlier–before they become improper payments, burdensome overpayments, or debts that must later be recovered. Preventing errors before payment is better for beneficiaries, better for taxpayers, and less costly for the agency.

Our new Risk and Quality, and Security and Resiliency offices are strengthening the integrity of SSN records, fraud prevention, cybersecurity defenses, and protection against internal threats. For the first time, we began systematically reconciling the SSN database by updating citizenship information, removing records for deceased individuals, and verifying identity data. We corrected nearly 15 percent of all active SSNs, adding 17 million previously missing dates of death, and updating approximately 25 million records that lacked citizenship information, while implementing stronger internal controls to prevent future data-entry inaccuracies.

We are committed to operating a pristine control environment. In FY 2026, based on our internal tracking, we closed Inspector General recommendations representing more than $16 billion in savings compared to the end of FY 2024, reduced unimplemented recommendations from nearly $18 billion to about $2 billion at the end of FY 2026, and decreased open Inspector General and Government Accountability Office recommendations from 211 in FY 2024 to just 95, a 55 percent reduction.

We also streamlined operations and continued driving efficiencies in our physical footprint. In FY 2026, we submitted notices of intent to the General Services Administration to reduce our real property footprint by 1,986,516 usable square feet (USF). Once executed, these reductions have the potential to generate over $70 million in annualized cost avoidance.

Enhance the Employee Experience and Productivity

These improvements are possible because of the skill, commitment, and innovation of SSA employees. We are aligning our resources, technology, and staffing with our mission and service goals, to better meet the needs of the people we serve.

Our people-focused platform is creating a flatter, more agile organization that brings leadership closer to day-to-day operations, strengthens accountability, and empowers employees to make timely decisions. New executive roles—including the agency's first Chief of Security and Resiliency and Chief Risk Officer—support stronger oversight, payment accuracy, debt recovery, fraud prevention, and cybersecurity.

We are also improving productivity by matching work to employee expertise, using technology to simplify customer interactions, and deploying flexible staffing models as work changes. Enhanced call routing for survivor benefits, for example, connects customers more quickly with knowledgeable employees. I established the Field Office Advisory Council and ongoing dialogue with frontline staff ensure that operational improvements are informed by the people closest to the work. Together with merit-based hiring, performance accountability, and recognition of top performers, these efforts position the workforce to deliver timely, accurate, and high-quality service to the public.

I am proud to report that SSA received an unmodified audit opinion on our financial statements for the 33rd consecutive year. Our internal assessments confirm that the financial and performance information contained in this report is complete, reliable, and accurate. There were no material weaknesses in our internal controls.

FY 2026 demonstrates what focused management, modern technology, and a committed workforce can achieve: substantially better service, greater accuracy, fewer repeat contacts, lower operating costs, and stronger protection of the public's trust.

Respectfully,



Frank J. Bisignano

Baltimore, Maryland
November 13, 2026

Best Overall Performance Ever
Operations 360-View
FY 2024-2026

	Performance			
	FY 2024	FY 2025	FY 2026	Change FY 2024 to FY 2026
FIELD OFFICE				
Total Field Office Visitors	31,842,224	31,618,364	29,250,790	-8.1%
Field Office Visitor Appointment Volume	1,870,568	9,187,923	8,682,023	364.1%
Field Office Overall Wait Time (minutes)	29.9	22.5	20.6	-31.1%
Field Office Wait Time with Appointment (minutes)	7.0	6.4	5.8	-17.1%
PHONES				
800 Number and Field Office Phone Customers Served	66,802,238	98,278,036	88,557,011	32.6%
800 Number Calls Received	78,658,486	93,519,903	75,693,940	-3.8%
800 Number Answer Rate	58.4%	57.2%	82.6%	+24.2 % points
800 Number Average Speed of Answer (ASA) (minutes)	27.6	15.1	5.6	-79.7%
800 Number Customers Served by Agents	28,140,754	33,074,590	39,975,408	42.1%
800 Number Customers Served by Self-Service[1]	12,979,947	34,706,733	20,590,464	58.6%
800 Number Customers Served by Agents+Self-Service	41,120,701	67,781,323	60,565,872	47.3%
Field Office Calls Received	57,232,494	68,873,669	52,431,687	-8.4%
Field Office ASA (minutes)[2]	N/A	N/A	13.3	N/A
Field Office Callers Served by Agents	25,681,537	25,083,321	18,987,689	-26.1%
Field Office Callers Served by Self-Service	-	5,413,392	9,003,450	N/A
Field Office Callers Served by Agents+Self-Service	25,681,537	30,496,713	27,991,139	9.0%
WEB				
Website Scheduled Downtime (hours per week)	29	29	0	-100.0%
Online Transactions Completed	441,147,759	528,143,655	571,340,337	29.5%
Total *my* Social Security Accounts	87,927,595	97,281,010	105,846,459	20.4%
DISABILITY				
Initial Disability Processing Time (days)	231.1	226.2	190.9	-17.4%
Initial Disability Claims Pending	1,177,974	885,180	910,916	-22.7%
Hearings Processing Time (days)	342	284	270	-21.1%
PROCESSING CENTER				
Processing Center Receipts (daily average)	42,000	44,000	39,000	-7.1%
Processing Center Items Pending	5,125,675	5,049,353	3,879,728	-24.3%
AGENCY				
Total Contacts (In-Office, Telephone, Online)	608,880,963	722,155,591	728,716,754	19.7%
	FY 2024	FY 2025	FY 2026	Change FY 2024 to FY 2026
CONTROL ITEMS				
Open Audit Recommendations (Inspector General and Government Accountability Office)	211	164	95	55.0%
Total Remaining Cost Savings from Unimplemented Audit Recommendations (Inspector General)[3]	$18 billion	$7 billion	$2 billion	-$16 billion
STAFF				
Annualized Full-Time Permanent (FTP) Agency Attrition[4]	7.3%	10.9%	6.1%	-1.2 % points
Total End-of-Year (EOY) Agency FTP Staff on Duty[5]	56,645	50,801	48,530	-14.3%
Total EOY Field Office Staff on Duty (all employment categories)	25,845	23,610	22,583	-12.6%

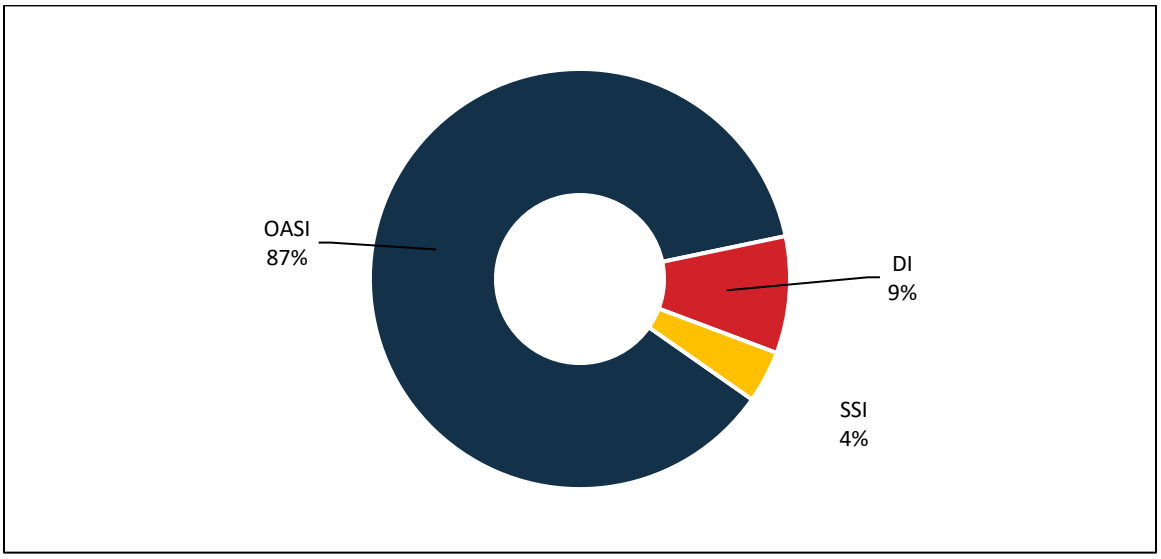
Notes:

1. Actuals for FY 2025 include data for October 2024 through April 2025 which counts the total number of interactive voice response responses rather than individual calls, which could include multiple transactions for a single call.
2. Field office ASA data is not comparable to prior years, because FY 2026 was the first full year with Amazon Web Services (AWS) fully integrated in all field offices. The previous telephone platform used a different data structure than AWS.
3. The Government Accountability Office does not provide cost savings for audit recommendations.
4. Agency attrition for FY 2026 excludes individuals who participated in the deferred resignation program (DRP). Estimated attrition including DRP would be 7.5 percent in FY 2026.
5. Excludes Inspector General staff.

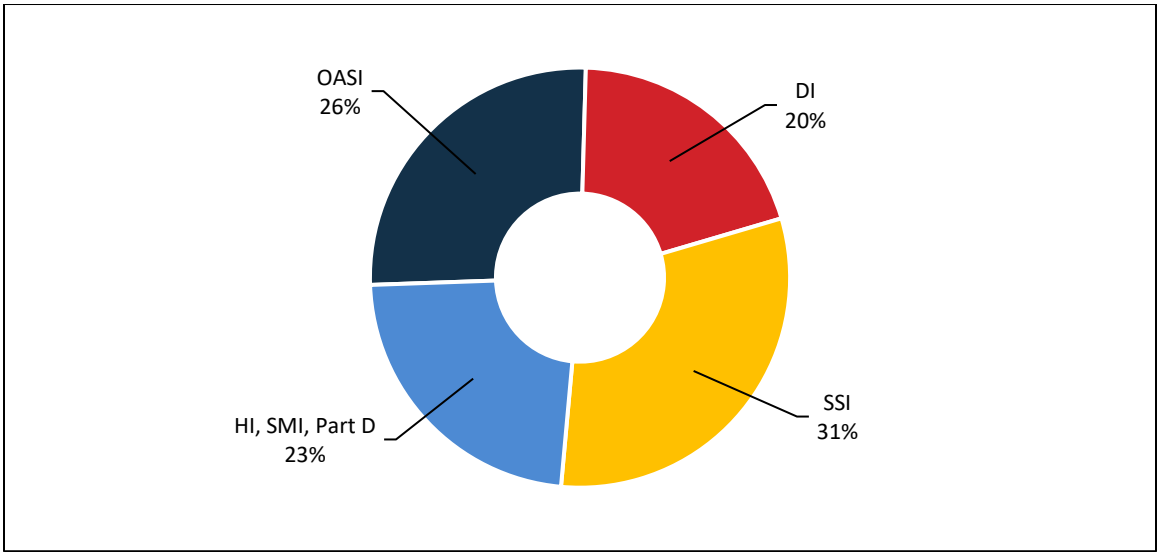
Use of Administrative Resources

When people hear Social Security, they usually think about retirement and survivor benefits, which comprise 87 percent of total benefit payments we make. However, we use a substantial amount of our administrative resources for other programs we administer or support. Although the DI program comprises only 9 percent of the total benefit payments we make, it consumes 20 percent of annual administrative resources. Likewise, while the SSI program comprises only 4 percent of the total benefit payments we make, it consumes 31 percent of annual administrative resources. We will continue to deploy technology throughout our programs to provide better, faster, higher quality service to the most vulnerable.

Distribution of Benefit Payments by Program
FY 2026



Use of Administrative Resources by Program
FY 2026

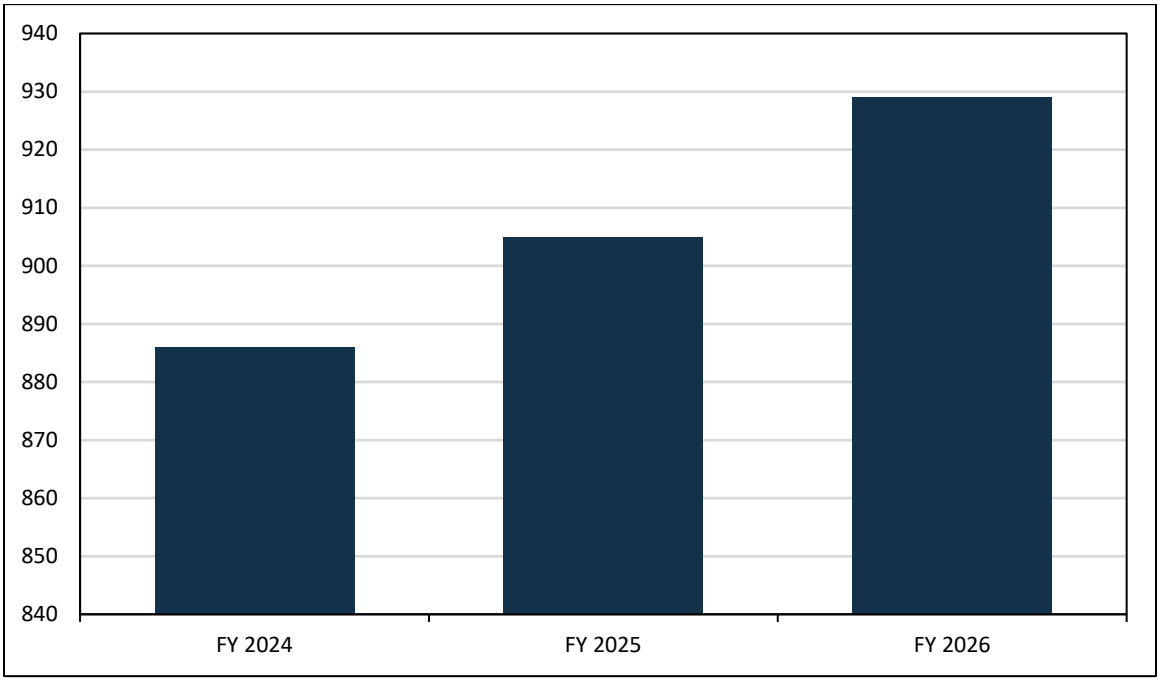


Maximizing Resources and Improving Service Delivery

We paid more beneficiaries and recipients with fewer employees in FY 2026, reflecting the impact of our digital first strategy.

Of the $1.7 trillion in payments issued, we paid over 76 million beneficiaries and recipients 933 million monthly benefit payments totaling $1.5 trillion, compared to 913 million payments totaling $1.4 trillion in FY 2025, and 894 million payments totaling $1.3 trillion in FY 2024. We issued 929 million payments (99.5 percent) electronically through direct deposit or Direct Express, compared with 905 million in FY 2025 and 886 million in FY 2024.

Electronic Delivery of Monthly Benefit Payments
(Total Payments in Millions)



We served 88.6 million total callers (through 800 Number and field offices) in FY 2026, including 29.6 million calls handled through automation and 59 million handled by agents, compared with 98.3 million total callers in FY 2025 (40.1 million by automation and 58.2 million by agent) and 66.8 million total callers in FY 2024 (13 million by automation and 53.8 million by agent).



Management's Discussion and Analysis

Fiscal Year 2026

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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 managed the resources entrusted to us and met our established goals.

The *Overview of the Social Security Administration* highlights our mission, summarizes the major programs we administer, provides a brief explanation of our organization, and discusses how we manage our performance as an agency. We also display our fiscal year 2026 operating expenses by Strategic Goal and Objective.

The *Key Performance Results* section provides a high-level discussion of our Strategic Goals and our key mission results. We then discuss our Agency Priority Goals.

The *Financial Position and Condition* section summarizes the significant changes in financial position and condition of the agency as shown in balances in our financial statements. We provide an overview of our financial data and explain the major sources and uses of our funds. 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, the *Analysis of Systems, Controls, and Legal Compliance* section 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

We serve every member of the American public at some point in their lives: from birth, when registering for a Social Security number (SSN); to their first job, where we verify SSNs 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.

Our mission is to deliver timely and accurate service through our digital-first capability while meeting customers where they choose.

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, Disability Insurance, and Supplemental Security Income.

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.

As of September 30, 2026, we paid OASI benefits to 63.7 million beneficiaries. We incurred $1,500.9 billion in benefit payment expenses to OASI beneficiaries through the fiscal year (FY). The following table provides the benefit payment expense information, number of beneficiaries, and the change in these benefit items from FY 2025 to FY 2026 for the OASI program. The increase in benefit payment expense from FY 2025 to FY 2026 is primarily due to a 2.7 percent increase in the number of OASI beneficiaries, and the 2.8 percent Cost of Living Adjustment (COLA) provided to beneficiaries in 2026.

OASI Benefit Information

	2026	2025	Increase / (Decrease)	
Benefit Payment Expense[1]	$1,500.9	$1,423.0	$77.9	5.5%
Average Monthly Benefit Payment[2, 3]	$1,998.45	$1,920.73	$77.72	4.0%
Number of Beneficiaries[3, 4]	63.7	62.0	1.7	2.7%

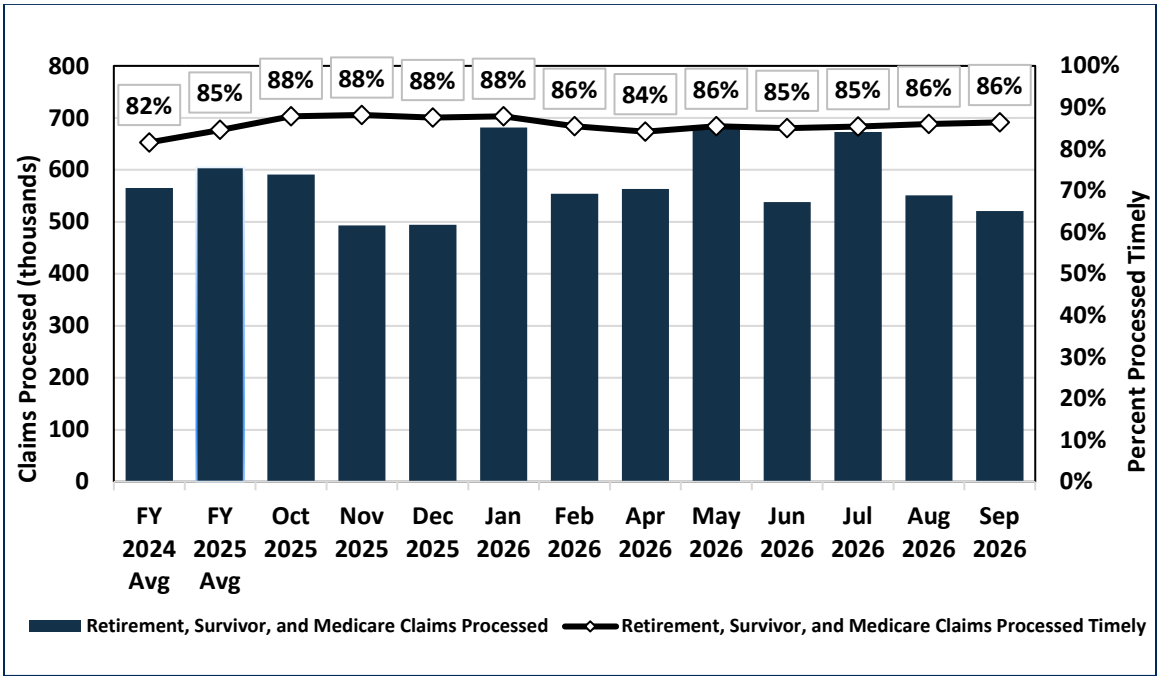
Notes:

1. Benefit payment expense presented in billions. As such, this presentation may affect the percent Increase / (Decrease) in this chart that are based on the financial statement values, which are presented in the millions.
2. Average monthly benefit payment for OASI program presented in actual dollars.
3. Average monthly benefit payment and number of beneficiaries for OASI as of September 30.
4. Number of beneficiaries presented in millions.

Old-Age and Survivors Insurance Program Accomplishments for FY 2026

- Increased field office processing of Retirement, Survivor, and Medicare Claims from 84 percent in 14 days to 86 percent.
- Implemented straight-through processing for Retirement Insurance benefit claims in April 2026, from initial application through adjudication, improving service, speed, and accuracy for the public, resulting in automatic adjudication of 48,422 retirement claims, with high accuracy.
- Enabled immediate straight through processing for Medicare claims in December 2025, resulting in automatic adjudication of 547,329 Medicare claims for the fiscal year. These claims were processed without manual intervention and with 100 percent accuracy, resulting in faster processing for the customer and increased efficiency for the agency.

Retirement, Survivor, and Medicare Claims Processed and Timeliness Percentage



Learn more about retirement benefits on our website at SSA.gov/retirement and about survivors benefits at SSA.gov/survivors.

Disability Insurance

Established in 1956, the Disability Insurance (DI) program provides benefits for workers who become disabled and their families. For 70 years, Social Security Disability Insurance has provided essential support to millions of disabled workers and their families.

As of September 30, 2026, we paid DI benefits to 7.9 million beneficiaries. We incurred $159.4 billion in benefit payment expenses to DI beneficiaries through the fiscal year. The following table provides the benefit payment expense information, number of beneficiaries, and the change in these benefit items from FY 2025 to FY 2026 for the DI program. The increase in benefit payment expense from FY 2025 to FY 2026 is primarily due to the 2.8 percent COLA provided to beneficiaries in 2026.

DI Benefit Information

	2026	2025	Increase / (Decrease)	
Benefit Payment Expense[1]	$159.4	$156.3	$3.1	2.0%
Average Monthly Benefit Payment[2, 3]	$1,499.41	$1,447.56	$51.85	3.6%
Number of Beneficiaries[3, 4]	7.9	8.1	(0.2)	(2.5)%

Notes:

1. Benefit payment expense presented in billions. As such, this presentation may affect the percent Increase / (Decrease) in this chart that are based on the financial statement values, which are presented in the millions.
2. Average monthly benefit payment for DI program presented in actual dollars.
3. Average monthly benefit payment and number of beneficiaries for DI as of September 30.
4. Number of beneficiaries presented in millions.

Disability Insurance Program Accomplishments for FY 2026

- Improved initial disability claims average processing time by dropping below 200 days for the first time since FY 2022 which has enabled us to provide claimants with a decision over a month faster than last year.
- Decreased wait times by 35 days for those filing initial disability claims and by 22 days for those filing disability reconsideration claims.
- Achieved historic lows in average hearings wait times with virtual service channels now representing over 90 percent of all customer hearings, making access more convenient and efficient.

Learn more about DI benefits on our website at 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.

As of September 30, 2026, we paid SSI benefits to 7.2 million Federal recipients (approximately 2.5 million of whom concurrently receive OASI or DI benefits). We incurred $62.0 billion in SSI Federal benefit payment expenses through the fiscal year. The following table provides the benefit payment expense information, number of beneficiaries, and the change in these benefit

items from FY 2025 to FY 2026 for the SSI program. The increase in benefit payment expense from FY 2025 to FY 2026 is primarily due to the 2.8 percent COLA provided to beneficiaries in 2026.

SSI Benefit Information

	2026	2025	Increase / (Decrease)	
Benefit Payment Expense[1]	$62.0	$60.3	$1.7	2.9%
Average Monthly Benefit Payment[2, 3]	$710.02	$691.08	$18.94	2.7%
Number of Beneficiaries[3, 4]	7.2	7.3	(0.1)	(1.4)%

Notes:

1. Benefit payment expense presented in billions. As such, this presentation may affect the percent Increase / (Decrease) in this chart that are based on the financial statement values, which are presented in the millions.
2. Average monthly benefit payment for SSI Federal program presented in actual dollars.
3. Average monthly benefit payment and number of beneficiaries for SSI Federal as of September 30. The FY 2025 amounts have been updated to only include Federal benefit information for comparative purposes.
4. Number of beneficiaries presented in millions.

Supplemental Security Income Program Accomplishments for FY 2026

- Implemented zero-dollar tolerance Access to Financial Institutions verifications for all SSI blind and disabled allowances. Moving to zero-dollar tolerance enabled the agency to check for resources beyond the allowable limit to ensure we are not making payments to ineligible individuals.
- Implemented an enhanced call feature on the National 800 Number to allow SSI recipients who needed to report a change of address to be routed to specialized technicians. This improvement enabled technicians to handle more than 109,100 calls with a 99 percent answer rate and an average handle time of 8.8 minutes, increasing first call resolution, reducing the need to recontact the recipient, and improving payment accuracy through timely record updates.
- Processed 97 percent of SSI Administrative Law Judge Reversals within 60 days, ensuring that initial payments for customers are handled timely at the appellate level.

Learn more about SSI benefits on our website at SSA.gov/ssi.



Report your wages easily and securely!

Did you know there are multiple electronic options for reporting wages? If you receive Supplemental Security Income, you, your representative payee, spouse, parent(s), or deemor can use a personal *my* Social Security account OR SSA Mobile Wage Reporting application for smartphone to report wages online!

Program Support

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

- **Medicare:** We manage Medicare enrollment, administer the Extra Help program to reduce Part D prescription drug costs, deduct most Part B premiums directly from Social Security payments, and assist individuals who become eligible for Medicare through Social Security DI.
- **Medicaid:** We administer SSI, through which recipients may qualify for Medicaid to help cover Medicare-related expenses, and we provide support.
- **Supplemental Nutrition Assistance Program (SNAP):** SNAP applications are available at any Social Security office, and we provide assistance with applications including completing and forwarding them to local offices when all household members receive or apply for SSI.
- **Children's Health Insurance Program (CHIP):** CHIP, created under Title XXI of the *Social Security Act* in 1997, provides health coverage for children in families earning too much for Medicaid but not enough for private insurance. Although we don't run CHIP, SSI eligibility decisions help determine whether children with disabilities and limited household income may also qualify for CHIP.
- **E-Verify:** E-Verify is an online system employers use to confirm a new hire's work authorization by comparing information from the employee's Form I-9 to Federal records. If the information doesn't match, the system issues a Tentative Nonconfirmation, which the employee must resolve by visiting SSA within eight days.
- **Federal Benefits for Veterans:** We support veterans by administering Social Security DI and SSI disability benefits, providing survivor benefits to eligible family members, offering special SSI programs for military families overseas, and coordinating with the Department of Veteran Affairs (VA) to ensure veterans receive the appropriate pensions, compensation, and other benefits. We also screen eligibility and refer veterans to the VA when additional benefits may apply, helping ensure they receive comprehensive support.

Organization

Serving the American public requires a vast network of facilities, technology, and skilled staff. Our Commissioner leads approximately 50,000 Federal employees and 13,200 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 State employees at disability determination services (DDS) make disability determinations for initial claims, reconsiderations, and conducted continuing disability reviews (CDR) in 2026. We recently developed a unified Federal Disability Case Review unit comprised of Federal staff to support the DDSs by handling CDRs, which ensures DDS staff are better able to process initial disability claims, reconsiderations, and other priority workloads. This Federal review unit conducted 20 percent of medical CDRs in 2026.

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

Our central processing component handles the most complex benefit payment decisions, in addition to issuing benefit payments after appeals decisions, establishing 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, please refer to the *SSA Management and Board Members* and *Summary of Key Management Officials' Responsibilities* sections located in the *Appendix* of this report. You may also visit our organizational structure webpage.

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.

We define our performance framework in the *Fiscal Years (FY) 2026–2030 Agency Strategic Plan (ASP)*. Our most recent ASP defines our three strategic goals, details the seven underlying strategic objectives, outlines several strategies, relevant risks and mitigation plans.

Priorities: We established three 24-month Agency Priority Goals (APG) for FYs 2026 and 2027. We routinely review our progress and take actions to improve customer outcomes and agency performance. Our FY 2026 results are discussed in this document.

Planned Performance: In August 2026, we published our *Annual Performance Plan (APP) for FY 2027, Revised Performance Plan for FY 2026, and Annual Performance Report (APR) for FY 2025*. We refer to this consolidated plan and report as the APR. The APR outlines our tactical plans for achieving the Strategic Goals and Objectives in our ASP, finalizes our FY 2026 performance commitments, and describes our data reporting and integrity practices. The budgeted transactions published in our APR are also discussed in the *FY 2026 Operating Plan*.

Actual Performance and Program Results: We update the APR after the close of the fiscal year to provide results for the previous fiscal year. We expect to publish the final APR with FY 2026 results and FYs 2027–2028 planned performance on our website in February 2027.

This *Agency Financial Report* summarizes our key initiatives, overall performance results, and financial activities conducted to carry out our mission in FY 2026. The following table shows our operating expenses by Strategic Goal and Objective:

FY 2026 Operating Expenses by Strategic Goal and Strategic Objective[1]
(Dollars in Millions)

Strategic Goal 1: Be the Premier Service Provider	**$11,900**
Strategic Objective 1.1: Deliver a Digital-First Customer Experience	$1,896
Strategic Objective 1.2: Provide Best-in-Class Service Online, On the Phone, and In-Person	$8,267
Strategic Objective 1.3: Improve Benefit Delivery	$1,737
Strategic Goal 2: Preserve and Protect Public Resources	**$2,930**
Strategic Objective 2.1: Reduce Costs and Optimize Space	$584
Strategic Objective 2.2: Reduce Payment Errors	$2,346
Strategic Goal 3: Enhance the Employee Experience and Productivity	**$298**
Strategic Objective 3.1: Improve Workforce Productivity and Accountability	$169
Strategic Objective 3.2: Revolutionize Employee Support Tools and Processes	$129

Note:

1. Refer to Note 11, Operating Expenses in the *Financial Section* of this report for additional information on operating expenses.

KEY PERFORMANCE RESULTS

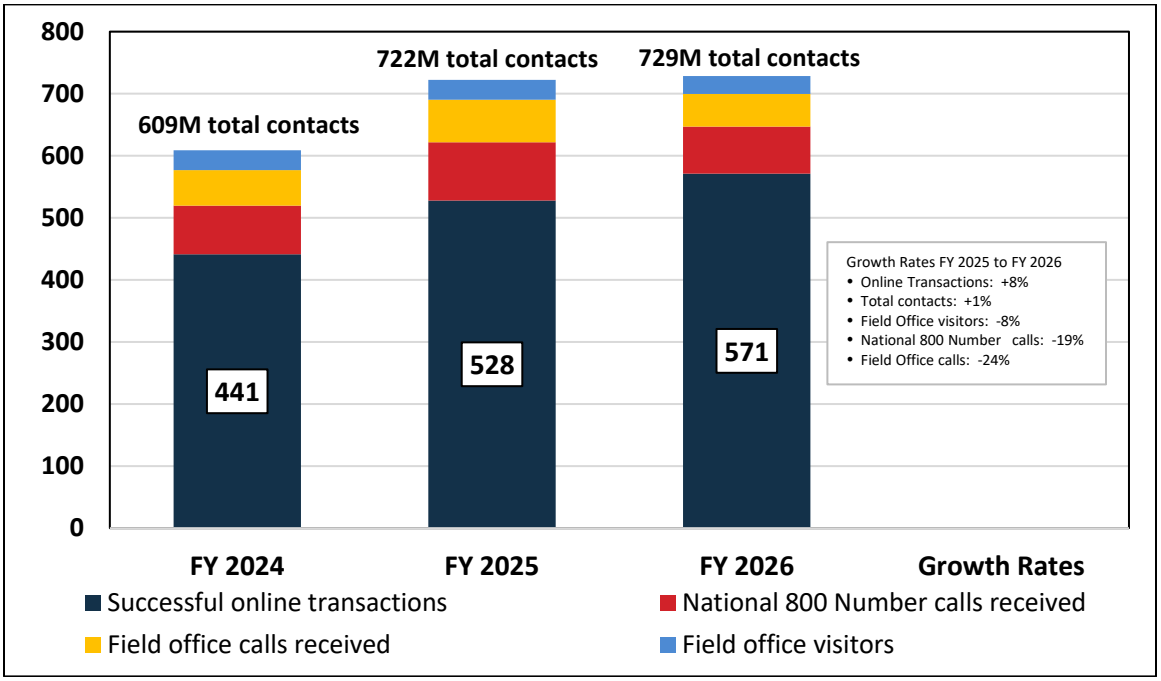
Summary of Fiscal Year 2026 Performance

Strategic Goal 1: Be the Premier Service Provider

Our fiscal year (FY) 2026 progress reflects a decisive shift toward becoming the premier service provider across the Federal government. We balance service and stewardship by meeting customers where they want to be served while balancing evolving customer expectations and the need to deliver consistent, accurate, and timely service. To meet these challenges, we have advanced our digital-first agenda by modernizing service interactions, expanding online capabilities, and improving the speed and reliability of critical customer-facing operations. These improvements reflect our commitment to resolving customer service needs at first contact and meeting customers where they are—whether online, by phone, or in person.

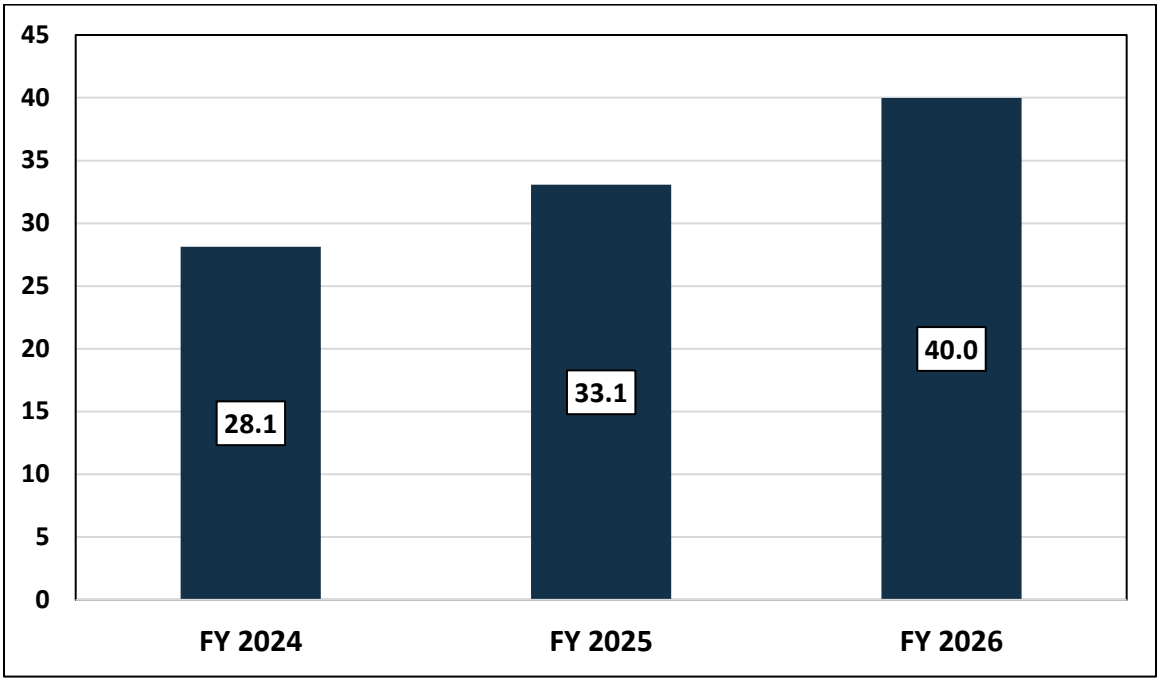
Digital Services: Customer confidence in our online services resulted in substantial increases in completed transactions and improved service efficiency. This resulted in over 571 million online transactions, an 8.2 percent increase from FY 2025.

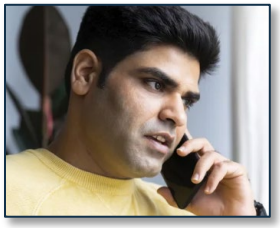
Customer Requests for Service
Customers increasingly prefer to conduct business with SSA digitally
(in Millions)



National 800 Number: Our National 800 Number continued to demonstrate substantial performance improvements through modernization of call-routing technology and expansion of self-service options. Our agents handled 6.9 million more calls this fiscal year, an over 20 percent increase compared to last year, expanding access and delivering more timely service when it matters most.

Calls handled by agents (includes callbacks)
(in Millions)

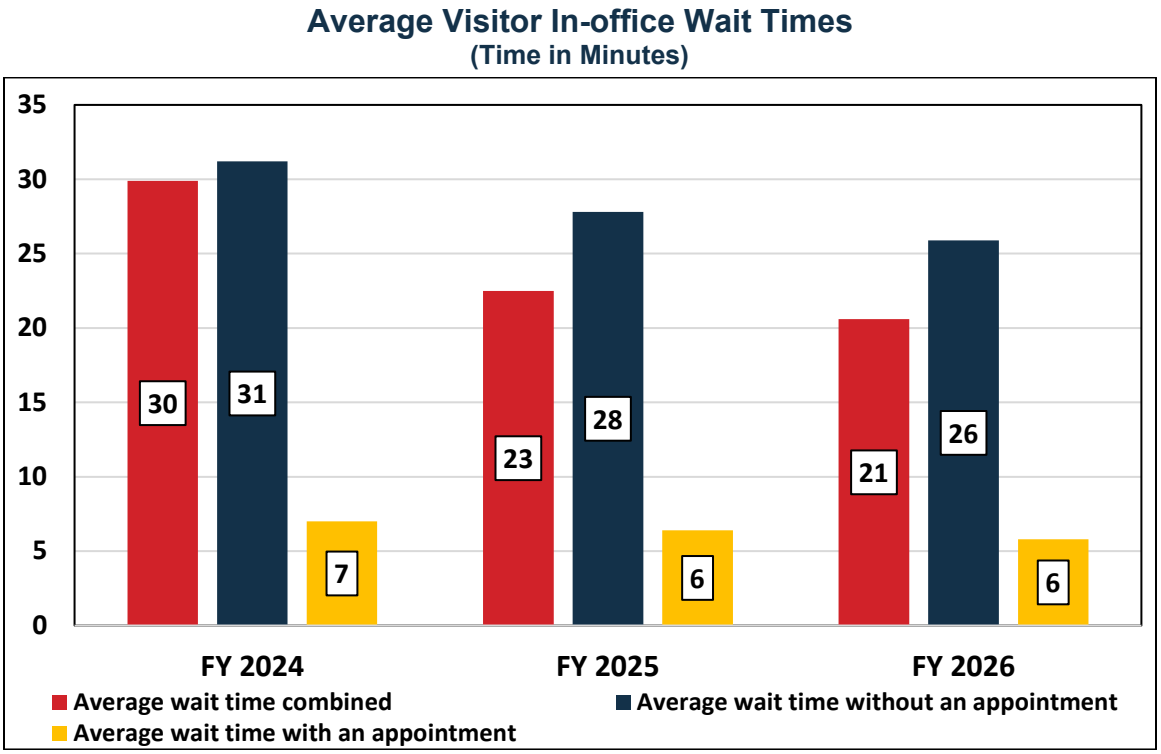




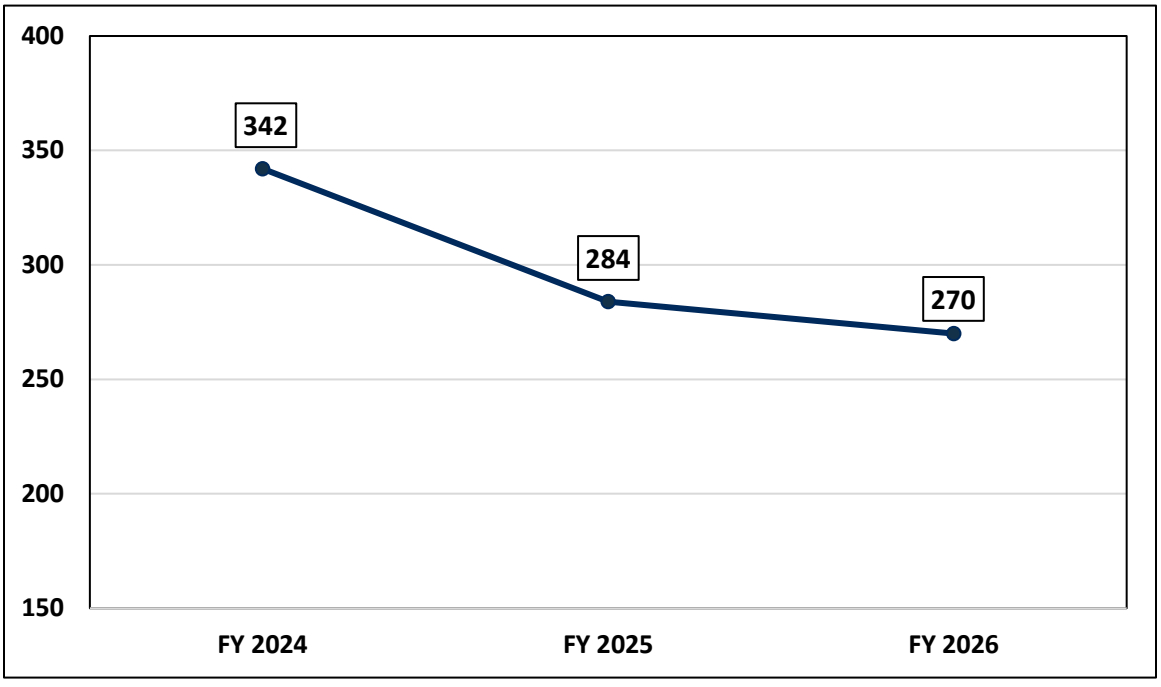
Contact Social Security By Phone

If you have a question, want help finding the information you need, or just can't figure out how to do something online, another way to get in touch with us is by calling our toll-free number at 1-800-772-1213. We provide an automated service option to handle business 24 hours a day, but you can also speak to a Social Security representative between 8:00 am – 7:00 pm Monday through Friday.

Field Offices: Field offices continued to serve as a critical access point for millions of Americans seeking in-person assistance. Despite handling approximately 30 million visitors per year, our offices achieved a substantial improvement in service efficiency by reducing average wait times by 8.4 percent. Our customers with scheduled appointments have an average wait time of just six minutes before being seen. These reflect our agency's improved efficiency in service delivery, ensuring timely access to the support customers need.



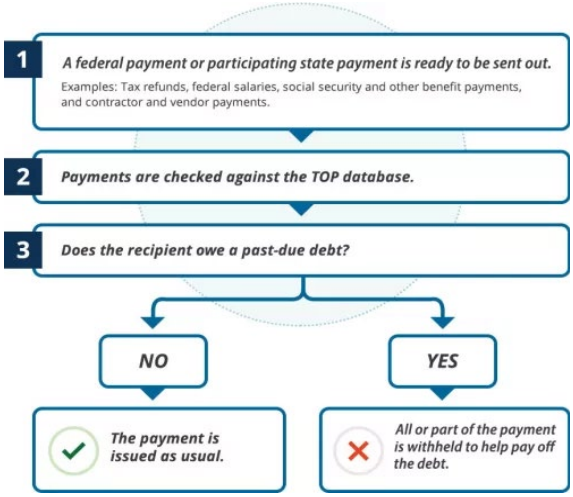
Hearing Offices: Our hearings claimants continue to receive faster service. If they disagree with the reconsideration determination, they may request a hearing before an administrative law judge. One of our key goals is to lower the average processing time for hearings to 270 days. Hearing wait times decreased by nearly 72 days compared to FY 2024, reaching historic lows.



Strategic Goal 2: Preserve and Protect Public Resources

"Better service costs less". Preserving and protecting public resources continues to be priority given the size and complexity of our programs, evolving operational demands, and increasing cybersecurity risks. We will continue to strengthen program integrity and anti-fraud efforts, enhance payment accuracy through data exchanges and automation, reduce costs through strategic procurement practices, and implement modern security safeguards to protect the sensitive information entrusted to the agency.

Fighting Fraud, Waste and Abuse: We reinforced our commitment to financial integrity by implementing stronger controls, improving data accuracy, and recovering delinquent debt. Following the resumption of the Treasury Offset Program (TOP), in FY 2026 we collected nearly $584 million in delinquent programmatic debt.

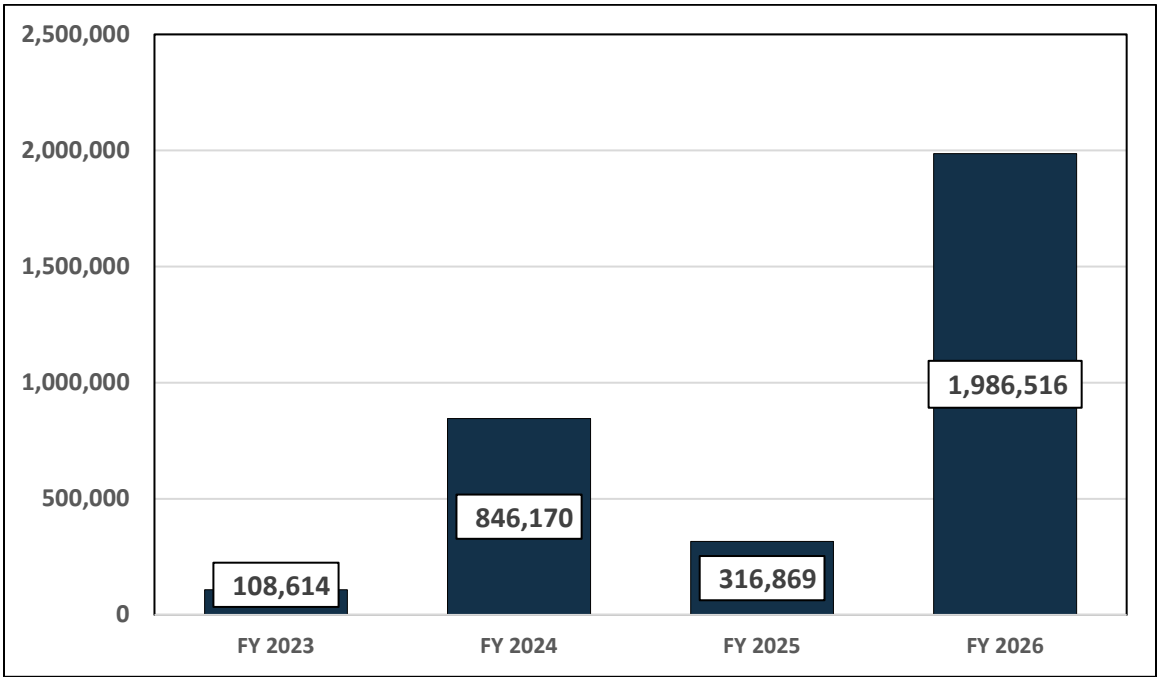


TOP collects delinquent debts that people owe to State and Federal agencies, including delinquent Social Security debts. TOP matches people who owe delinquent debts with money that Federal and participating State agencies are paying (for example, a tax refund). To the extent allowed by law, when a match happens, TOP withholds (offsets) money to pay the delinquent debt.

Office of Management and Budget 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.

Portfolio Savings from Real Property Capital Management: We continue to align our Real Property Portfolio with our digital-first service model. Our strategy is to reduce space where it makes sense and to improve our *Utilizing Space Efficiently and Improving Technologies Act* utilization rate with a focus on maintaining our nationwide network of public facing offices but adjusting as needed. We have analyzed occupancy trends and space utilization patterns, which has in turn identified opportunities to consolidate underutilized spaces, optimize space allocation, and reduce overall real property costs. This fiscal year, with a focus on non-public facing space, we submitted notices of intent to the General Services Administration to reduce our real property footprint by 1,986,516 usable square feet (USF), surpassing our APR target to reduce our footprint by 1,000,000 USF.

Usable Square Feet Reduction[1]



Note:

1. FYs 2023-2025 represent actual square footage reductions. FY 2026 represents notices of intent submitted to reduce square footage.

Strategic Goal 3: Enhance the Employee Experience and Productivity

To deliver core mission services as our customer base grows, we are transforming the customer and employee experience while empowering our workforce to deliver outstanding service to every American. This transformation requires overcoming challenges associated with aging legacy systems, increasing maintenance demands, rapid technological change, and workforce shifts. Ensuring that technology investments are effectively managed and deliver measurable value is essential to directing resources to the initiatives that best support our mission. Through modernized tools, streamlined workflows, and Super Intelligence (SI) enabled support, our workforce now operates with clearer insight, greater efficiency, and fewer administrative barriers.

Driving Productivity with Technology Initiatives: We deployed the Policy Assistant Tool, introducing a generative SI-driven capability that helps our technicians quickly locate and summarize policies and procedures, improving consistency and reducing time spent navigating complex guidance.

We released an updated Agency Support Companion tool (ASC), version 2.0, a secure generative SI chatbot intended to help employees complete everyday work more efficiently. Similar to ChatGPT, ASC supports content drafting, document and data summarization, research assistance, and code assistance for developers.

Agency Priority Goals

Online Services: Improve customer service by becoming a digital-first organization that makes it easier for more customers to use secure online services. By September 30, 2027, we will increase the total number of *my* Social Security accounts to 110 million.

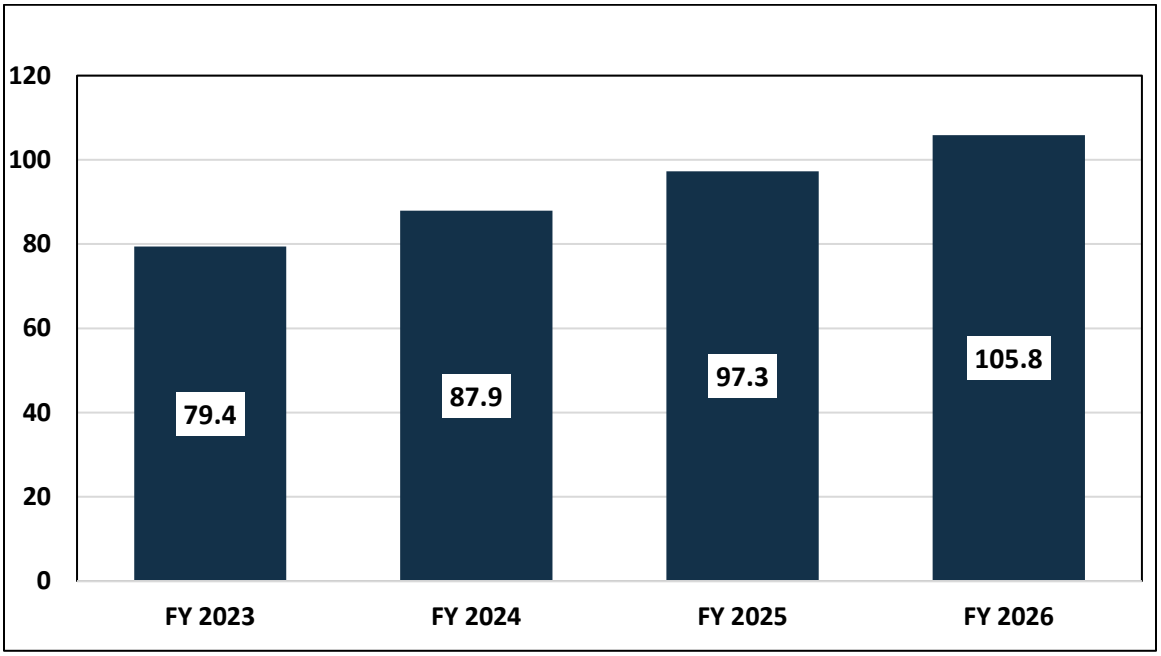
Problem to be solved:

- Currently, a significant portion of Social Security transactions are completed through traditional channels, which can be time-consuming for both customers and agency staff.

Accomplishments in FY 2026:

- More Americans than ever are choosing to engage with us online: more than 105 million people now hold *my* Social Security accounts—the largest digital financial services user base in the nation—and adoption continues to grow.
- Eliminated 29 hours of weekly downtime for *my* Social Security, helping to enable approximately 10.5 million additional logins over the past year.
- Received over 2.3 million electronically submitted documents through the Upload Documents platform, a 360 percent increase from over 505,000 in FY 2025, ensuring customers have an easy and secure way to submit documents.

Total *my* Social Security Accounts
(in Millions)





National 800 Number: Our goal is to improve customer service by reducing the time our customers wait to be served on our National 800 Number. By September 30, 2027, we will achieve an average speed of answer of 3 minutes.

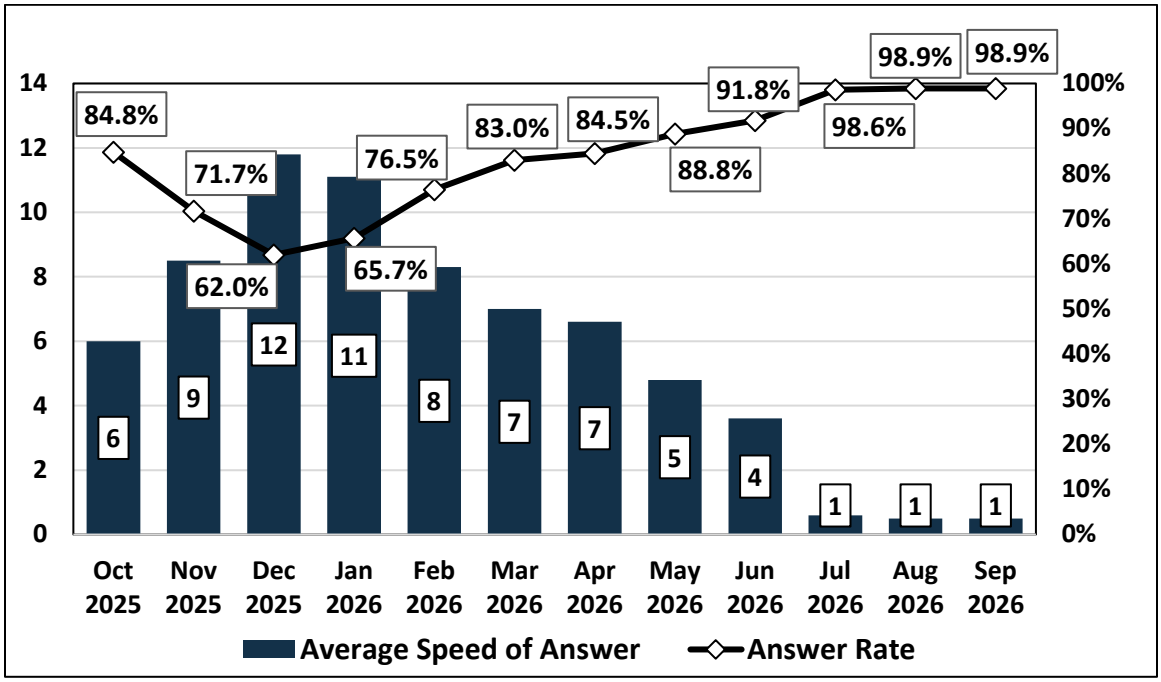
Problems to be solved:

- In recent years, our phone customers have waited too long to speak to an agent.
- Busy signals and dropped calls have degraded the customer experience.
- We have failed to keep pace with call center technology improvements.

Accomplishments in FY 2026:

- Transitioned all SSA offices to one unified telephony platform, including all teleservice centers, field offices and central processing offices, ensuring customers have access to automated telephone service options.
- Lowered the average speed of answer to 5.6 minutes by the end of the fiscal year, an improvement of approximately 63 percent compared to FY 2025 and achieved a busy rate of 0.4 percent for the fiscal year.
- Improved customer access to an agent or automated service options on the National 800 Number by increasing the answer rate to 82.6 percent for FY 2026.

National 800 Number Average Speed of Answer and Answer rate
(Time in Minutes)



Initial Disability Claims: Our goal is to improve customer service by reducing the wait time for an initial disability claim decision. By September 30, 2027, we will achieve an average processing time of 140 days.

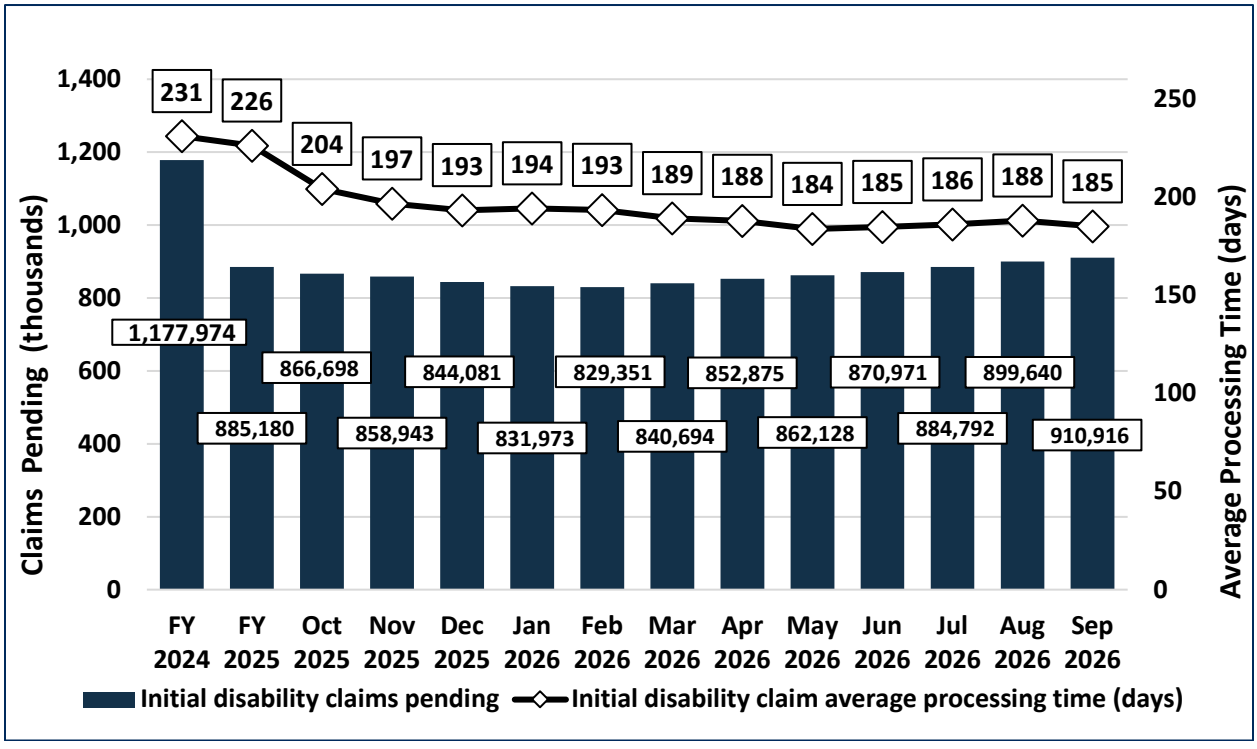
Problems to be solved:

- On average, our customers are waiting too long for an initial disability decision — nearly seven months at the beginning of FY 2026.
- In addition, there are too many aged cases pending, with approximately 357,346 initial cases older than 180 days at the beginning of FY 2026.

Accomplishments in FY 2026:

- Prioritized operational enhancements to streamline case management and ensure timely service for all applicants while leveraging technology to enhance service delivery and empower beneficiaries with opportunities for rehabilitation and employment through initiatives like Ticket to Work.
- Decreased the average processing time for initial disability decisions by 35 days in FY 2026, from 226 days at the end of FY 2025.
- Enhanced IMAGEN (Intelligent Medical Language Analysis Generation) system to help disability examiners quickly locate relevant medical findings and clinical content within medical records, streamlining navigation and improving readability. These improvements supported faster case processing and more timely determinations for claimants, delivering meaningful value to the public.

Initial Disability Claims Pending and Average Processing Time



FINANCIAL POSITION AND CONDITION

In this section, we summarize and analyze the significant changes in financial position and condition of the agency as shown in balances in our financial statements.

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 years (FY) 2026 and 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 Measures[1]
(Dollars in Billions)

Net Position (end of fiscal year)				
	2026	**2025**	**Increase / (Decrease)**	
Total Assets	$2,482.3	$2,655.7	$(173.4)	(6.5)%
Less Total Liabilities	$189.0	$182.2	$6.8	3.7%
Net Position (assets net of liabilities)	**$2,293.4**	**$2,473.5**	**$(180.1)**	**(7.3)%**
Change in Net Position (end of fiscal year)				
	2026	**2025**	**Increase / (Decrease)**	
Net Costs	$1,738.2	$1,655.8	$82.4	5.0%
Total Financing Sources[2]	$1,558.1	$1,498.9	$59.2	3.9%
Change in Net Position[3]	**$(180.1)**	**$(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.
3. Increase / (Decrease) is not provided for Change in Net Position as the amounts displayed are already a calculated value.

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 2026 are $2,482.3 billion, a 6.5 percent decrease over the previous year. Of the total assets, $2,464.9 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 99.0 percent of our assets. Our Investments line decreased $175.5 billion from the previous year. This decrease is due to a reduction in OASI investments during FY 2026, as the program's obligations exceeded receipts. This increase in obligations is due primarily to an increase in beneficiaries and the 2.8 percent Cost of Living Adjustment (COLA) beneficiaries received in 2026.

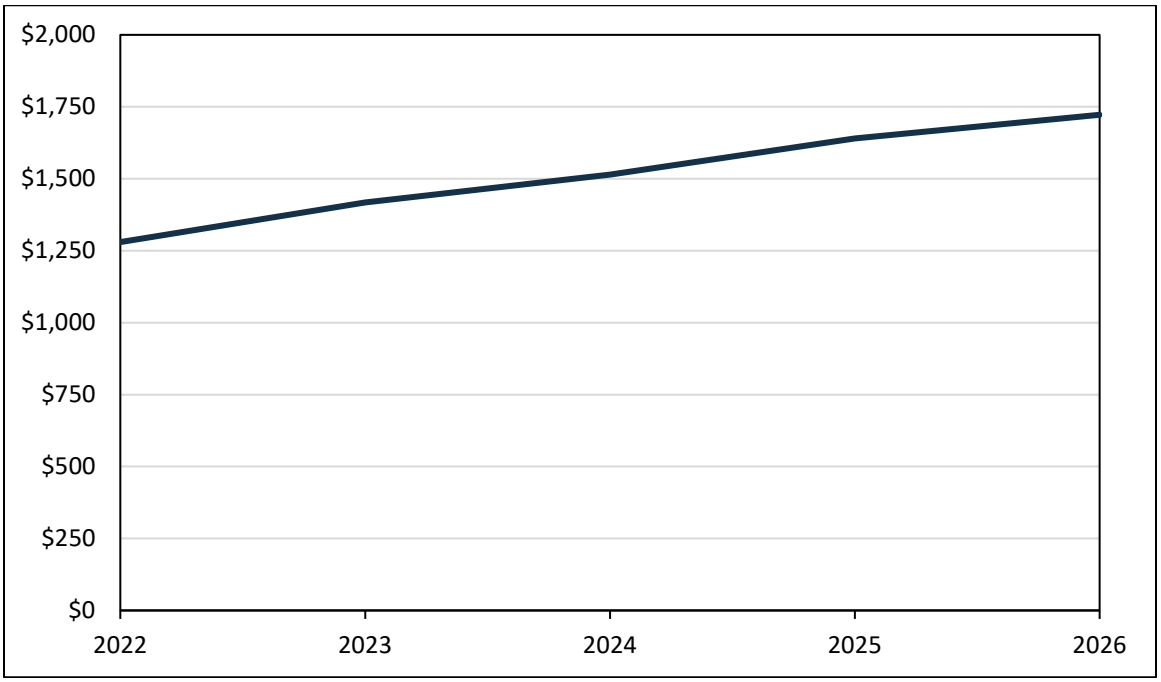
Liabilities grew in FY 2026 by $6.8 billion primarily because of the growth in benefits due and payable, which is primarily due to an increase in the number of OASI beneficiaries, and the 2.8 percent COLA provided to beneficiaries in 2026. The majority of our liabilities (93.2 percent) consists of benefits that have accrued as of the end of the fiscal year, but have not been paid as of September 30, 2026. By statute, payment of OASI and DI program benefits for the month of September does not occur until October. Our net position decreased $180.1 billion to $2,293.4 billion as a result of the decrease in assets and increase in liabilities in FY 2026.

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 2026, our total net cost of operations increased $82.4 billion to $1,738.2 billion, primarily due to a 2.7 percent increase in the number of OASI beneficiaries, and the 2.8 percent COLA provided to beneficiaries in 2026. The OASI, DI, and SSI net cost increased by 5.4 percent, 1.9 percent and 2.5 percent respectively. Operating expenses increased for the DI program by 0.8 percent, while decreasing for the OASI and SSI programs by 2.3 percent and 1.8 percent respectively. When evaluating our OASI, DI, and SSI programs, our administrative operating expenses for these programs are only 0.7 percent of these programs' total benefit expenses.

In FY 2026, our total benefit payment expenses increased by $82.6 billion, a 5.0 percent increase. The increase in benefit payment expense from FY 2025 to FY 2026 is primarily due to a 2.7 percent increase in the number of OASI beneficiaries and the 2.8 percent COLA provided to beneficiaries in 2026.

Benefit Payment Expense
FYs 2022 – 2026
(Dollars in Billions)



Notes:

1. 2022 included 13 months of SSI payments.
2. 2024 included 11 months of SSI payments.

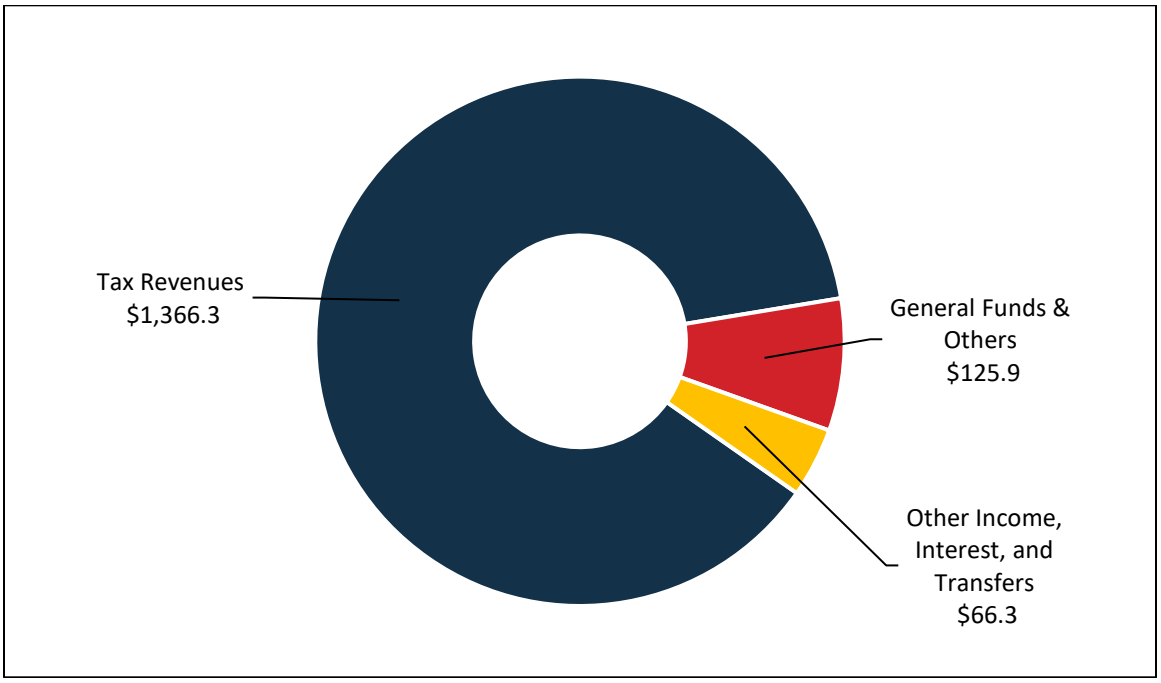
Statement of Changes in Net Position: The Statement of Changes in Net Position, located in the *Financial Section* of this report, presents those accounting items that caused the net position section of the Balance Sheet to change from the beginning to the end of the reporting period. The Statement shows a decrease of $180.1 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, 2026, OASI's FY 2026 net cost exceeds financing sources, decreasing its net position. DI's FY 2026 financing sources exceed its net cost, increasing its net position.

In FY 2026, total financing sources, as shown in the Table of Key Financial Measures displayed earlier in this section, increased by $59.2 billion to $1,558.1 billion. This increase is primarily due to an increase in OASI and DI tax revenues received in FY 2026. Tax revenue increased $58.1 billion to $1,366.3 billion in FY 2026 due primarily to an increase in the estimated employment tax collections for OASI for FY 2026. The $1,558.1 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 2026.

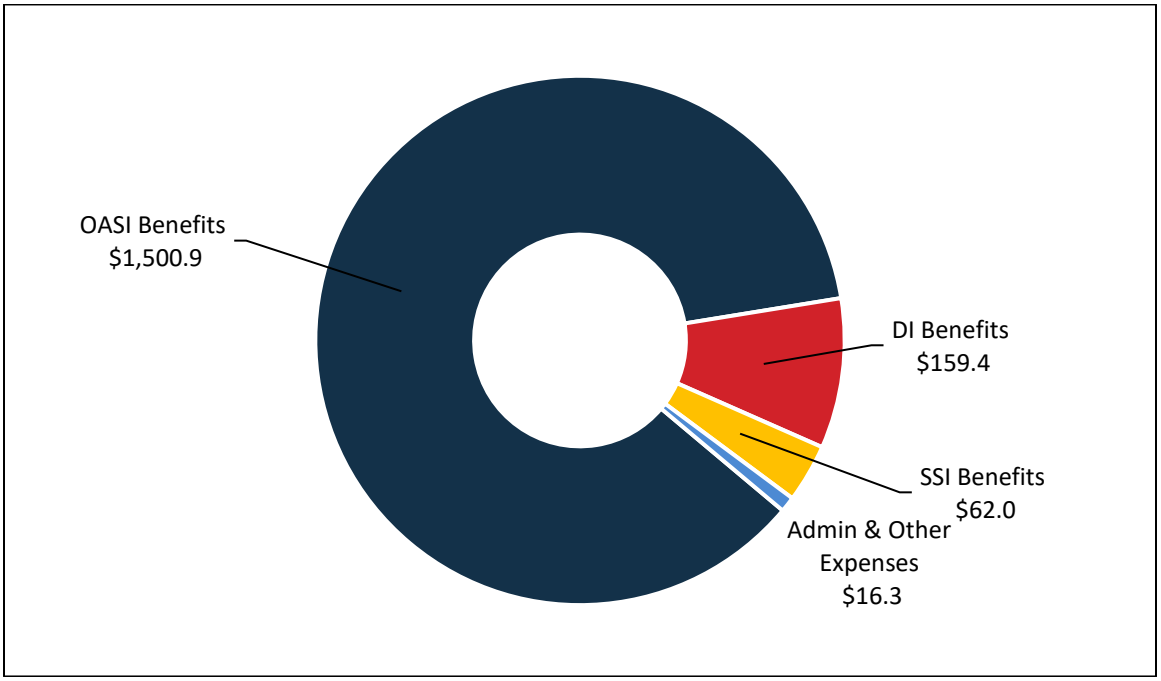
Where It Comes From[1]…
(Dollars in Billions)



Note:

1. The individual items included in the "Where It Comes From…" chart total $1,558.5 billion. Of this total, $0.4 billion relates to exchange revenue, which is not included on the Statement of Changes in Net Position.

…Where It Goes
(Dollars in Billions)



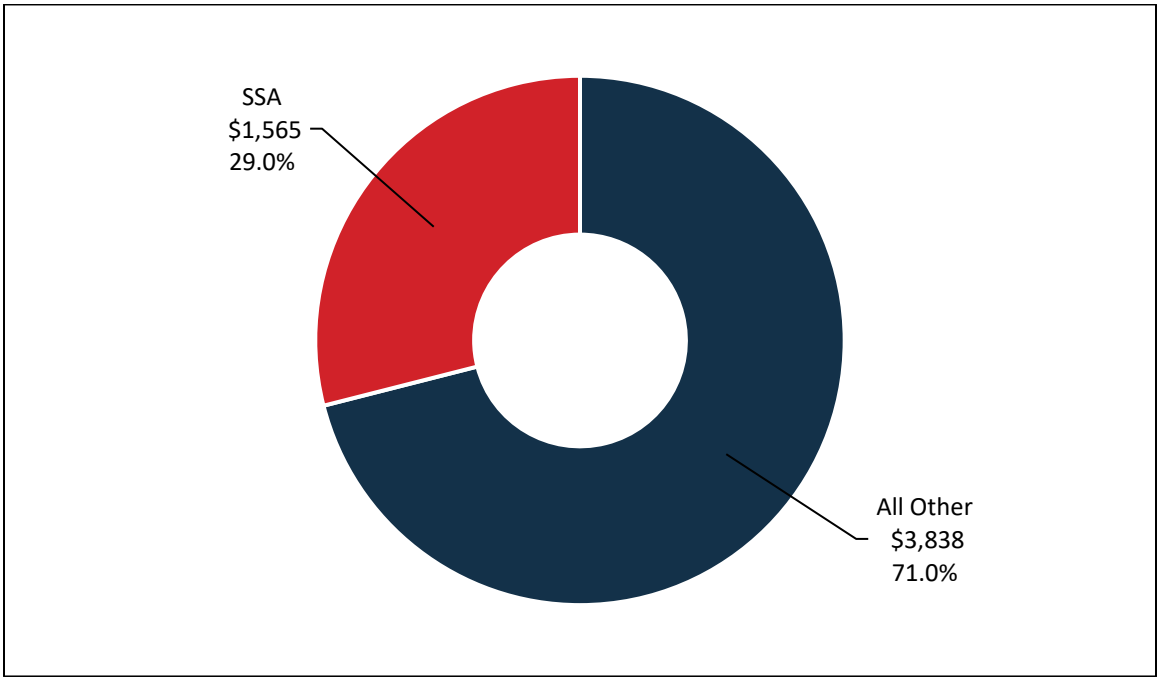
The SSI program's Cumulative Results of Operations are negative due to unfunded Benefits Due and Payable liabilities. Unadjudicated and adjudicated, or pending, claims make up a significant portion of SSI's Benefits Due and Payable activity. SSI will pay for these benefits using future years' resources. 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 2026. The Statement shows that we had $1,824.9 billion in budgetary resources, of which $3.0 billion remained unobligated at year-end. We recorded total net outlays of $1,733.9 billion by the end of the year. Budgetary resources increased $82.8 billion, or 4.8 percent, from FY 2025, while net outlays increased $87.4 billion, or 5.3 percent. The increase in budgetary resources is primarily due to the increase in tax revenues collected by the OASDI Trust Funds in FY 2026. The increase in net outlays is primarily due to an increase in the number of OASI beneficiaries and the 2.8 percent COLA provided to beneficiaries in 2026.

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 charts. Receipts for our programs in FY 2026 represented 29.0 percent of the $5.4 trillion in total Federal receipts, an increase of 0.2 percent from last year. SSA outlays decreased by 0.1 percent to 23.4 percent of Federal outlays. SSA outlays increased in FY 2026 compared to FY 2025 by $87.3 billion, while Federal outlays increased by $385.8 billion.

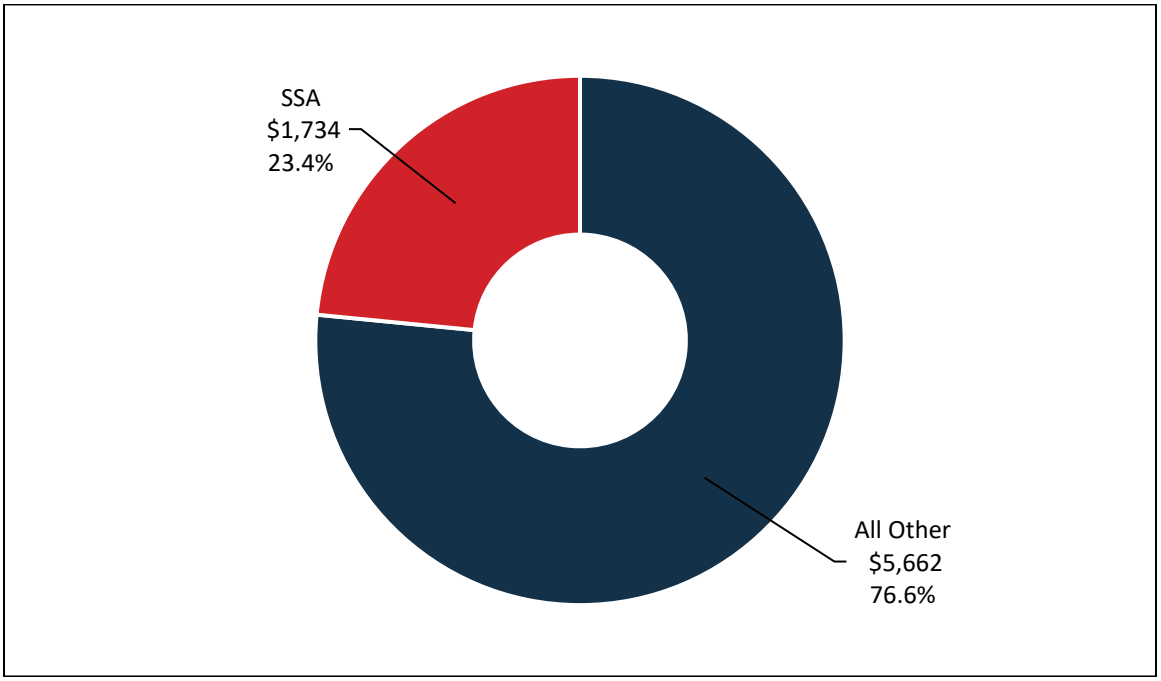
Share of Federal Receipts
(Dollars in Billions)



Note:

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

Share of Federal Outlays
(Dollars in Billions)



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 Measures[1]
(Dollars in Billions)

Statements of Social Insurance Old-Age, Survivors, and Disability Insurance (OASDI) (calendar year basis)				
	2026	2025	Increase / (Decrease)[3]	
Present value of future net cash flows[2] for current and future participants over the next 75 years (open group measure)	$(31,864)	$(27,851)	$(4,013)	(14.4)%
Combined OASI and DI Trust Fund reserves as of January 1	$2,561	$2,721	$(160)	(5.9)%

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 -$27.9 trillion, as of January 1, 2025, to -$31.9 trillion, as of January 1, 2026. The deficit, therefore, increased in magnitude by about $4.0 trillion. Including the reserves in the combined OASI and DI Trust Funds increases this open group measure by about $2.6 trillion, to -$29.3 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 -$53.9 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 $24.6 trillion to the open group measure of -$29.3 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, 2025 to January 1, 2026: 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, 2100, 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 $2.0 trillion;
- Changes in economic data, assumptions, and methods decreased the present value of estimated future net cash flows by $0.6 trillion;
- Changes in programmatic data and methods increased the present value of estimated future net cash flows by $0.5 trillion; and
- Changes in law or policy decreased the present value of estimated future net cash flows by $1.1 trillion.

Significant changes made for this valuation included:

- Lowering the ultimate total fertility rate from 1.90 children per woman to 1.75 children per woman;
- Several changes in the assumptions for the temporary or unlawfully present immigrant population, including: (1) lowering recent estimated historical levels of entrants, (2) lowering the assumed ultimate level of entrants and the resulting transition path from the current level to the ultimate level, and (3) increasing emigration rates in years 2025-2030;
- Increasing the assumed rate of growth over the first ten years of the projection period for real gross domestic product (GDP) per hour worked (labor productivity) and average real earnings; and
- Reflecting the enactment of PL 119-21, which was signed into law on July 4, 2025. This law has several provisions which will lead to the OASI and DI Trust Funds receiving lower levels of revenue in the future from income taxation of Social Security benefits.

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 cost 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 cost for the OASDI program has 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 2026 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 cost 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 2026 Trustees Report, the number of months that the reserves of the combined OASI and DI Trust Funds could finance was 25.1 months at the end of FY 2022, declining to 23.1 months at the end

of FY 2023, 20.9 months at the end of FY 2024, and to estimated values of 18.8 months and 16.4 months at the end of FY 2025 and FY 2026, respectively.

Number of Months of Cost
Fiscal-Year-End Trust Fund Reserves Can Pay[1,2]

	2026	2025	2024	2023	2022
OASI	16.3	19.1	21.8	24.6	27.2
DI	17.4	15.5	13.3	11.0	9.0
Combined	16.4	18.8	20.9	23.1	25.1

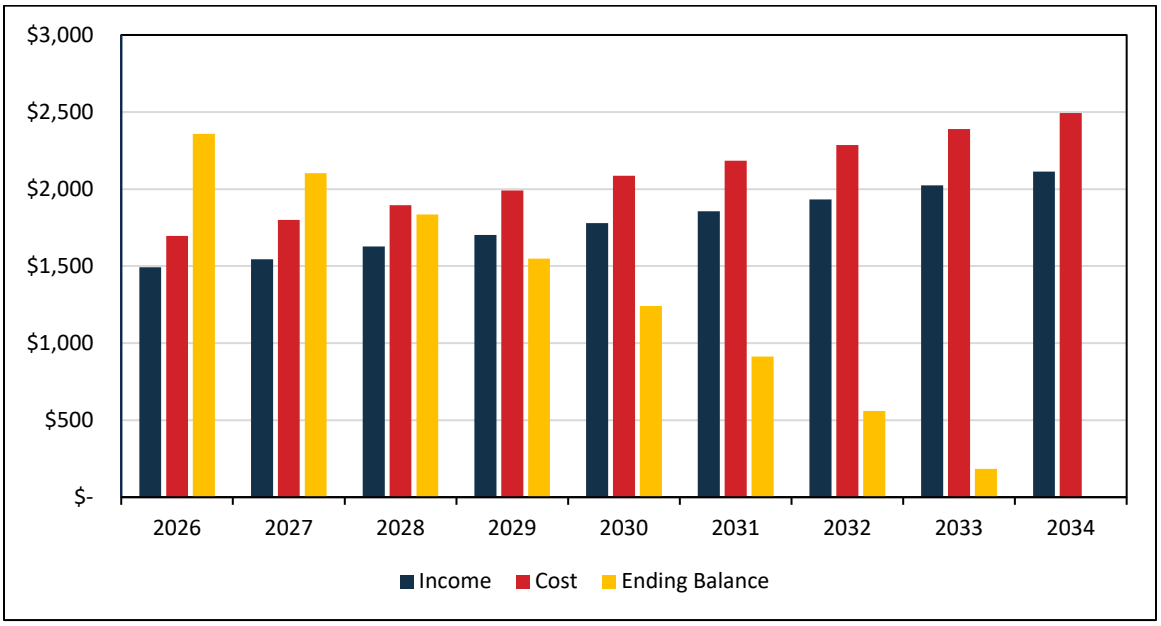
Notes:

1. Computed as 12 times the ratio of end-of-year reserves to cost in the following fiscal year.
2. Values for FY 2025 and FY 2026 are estimates based on the intermediate set of assumptions of the 2026 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 2026 Trustees Report indicate that, on a 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 2026 Trustees Report, OASDI estimated costs of $2,493 billion and income of $2,113 billion for calendar year 2034, the year of reserve depletion, are 55 percent and 46 percent higher than the corresponding amounts in 2025 ($1,609 billion and $1,449 billion, respectively). Combined OASI and DI Trust Fund reserves are projected to decrease by 100 percent, from $2.6 trillion at the end of 2025 until the projected reserve depletion in 2034.

OASDI Income, Cost, and
Trust Fund Reserve Balances in the Short Term
(Current Dollars in Billions)



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 2026 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 83 percent of scheduled benefits after the combined OASI and DI Trust Fund reserves become depleted in 2034, declining to 65 percent of scheduled benefits in 2100.

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 the mid-1960s, retirees living longer, and baby boomers continuing to retire. In present value terms, the 75-year shortfall is $29.3 trillion, which is 4.24 percent of taxable payroll and 1.5 percent of GDP over the same period.

Limitations of the Financial Statements

The financial statements beginning on page 49 are prepared to report the overall financial position 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 2026 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, 2026.

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, 2026, 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 2026 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
November 13, 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 outside accounting firm, separate from our independent auditor, performs detailed reviews of our FMSs. During fiscal year (FY) 2026, 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 2026, we engaged an outside 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 outside accounting firm concluded we have an adequately designed system of internal controls that meets the GAO's standards.

Enterprise Risk Management

In FY 2026, we revised our Enterprise Risk Management (ERM) approach in response to the OMB Circular revisions repositioning ERM from Internal Controls (OMB Circular A-123, Management's Responsibilities for Internal Control) to Strategic and Performance Planning (OMB Circular A-11, Part 6, The Federal Performance Framework for Improving Program and Service Delivery). Our revised ERM approach encompasses:

- **Focus:** ERM uses a systematic process to identify, assess, and manage risks that may impact the achievement of the agency's strategic objectives, including those related to mission delivery, operations, compliance, and public trust.
- **Alignment:** ERM aligns with agency strategic and performance planning to promote risk aware, data-driven decision-making, enabling the agency to manage, mitigate, or avoid risks that may impact our strategic goals and objectives.

- **Governance:** While responsibilities for managing risks are shared throughout the agency, from the highest levels of executive leadership to the service delivery staff, our ERM activities are overseen by a governance structure – to establish risk appetite and tolerance levels, ensure effective strategies for managing significant risks, and assess the efficacy of overall ERM actions and activities.
- **Risk Portfolios:** ERM provides a portfolio view of risks, offering insight into all areas of organizational exposure to risk – such as reputational, programmatic performance, financial, information technology, acquisitions, and human capital – to identify the most significant risks, reduce the likelihood of unanticipated outcomes, and better assess risks associated with changes in the internal and external risk environment.
- **Risk Profiles:** ERM develops risk profiles as part of the annual strategic review, documenting the highest impact risks from mission and mission-support operations, and providing a comprehensive analysis to inform changes to agency planning and implementation strategies.
- **Targeted Risk Assessments:** ERM conducts coordinated, agency-wide risk assessment activities to address challenges or threats to achieving our goals and objectives, giving leaders better insight into how to prioritize and manage risks to mission delivery, resulting in more resilient and effective programmatic operations.

Overall, the revised ERM approach reflects the agency's forward-looking principles and practices, balancing risks and returns to enhance value to the taxpayer and increase the agency's ability to achieve its strategic goals and objectives.

Financial Statement Audit

The Office of the Inspector General (OIG) contracted with Ernst & Young LLP (EY) for the audit of our FY 2026 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, 2026, and the Statement of Changes in Social Insurance Amounts for the period January 1, 2025 to January 1, 2026, 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, 2026, 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 one significant deficiency identified in prior years concerning internal control over accounts receivable with the public (benefit overpayments). Efforts are underway to rectify deficiencies identified through audits by using corrective action plans to mitigate risks and strengthen our internal controls. This year we successfully remediated a longstanding significant deficiency concerning internal controls over certain financial information systems demonstrating our commitment to maintaining effective

information technology internal controls and strengthening the integrity of our financial reporting 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.

FY 2026 marked the most significant advancement in cybersecurity in the Social Security Administration's history. We strengthened leadership accountability, established a governance structure, applied risk-management tools, and delivered measurable improvements across our cybersecurity program. Cybersecurity at the agency is a zero-fail mission and one of our highest priorities. To elevate accountability, we established a Chief of Security and Resiliency with direct oversight of cybersecurity that reports directly to the Commissioner. We also instituted stronger governance, clearer lines of responsibility, and greater executive visibility into cybersecurity risk, performance, and remediation.

The results of our FY 2026 FISMA audit demonstrate the impact of these reforms. EY found that we made progress in maturing our cybersecurity posture by defining and implementing roadmaps to improve our cybersecurity program. Based on the IG FISMA reporting metrics guidance, EY concluded our overall security program was "Consistently Implemented" but "Not Effective" for FY 2026. We concur with EY's "Effective" rating in the Govern, Protect, and Respond functions. In FY 2026, we increased maturity scores in the three cybersecurity domains mentioned above, with no decreases in any domain or metric. Five metrics improved, representing a 20 percent increase in metrics assessed. We closed 43 of 51 prior-year findings, 13 of which were superseded by new issues identified in FY 2026, and an overall 40-percent reduction in total findings issued. We also fundamentally improved how the agency identifies, manages, and addresses cybersecurity risk by consolidating previously siloed processes into a centralized risk-management tool launched in FY 2026. Continued migration to and refinement of this platform will provide greater consistency, visibility, accountability, and enterprise-wide management of cybersecurity risk.

These improvements are not simply about achieving higher scores or satisfying compliance requirements; they represent a fundamental strengthening of how the agency governs and manages cybersecurity. An agency entrusted with the records, personal information, and benefits of hundreds of millions of Americans must operate a cybersecurity program equal to that responsibility. We will continue to modernize our capabilities, strengthen our controls, rapidly address identified risks, and hold ourselves accountable for results. Our objective is not merely

to meet Federal cybersecurity standards, but to exceed them and establish the agency as a model for cybersecurity excellence across the Federal Government. Cybersecurity is mission security, and the historic progress achieved in FY 2026 establishes a stronger foundation for protecting the American people and the systems on which they depend.

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 Management 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 services. SSOARS produces management information reports and provides real-time integration with administrative and programmatic systems for purchasing, payables, and receivables, which significantly improve reporting accuracy and timeliness.

In FY 2026, the SSOARS team delivered several significant accomplishments:

- Monitored and resolved multiple SSOARS related Known Exploited Vulnerabilities (KEV), as identified by the Cybersecurity and Infrastructure Security Agency (CISA), ensuring compliance with CISA requirements for Federal agencies to promptly remediate published KEVs for SSOARS.
- Made substantial resource investments to prepare for implementing Go.Gov, a new, government-wide, cloud-based travel and expense management system provided by the General Services Administration, which is expected to move into production in November 2027. Go.Gov will streamline travel bookings, approvals, and reimbursements.
- Implemented cumulative G-Invoicing upgrades in support of 7600EZ, Mulesoft endpoints, and JavaScript Object Notation.

- Completed market research and requirements gathering for a new Financial Management Quality Service Management Office core financial system, which will standardize financial management across Federal agencies.
- Reduced the cost and scope of the Social Security Electronic Remittance System by removing credit card devices with expired PCI-DSS certification.
- Migrated to new cloud endpoints for Invoice Processing Platform, a secure, web-based service provided by Treasury to help Federal agencies manage the full invoicing lifecycle, and Treasury Payment Automation Manager (PAM) processing.
- Continued compliance efforts for related Executive Orders (E.O.), including Do Not Pay (DNP) Connect and Treasury PAM file updates required for DNP verification.

Throughout FY 2027, we plan to:

- Continue deploying G-Invoicing releases and patches.
- Implement multiple new real-time interfaces for Go.gov.
- Continue advancing compliance efforts for E.O. 14222 (payment justifications), E.O. 14247 (reducing administrative check payments), and E.O. 14249/M-25-32 (DNP).
- Continue monitoring and resolving CISA-identified risks and vulnerabilities, ensuring timely patching of related KEVs.
- Apply necessary application, database, and infrastructure upgrades and patches.
- Continue research and development of a new customer-driven digital collection system.
- Begin work to implement the new M-26-14 memorandum.

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 2025 and the first, second, and third quarters of FY 2026. 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 2026.

We are continuing to engage with the DATA Act community to develop improvements to the Governmentwide Spending Data Model. 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 and additional data to Treasury.

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 2026, we had 702 unlinked awards and 96 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.gov are dynamic and may change 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.



Financial Section

Fiscal Year 2026

SSA.gov

A MESSAGE FROM THE CHIEF FINANCIAL OFFICER



I am honored to join Commissioner Bisignano in issuing our fiscal year (FY) 2026 *Agency Financial Report* (AFR). The AFR provides an overview of our financial position and condition, summarizes the results of operations, and discusses our use of budgetary resources in FY 2026 to transform SSA into a premier customer service organization with a digital-first approach. We provide a summary of our progress towards meeting our strategic goals in the *Key Performance Results* section.

I am proud that, for the 33rd consecutive year, we received an unmodified audit opinion on our financial statements from our independent auditors. An unmodified audit opinion confirms that our statements present our financial position fairly and are free of material misstatement. Our independent auditors also issued an unmodified opinion on the effectiveness of our internal control over financial reporting. The auditors determined that we had no material weaknesses and cited one significant deficiency identified in prior years concerning internal control over accounts receivable with the public (i.e., benefit overpayments). Efforts are underway to rectify deficiencies identified through audits by using corrective action plans to mitigate risks and strengthen our internal controls. We are committed to continuous improvement and strive to operate a pristine control environment. This year, we successfully remediated a longstanding significant deficiency concerning internal controls over certain financial information systems demonstrating our commitment to maintaining effective information technology internal controls and strengthening the integrity of our financial reporting environment. We provide additional information on the auditors' findings and our corrective actions in the *Analysis of Systems, Controls, and Legal Compliance* and *Agency Response to the Reports of Independent Auditors* sections of this report.

As Chief Financial Officer, I collaborate with our leadership team to implement transformative initiatives that enhance agency performance, lower expenses, and deliver exceptional service to our customers. Guided by the Commissioner's direction, we are committed to making the most effective use of the resources entrusted to us to administer the nation's social insurance programs. While much of our financial management work occurs out of public view, it plays a crucial role in advancing the agency's mission. In FY 2026, we accomplished several key initiatives that support our agency's strategic priorities:

- **Treasury Offset Program (TOP):** TOP is a fully automated, centralized offset program that intercepts Federal and State payments to collect delinquent debts owed to Federal and State agencies. TOP allows us to collect delinquent debt by tax refund offset, administrative offset, and Federal salary offset. In March 2025, after a 5-year suspension due to the COVID-19 pandemic, we resumed use of TOP for debts previously referred to the Department of the Treasury (Treasury) for offset. In August 2025, we resumed pre-offset notifications to debtors with delinquent debts incurred after March

2020. Since our March 2025 TOP resumption, Treasury has offset over 323,000 Federal and State payments and collected $645 million in our delinquent programmatic debt. In FY 2026, we collected nearly $584 million.

- **Reduce Paper Checks:** In support of Executive Order 14247, *Modernizing Payments To and From America's Bank Account*, we continued our efforts to reduce and eliminate paper check disbursements and receipts. In FY 2026, the total number of paper checks we issued decreased by 3.8 million, representing a 41 percent reduction compared to FY 2025. Additionally, 99.5 percent of benefit payments were made electronically in FY 2026, up from 99.1 percent in FY 2025. We also expanded our electronic remittance options, including Pay.gov and Online Bill Pay, to all overpayment notices. In the fourth quarter of FY 2026, we achieved our highest percentage of online remittances to date – 52 percent of all remittances were paid using Pay.gov or Online Bill Pay.
- **U.S. Debit Card (USDC) Initiative:** As directed by Executive Order 14247, *Modernizing Payments To and From America's Bank Account*, we modified the payment avenue for immediate and emergency advance payments issued by our field offices. We modified the Third-Party Payment system to incorporate Treasury's USDC to replace paper drafts. Since the successful deployment of these modifications on February 7, 2026 through September 30, 2026, the agency has issued 2,185 USDCs to those recipients and beneficiaries demonstrating dire need.
- **Centralized Receivables Service (CRS):** CRS is a government-wide shared service for debt collection provided by Treasury's Bureau of Fiscal Service. In March 2026, we began a partnership with CRS to strengthen our debt recovery program and return money to the trust funds. In FY 2026, we transferred nearly 3,800 debts, totaling $111 million to the program for collection.
- **Do Not Pay (DNP):** As directed by Executive Order 14249, *Protecting America's Bank Account Against Fraud, Waste, and Abuse*, all programmatic and administrative payments are now screened through DNP. During FY 2026, DNP screened 944.5 million agency payments, and since moving most of our monthly benefit payments to production on April 9, 2026, the agency has stopped 1,542 payments totaling about $2.7 million prior to disbursement. Additionally, we completed all DNP onboarding milestones which expand DNP capabilities to include pre-screening of data prior to payments being generated on our payment files. These efforts enhance pre-payment controls, reducing the risk of improper payments, and supporting more efficient stewardship of agency resources.
- **Information Technology (IT) Investment Intake:** We developed and maintain an automated tool to track, manage, and report on the agency's software development projects. This functionality enables users to submit ideas for enhancements, maintenance, policy changes, and other work, supporting the IT investment intake process by providing a consistent, transparent method for evaluating, prioritizing, and approving proposed work. In FY 2026, we approved 93 ideas submitted by users and converted 4 into new projects.
- **Real Property Reduction:** In FY 2026, we submitted notices of intent to the General Services Administration to reduce our real property footprint by 1,986,516 usable square

feet (USF), exceeding our 1,000,000 USF target for the year. These reductions generate over $70 million in annualized cost avoidance.

- **Print and Postage Savings:** To improve customer experience and reduce cost, we modernized written communications with beneficiaries to comply with United States Code Title 44, which requires all printing to go through the Government Publishing Office. This initiative reduces costs associated with mailing notices and eliminates the need for field office staff to print and mail notices, thus reducing task time for technicians and enabling them to focus on mission critical activities and serving the public. With the 21 million notices that have transitioned from local to Central Print, we estimate future annual administrative cost savings of $63 million. We also saved $19.5 million on print and postage costs by providing more notices online, which allows beneficiaries to view the notice in their secure, personalized *my* Social Security account.
- **Mail Centralization and Digitization (MCD):** We continue to transform how the agency processes incoming mail by expanding the use of MCD across the country. MCD digitizes incoming mail and electronically assigns mail to field offices to update our records, alleviating the need for front line staff to manually process mail. Centralizing digitization allows field office technicians more time to focus on mission critical workloads and servicing the public. Through FY 2026, MCD has saved the agency $34.1 million in labor costs.
- **Facilities Operations:** We refined our work processes under the agency's centralized facilities management structure and provided proactive support to quickly identify, coordinate, and resolve facility issues affecting public facing offices nationwide. We collaborated with operational components, the General Services Administration, and other stakeholders to address unforeseen issues, such as water intrusions, power outages, and structural concerns, to minimize disruptions and expedite corrective actions. These efforts enabled the agency to ensure the public has continued access to critical services and advancing the agency's mission to be the premier service provider.
- **Audits:** This fiscal year, we strengthened financial stewardship and audit readiness through enhanced oversight and cross-component coordination. We advanced a major enterprise initiative by accelerating the resolution of high-impact audit recommendations and improving the rigor of audit responses. We achieved a closure rate exceeding 90 percent, generating meaningful savings for the agency and the public. These results underscore our commitment to preserving and protecting public resources, strengthening internal controls, and supporting the Commissioner's strategic priorities with disciplined, transparent, and fiscally responsible operations.
- **Agency Strategic Plan, Annual Performance Report:** We published the Agency Strategic Plan for FYs 2026–2030, centered on premier service delivery, responsible stewardship of public resources, and a strengthened employee experience and productivity. It reflects our commitment to the American public, our employees, and working with our partners to serve the American public where they want to be met. Over the past year, we achieved double-digit improvement across all key metrics, and this new strategic plan will help us continue to transform Social Security into the premier service provider for the more than 330 million Americans we serve.

We published the FYs 2025–2027 Annual Performance Report (APR) which provides information about our many accomplishments in FY 2025, as well as our planned activities for FYs 2026 and 2027. Included in the APR are 16 performance measures that will demonstrate progress toward the strategic goals and objectives identified in the published FYs 2026–2030 Agency Strategic Plan.

We were awarded the Certificate of Excellence in Accountability Reporting (CEAR) from AGA for our FY 2025 AFR. The FY 2025 CEAR Award marks our 28th annual award which is unparalleled in the federal reporting community. Additionally, we received a CEAR Special Best-in-Class Award for "Excellent Discussion of How the Agency Serves Citizens, and Opportunities for Better Use of Its Resources." The award highlighted our narrative on the agency's mission and programs, how we benefit the public, and the important role we play in the daily lives of Americans. These recognitions demonstrate our ongoing dedication to maintaining superior levels of transparency and accountability.

I want to express my sincere gratitude for our employees' unwavering devotion to the agency and the customers we serve. I deeply appreciate their commitment and diligence in responsibly managing the resources placed in our care. I am honored to work alongside such a talented and focused team.

Respectfully,



Sean P. Brune

Baltimore, Maryland
November 13, 2026

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AUDITED FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Our financial statements and additional information for fiscal years (FY) 2026 and 2025 consist of the following:

- The **Consolidated Balance Sheets** present, as of September 30, 2026 and 2025, amounts of economic benefits we owned or managed (assets), amounts we owed (liabilities), and residual amounts we retained, comprising the difference (net position). We provide a Balance Sheet by major program as Other Financial Information.
- The **Consolidated Statements of Net Cost** present the net cost of operations for the years ended September 30, 2026 and 2025. Our net cost of operations includes the gross costs incurred less any exchange revenue earned from activities presented by our major programs. By disclosing the gross cost and net cost of the entity's programs, the Consolidated Statements of Net Cost provide information that can be related to the outputs and outcomes of programs and activities. We provide a Schedule of Net Cost to show the components of net cost activity as Other Financial Information.
- The **Consolidated Statements of Changes in Net Position** present the change in net position for the years ended September 30, 2026 and 2025. Changes to the two components of net position, Unexpended Appropriations and Cumulative Results of Operations, affect its balance. The Statement format is designed to display both components of net position separately to enable the user to better understand the nature of changes to net position as a whole. We provide a Schedule of Changes in Net Position to present the change in net position by major program as Other Financial Information.
- The **Combined Statements of Budgetary Resources** present the budgetary resources available to us, the status of these resources, and the outlay of budgetary resources for the years ended September 30, 2026 and 2025. We provide an additional Schedule of Budgetary Resources as Required Supplementary Information to present budgetary resources by major program.
- The **Statements of Social Insurance** present the present value for the 75-year projection period of the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) programs (referred to as OASDI when discussing them in combination) estimated future noninterest income and cost expected to arise from the formulas specified in current law for current and future program participants. We present the difference between these values on both an open group and a closed group basis, both including and excluding the value of the combined OASI and DI Trust Fund reserves at the beginning of the period. We present this information for the current year and for each of the four preceding years.
- The **Statements of Changes in Social Insurance Amounts** reconcile the changes, from one 75-year valuation period to the next, in the present value for the 75-year projection period of the OASI and DI estimated future noninterest income less estimated future cost for current and future participants (the open group measure). The

Statements show two reconciliations: (1) change from the period beginning on January 1, 2025 to the period beginning on January 1, 2026; and (2) change from the period beginning on January 1, 2024 to the period beginning on January 1, 2025. The Statements identify several categories of changes and provide reasons for significant changes in the accompanying notes.

- The **Required Supplementary Information: Social Insurance** presents required long-range cash flow projections, the long-range projections of the ratio of contributors to beneficiaries, and the sensitivity analysis illustrating the effect of the changes in the most significant assumptions on the actuarial projections and present values for the 75-year projection period of the OASI and DI programs. The financial and actuarial disclosures include a narrative describing the program. This narrative includes a description of program financing, details about how benefits are calculated, and an analysis of relevant trends.

Consolidated Balance Sheets as of September 30, 2026 and 2025
(Dollars in Millions)

	2026	2025
Assets		
Intragovernmental Assets:		
Fund Balance with Treasury (Notes 3 and 4)	**$ 6,945**	$ 6,045
Investments (Note 5)	**2,456,866**	2,632,335
Accounts Receivable, Net (Note 6)	**1,550**	968
Advances and Prepayments	**38**	59
Other Assets (Note 8)	**100**	113
Total Intragovernmental Assets	**2,465,499**	2,639,520
Assets with the Public:		
Accounts Receivable, Net (Notes 3 and 6)	**11,764**	11,012
Property, Plant, and Equipment, Net (Note 7)	**5,075**	5,172
Total Assets with the Public	**16,839**	16,184
Total Assets	**$ 2,482,338**	$ 2,655,704
Liabilities (Note 9)		
Intragovernmental Liabilities:		
Accounts Payable	**$ 6,100**	$ 5,845
Other Liabilities	**4,968**	5,221
Total Intragovernmental Liabilities	**11,068**	11,066
Liabilities with the Public:		
Accounts Payable	**586**	386
Federal Employee Salary, Leave, and Benefits Payable	**554**	547
Post-Employment Benefits Payable	**232**	243
Benefits Due and Payable	**176,185**	169,618
Advances from Others and Deferred Revenue	**285**	290
Other Liabilities	**41**	39
Total Liabilities with the Public	**177,883**	171,123
Total Liabilities	**$ 188,951**	$ 182,189
Commitments and Contingencies (Note 9)		
Net Position		
Unexpended Appropriations - Funds from other than Dedicated Collections	**$ 1,384**	$ 612
Cumulative Results of Operations - Funds from Dedicated Collections (Note 10)	**2,286,410**	2,468,387
Cumulative Results of Operations - Funds from other than Dedicated Collections	**5,593**	4,516
Total Cumulative Results of Operations	**2,292,003**	2,472,903
Total Net Position	**$ 2,293,387**	$ 2,473,515
Total Liabilities and Net Position	**$ 2,482,338**	$ 2,655,704

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Net Cost for the Years Ended September 30, 2026 and 2025
(Dollars in Millions)

	2026	2025
OASI Program		
Benefit Payment Expense	**$ 1,500,880**	$ 1,423,041
Operating Expenses (Note 11)	**4,306**	4,408
Total Cost of OASI Program	**1,505,186**	1,427,449
Less: Exchange Revenues (Note 12)	**(21)**	(23)
Net Cost of OASI Program	**$ 1,505,165**	$ 1,427,426
DI Program		
Benefit Payment Expense	**$ 159,413**	$ 156,332
Operating Expenses (Note 11)	**3,193**	3,168
Total Cost of DI Program	**162,606**	159,500
Less: Exchange Revenues (Note 12)	**(46)**	(44)
Net Cost of DI Program	**$ 162,560**	$ 159,456
SSI Program		
Benefit Payment Expense	**$ 61,995**	$ 60,268
Operating Expenses (Note 11)	**5,060**	5,153
Total Cost of SSI Program	**67,055**	65,421
Less: Exchange Revenues (Note 12)	**(285)**	(283)
Net Cost of SSI Program	**$ 66,770**	$ 65,138
Other		
Operating Expenses (Note 11)	**$ 3,712**	$ 3,820
Less: Exchange Revenues (Note 12)	**(21)**	(23)
Net Cost of Other Program	**$ 3,691**	$ 3,797
Total Net Cost		
Benefit Payment Expense	**$ 1,722,288**	$ 1,639,641
Operating Expenses (Note 11)	**16,271**	16,549
Total Cost	**1,738,559**	1,656,190
Less: Exchange Revenues (Note 12)	**(373)**	(373)
Total Net Cost	**$ 1,738,186**	$ 1,655,817

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Net Position for the Years Ended September 30, 2026 and 2025
(Dollars in Millions)

	2026			2025		
	Funds from Dedicated Collections	**Funds from other than Dedicated Collections**	**Total**	Funds from Dedicated Collections	Funds from other than Dedicated Collections	Total
Unexpended Appropriations:						
Beginning Balances	**$ 0**	**$ 612**	**$ 612**	$ 0	$ 1,865	$ 1,865
Appropriations Received	**57,373**	**72,209**	**129,582**	59,748	68,872	128,620
Other Adjustments	**0**	**(630)**	**(630)**	0	(1,305)	(1,305)
Appropriations Used	**(57,373)**	**(70,807)**	**(128,180)**	(59,748)	(68,820)	(128,568)
Net Change in Unexpended Appropriations	**0**	**772**	**772**	0	(1,253)	(1,253)
Total Unexpended Appropriations - Ending	**0**	**1,384**	**1,384**	0	612	612
Cumulative Results of Operations:						
Beginning Balances	**$ 2,468,387**	**$ 4,516**	**$ 2,472,903**	$ 2,624,095	$ 4,333	$ 2,628,428
Adjustments						
Changes in Accounting Principles	**0**	**0**	**0**	0	126	126
Beginning Balances, as Adjusted	**$ 2,468,387**	**$ 4,516**	**$ 2,472,903**	$ 2,624,095	$ 4,459	$ 2,628,554
Appropriations Used	**57,373**	**70,807**	**128,180**	59,748	68,820	128,568
Non-Exchange Revenue						
Tax Revenues (Note 13)	**1,366,281**	**0**	**1,366,281**	1,308,139	0	1,308,139
Interest Revenues	**67,800**	**0**	**67,800**	69,307	0	69,307
Other	**342**	**0**	**342**	37	0	37
Total Non-Exchange Revenue	**1,434,423**	**0**	**1,434,423**	1,377,483	0	1,377,483
Transfers-In/Out - Without Reimbursement	**(12,690)**	**9,968**	**(2,722)**	(12,737)	9,767	(2,970)
Imputed Financing Sources (Note 14)	**0**	**867**	**867**	0	1,034	1,034
Other	**0**	**(3,462)**	**(3,462)**	0	(3,949)	(3,949)
Net Cost of Operations	**1,661,083**	**77,103**	**1,738,186**	1,580,202	75,615	1,655,817
Net Change in Cumulative Results of Operations	**(181,977)**	**1,077**	**(180,900)**	(155,708)	57	(155,651)
Cumulative Results of Operations - Ending	**$ 2,286,410**	**$ 5,593**	**$ 2,292,003**	$ 2,468,387	$ 4,516	$ 2,472,903
Net Position	**$ 2,286,410**	**$ 6,977**	**$ 2,293,387**	$ 2,468,387	$ 5,128	$ 2,473,515

The accompanying notes are an integral part of these financial statements.

Combined Statements of Budgetary Resources for the Years Ended September 30, 2026 and 2025
(Dollars in Millions)

	2026	2025
Budgetary Resources (Note 15)		
Unobligated balance from prior year budget authority, net	**$ 2,558**	$ 3,336
Appropriations (discretionary and mandatory)	**1,803,991**	1,720,904
Spending authority from offsetting collections (discretionary and mandatory)	**18,344**	17,897
Total Budgetary Resources	**$ 1,824,893**	$ 1,742,137
Status of Budgetary Resources		
New obligations and upward adjustments		
Direct	**$ 1,818,463**	$ 1,736,883
Reimbursable	**3,444**	3,516
New obligations and upward adjustments (total)	**1,821,907**	1,740,399
Unobligated balance, End of Year		
Apportioned, unexpired accounts	**2,346**	1,199
Unapportioned, unexpired accounts	**14**	7
Unexpired unobligated balance, end of year	**2,360**	1,206
Expired unobligated balance, end of year	**626**	532
Unobligated balance, end of year (total)	**2,986**	1,738
Total Budgetary Resources	**$ 1,824,893**	$ 1,742,137
Outlays, Net		
Outlays, net (discretionary and mandatory)	**$ 1,795,518**	$ 1,710,421
Distributed offsetting receipts	**(61,664)**	(63,906)
Agency Outlays, Net (Discretionary and Mandatory)	**$ 1,733,854**	$ 1,646,515

The accompanying notes are an integral part of these financial statements.

Statements of Social Insurance
Old-Age, Survivors, and Disability Insurance
as of January 1, 2026
(Dollars in Billions)

	2026	2025	2024	2023	2022
Present value for the 75-year projection period from or on behalf of: (Note 17)					
Participants who, in the starting year of the projection period, have attained eligibility age (age 62 and over):					
Noninterest income	**$ 2,402**	$ 2,519	$ 2,414	$ 2,169	$ 1,998
Cost for scheduled future benefits	**26,976**	26,078	24,641	23,489	21,591
Future noninterest income less future cost	**(24,574)**	(23,559)	(22,226)	(21,321)	(19,593)
Participants who have not yet attained retirement eligibility age (ages 15–61):					
Noninterest income	**46,199**	45,252	44,586	42,195	40,365
Cost for scheduled future benefits	**78,095**	75,706	74,014	71,234	68,471
Future noninterest income less future cost	**(31,897)**	(30,454)	(29,428)	(29,039)	(28,105)
Present value of future noninterest income less future cost for current participants (closed group measure)	**(56,470)**	(54,013)	(51,655)	(50,360)	(47,699)
Combined OASI and DI Trust Fund reserves at start of period	**2,561**	2,721	2,788	2,830	2,852
Closed group - Present value of future noninterest income less future cost for current participants plus combined OASI and DI Trust Fund reserves at start of period	**$ (53,909)**	$ (51,292)	$ (48,866)	$ (47,530)	$ (44,847)
Present value for the 75-year projection period from or on behalf of: (Note 17)					
Future participants (those under age 15, and to be born during period):					
Noninterest income	**$ 43,266**	$ 44,582	$ 44,295	$ 43,045	$ 41,808
Cost for scheduled future benefits	**18,660**	18,419	18,046	17,937	17,411
Future noninterest income less future cost	**24,607**	26,162	26,249	25,108	24,397
Present value of future noninterest income less future cost for current and future participants (open group measure)	**(31,864)**	(27,851)	(25,406)	(25,252)	(23,301)
Combined OASI and DI Trust Fund reserves at start of period	**2,561**	2,721	2,788	2,830	2,852
Open group - Present value of future noninterest income less future cost for current and future participants plus combined OASI and DI Trust Fund reserves at start of period	**$ (29,303)**	$ (25,129)	$ (22,618)	$ (22,422)	$ (20,449)

The accompanying notes are an integral part of these financial statements.

Components may not sum to totals because of rounding.

Statements of Changes in Social Insurance Amounts
Old-Age, Survivors, and Disability Insurance
For Change from the 75-Year Valuation Period

January 1, 2025 to January 1, 2026
(Dollars in Billions)

	Present value of future noninterest income less future cost for current and future participants (open group measure) over the next 75 years	Combined OASI and DI Trust Fund reserves	Present value of future noninterest income less future cost for current and future participants *plus* combined OASI and DI Trust Fund reserves at start of period
As of January 1, 2025	$ (27,851)	$ 2,721	$ (25,129)
Reasons for changes between January 1, 2025 and January 1, 2026 (Note 17)			
Change in the valuation period	(800)	(181)	(982)
Changes in demographic data, assumptions, and methods	(1,968)	0	(1,968)
Changes in economic data, assumptions, and methods	(591)	0	(591)
Changes in programmatic data and methods	460	21	482
Changes in law or policy	(1,115)	0	(1,115)
Net change between January 1, 2025 and January 1, 2026	$ (4,013)	$ (160)	$ (4,174)
As of January 1, 2026	**$ (31,864)**	**$ 2,561**	**$ (29,303)**

January 1, 2024 to January 1, 2025
(Dollars in Billions)

	Present value of future noninterest income less future cost for current and future participants (open group measure) over the next 75 years	Combined OASI and DI Trust Fund reserves	Present value of future noninterest income less future cost for current and future participants *plus* combined OASI and DI Trust Fund reserves at start of period
As of January 1, 2024	$ (25,406)	$ 2,788	$ (22,618)
Reasons for changes between January 1, 2024 and January 1, 2025 (Note 17)			
Change in the valuation period	(784)	(100)	(884)
Changes in demographic data, assumptions, and methods	(127)	0	(127)
Changes in economic data, assumptions, and methods	(304)	0	(304)
Changes in programmatic data and methods	(181)	33	(148)
Changes in law or policy	(1,048)	0	(1,048)
Net change between January 1, 2024 and January 1, 2025	$ (2,444)	$ (67)	$ (2,511)
As of January 1, 2025	**$ (27,851)**	**$ 2,721**	**$ (25,129)**

The accompanying notes are an integral part of these financial statements.

Components may not sum to totals because of rounding.

Notes to the Basic Financial Statements For the Years Ended September 30, 2026 and 2025

1. Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

The Social Security Administration (SSA), as an independent agency in the executive branch of the United States (U.S.) Government, is responsible for administering the Nation's OASDI programs and the Supplemental Security Income (SSI) program. SSA is considered a separate reporting entity for financial reporting purposes. Our financial statements have been prepared to report the financial position, net cost, changes in net position, budgetary resources, the present value for the 75-year projection period for social insurance, and the changes in the present value between the current valuation period and prior valuation period, as required by the Office of Management and Budget (OMB) in OMB Circular No. A-136, *Financial Reporting Requirements*.

The consolidated and combined financial statements include the accounts of all funds under SSA control, consisting primarily of the OASI and DI Trust Funds, SSA's Limitation on Administrative Expenses (LAE), four general fund appropriations, three receipt accounts, and one special fund. The OASI and DI Trust Funds consist of earmarked receipts used to fund benefit payment and other related expenditures. General fund appropriations represent activities that receive appropriation authority from the Department of the Treasury's (Treasury) General Fund based on law. SSA's receipt accounts contain funds from collections that are not identified by law for another account for a specific purpose; whereas special fund accounts contain funds collected that are identified by law for a specific purpose.

LAE is a mechanism to fund our administrative operations and is considered a subset of the OASI and DI Trust Funds. The four general funds are the Payments to Social Security Trust Funds (PTF), SSI Program, Office of the Inspector General (OIG), and Special Veterans Benefits (Title VIII) Program. The three receipt accounts are SSI Overpayment Collections, the General Fund's portion of the SSI State Supplementation fees, and SSI Attorney fees. The one special fund is SSA's portion of the SSI State Supplementation fees. SSA's financial statements also include OASI and DI investment activities performed by Treasury.

SSA's financial activity has been classified and reported by the following program areas: OASI, DI, SSI, LAE, and Other. Other consists primarily of PTF appropriations activity, but also contains SSI Overpayment Collections and other non-material activities.

Accounting Policies

The financial statements have been prepared from the accounting records of SSA on an accrual basis, in conformity with generally accepted accounting principles (GAAP) of the United States

of America for Federal entities and the form and content for entity financial statements specified by OMB in Circular No. A-136. The Combined Statements of Budgetary Resources and related disclosures provide information about how budgetary resources were made available as well as the status at the end of the period. It is the only Statement predominately derived from an entity's budgetary general ledger in accordance with budgetary accounting rules. The purpose of Federal budgetary accounting is to control, monitor, and report on funds made available to Federal agencies by law and help ensure compliance with the law. Definitions of commonly used budget terms may be found in OMB Circular No. A-11, Section 20. Budgetary accounting rules are incorporated into GAAP for the Federal Government. GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB). The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

OASDI is accounted for as a social insurance program rather than as a pension program. Accounting for a social insurance program recognizes the expense of benefits when they are actually paid or are due to be paid because benefit payments are non-exchange transactions and are not considered deferred compensation as would be employer-sponsored pension benefits for employees. Accrual accounting for a pension program, by contrast, recognizes as a liability for retirement benefit expenses as they are earned so that the full estimated actuarial present value of the worker's expected retirement benefits has been recognized by the time the worker retires.

Fund Balance with Treasury

SSA's Fund Balance with Treasury, shown on the Consolidated Balance Sheets, is the aggregate amount of funds in SSA's accounts with Treasury for which SSA is authorized to make expenditures and pay liabilities. Refer to Note 3, Non-Entity Assets, and Note 4, Fund Balance with Treasury.

Investments

Daily deposits received by the OASI and DI Trust Funds that are not required to meet current expenditures are invested in interest-bearing obligations of the U.S. Government. The OASI and DI Trust Fund balances may be invested only in interest-bearing obligations of the U.S. or in obligations guaranteed as to both principal and interest by the U.S. as provided by Section 201 (d) of the *Social Security Act*. These investments consist of Treasury special-issue securities. Special-issue securities are special public debt obligations for purchase exclusively by the OASI and DI Trust Funds; therefore, they are non-marketable securities. They are purchased and redeemed at face value, which is the same as their carrying value on the Consolidated Balance Sheets. Refer to Note 5, Investments.

Accounts Receivable, Net

SSA accounts receivable represent unpaid amounts due to the agency. Intragovernmental Accounts Receivable, Net primarily represents amounts to be paid from the Hospital Insurance (HI) and Supplemental Medical Insurance (SMI) Trust Funds to the LAE Appropriation. Accounts Receivable, Net with the Public consists mainly of monies due to SSA from OASI, DI, and SSI beneficiaries who received benefits in excess of their entitlement, as well as amounts due from the States to cover underpayments due to the SSI recipients. Intragovernmental Accounts Receivable, Net includes amounts related to Section 4003 of the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), Emergency Relief and Taxpayer Protection, which allows Treasury to make loans, loan guarantees, and other investments of up to $500 billion to eligible businesses, States, and municipalities impacted by the Coronavirus Disease 2019 (COVID-19) pandemic. This legislation designates the OASI Trust Fund as the recipient of any interest and other proceeds associated with the loans, loan guarantees, and other investments after repayments of any amounts provided are made to Treasury.

SSA has an automated process to evaluate programmatic debt and write-off certain delinquent debts deemed uncollectible. While this debt is being written-off, it remains available for future collection, which we can pursue if the debtor becomes entitled to OASDI or SSI benefits. At that point, we would re-establish the accounts receivable and pursue collections. In addition, if eligible, we will refer these delinquent debts to the Treasury Offset Program for external collection action.

SSA does not apply an allowance for doubtful accounts to determine the net value of Intragovernmental Accounts Receivable. According to FASAB's Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*, an allowance for estimated uncollectible amounts should be recognized to reduce the gross amount of receivables to its net realizable value; however, intragovernmental receivables are estimated to be 100 percent collectible based on individual account and program analysis. For programmatic accounts receivable with the public (OASDI, SSI), SSA allows for all delinquent debt two years and older. SSA annually recalculates a ratio of allowance for doubtful accounts and applies the allowance ratios against any remaining debt that is not delinquent two years or more. This is calculated by applying a moving five-year average of uncollectible receivable ratios which are calculated by comparing each program's collections to new debt while considering turnover rates against outstanding receivables. Our total allowance for doubtful accounts includes the age-specific delinquent debt two years and older plus the uncollectible portion of our remaining accounts receivable, not delinquent two years or more, based on the allowance rates. Refer to Note 6, Accounts Receivable, Net.

Property, Plant, and Equipment

SSA records property, plant, and equipment (PP&E) in the LAE program, but the PP&E represents the capital assets purchased by its funding sources. SFFAS No. 10, *Accounting for Internal Use Software*, requires the capitalization of internally developed, contractor-developed, and commercial off-the-shelf software. SSA classifies PP&E into several categories. Deferred Charges, which include fixtures and telephone replacement/upgrade projects, are capitalized with no threshold and $1 million respectively. Buildings and Other Structures, Construction in

Progress, and Internal Use Software, excluding commercial off-the-shelf software are capitalized with no threshold. Equipment and commercial off-the-shelf software have a capitalization threshold of $1 million. Leasehold Improvements have a capitalization threshold of $1 million. Refer to Note 7, Property, Plant, and Equipment, Net.

Benefits Due and Payable

SSA accrues liabilities for OASI and DI benefits due for the current month, which by statute, are not paid until the following month. In addition, SSA accrues liabilities on benefits for past periods that have not completed processing by the close of the period, such as adjudicated and unadjudicated hearings and appeals and civil litigation cases. Refer to Note 9, Liabilities.

Benefit Payments

SSA recognizes the cost associated with payments in the period the beneficiary or recipient is entitled to receive the payment. For OASI and DI this occurs in the current month, with benefit disbursements generally being made after the end of each month. For SSI, this occurs on the first day of each month when disbursements are generally made. By law, if the monthly disbursement date falls on a weekend or a Federally recognized holiday, SSA is required to make the payment on the preceding business day. In these situations, the beneficiary or recipient is deemed entitled to receive the payment as of the payment date, as they have met all payment and eligibility requirements.

Administrative Operating Expenses and Obligations

SSA administrative operating expenses are incurred in the LAE appropriation. Section 201 (g) of the *Social Security Act* requires the Commissioner of Social Security to determine the proper share of costs incurred during the fiscal year to be charged to the appropriate fund. Accordingly, SSA subsequently allocates administrative operating expenses during each month to the appropriate OASI, DI, HI, and SMI Trust Fund and general fund accounts on the Statements of Net Cost based on percentages developed by SSA's Cost Analysis System (CAS). CAS uses agency workload data to develop annual percentages that are used to allocate the expenses. SSA initially makes all such distributions on an estimated basis and adjusts to actual each year, as provided for in Section 1534 of Title 31, United States Code (U.S.C.).

SSA incurs obligations in the LAE accounts as activity is processed. SSA incurs obligations in each of the financing sources once it records LAE's authority. The Centers for Medicare and Medicaid Services reports obligations that SSA incurred in the HI and SMI Trust Funds. Because SSA reports LAE with our financing sources (other than the HI/SMI Trust Funds) on the Combined Statements of Budgetary Resources and this Statement does not allow eliminations, it records LAE's obligations twice. This presentation is in conformance with OMB Circular No. A-136 to have the Combined Statements of Budgetary Resources in agreement with the required Budget Execution Reports (SF-133).

Recognition of Financing Sources

Tax revenue, which consists of funds transferred from the Treasury to the OASI and DI Trust Funds for employment taxes (*Federal Insurance Contributions Act* (FICA) and *Self-Employment*

Contributions Act (SECA)), represents SSA's largest financing source. Additional financing sources consist of interest revenue from the OASI and DI Trust Fund investments, taxation on benefits, drawdown of funds for benefit entitlement payments and administrative expenses, appropriations, gifts, and other miscellaneous receipts. On an as-needed basis, funds are drawn from the OASI and DI Trust Funds to cover benefit payments. As governed by limitations determined annually by the U.S. Congress, funds are also drawn from the OASI and DI Trust Funds for SSA's operating expenses. To cover SSA's costs to administer a portion of the Medicare program, funds are drawn from the HI/SMI Trust Funds.

Appropriations Used includes payments and accruals for the activities that are funded from Treasury's General Fund.

Exchange revenue from sales of goods and services primarily include payments of fees SSA receives from those States choosing to have SSA administer their State Supplementation of Federal SSI benefits. Refer to Note 12, Exchange Revenues. SSA may use exchange revenue financing sources to pay for current operating expenses as specified by law.

Employment tax revenues are made available daily based on a quarterly estimate of the amount of FICA taxes payable by employers and SECA taxes payable from the self-employed. Adjustments are made to the estimates for actual taxes payable and refunds made. Employment tax credits (the difference between the combined employee and employer rate and the self-employed rate) are also included in tax revenues. Refer to Note 13, Tax Revenues.

Funds from Dedicated Collections

SFFAS No. 43, *Funds from Dedicated Collections*, requires separate presentation and disclosure of funds from dedicated collections balances in the financial statements. Generally, funds from dedicated collections are financed by specifically identified revenues, provided to the Government by non-Federal sources, often supplemented by other financing sources, which remain available over time. Funds from dedicated collections must meet the following criteria:

- A statute committing the Federal Government to use specifically identified revenues and/or other financing sources that are originally provided to the Federal Government by a non-Federal source only for designated activities, benefits, or purposes;
- Explicit authority for the fund to retain revenues and/or other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and
- A requirement to account for and report on the receipt, use, and retention of the revenues and/or other financing sources that distinguishes the fund from the Federal Government's general revenues.

SSA's funds from dedicated collections are the OASI and DI Trust Funds, funds collected through the taxation of Social Security benefits, and fees collected to cover a portion of SSA's administrative costs for SSI State Supplementation. Refer to Note 10, Funds from Dedicated Collections, for additional information.

Leases

SFFAS No. 54, *Leases*, revised the financial reporting standards for Federal lease accounting and provides a comprehensive set of lease accounting standards to recognize Federal lease activities in a reporting entity's financial reports and note disclosures. The statement requires Federal lessees to recognize a lease liability and a lease asset at the commencement of the lease term for all material non-intragovernmental, non-short-term contracts when the reporting entity has the right to control access to and/or obtain benefits from the use of real property, equipment, or other asset. This standard has minimal impact on SSA's financial reporting as our leases for real property are intragovernmental leases, which do not require the recognition of a lease liability or asset, and we do not explicitly lease equipment or other assets in our normal course of business. We have performed an evaluation of contracts and agreements with multiple components to determine if any contracts have lease and non-lease activity and have not identified any significant embedded lease components that would require reporting. We will continue to evaluate our contract activity to identify any potential embedded leases but will not report on any embedded leases as we have elected to utilize the three-year transitional accommodation provided to entities implementing SFFAS No. 54, *Leases* in SFFAS No. 62, *Transitional Amendment to SFFAS No. 54*.

Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Application of Critical Accounting Estimates

The Statements of Social Insurance and Statements of Changes in Social Insurance Amounts are based on the selection of accounting policies and the application of significant accounting estimates, some of which require management to make significant assumptions. Further, the estimates are based on current conditions and expectations of future conditions. Actual results could differ materially from the estimated amounts. Each Statement includes information to assist in understanding the effect of changes in assumptions to the related information. Refer to Note 17, Social Insurance Disclosures.

Present values presented in the Statements of Social Insurance and Statements of Changes in Social Insurance Amounts 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 OASI and DI Trust Fund reserves are depleted. Future noninterest income and future cost are estimated over the appropriate 75-year valuation period.

2. Centralized Federal Financing Activities

SSA's financial activities interact with, and are dependent on, the financial activities of the centralized management functions of the Federal Government that are undertaken for the benefit of the whole Federal Government. These activities include public debt, employee retirement, life insurance, and health benefit programs. However, SSA's financial statements do not contain the results of centralized financial decisions and activities performed for the benefit of the entire Government.

Financing for general fund appropriations reported on the Consolidated Statements of Changes in Net Position may be from tax revenue, public borrowing, or both. The source of this funding, whether tax revenue or public borrowing, has not been allocated to SSA.

SSA occupies buildings that the General Services Administration (GSA) leased or have been constructed using Public Building Funds. These financial statements reflect our payments to GSA for their lease, operations maintenance, and depreciation expenses associated with these buildings.

SSA's employees participate in the Office of Personnel Management (OPM)-administered contributory Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). SSA makes matching contributions to FERS. Pursuant to Public Law 99-335, *Federal Employees' Retirement System Act of 1986*, FERS went into effect on January 1, 1987. FERS automatically covers employees hired after December 31, 1983. Employees hired prior to that date could elect to either join FERS or remain in CSRS. Refer to Note 14, Imputed Financing, for additional information.

SSA contributed $2 and $7 million for the years ended September 30, 2026 and 2025 to CSRS. SSA contributed $904 and $974 million for the years ended September 30, 2026 and 2025 to the basic FERS plan. One of the primary differences between FERS and CSRS is that FERS offers a savings plan to which SSA is required to contribute one percent of pay and match employee contributions up to an additional four percent of basic pay. SSA contributed $229 and $245 million for the years ended September 30, 2026 and 2025 to the FERS savings plan. All contributions include amounts paid and due and payable as of the end of the reporting period. These Statements do not reflect CSRS or FERS assets or accumulated plan benefits applicable to SSA employees since this data is only reported in total by OPM.

3. Non-Entity Assets

Non-entity assets are those assets that are held by an entity, but are not available to the entity. SSA displays our Non-Entity Assets in Chart 3a. The Non-Entity Assets are composed of: (1) SSI Federal and State benefit overpayments and underpayments classified as SSI Accounts Receivable, Net; and (2) fees collected to administer Title VIII State Supplementation.

Chart 3a - Non-Entity Assets as of September 30:
(Dollars in Millions)

	2026		
	Non-Entity Assets	Intra-agency Elimination	Net Assets
Intragovernmental:			
Title VIII State Supp Fees	$ 3	$ 0	**$ 3**
With the Public:			
SSI Fed/State Accounts Receivable, Net	5,127	(588)	**4,539**
Total	**$ 5,130**	**$ (588)**	**$ 4,542**

	2025		
	Non-Entity Assets	Intra-agency Elimination	Net Assets
Intragovernmental:			
Title VIII State Supp Fees	$ 3	$ 0	**$ 3**
With the Public:			
SSI Fed/State Accounts Receivable, Net	5,397	(816)	**4,581**
Total	**$ 5,400**	**$ (816)**	**$ 4,584**

SSA has reduced the SSI Accounts Receivable, Net, by intra-agency eliminations (see discussion in Note 6, Accounts Receivable, Net). SSI accounts receivable is recognized as a non-entity asset. Public Law 101-517, *Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1991*, requires that collections from repayment of SSI Federal benefit overpayments be deposited in Treasury's General Fund. These funds, upon deposit, are assets of Treasury's General Fund, and will not be used by SSA as an SSI budgetary resource to pay SSI benefits or administrative costs. Prior to their collection, these SSI Federal benefit overpayments are recorded as SSI Accounts Receivable from the beneficiaries. SSA recognizes this receivable due from the beneficiary as a non-entity asset since the amount owed is due to Treasury's General Fund. When a beneficiary does not receive a full SSI State Supplemental benefit, SSA establishes an underpayment receivable. This receivable reflects the reimbursement due to SSA from the States to cover the unpaid benefit. SSA recognizes this receivable due from the States as a non-entity asset since the amount owed is due to the beneficiary.

SSA collects fees for administering Title VIII Supplementation benefit payments on behalf of the State of California. These funds, upon deposit, are assets of Treasury's General Fund and are a non-entity asset. Amounts collected during the fiscal year are classified as exchange revenue and are included in the Fund Balance with Treasury as of September 30, 2026 and 2025.

Chart 3b provides a breakout between Non-Entity and Entity assets.

Chart 3b - Non-Entity/Entity Asset Breakdown as of September 30:
(Dollars in Millions)

	2026	2025
Non-Entity Assets	$ 4,542	$ 4,584
Entity Assets	2,477,796	2,651,120
Total Assets	**$ 2,482,338**	**$ 2,655,704**

4. Fund Balance with Treasury

The Fund Balance with Treasury, shown on the Consolidated Balance Sheets, represents the total of all of SSA's undisbursed account balances with Treasury. Fund Balance with Treasury is an asset to SSA, but not to the Government as a whole, because SSA's asset is offset by a liability of the General Fund. When disbursements are made, Treasury finances those disbursements in the same way it finances all other disbursements, which is to borrow from the public if there is a budget deficit (and to use current receipts if there is a budget surplus). Chart 4, Status of Fund Balances, presents SSA's Fund Balance with Treasury through the status of budgetary resources. The amounts in Unobligated and Obligated Balance Not Yet Disbursed represent budgetary authority for SSI and Other program general fund budgetary sources. OASI, DI, and LAE Trust Fund budgetary accounts are not used in Chart 4 since OASI and DI Trust Fund cash balances are held in investments until needed and do not directly correspond with the budgetary lines shown in the chart. Therefore, amounts in Chart 4 will not match corresponding activity on the Combined Statements of Budgetary Resources.

Chart 4 - Status of Fund Balances as of September 30:
(Dollars in Millions)

	2026	2025
Unobligated Balance	$ 1,559	$ 779
Obligated Balance Not Yet Disbursed	4,196	3,911
OASI, DI, and LAE	1,140	1,304
Non-Budgetary Fund Balance with Treasury	50	51
Total Status of Fund Balances	**$ 6,945**	**$ 6,045**

The Unobligated Balance, Available in Chart 4 contains Category C funding which is an amount apportioned by OMB, for multi-year or no-year accounts, that is available for use in a future fiscal year. SSA Category C funding is $494 and $443 million as of September 30, 2026 and 2025. These funds are related to the SSI State Supplemental advances for the October 1st benefit payments, SSI Beneficiary Services, and SSI Research & Demonstration activity.

5. Investments

The cash receipts collected from the public for the OASI and DI Trust Funds are invested in interest-bearing securities backed by the full faith and credit of the Federal Government, generally U.S. par-value Treasury special securities. The Secretary of the Treasury directly issues Treasury special securities to the OASI and DI Trust Funds. The securities are non-negotiable and non-transferable in the secondary market. Par-value Treasury special securities are issued with a stated rate of interest applied to its par amount and are purchased and redeemed

at par plus accrued interest at or before maturity. Therefore, there are no premiums or discounts associated with the redemption of these securities.

SSA displays investments in Special-Issue U.S. Treasury Securities, and the corresponding interest receivable, reported as Intragovernmental Investments on the Consolidated Balance Sheets, in Chart 5. The $175,469 million decrease in Total Investments from FY 2025 to FY 2026 is due to a reduction in OASI investment balances, as the program had to redeem additional investments during the fiscal year to cover outlays that exceeded receipts.

Chart 5 - Investments as of September 30:
(Dollars in Millions)

	2026			2025		
	Special Issue Securities	Interest Receivable	Total Investments	Special Issue Securities	Interest Receivable	Total Investments
OASI	$ 2,180,423	$ 13,489	**$ 2,193,912**	$ 2,400,808	$ 14,314	**$ 2,415,122**
DI	260,637	2,317	**262,954**	215,352	1,861	**217,213**
Total	**$ 2,441,060**	**$ 15,806**	**$ 2,456,866**	**$ 2,616,160**	**$ 16,175**	**$ 2,632,335**

The interest rates on these investments range from 0.750 to 4.875 percent. The accrued interest is paid on June 30, December 31, and at maturity or redemption. Investments held for the OASI and DI Trust Funds mature at various dates ranging from the year 2027 to the year 2041.

Treasury special securities are an asset to the OASI and DI Trust Funds and a liability to the Treasury. Because the OASI and DI Trust Funds and the Treasury are both part of the Government, these assets and liabilities offset each other for consolidation purposes in the U.S. government-wide financial statements. For this reason, they do not represent a net asset or a net liability in the U.S. government-wide financial statements.

The Treasury does not set aside financial assets to cover its liabilities associated with the OASI and DI Trust Funds. Treasury uses the cash received from the OASI and DI Trust Funds for investment in these securities for general Government purposes. Treasury special securities provide the OASI and DI Trust Funds with authority to draw upon the Treasury to make future benefit payments or other expenditures. When the OASI and DI Trust Funds require redemption of these securities to make expenditures, the Government finances those expenditures out of accumulated cash balances by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the Government finances all other expenditures.

6. Accounts Receivable, Net

Intragovernmental

Intragovernmental Accounts Receivable, Net, reported on the Consolidated Balance Sheets in the amounts of $1,550 and $968 million as of September 30, 2026 and 2025 primarily represents amounts to be paid from the HI/SMI Trust Funds to the LAE Appropriation. SSA reduced the gross accounts receivable by $3,189 and $2,351 million as of September 30, 2026 and 2025 as an intra-agency elimination. This elimination is primarily to offset SSA's LAE receivable to be paid from the appropriate funds with corresponding payables set up for anticipated LAE disbursements. Intragovernmental Accounts Receivable, Net also includes amounts related to the Section 4003 of the CARES Act, Emergency Relief and Taxpayer Protection, which allows Treasury to make loans, loan guarantees, and other investments to eligible businesses, States, and municipalities impacted by the COVID-19 pandemic. This legislation designates the OASI Trust Fund as the recipient of any interest and other proceeds associated with the loans, loan guarantees, and other investments after repayments of any amounts provided are made to Treasury. We have recorded $525 and $172 million as of September 30, 2026 and 2025 in Intragovernmental Accounts Receivable, Net for this activity based on Treasury's estimate of their liability owed to OASI.

With the Public

Accounts Receivable, Net, reported on the Consolidated Balance Sheets is shown by SSA major program in Chart 6. Amounts in the OASI and DI programs consist mainly of monies due to SSA from individuals who received benefits in excess of their entitlement. The amount of SSI Accounts Receivable represents Federal and State activity. The SSI Federal and State portions consist of overpayments due from SSI recipients who are no longer eligible to receive benefit payments or received benefits in excess of their eligibility. Additionally, the SSI State portion consists of amounts due from the States to cover underpayments due to the SSI recipients. Refer to Note 3, Non-Entity Assets, for a discussion of the SSI Federal and State overpayments and underpayments. Section 215 of the *Economic Growth, Regulatory Relief, and Consumer Protection Act* (Banking Bill) requires SSA to provide a "permitted entity" a confirmation (or non-confirmation) of fraud protection data (i.e., Social Security number verification) based on the number holder's written consent, including by electronic signature. The Banking Bill requires SSA to fully recover all costs from the users of the verification process by way of advances, reimbursements, user fees, or other recoveries as determined by the Commissioner. To comply with the Banking Bill, SSA used its LAE account to cover non-mission costs with the expectation that these costs will be fully recovered from the users of the verification process as required by law. To account for these costs SSA has recorded a non-budgetary accounts receivable of $3 and $19 million as of September 30, 2026 and 2025, which is included in the LAE Gross and Net Receivable amounts in Chart 6. Since the agency expects to fully recover these costs, SSA has not applied an allowance for doubtful accounts against this accounts receivable.

Chart 6 - Accounts Receivable with the Public by Major Program as of September 30:
(Dollars in Millions)

	2026			2025		
	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
OASI	$ 5,787	$ (2,171)	**$ 3,616**	$ 4,954	$ (1,803)	**$ 3,151**
DI	8,669	(5,061)	**3,608**	7,417	(4,153)	**3,264**
SSI[1]	15,082	(9,955)	**5,127**	14,483	(9,086)	**5,397**
LAE	5	0	**5**	20	0	**20**
Subtotal	29,543	(17,187)	**12,356**	26,874	(15,042)	**11,832**
Less: Eliminations[2]	(592)	0	**(592)**	(820)	0	**(820)**
Total	**$ 28,951**	**$ (17,187)**	**$ 11,764**	**$ 26,054**	**$ (15,042)**	**$ 11,012**

Notes

1. See discussion in Note 3, Non-Entity Assets
2. Intra-Agency Eliminations

Chart 6 shows that in FY 2026 and FY 2025, SSA reduced gross accounts receivable by $592 and $820 million as an intra-agency elimination. This intra-agency activity results primarily from the Windfall Offset and KZ Diary activity. Windfall Offset is the amount of SSI that would not have been paid if retroactive OASI and DI benefits had been paid timely to eligible beneficiaries. The KZ Diary process identifies SSI recipients eligible for prior entitlement of OASI and DI benefits and determines SSA's liability for retroactive benefits owed to beneficiaries. For each activity, SSA recognizes a receivable in the SSI program with offsetting payables for both the OASI and DI programs.

2049 and 2073 System Limitation

A design limitation in SSA's Title II system, which is used to support debt management and the reporting of accounts receivable, prevents us from capturing and tracking long-term withholding agreements for debts owed by the public scheduled for collection beyond certain dates. Current policy allows for repayment periods based on the ability of beneficiaries to repay on a periodic basis. This allows for the establishment of payment terms, which may exceed the expected life span of the beneficiary.

When the projected collection extends beyond certain dates, we perform a manual action to establish withholding through that date, causing the system to delete the remaining debts owed by the public balance from the record after that date. Until June 2024, this date was December 31, 2049, due to the system limitation. However, in June 2024, systematic updates were made allowing for an extension of this date to October 14, 2073. Therefore, new debts established after this systematic change will be limited by the 2073 date instead of the previous 2049 date. Current policy requires us to post a manual overpayment diary to control for follow-up of the remaining balances. However, because our records do not reflect the post 2049 balance and 2073 balances, subsequent correspondence to the debtor presents only the pre-2049 balance or pre-2073 balances of the debts owed by the public established for withholding.

We do not include these balances in the Chart 6 gross receivable amounts as they are not material to the consolidated financial statements. We estimate that the total gross value of the post year 2049 amount not captured in our gross receivables, is approximately $710 million as of September 30, 2026 and 2025. We estimate that the total gross value of the post year 2073 amount not captured in our gross receivables, is approximately $127 million and $84 million as of September 30, 2026 and 2025.

7. Property, Plant, and Equipment, Net

Property, Plant, and Equipment, Net, as reported on the Consolidated Balance Sheets, is reflected by major class in Chart 7a.

Chart 7a - Property, Plant, and Equipment as of September 30:
(Dollars in Millions)

Major Classes:	2026 Cost	2026 Accumulated Depreciation	2026 Net Book Value	2025 Cost	2025 Accumulated Depreciation	2025 Net Book Value
Construction in Progress	$ 4	$ 0	**$ 4**	$ 13	$ 0	**$ 13**
Buildings and Other Structures	47	(26)	**21**	47	(25)	**22**
Equipment (incl. ADP Hardware)	1,976	(1,595)	**381**	1,833	(1,475)	**358**
Internal Use Software	6,643	(2,493)	**4,150**	7,013	(2,872)	**4,141**
Leasehold Improvements	1,074	(755)	**319**	1,152	(739)	**413**
Deferred Charges[1]	595	(395)	**200**	613	(388)	**225**
Total	**$ 10,339**	**$ (5,264)**	**$ 5,075**	**$ 10,671**	**$ (5,499)**	**$ 5,172**

Major Classes:	Estimated Useful Life	Method of Depreciation	Capitalization Threshold
Construction in Progress	N/A	N/A	$0
Buildings and Other Structures	50 years	Straight Line	$0
Equipment (incl. ADP Hardware)	5 years	Straight Line	$1 million
Internal Use Software	5-10 years	Straight Line	$0-1 million
Leasehold Improvements	5-10 years	Straight Line	$1 million
Deferred Charges[1]	12 years	Straight Line	$0-1 million

Note:

1. Deferred Charges include fixtures (no threshold) and telephone replacement/upgrade projects ($1 million).

Chart 7b - Reconciliation of Property, Plant, and Equipment, Net as of September 30:
(Dollars in Millions)

	2026	2025
Balance beginning of year	$ 5,172	$ 5,164
Capitalized acquisitions	910	1,015
Dispositions/Reevaluations	(1)	(1)
Depreciation expense	(1,006)	(1,006)
Balance at end of year	**$ 5,075**	**$ 5,172**

8. Other Assets

Intragovernmental

Intragovernmental Other Assets represent an Intragovernmental Leasehold Reimbursable Work Agreement asset for amounts recorded with GSA for economic benefits derived from SSA's occupancy of the National Support Center. Intragovernmental Other Assets are $100 and $113 million as of September 30, 2026 and 2025.

9. Liabilities

Liabilities of Federal agencies are classified as liabilities Covered by, Not Covered by, or Not Requiring budgetary resources and are recognized when incurred. Charts 9a and 9b disclose SSA's liabilities Covered by budgetary resources, Not Covered by budgetary resources, and Not Requiring budgetary resources. Liabilities Covered by budgetary resources use available budget authority when SSA incurs the liabilities. Liabilities Not Covered by budgetary resources do not use available budget authority in the current period; these liabilities will be funded in future periods. Liabilities Not Requiring budgetary resources represent cash or receivables due to the General Fund and States, which do not require budgetary authority.

Chart 9a - Liabilities as of September 30:
(Dollars in Millions)

	2026			
	Covered	Not Covered	Not Requiring	Total
Intragovernmental Liabilities:				
Accounts Payable	$ 6,100	$ 0	$ 0	**$ 6,100**
Other Liabilities	60	55	4,853	**4,968**
Total Intragovernmental Liabilities	**6,160**	**55**	**4,853**	**11,068**
Liabilities with the Public:				
Accounts Payable	310	83	193	**586**
Federal Employee Salary, Leave, and Benefits Payable	179	375	0	**554**
Post-Employment Benefits Payable	0	232	0	**232**
Benefits Due and Payable	172,833	3,352	0	**176,185**
Advances from Others and Deferred Revenue	285	0	0	**285**
Other Liabilities	0	0	41	**41**
Total Liabilities with the Public	**173,607**	**4,042**	**234**	**177,883**
Total Liabilities	**$ 179,767**	**$ 4,097**	**$ 5,087**	**$ 188,951**

Chart 9b - Liabilities as of September 30:
(Dollars in Millions)

	2025			
	Covered	Not Covered	Not Requiring	Total
Intragovernmental Liabilities:				
Accounts Payable	$ 5,845	$ 0	$ 0	**$ 5,845**
Other Liabilities	63	53	5,105	**5,221**
Total Intragovernmental Liabilities	**5,908**	**53**	**5,105**	**11,066**
Liabilities with the Public:				
Accounts Payable	92	102	192	**386**
Federal Employee Salary, Leave, and Benefits Payable	160	387	0	**547**
Post-Employment Benefits Payable	0	243	0	**243**
Benefits Due and Payable	165,871	3,747	0	**169,618**
Advances from Others and Deferred Revenue	290	0	0	**290**
Other Liabilities	0	0	39	**39**
Total Liabilities with the Public	**166,413**	**4,479**	**231**	**171,123**
Total Liabilities	**$ 172,321**	**$ 4,532**	**$ 5,336**	**$ 182,189**

Intragovernmental Liabilities

Accounts Payable

Intragovernmental Accounts Payable Covered by budgetary resources primarily includes an accrued liability for amounts due to the Railroad Retirement Board for the annual interchange from the OASI and DI Trust Funds. This annual interchange is required to place the OASI and DI Trust Funds in the same position they would have been if SSA had covered railroad employment. The *Railroad Retirement Act of 1974* requires the transfer, including interest accrued from the end of the preceding fiscal year, to be made in June. SSA's Railroad Retirement Interchange liability is $6,075 and $5,838 million as of September 30, 2026 and 2025.

Other Liabilities

Intragovernmental Other Liabilities include amounts Covered by budgetary resources for payroll taxes. Intragovernmental Other Liabilities Covered, shown in Charts 9a and 9b, are current liabilities. Intragovernmental Other Liabilities Not Covered by budgetary resources includes amounts for *Federal Employees' Compensation Act* (FECA), administered by the Department of Labor (DOL). FECA provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related injury or occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. For payment purposes, claims incurred for benefits for SSA employees under FECA are divided into current and non-current portions. The current portion represents SSA's accrued liability due to the DOL's FECA Special Benefits Fund for payments made on SSA's behalf. The funding for the liability will be made from a future appropriation. SSA's current portions of FECA liability are $54 and $53 million as of September 30, 2026 and 2025. Intragovernmental Other Liabilities Not Requiring budgetary resources includes amounts due to Treasury's General Fund, which primarily consists of a payable for SSI Federal benefit

overpayments. SSA records a payable equal to the SSI Federal benefit overpayments receivable when the agency identifies overpayments. Refer to Note 3, Non-Entity Assets, for additional information on the SSI receivables established for the repayment of SSI benefit overpayments. Intragovernmental Other Liabilities Not Requiring budgetary resources are current and non-current depending on when the benefit overpayment collections are received. Chart 9c displays a breakout of Intragovernmental Other Liabilities as of September 30, 2026 and 2025.

Chart 9c - Intragovernmental Other Liabilities as of September 30:
(Dollars in Millions)

	2026	2025
Employer Contributions and Payroll Taxes Payable	$ 59	$ 53
Unemployment Compensation Liability	1	2
Unfunded FECA Liability	54	53
Liability to the General Fund for Non-Entity Assets	4,853	5,105
Other Liabilities w/o related budgetary obligations	1	8
Total Other Liabilities	**$ 4,968**	**$ 5,221**

Liabilities with the Public

Accounts Payable

Accounts Payable Not Requiring budgetary resources consists of SSI State Supplemental overpayments due to States. States are entitled to any overpayment that SSA expects to collect because the States fund the actual payments made to the beneficiaries. Accounts Payable Not Covered by budgetary resources consist of SSI State Supplemental underpayments due to the SSI recipients. These amounts are set up as an accounts payable until payment is made.

Federal Employee Salary, Leave, and Benefits Payable

Federal Employee Salary, Leave, and Benefits Payable includes liabilities Covered and Not Covered by budgetary resources. Federal Employee Salary, Leave, and Benefits Payable Covered by budgetary resources is primarily comprised of accrued payroll. Federal Employee Salary, Leave, and Benefits Payable Not Covered by budgetary resources includes amounts for leave earned but not taken. Leave earned but not taken of $375 and $387 million as of September 30, 2026 and 2025 represents annual and compensatory leave earned by SSA employees but not used as of the reporting date.

Post-Employment Benefits Payable

Post-Employment Benefits Payable Not Covered by budgetary resources includes the non-current portion of FECA, which is an actuarial liability. The non-current FECA portion of $232 and $243 million as of September 30, 2026 and 2025 represents the expected liability from FECA claims for the next 23-year period. DOL calculated this actuarial liability using historical payment data to project future costs.

Benefits Due and Payable

Benefits Due and Payable are amounts owed to program recipients that have not yet been paid as of the balance sheet date. Chart 9d shows the amounts for SSA's major programs as of September 30, 2026 and 2025. These amounts include an estimate for unadjudicated cases that will be payable in the future. Except for the SSI program, budgetary resources cover the unadjudicated cases. The increase in Total Benefits Due and Payable from FY 2025 to FY 2026 is primarily due to an increase in OASI beneficiaries, as well as the 2.8 percent Cost-of-Living Adjustment beneficiaries received in 2026.

Chart 9d - Benefits Due and Payable as of September 30:
(Dollars in Millions)

	2026	2025
OASI	$ 138,185	$ 131,383
DI	32,565	32,543
SSI	6,027	6,512
Subtotal	**176,777**	**170,438**
Less: Intra-agency eliminations	(592)	(820)
Total Benefits Due and Payable	**$ 176,185**	**$ 169,618**

Chart 9d also shows that as of FY 2026 and FY 2025, SSA reduced gross Benefits Due and Payable by $592 and $820 million as an intra-agency elimination. This intra-agency activity results primarily from the Windfall Offset and KZ Diary activity. Refer to Note 6, Accounts Receivable, Net.

Advances from Others and Deferred Revenue

SSA's Advances from Others and Deferred Revenue Covered by budgetary resources is primarily comprised of SSI State Supplemental amounts collected in advance of future SSI benefit payments made by SSA on the State's behalf.

Other Liabilities

SSA's Other Liabilities consists of liabilities Not Requiring budgetary resources for unapplied deposit funds. Other Liabilities are current in nature with the exception of $18 million of Not Requiring unapplied deposit funds as of September 30, 2026 and 2025. Chart 9e displays a breakout of Other Liabilities with the Public as of September 30, 2026 and 2025.

Chart 9e - Other Liabilities as of September 30:
(Dollars in Millions)

	2026	2025
Other Liabilities w/o related budgetary obligations	$ 41	$ 39
Total Other Liabilities	**$ 41**	**$ 39**

Federal Leases

SSA has Occupancy Agreements (OA) with GSA for each space that we occupy. These real property OAs represent our only significant leasing arrangements. The OA is a complete, concise statement of the business terms governing the tenancy relationship between SSA and GSA. GSA charges rental rates for space that approximates commercial rental rates for similar properties. The terms of the OAs vary according to whether the Federal Government directly owns the underlying assets or if GSA rents the underlying asset from third party commercial property owners, though each OA may have slightly different terms. SSA executes cancellable and non-cancellable OAs for leased space with GSA and currently has 1,706 OAs for occupied real property. For non-cancellable OAs, SSA is financially responsible for rental payments on vacated space until the expiration of the OA or when the occupancy by a replacement tenant covers the total rent obligation. OAs do not include renewal options that may be in the lease, as GSA makes a determination as to whether such options are fair and reasonable relative to the market when the option matures. SSA expenses OAs as incurred and does not record liabilities for future years' costs.

Contingent Liabilities

SSA did not have any material contingent liabilities that met disclosure requirements as of September 30, 2026.

10. Funds from Dedicated Collections

The OASI and DI Trust Funds, Taxation on Social Security Benefits, and SSI State Administrative Fees are classified as funds from dedicated collections. These funds obtain revenues primarily through non-Federal receipts, such as Social Security payroll taxes and, to a lesser extent, offsetting collections.

OASI and DI Trust Funds

The OASI Trust Fund provides retirement and survivors benefits to qualified workers and their families. The DI Trust Fund provides disability benefits to individuals who cannot work because they have a medical condition expected to last one year or result in death.

Payroll and self-employment taxes primarily fund the OASI and DI Trust Funds. Interest earnings on Treasury securities, Federal agencies' payments for the Social Security benefits earned by military and Federal civilian employees, and Treasury payments for a portion of income taxes paid on Social Security benefits provide additional income to the OASI and DI Trust Funds. The law establishing the OASI and DI Trust Funds is set forth in 42 U.S.C. § 401. Refer to Note 13, Tax Revenues, for a discussion on employment taxes credited to the OASI and DI Trust Funds, and Note 5, Investments, for a discussion on interest.

Funds not withdrawn for current expenses (benefits, the financial interchange with the Railroad Retirement program, and administrative expenses) are invested in interest-bearing Federal securities, as required by law. See Note 5, Investments, for a discussion on Treasury securities.

Taxation on Social Security Benefits

Taxation on Social Security Benefits is also classified as funds from dedicated collections. The *Social Security Amendments of 1983* (Public Law 98-21) provides that the OASI and DI Trust Funds receive income related to Federal income taxation of benefits. The taxes are collected as Federal income taxes, and a subsequent payment is then made to the OASI and DI Trust Funds from the General Fund of the Treasury. These collections are warranted from the General Fund and transferred to the OASI and DI Trust Funds via an intragovernmental transfer. These transfers are to be reserved for specific purposes in the future. Thus, Taxation on Social Security Benefits is considered dedicated collections.

SSI State Administrative Fees

Administrative Fees collected from States are also classified as funds from dedicated collections. Section 1616 of the *Social Security Act*, codified at 42 U.S.C. 1382e, authorizes the Commissioner of Social Security to assess each State an administrative fee in an amount equal to the number of Supplemental payments made by SSA on behalf of the State for any month in a fiscal year, multiplied by the applicable rate for the fiscal year. See Note 12, Exchange Revenues, for a discussion of SSI State Administrative Fees.

See Charts 10a and 10b for balances of funds from dedicated collections as reported in the Consolidated Financial Statements for the years ended September 30, 2026 and 2025. The Other Dedicated Funds column in Charts 10a and 10b consist of Taxation on Social Security Benefits and SSI State Administrative Fees activity.

Chart 10a - Funds from Dedicated Collections as of September 30: Consolidating Schedule
(Dollars in Millions)

	2026					
	OASI Trust Fund	DI Trust Fund	Other Dedicated Funds	Total Funds from Dedicated Collections (Combined)	Eliminations Between Dedicated Collections	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet						
Assets						
Intragovernmental Assets:						
Fund Balance with Treasury	$ 156	$ 107	$ 7	$ 270	$ 0	**$ 270**
Investments	2,193,912	262,954	0	2,456,866	0	**2,456,866**
Accounts Receivable, Net	527	65	0	592	0	**592**
Total Intragovernmental Assets	2,194,595	263,126	7	2,457,728	0	**2,457,728**
Assets with the Public:						
Accounts Receivable, Net	3,616	3,608	0	7,224	(4)	**7,220**
Total Assets	**$ 2,198,211**	**$ 266,734**	**$ 7**	**$ 2,464,952**	**$ (4)**	**$ 2,464,948**
Liabilities and Net Position						
Intragovernmental Liabilities:						
Accounts Payable	$ 7,020	$ 767	$ 0	$ 7,787	$ 0	**$ 7,787**
Liabilities with the Public:						
Accounts Payable	1	4	0	5	0	**5**
Benefits Due and Payable	138,185	32,565	0	170,750	(4)	**170,746**
Total Liabilities with the Public	**138,186**	**32,569**	**0**	**170,755**	**(4)**	**170,751**
Total Liabilities	**145,206**	**33,336**	**0**	**178,542**	**(4)**	**178,538**
Cumulative Results of Operations	2,053,005	233,398	7	2,286,410	0	**2,286,410**
Total Liabilities and Net Position	**$ 2,198,211**	**$ 266,734**	**$ 7**	**$ 2,464,952**	**$ (4)**	**$ 2,464,948**
Statement of Net Cost						
Program Costs	$ 1,500,880	$ 159,413	$ 0	$ 1,660,293	$ 0	**$ 1,660,293**
Operating Expenses	703	286	0	989	0	**989**
Less Earned Revenue	(1)	(30)	(168)	(199)	0	**(199)**
Net Cost of Operations	**$ 1,501,582**	**$ 159,669**	**$ (168)**	**$ 1,661,083**	**$ 0**	**$ 1,661,083**
Statement of Changes in Net Position						
Net Position Beginning of Period	$ 2,280,823	$ 187,555	$ 9	$ 2,468,387	$ 0	**$ 2,468,387**
Appropriations Used	0	0	57,373	57,373	0	**57,373**
Non-Exchange Revenue						
Tax Revenue - Intragovernmental	1,168,063	198,218	0	1,366,281	0	**1,366,281**
Interest Revenue - Intragovernmental	59,023	8,777	0	67,800	0	**67,800**
Other - With the Public	66	276	0	342	0	**342**
Total Non-Exchange Revenue	**1,227,152**	**207,271**	**0**	**1,434,423**	**0**	**1,434,423**
Transfers In/Out – Without Reimbursement	46,612	(1,759)	(57,543)	(12,690)	0	**(12,690)**
Net Cost of Operations	**1,501,582**	**159,669**	**(168)**	**1,661,083**	**0**	**1,661,083**
Net Change	(227,818)	45,843	(2)	(181,977)	0	**(181,977)**
Net Position End of Period	**$ 2,053,005**	**$ 233,398**	**$ 7**	**$ 2,286,410**	**$ 0**	**$ 2,286,410**

The above Chart 10a for FY 2026 includes eliminations between SSA's funds from dedicated collections, which primarily represent eliminations for activity between the OASI and DI Trust Funds. However, $2,303 million of receivables and liabilities in the funds from dedicated

collections for the year ended September 30, 2026 must be eliminated against LAE (Accounts Payable, Federal), SSI (Benefits Due and Payable and Accounts Receivables, Non-Federal), and PTF, excluding Taxation on Benefits (Accounts Receivable, Federal), which are not classified as funds from dedicated collections. Therefore, due to the separate presentation of funds from dedicated collections only in this note, SSA does not include eliminations between funds from dedicated collections and LAE, SSI, and PTF, excluding Taxation on Benefits in Chart 10a.

Chart 10b - Funds from Dedicated Collections as of September 30: Consolidating Schedule

(Dollars in Millions)

	2025					
	OASI Trust Fund	DI Trust Fund	Other Dedicated Funds	Total Funds from Dedicated Collections (Combined)	Eliminations Between Dedicated Collections	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet						
Assets						
Intragovernmental Assets:						
Fund Balance with Treasury	$ 341	$ 86	$ 9	$ 436	$ 0	**$ 436**
Investments	2,415,122	217,213	0	2,632,335	0	**2,632,335**
Accounts Receivable, Net	174	74	0	248	0	**248**
Total Intragovernmental Assets	**2,415,637**	**217,373**	**9**	**2,633,019**	**0**	**2,632,019**
Assets with the Public:						
Accounts Receivable, Net	3,151	3,264	0	6,415	(4)	**6,411**
Total Assets	**$ 2,418,788**	**$ 220,637**	**$ 9**	**$ 2,639,434**	**$ (4)**	**$ 2,639,430**
Liabilities and Net Position						
Intragovernmental Liabilities:						
Accounts Payable	$ 6,582	$ 538	$ 0	$ 7,120	$ 0	**$ 7,120**
Liabilities with the Public:						
Accounts Payable	0	1	0	1	0	**1**
Benefits Due and Payable	131,383	32,543	0	163,926	(4)	**163,922**
Total Liabilities with the Public	**131,383**	**32,544**	**0**	**163,927**	**(4)**	**163,923**
Total Liabilities	**137,965**	**33,082**	**0**	**171,047**	**(4)**	**171,043**
Cumulative Results of Operations	2,280,823	187,555	9	2,468,387	0	**2,468,387**
Total Liabilities and Net Position	**$ 2,418,788**	**$ 220,637**	**$ 9**	**$ 2,639,434**	**$ (4)**	**$ 2,639,430**
Statement of Net Cost						
Program Costs	$ 1,423,041	$ 156,332	$ 0	$ 1,579,373	$ 0	**$ 1,579,373**
Operating Expenses	738	283	0	1,021	0	**1,021**
Less Earned Revenue	(1)	(27)	(164)	(192)	0	**(192)**
Net Cost of Operations	**$ 1,423,778**	**$ 156,588**	**$ (164)**	**$ 1,580,202**	**$ 0**	**$ 1,580,202**
Statement of Changes in Net Position						
Net Position Beginning of Period	$ 2,475,706	$ 148,374	$ 15	$ 2,624,095	$ 0	**$ 2,624,095**
Appropriations Used	0	0	59,748	59,748	0	**59,748**
Non-Exchange Revenue						
Tax Revenue -Intragovernmental	1,118,242	189,897	0	1,308,139	0	**1,308,139**
Interest Revenue - Intragovernmental	62,530	6,777	0	69,307	0	**69,307**
Other - With the Public	6	31	0	37	0	**37**
Total Non-Exchange Revenue	**1,180,778**	**196,705**	**0**	**1,377,483**	**0**	**1,377,483**
Transfers In/Out – Without Reimbursement	48,117	(936)	(59,918)	(12,737)	0	**(12,737)**
Net Cost of Operations	**1,423,778**	**156,588**	**(164)**	**1,580,202**	**0**	**1,580,202**
Net Change	(194,883)	39,181	(6)	(155,708)	0	**(155,708)**
Net Position End of Period	**$ 2,280,823**	**$ 187,555**	**$ 9**	**$ 2,468,387**	**$ 0**	**$ 2,468,387**

Chart 10b for FY 2025 includes eliminations between SSA's funds from dedicated collections, which primarily represent eliminations for activity between the OASI and DI Trust Funds. However, $2,101 million of receivables and liabilities in the funds from dedicated collections for the year ended September 30, 2025 must be eliminated against LAE (Accounts Payable,

Federal), SSI (Benefits Due and Payable and Accounts Receivables, Non-Federal), and PTF, excluding Taxation on Benefits (Accounts Receivable, Federal), which are not classified as funds from dedicated collections. Therefore, due to the separate presentation of funds from dedicated collections only in this note, SSA does not include eliminations between funds from dedicated collections and LAE, SSI, and PTF, excluding Taxation on Benefits in Chart 10b.

11. Operating Expenses

Classification of Operating Expenses by Major Program

Charts 11a and 11b display SSA's operating expenses for each major program. LAE SSA operating expenses recorded in Other primarily represent the HI/SMI Trust Funds' shares of SSA's operating expenses, including the Medicare Prescription Drug Program. OASI and DI Trust Fund Operations include expenses of Treasury to assist in managing the OASI and DI Trust Funds. Vocational Rehabilitation & Other primarily includes expenditures of State agencies for vocational rehabilitation of OASI, DI, and SSI beneficiaries.

Chart 11a - SSA's Operating Expenses by Major Program as of September 30:
(Dollars in Millions)

	2026				
	LAE		OASI and DI Trust Fund Operations	Vocational Rehabilitation & Other	Total
	SSA	OIG			
OASI	$ 3,557	$ 46	$ 688	$ 15	**$ 4,306**
DI	2,870	37	114	172	**3,193**
SSI	4,906	0	0	154	**5,060**
Other	3,680	32	0	0	**3,712**
Total	**$ 15,013**	**$ 115**	**$ 802**	**$ 341**	**$ 16,271**

The LAE amounts listed in Chart 11a above include $720 million in Real Property Intragovernmental Lease expense.

Chart 11b - SSA's Operating Expenses by Major Program as of September 30:
(Dollars in Millions)

	2025				
	LAE		OASI and DI Trust Fund Operations	Vocational Rehabilitation & Other	Total
	SSA	OIG			
OASI	$ 3,618	$ 52	$ 725	$ 13	**$ 4,408**
DI	2,845	40	120	163	**3,168**
SSI	4,959	0	0	194	**5,153**
Other	3,784	36	0	0	**3,820**
Total	**$ 15,206**	**$ 128**	**$ 845**	**$ 370**	**$ 16,549**

The LAE amounts listed in Chart 11b include $716 million in Real Property Intragovernmental Lease expense.

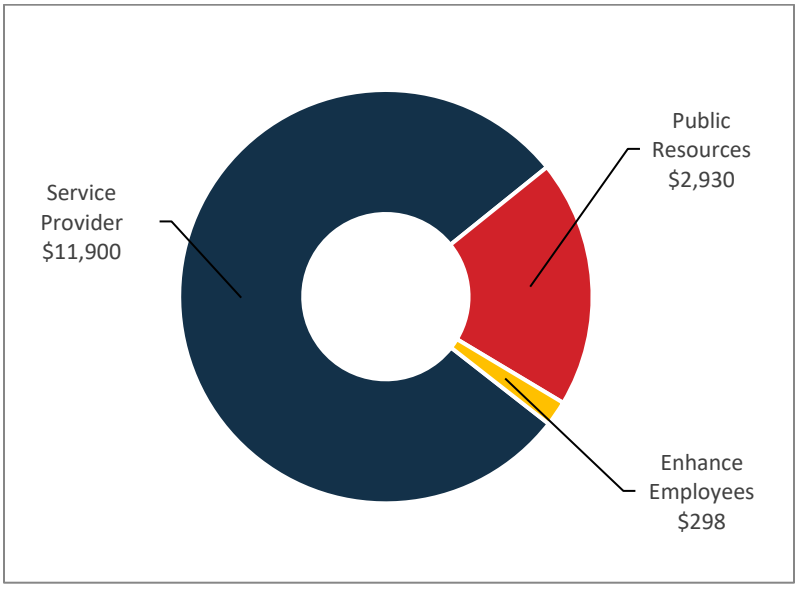
Classification of LAE Operating Expenses by Strategic Goal

SSA *Annual Performance Plan* (APP) sets forth expected levels of performance the agency is committed to achieving and includes proposed levels of performance for future fiscal years. Our APP is characterized by agency-wide broad-based Strategic Goals. The three Strategic Goals are:

- Be the Premier Service Provider (Service Provider);
- Preserve and Protect Public Resources (Public Resources); and
- Enhance the Employee Experience and Productivity (Enhance Employees).

Chart 11c, exhibits the distribution of FY 2026 SSA and OIG LAE operating expenses to the three APP Strategic Goals, which agree to the agency's LAE budget appropriation. We published our FYs 2026–2030 Agency Strategic Plan in August 2026 which defines three new Strategic Goals. Therefore, because the Strategic Goals are not comparable between FY 2026 and FY 2025, we did not include a chart showing the distribution of FY 2025 operating expenses by Strategic Goal.

Chart 11c – FY 2026 LAE Operating Expenses by Strategic Goal
(Dollars in Millions)



For Chart 11c, we do not include OASI and DI Trust Fund Operations and Vocational Rehabilitation expenses (see Chart 11a) in LAE Operating Expenses by Strategic Goal as these amounts are disbursed from the OASI and DI Trust Funds and SSI and are not directly linked to the budget authority.

12. Exchange Revenues

SSA recognizes revenue from exchange transactions when goods and services are provided. The goods and services provided are priced so that charges do not exceed the agency's cost. Total exchange revenue is $373 million for the years ended September 30, 2026 and 2025. SSA's exchange revenue primarily consists of fees collected to administer SSI State Supplementation. The fees charged to the States are $15.63 and $15.22, per payment, for the years ended September 30, 2026 and 2025. SSA has agreements with 20 States and the District of Columbia to administer some or all of the States' supplement to Federal SSI benefits. Additional fees are collected for handling OASI and DI Trust Fund and SSI attorney fees. Other exchange revenue consists of reimbursement for performing non-mission work for Federal and non-Federal entities. Chart 12 discloses SSA's exchange revenue by activity.

Chart 12 - Exchange Revenue as of September 30:
(Dollars in Millions)

	2026	2025
SSI State Supplementation Fees	$ 248	$ 244
SSI Attorney Fees	9	9
DI Attorney Fees	30	27
OASI Attorney Fees	1	1
Other Exchange Revenue	85	92
Total Exchange Revenue	**$ 373**	**$ 373**

SSI administrative fees are split between fees that SSA can use and fees that belong to Treasury's General Fund. The General Fund's portion of these administrative fees are $88 and $89 million for the years ended September 30, 2026 and 2025. Of these amounts, $79 and $80 million were collected to administer SSI State Supplementation for the years ended September 30, 2026 and 2025. SSA maintains the remainder of the SSI administrative fees, which meet the criteria of a fund from dedicated collections, in the amounts of $169 and $164 million for the years ended September 30, 2026 and 2025, to defray expenses in carrying out the SSI program.

13. Tax Revenues

Treasury estimates monthly employment tax revenues based on SSA's quarterly estimate of taxable earnings. Treasury uses these estimates to credit the OASI and DI Trust Funds with tax receipts received during the month. Treasury adjusts the amounts previously credited to the OASI and DI Trust Funds based on actual wage data SSA certified quarterly.

As required by current law, the OASI and DI Trust Funds are due the total amount of employment taxes payable regardless of whether they have been collected. These estimated amounts are subject to adjustments for wages that were previously unreported, employers misunderstanding the wage reporting instructions, businesses terminating operations during the year, or errors made and corrected with either the Internal Revenue Service (IRS) or SSA. Revenues to the OASI and DI Trust Funds are reduced for excess employment taxes, which are refunded by offset against income taxes.

Chart 13 displays SSA's Tax Revenue, as reported on the Consolidated Statements of Changes in Net Position, by major program. The $58,142 million increase from FY 2025 to FY 2026 is due to an increase in OASDI employment tax estimates in FY 2026.

Chart 13 - Tax Revenue as of September 30:
(Dollars in Millions)

	2026	2025
OASI	$ 1,168,063	$ 1,118,242
DI	198,218	189,897
Total Tax Revenue	**$ 1,366,281**	**$ 1,308,139**

14. Imputed Financing

SSA recognizes the full cost of goods and services it receives from other entities on our Consolidated Statements of Net Cost. In some instances, goods or services provided by one Federal entity to another may not be fully reimbursed by the receiving entity. The unreimbursed portion of these costs is considered an imputed cost, and must be recognized on the receiving entity's Statement of Net Cost. The funding for these imputed costs is recognized as an imputed financing source on the receiving entity's Statements of Changes in Net Position. SSA has activities with OPM and Treasury that require imputed costs and financing sources to be recognized. While the imputed financing sources are shown on the face of the Consolidated Statements of Changes in Net Position, the imputed costs are included in the operating expense amounts reported on the Consolidated Statements of Net Cost.

OPM administers three earned benefit programs for civilian Federal employees: (1) the Retirement Program, comprised of the CSRS and the FERS; (2) the Federal Employees Health Benefits Program (FEHBP); and (3) the Federal Employee Group Life Insurance Program (FEGLI). The total service costs for SSA employee pensions, life, and health insurance are financed by contributions of SSA, participating employees, and OPM. The Consolidated Statements of Net Cost recognize post-employment benefit expenses of $1,745 and $1,990 million for the years ended September 30, 2026 and 2025, as a portion of operating expenses. The expense represents the current and estimated future costs of SSA and OPM for SSA employee pensions, life, and health insurance. SSA is responsible for a portion of the costs of each benefit program during the fiscal year, while OPM covers the remaining costs. SSA recognizes these costs on our financial statements as an imputed cost with a corresponding imputed financing source.

Treasury, on SSA's behalf, processes the payments for SSI benefits. While most of the administrative costs associated with processing these payments are recorded as imputed costs with an associated imputed financing source, SSA is responsible for the costs related to postage. In addition, when funds are not legally available to pay monetary awards from SSA's own appropriations, Treasury issues payments from the Judgment Fund on behalf of SSA for court judgments and Department of Justice compromise settlements of actual or imminent lawsuits against SSA. These costs are also recorded as imputed costs with a corresponding imputed financing source.

Chart 14 discloses SSA's imputed financing sources by activity.

Chart 14 - Imputed Financing Sources as of September 30:
(Dollars in Millions)

	2026	2025
Employee Benefits (OPM)		
CSRS	$ 19	$ 34
FERS	258	361
FEHBP	572	615
FEGLI	1	1
Total Employee Benefits	**850**	**1,011**
SSI Benefit Payments (Treasury)	16	22
Judgment Fund (Treasury)	1	1
Total Imputed Financing Sources	**$ 867**	**$ 1,034**

15. Budgetary Resources

Reconciliation of Unobligated Balance from Prior Year Budget Authority, Net

SSA conducted a reconciliation of prior year's unobligated balance, end of year for the year ended September 30, 2025, to the current year's unobligated balance from prior year budget authority, net for the year ended September 30, 2026. The adjustments shown in the following chart include recoveries, canceled authority, and CAS percentage adjustments. Recoveries represent downward adjustments to prior year obligations that result in increased unobligated balances from prior year budget authority. Any expired authority remaining at the end of an appropriation's budget life (6 years) becomes canceled and is returned to any funding sources that originally provided the authority. Each year SSA's Office of Budget determines the obligations for the Trust Funds in relation to LAE's New Budget Authority. In the following year, the CAS percentages are used to determine if the obligations established using the New Budget Authority were under or overstated and adjustments are made accordingly.

Chart 15a presents a reconciliation of prior year's unobligated balance, end of year for the year ended September 30, 2025, to the current year's unobligated balance from prior year budget authority, net for the year ended September 30, 2026.

Chart 15a - Reconciliation of Unobligated Balance from Prior Year Budget Authority, Net as of September 30:
(Dollars in Millions)

	2026
PY Unobligated balance, end of year	$1,738
Recoveries	819
Canceled Authority	(47)
CAS % Adjustments	48
CY Unobligated balance from PY budget authority, net	**$2,558**

Appropriations Received

The Combined Statements of Budgetary Resources discloses Appropriations Received of $1,803,991 and $1,720,904 million for the years ended September 30, 2026 and 2025. Appropriations Received on the Consolidated Statements of Changes in Net Position are $129,582 and $128,620 million for the same years. The differences of $1,674,409 and $1,592,284 million primarily represent appropriated OASI and DI Trust Fund receipts. The Consolidated Statements of Changes in Net Position reflect new appropriations received during the year; however, those amounts do not include dedicated receipts in the OASI and DI Trust Funds.

Appropriations Received for PTF are recorded based on warrants received from the General Fund and presented as Other in the financial statements. These amounts are transferred to the Bureau of Fiscal Service where they are also recorded as Appropriations Received in the OASI and DI Trust Funds. Because OASI and DI Trust Fund activity is combined with Other on SSA's Combined Statements of Budgetary Resources, Appropriations Received for PTF are duplicated. This is in compliance with OMB's Circular No. A-136 to have the Combined Statements of Budgetary Resources in agreement with the required SF-133. These amounts are also included on the Consolidated Statements of Changes in Net Position for Other in Appropriations Received.

Permanent Indefinite Appropriations

SSA has three Permanent Indefinite Appropriations: OASI and DI Trust Funds and Title VIII. The OASI Trust Fund provides retirement and survivors benefits to qualified workers and their families. The DI Trust Fund provides disability benefits to individuals who cannot work because they have a medical condition expected to last one year or result in death. The authority remains available as long as there are qualified beneficiaries.

The Title VIII Program was established as part of Public Law 106-169, *Foster Care Independence Act of 1999*. It provides special benefits to World War II Philippine veterans receiving SSI, who wanted to spend their remaining years outside the U.S. Prior to the passage of Public Law 106-169, the veterans' SSI benefits would terminate the month after leaving the U.S. Under the new law, these veterans will receive 75 percent of their benefits. The authority remains available as long as there are qualified recipients.

Legal Arrangements Affecting Use of Unobligated Balances

During the year, the OASI and DI Trust Funds collect receipts and incur obligations. The receipts are primarily made up of tax and interest revenues. As beneficiaries pass the various entitlement tests prescribed by the *Social Security Act*, benefit payments and other outlays are obligated against the OASI and DI Trust Funds. During a given year, when receipts collected exceed the amount needed to pay benefits and other valid obligations, the excess authority becomes precluded by law from being available for obligations, as of September 30. While this amount is precluded from obligation at the end of one fiscal year, the excess receipts remain assets of the OASI and DI Trust Funds and can become available in future periods as needed.

Chart 15b provides an overview of fiscal year budgetary receipt and obligation information for the OASI and DI Trust Funds. SSA compares the current year receipts to the current year obligations incurred to determine the excess or shortfall for a fiscal year.

Chart 15b - OASI and DI Trust Fund Activities as of September 30:
(Dollars in Millions)

	2026			2025		
	OASI	DI	Total	OASI	DI	Total
Receipts	$ 1,284,057	$ 208,158	**$ 1,492,215**	$ 1,240,453	$ 197,783	**$ 1,438,236**
Less: Obligations	1,512,030	163,115	**1,675,145**	1,433,956	159,532	**1,593,488**
Excess of Receipts Over Obligations	**$ (227,973)**	**$ 45,043**	**$ (182,930)**	**$ (193,503)**	**$ 38,251**	**$ (155,252)**

The overall Net Position of the OASI and DI Trust Funds included in Net Position, on the Consolidated Statements of Changes in Net Position, are $2,053,005 and $233,398 million for the year ended September 30, 2026, compared to $2,280,823 and $187,555 million for the year ended September 30, 2025.

Undelivered Orders at the End of the Period

Undelivered orders consist of orders of goods and services that SSA has not actually or constructively received. The total undelivered orders contain unpaid undelivered orders and advances, with unpaid orders making up the majority of the total. Chart 15c provides the undelivered orders amount by Federal, non-Federal, paid, and unpaid.

Chart 15c - Undelivered Orders as of September 30:
(Dollars in Millions)

	2026			2025		
	Federal	Non-Federal	Total	Federal	Non-Federal	Total
Unpaid Undelivered Orders	$ 622	$ 2,221	**$ 2,843**	$ 645	$ 1,964	**$ 2,609**
Paid Undelivered Orders	38	0	**38**	59	0	**59**
Total Undelivered Orders	**$ 660**	**$ 2,221**	**$ 2,881**	**$ 704**	**$ 1,964**	**$ 2,668**

Explanation of Differences Between the Combined Statement of Budgetary Resources and the Budget of the U.S. Government

SSA conducted a reconciliation of budgetary resources, new obligations and upward adjustments, distributed offsetting receipts, and net outlays as presented in the Combined Statements of Budgetary Resources, to amounts included in the Budget of the U.S. Government for the year ended September 30, 2025. All differences shown in the following chart are recognized as accepted differences. Expired activity is not included in the Budget of the U.S. Government. Distributed offsetting receipts are not included in the net outlay calculation within the Budget of the U.S. Government.

Chart 15d presents a reconciliation of budgetary resources, new obligations and upward adjustments, distributed offsetting receipts, and outlays as presented in the Combined Statements

of Budgetary Resources, to amounts included in the Budget of the U.S. Government for the year ended September 30, 2025.

Chart 15d - Explanation of Differences Between Combined Statement of Budgetary Resources and the Budget of the U.S. Government for FY 2025:
(Dollars in Millions)

	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$1,742,137	$ 1,740,399	$ 63,906	$1,646,515
Expired activity not in President's Budget	(620)	0	0	0
Offsetting Receipts activity not in President's Budget	0	0	0	63,906
Other	0	0	0	(2)
Budget of the U.S. Government	**$ 1,741,517**	**$ 1,740,399**	**$ 63,906**	**$1,710,419**

A reconciliation has not been conducted for the year ended September 30, 2026 since the actual budget data for FY 2026 will not be available until the President's Budget is published. Once available, the actual budget data will be located on OMB's Appendix website (unaudited).

16. Reconciliation of Net Cost to Net Outlays

Chart 16 presents a reconciliation between SSA's budgetary and financial accounting. Budgetary accounting is used for planning and spending control purposes. The net outlays portion of budgetary accounting focuses on the receipt and use of cash. Financial accounting is intended to provide a picture of the Government's financial operations and financial position, so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The net costs portion of financial accounting focuses on expenses and revenue.

The reconciliation below shows the relationship between SSA's net outlays, presented on a budgetary cash basis and derived from the Combined Statements of Budgetary Resources, and net costs, presented on an accrual basis and derived from the Consolidated Statements of Net Cost, by identifying and explaining key items that affect one statement but not the other. Examples of this include transfers of authority, which affect net outlays but not net cost, or depreciation of capitalized assets that affect net cost, but not net outlays.

Chart 16 - Reconciliation of Net Cost to Net Outlays for the Years Ended September 30, 2026 and 2025
(Dollars in Millions)

	2026			2025		
	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total
Net Cost	**$ 5,180**	**$ 1,733,006**	**$ 1,738,186**	**$ 5,537**	**$ 1,650,280**	**$ 1,655,817**
Components of Net Cost That Are Not Part of Net Outlays:						
Property, plant, and equipment depreciation	(13)	(1,006)	**(1,019)**	(13)	(1,006)	**(1,019)**
Property, plant, and equipment disposal and reevaluation	0	(1)	**(1)**	0	(1)	**(1)**
Increase/(decrease) in assets:						
Accounts receivable	(4)	523	**519**	13	1,012	**1,025**
Other assets	(20)	0	**(20)**	(24)	0	**(24)**
(Increase)/decrease in liabilities:						
Accounts payable	(29)	(199)	**(228)**	(5)	63	**58**
Benefits Due and Payable	0	(6,340)	**(6,340)**	0	(11,330)	**(11,330)**
Federal Employee Salary, Leave, and Benefits Payable	0	(7)	**(7)**	0	28	**28**
Post-Employment Benefits Payable	0	11	**11**	0	20	**20**
Other liabilities	246	4	**250**	(263)	(1)	**(264)**
Financing sources						
Imputed Costs	(867)	0	**(867)**	(1,034)	0	**(1,034)**
Total Components of Net Cost That Are Not Part of Net Outlays	**$ (687)**	**$ (7,015)**	**$ (7,702)**	**$ (1,326)**	**$ (11,215)**	**$ (12,541)**
Components of Net Outlays That Are Not Part of Net Cost:						
Acquisition of capital assets	0	910	**910**	0	1,015	**1,015**
Financing Sources						
Transfers out(in) without reimbursement	28	0	**28**	(232)	0	**(232)**
Expenditure Transfers Collected/Disbursed	3,061	0	**3,061**	2,274	0	**2,274**
Total Components of Net Outlays That Are Not Part of Net Cost	**$ 3,089**	**$ 910**	**$ 3,999**	**$ 2,042**	**$ 1,015**	**$ 3,057**
Miscellaneous Items						
Custodial/Non-Exchange Revenue	(36)	(430)	**(466)**	(35)	(126)	**(161)**
Non-Entity Activity	(163)	0	**(163)**	343	0	**343**
Total Other Reconciling Items	**(199)**	**(430)**	**(629)**	308	(126)	**182**
Net Outlays	**$ 7,383**	**$ 1,726,471**	**$ 1,733,854**	**$ 6,561**	**$ 1,639,954**	**$ 1,646,515**

The $6,340 million increase in Benefits Due and Payable for the year ended September 30, 2026, is primarily related to amounts owed to program recipients that have not yet been paid as of the balance sheet date. The increased Benefits Due and Payable when comparing FY 2026 to FY 2025 is due primarily to a 2.8 percent Cost of Living Adjustment beneficiaries received in 2026 and an increase in the number of OASI beneficiaries during FY 2026. The $3,061 million in Expenditure Transfers Disbursed for the year ended September 30, 2026, is primarily related to disbursements from the OASI Trust Fund to cover SSA's costs of the Railroad Retirement Interchange. The disbursements are part of net outlays, but not part of net cost. Refer to Note 9, Liabilities, for additional information on the Railroad Retirement Interchange.

For FY 2025, the $11,330 million increase in Benefits Due and Payable for the year ended September 30, 2025, is primarily related to amounts owed to program recipients that have not yet been paid as of the balance sheet date. The increased Benefits Due and Payable is due primarily to a 2.5 percent Cost of Living Adjustment beneficiaries received in 2025 and an increase in the number of OASI beneficiaries during FY 2025. The $2,274 million in Expenditure Transfers

Disbursed for the year ended September 30, 2025, is primarily related to disbursements from the OASI Trust Fund to cover SSA's costs of the Railroad Retirement Interchange. The disbursements are part of net outlays, but not part of net cost. Refer to Note 9, Liabilities, for additional information on the Railroad Retirement Interchange.

17. Social Insurance Disclosures

Statements of Social Insurance

The Statements of Social Insurance show the present value for the 75-year projection period of the estimated future noninterest income, estimated future cost, and the excess of income over cost for both the "open group" and "closed group" of participants. The open group of participants includes all current and future participants (including those born during the projection period) who are now participating or are expected to eventually participate in the OASDI social insurance program. The closed group of participants includes only current participants (i.e., those who attain age 15 or older in the first year of the projection period). The closed group disclosure is not relevant to the financial status because the program is financed largely on a pay-as-you-go basis.

Present values are computed based on the intermediate economic and demographic assumptions described in *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (2026 Trustees Report) for the 75-year projection period beginning January 1, 2026. These assumptions represent the Trustees' best estimate of likely future economic and demographic conditions. Similar present values are shown in the Statements of Social Insurance based on the prior four Trustees Reports reflecting present values on January 1 of the applicable year.

Estimated future noninterest income 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, because the present value calculation discounts all cash flows at the effective yield on OASI and DI Trust Fund reserves. The estimated future cost includes benefit amounts scheduled under current law, administrative expenses, and net transfers with the Railroad Retirement program.

The present value of the estimated future excess of noninterest income over cost is shown in the Statements of Social Insurance, not only for the open group of participants, but also for the closed group of participants. The closed group of participants consists of those who have attained age 15 or older in the starting year of the projection period. This closed group is further divided into those who have attained retirement eligibility age (i.e., age 62 and over) in the starting year of the projection period and those who attained age 15 through 61 in the starting year of the projection period. The Statements of Social Insurance also present the present value of estimated future noninterest income less estimated future cost *plus* the combined OASI and DI Trust Fund reserves at the start of the period on both an open and closed group basis.

Combined OASI and DI Trust Fund reserves represent the accumulated excess of all past income, including interest on prior combined OASI and DI Trust Fund reserves, over all past expenditures for the OASDI program. The combined OASI and DI Trust Fund reserves as of

January 1, 2026 totaled $2,561 billion and were comprised entirely of investment securities that are backed by the full faith and credit of the Federal Government.

The present value for a 75-year projection period of the estimated future excess of noninterest income over cost, plus the combined OASI and DI Trust Fund reserves at the start of the period, is shown as a negative value. Its magnitude is commonly referred to as the "open group unfunded obligation" of the OASDI program over the 75-year projection period. This value is included in the applicable Trustees Report and is shown in the Report as a percentage of taxable payroll and as a percentage of gross domestic product (GDP) over the period.

Because the OASDI program lacks borrowing authority, the open group unfunded obligation represents the amount of benefits scheduled in the law that would not be payable in the years after the reserves in the combined OASI and DI Trust Funds become depleted. Thus, if the reserves in the combined OASI and DI Trust Funds become depleted, the amount of money available to pay benefits and other expenses would be limited to continuing noninterest income. Therefore, barring legislative action, this unfunded obligation represents a financial shortfall that would be accommodated by either paying benefits that are less than the amount scheduled or by delaying the payment of scheduled benefits.

Assumptions Used for the Statements of Social Insurance

The present values used in this presentation for the current year (2026) 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 OASI and DI Trust Fund reserves are depleted. Estimates are also based on various economic and demographic assumptions, including those in the following chart:

Chart 17a: Significant Assumptions and Summary Measures Used for the Statement of Social Insurance 2026

	Total Fertility Rate[1]	Age-Sex-Adjusted Death Rate[2] (per 100,000)	Period Life Expectancy At Birth[3]		Net Annual Immigration (persons per year)[4]	Annual Percentage Change In:					Average Annual Interest Rate[9]
			Male	Female		Average Annual Wage in Covered Employment (nominal)[5]	Average Annual Wage in Covered Employment (real)[5]	CPI[6]	Total Employment[7]	Real GDP[8]	
2026	1.59	769.7	76.5	81.5	130,000	4.49	1.82	2.62	-0.1	2.1	4.2%
2030	1.61	749.0	76.8	81.8	978,000	4.53	2.08	2.40	0.3	1.8	4.1%
2040	1.72	691.4	77.8	82.7	1,227,000	3.64	1.21	2.40	0.2	1.8	4.6%
2050	1.75	637.7	78.9	83.6	1,196,000	3.55	1.12	2.40	0.1	1.7	4.7%
2060	1.75	590.0	79.9	84.4	1,178,000	3.53	1.10	2.40	0.1	1.7	4.7%
2070	1.75	547.7	80.9	85.2	1,166,000	3.56	1.13	2.40	[10]	1.6	4.7%
2080	1.75	510.1	81.8	85.9	1,157,000	3.56	1.13	2.40	[10]	1.6	4.7%
2090	1.75	476.6	82.6	86.6	1,151,000	3.57	1.14	2.40	0.1	1.7	4.7%
2100[11]	1.75	446.7	83.4	87.2	1,148,000	3.55	1.13	2.40	0.1	1.7	4.7%

Notes:

1. The total fertility rate for any year is the average number of children that would be born to a woman if she were to experience, at each age of her life, the birth rate observed in, or assumed for, the selected year, and if she were to survive the entire childbearing period.
2. The age-sex-adjusted death rate is based on the enumerated total population as of April 1, 2010, if that population were to experience the death rates by age and sex observed in, or assumed for, the selected year. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
3. The period life expectancy at birth for a given year is the average number of years expected prior to death for a person born on January 1 in that year, using the mortality rates for that year over the course of his or her remaining life. It is a summary measure and not a basic assumption; it summarizes the effects of the basic assumptions from which it is derived.
4. Net annual immigration is the number of persons who enter during the year (both as lawful permanent residents and otherwise) minus the number of persons who leave during the year. It is a summary measure and not a basic assumption; it summarizes the effects of the basic assumptions from which it is derived.
5. The average annual wage in covered employment is the total amount of wages and salaries for all employment covered by the OASDI program in a year, divided by the number of employees with any such earnings during the year. The nominal percentage change values reflect the dollar levels of wages and salaries projected for each year in that year's dollars; the real percentage change values do not include the effect of price inflation (Consumer Price Index (CPI)). The nominal percentage change in the average annual wage in covered employment is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
6. The CPI is the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).
7. Total employment is the sum of average weekly U.S. civilian employment and U.S. Armed Forces. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
8. Real GDP is the value of the total output of goods and services in 2017 dollars. It is a summary measure and not a basic assumption; it summarizes the effects of the basic assumptions from which it is derived.
9. The average annual interest rate is the average of the nominal interest rates, compounded semiannually, for special public-debt obligations issuable to the OASI and DI Trust Funds in each of the 12 months of the year. After trust fund reserve depletion, there would continue to be immediate investments of income in short-term certificates of indebtedness. The average annual interest rate is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
10. Greater than -0.05 and less than 0.05 percent.
11. The valuation period used for the 2026 Statement of Social Insurance extends to 2100.

The present values used in the Statement of Social Insurance for the current year and in corresponding Statements in prior years are based on various economic and demographic assumptions. The values for each of these assumptions move from recently experienced levels or trends toward long-range ultimate values. These ultimate values are summarized in Chart 17b. Detailed information, similar to that denoted within Chart 17a, is available on our *Agency Financial Report* (AFR) website for the prior four years.

Chart 17b: Significant Long-Range Assumptions and Summary Measures Used for the Statements of Social Insurance for Current and Prior Years

Year of Statement	Total Fertility Rate[1]	Average Annual Percentage Reduction in the Age-Sex-Adjusted Death Rates[2]	Average Annual Net Immigration (persons per year)[3]	Real Wage Growth[4]	Average Annual Percentage Change In:			Average Annual Real Interest Rate[8]
					Average Annual Wage in Covered Employment (nominal)[5]	CPI[6]	Total Employment[7]	
FY 2026	1.75	0.73	1,176,000	1.14	3.57	2.40	0.1	2.3
FY 2025	1.90	0.73	1,253,000	1.13	3.56	2.40	0.3	2.3
FY 2024	1.90	0.73	1,244,000	1.14	3.56	2.40	0.3	2.3
FY 2023	1.99	0.74	1,245,000	1.14	3.56	2.40	0.4	2.3
FY 2022	1.99	0.74	1,246,000	1.15	3.55	2.40	0.5	2.3

Notes:

1. The total fertility rate for any year is the average number of children that would be born to a woman if she were to experience, at each age of her life, the birth rate observed in, or assumed for, the selected year, and if she were to survive the entire childbearing period. For the 2024 through 2026 Statements, the value presented is the ultimate total fertility rate. For the 2022 and 2023 Statements, the value presented is the average annual total fertility rate for the last 65 years of the 75-year projection period.
2. The age-sex-adjusted death rate is based on the enumerated total population as of a standard date if that population were to experience the death rates by age and sex observed in, or assumed for, the selected year. For each of the listed Statements, the standard date was April 1, 2010. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. The value presented is the average annual percentage reduction for the last 65 years of the 75-year projection period.
3. Net annual immigration is the number of persons who enter during the year (both as lawful permanent residents and otherwise) minus the number of persons who leave during the year. The value in the chart is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. The value presented is the average net immigration level for the last 65 years of the 75-year projection period.
4. For the 2022 Statement, the value presented is the average annual real wage differential (in percentage points) for the last 65 years of the 75-year projection period; the annual real wage differential is the annual percentage change in the average annual wage in covered employment less the annual percentage change in CPI. For the 2023 through 2026 Statements, the value presented is the average annual real (i.e., inflation adjusted) percentage change in the average annual wage in covered employment for the last 65 years of the 75-year projection period; the average annual wage in covered employment is the total amount of wages and salaries for all employment covered by the OASDI program in a year divided by the number of employees with any such earnings during the year.
5. The average annual wage in covered employment is the total amount of wages and salaries for all employment covered by the OASDI program in a year divided by the number of employees with any such earnings during the year. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. The value presented is the average annual percentage change for the last 65 years of the 75-year projection period.
6. The CPI is the CPI-W. The value presented is the ultimate assumption, which is reached within the first 10 years of the projection period.
7. Total employment is the sum of average weekly U.S. civilian employment and U.S. Armed Forces. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. For the 2022 Statement, the value presented is the average annual percentage change for the entire 75-year projection period. For the 2023 through 2026 Statements, the value presented is the average annual percentage change for the last 65 years of the 75-year projection period.
8. The average annual real interest rate reflects the expected annual real yield for each year on securities issuable in the prior year. The value presented is the ultimate assumption, which is reached within the first 20 years of the projection period.

These assumptions and the other values on which Chart 17b is based reflect the intermediate assumptions of the 2022–2026 Trustees Reports. The values shown in the FY 2026 row of Chart 17b are consistent with the data shown in Chart 17a. Estimates made prior to this year may differ substantially because of revisions to the assumptions based on changes in conditions or experience, and to changes in actuarial methodology. It is reasonable to expect changes to actuarial assumptions and methodology in future reports.

The *Required Supplementary Information: Social Insurance* section of this report contains additional information on social insurance.

Statements of Changes in Social Insurance Amounts

The Statements of Changes in Social Insurance Amounts reconcile changes, from the beginning of one 75-year valuation period to the next, in the: (1) 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; (2) starting reserves of the combined OASI and DI Trust Funds; and (3) present value of estimated future noninterest income less estimated future cost for current and future participants over the next 75 years plus the reserves of the combined OASI and DI Trust Funds. These values are included in the Statements of Social Insurance. The Statements of Changes in Social Insurance Amounts show two reconciliations: (1) change from the period beginning on January 1, 2025 to the period beginning on January 1, 2026; and (2) change from the period beginning on January 1, 2024 to the period beginning on January 1, 2025. The reconciliation identifies several changes that are significant and provides reasons for the changes.

The five changes considered in the Statements of Changes in Social Insurance Amounts are, in order:

- Change in the valuation period;
- Changes in demographic data, assumptions, and methods;
- Changes in economic data, assumptions, and methods;
- Changes in programmatic data and methods; and
- Changes in law or policy.

All estimates in the Statements of Changes in Social Insurance Amounts represent values that are incremental to the prior change. As an example, the present values shown for economic data, assumptions, and methods represent the additional effect of these new data, assumptions, and methods after considering the effects from demography and the change in the valuation period. In general, an increase in the present value of net cash flows represents a positive change (improving financing), while a decrease in the present value of net cash flows represents a negative change (worsening financing).

Change in the Valuation Period

From the period beginning on January 1, 2025 to the period beginning on January 1, 2026

The effect on the 75-year present values of changing the valuation period from the prior valuation period (2025–2099) to the current valuation period (2026–2100) is measured by using the assumptions for the prior valuation and extending them to cover the current valuation. Changing the valuation period removes a small negative estimated net cash flow for 2025, replaces it with a much larger negative estimated net cash flow for 2100, and measures the present values as of January 1, 2026, one year later. Thus, the present value of estimated future net cash flows (excluding the combined OASI and DI Trust Fund reserves at the start of the period) decreased (i.e., became more negative) when the 75-year valuation period changed from 2025–2099 to 2026–2100. In addition, the effect on the level of reserves in the combined OASI and DI Trust Funds of changing the valuation period is measured by assuming all values projected in the prior valuation for the year 2025 are realized. The change in valuation period decreased the starting level of reserves in the combined OASI and DI Trust Funds. As a result, the present value of the estimated future net cash flows decreased by $1.0 trillion.

From the period beginning on January 1, 2024 to the period beginning on January 1, 2025

The effect on the 75-year present values of changing the valuation period from the prior valuation period (2024–2098) to the current valuation period (2025–2099) is measured by using the assumptions for the prior valuation and extending them to cover the current valuation. Changing the valuation period removes a small negative estimated net cash flow for 2024, replaces it with a much larger negative estimated net cash flow for 2099, and measures the present values as of January 1, 2025, one year later. Thus, the present value of estimated future net cash flows (excluding the combined OASI and DI Trust Fund reserves at the start of the period) decreased (i.e., became more negative) when the 75-year valuation period changed from 2024–2098 to 2025–2099. In addition, the effect on the level of reserves in the combined OASI and DI Trust Funds of changing the valuation period is measured by assuming all values projected in the prior valuation for the year 2024 are realized. The change in valuation period decreased the starting level of reserves in the combined OASI and DI Trust Funds. As a result, the present value of the estimated future net cash flows decreased by $0.9 trillion.

Changes in Demographic Data, Assumptions, and Methods

From the period beginning on January 1, 2025 to the period beginning on January 1, 2026

For the current valuation (beginning on January 1, 2026) there were two changes to the ultimate demographic assumptions.

- The ultimate total fertility rate (TFR) was lowered from 1.9 children per woman to 1.75 children per woman.

- The assumed ultimate level of temporary or unlawfully present immigrant entrants for the last 65 years of the projection period was lowered from 1.35 million to 1.20 million.

Both the change to the TFR assumption and the change in the ultimate immigration assumption decreased the present value of estimated future net cash flows.

In addition to these changes to the ultimate demographic assumptions, the starting demographic values and the way these values transition to the ultimate assumptions were changed. The most significant changes are identified below.

- Final birth rate data for calendar year 2024 and preliminary data for 2025 indicated somewhat lower birth rates than were assumed in the prior valuation, leading to slightly lower assumed birth rates during the period of transition to the ultimate level.
- Various mortality data updates led to higher death rates in all future years relative to the prior valuation.
- Estimated levels of temporary or unlawfully present immigrant entrants in the period 2022-2025 are lower than under the prior valuation.
- Assumed emigration rates from the unlawfully present population in the period 2025-2030 are higher than under the prior valuation.

Updated birth rate data, along with the updates to immigration and emigration data and assumptions, decreased the present value of the estimated future net cash flows. The updates to mortality data increased the present value of the estimated future net cash flows. There were no notable changes in demographic methodology.

Overall, changes in demographic data, assumptions, and methods caused the present value of the estimated future net cash flows to decrease by $2.0 trillion.

From the period beginning on January 1, 2024 to the period beginning on January 1, 2025

The ultimate demographic assumptions for the current valuation (beginning on January 1, 2025) are the same as those for the prior valuation. However, the starting demographic values and the way these values transition to the ultimate assumptions were changed. The most significant changes are identified below.

- The ultimate total fertility rate of 1.9 children per woman is reached in 2050, which is 10 years later than assumed in the prior valuation.
- Final birth rate data for calendar year 2023 and preliminary data for 2024 indicated slightly lower birth rates than were assumed in the prior valuation, leading to slightly lower assumed birth rates during the period of transition to the ultimate level.
- Assumed levels of immigrant entrants in the period 2022-2025 are higher than under the prior valuation.
- Mortality data, historical population data, immigration data, marriage data, and divorce data were updated since the prior valuation.

The longer path to the ultimate total fertility rate, along with the updated birth rate data and transition assumptions, decreased the present value of the estimated future net cash flows. Updates to mortality data, historical population data, immigration assumptions and data, marriage data, and divorce data increased the present value of the estimated future net cash flows. There were two notable changes in demographic methodology.

- The method used for projecting death rates now incorporates Medicare data for deaths at ages 95 through 99, rather than using data only for ages up to 94 as in the prior valuation.
- The method used for projecting immigration was improved to better reflect recent data on the composition of the entrant population by age and sex.

The death rate method change increased the present value of the estimated future net cash flows, while the change in the method for projecting immigration decreased the present value of the estimated future net cash flows.

Overall, changes in demographic data, assumptions, and methods caused the present value of the estimated future net cash flows to decrease by $0.1 trillion.

Changes in Economic Data, Assumptions, and Methods

From the period beginning on January 1, 2025 to the period beginning on January 1, 2026

The ultimate economic assumptions for the current valuation (beginning on January 1, 2026) are the same as those for the prior valuation. However, the starting economic values and the way these values transition to the ultimate assumptions were changed. The one significant change to the starting values and transition assumptions was an improved outlook for labor productivity and average earnings growth over the first ten years of the projection period. This change increased the present value of estimated future net cash flows.

There was one notable change in economic methodology, related to the approach used to model labor force participation of workers age 75 and older. The parameters used in the modeling were updated based on more recent data, resulting in lower projected labor force participation and employment rates of the oldest workers. This change decreased the present value of estimated future net cash flows.

Overall, changes to economic data, assumptions, and methods caused the present value of the estimated future net cash flows to decrease by $0.6 trillion.

From the period beginning on January 1, 2024 to the period beginning on January 1, 2025

For the current valuation (beginning on January 1, 2025), there was one change to the ultimate economic assumptions. The ratio of total labor compensation to GDP is assumed to increase gradually to 61.2 percent in 2034, and to remain approximately constant thereafter. In the prior valuation, this ratio was assumed to be about 62.8 percent for 2033 and later. This assumption change, considered by itself, implies somewhat slower average earnings growth over the first ten

projection years and a level shift in average earnings in the longer term. This change decreased the present value of estimated future net cash flows.

In addition to this change to the ultimate economic assumptions, the starting economic values and the way these values transition to the ultimate assumptions were changed. The one significant change is that historical OASDI covered employment for 2022 was slightly higher and its age distribution was different than assumed under the prior valuation. This change increased the present value of the estimated future net cash flows.

Additionally, there were several notable changes in economic methodology.

- The model to project the civilian noninstitutional (CNI) population was updated to make the CNI projections more consistent with the projections of the Social Security area population.
- The method used for projecting average weeks worked during a calendar year, a key component of projections of OASDI covered employment, was updated. The updated approach uses historical data through 2021 and a more directly relevant data source.
- The process used to calculate and apply adjustments that smooth the age profile of labor force participation rates was improved, resulting in a decrease in projected labor force participation rates of workers age 75 and older relative to the prior valuation.

The updates to the CNI model and the average weeks worked methodology increased the present value of the estimated future net cash flows. The change to the labor force participation rate methodology decreased the estimated future net cash flows.

Overall, changes to economic data, assumptions, and methods caused the present value of the estimated future net cash flows to decrease by $0.3 trillion.

Changes in Programmatic Data and Methods

From the period beginning on January 1, 2025 to the period beginning on January 1, 2026

Several methodological improvements and updates of program-specific data are included in the current valuation (beginning on January 1, 2026). The most significant are identified below.

- Assumed disabled-worker incidence rates over the first ten years of the projection period were lowered somewhat, producing a more gradual transition to the ultimate incidence rate.
- The method for projecting the age distribution of those who became eligible to receive aged-spouse and widow(er) benefits following enactment of the *Social Security Fairness Act* was improved. Prior to enactment of this law in January 2025, these individuals were not eligible to receive Social Security benefits because they received a substantial government pension.
- Recent data and estimates provided by the Office of Tax Analysis in the Department of the Treasury indicate lower near-term levels of revenue from income taxation of OASDI

benefits, but not as low as indicated by the direct effects of PL 119-21. (See the "Changes in Law or Policy" section below for a description of the direct effects of PL 119-21 on income taxation of benefits.)

- As in the prior valuation, the current valuation uses a 10 percent sample of all newly entitled worker beneficiaries in a recent year to project average benefit levels of retired-worker and disabled-worker beneficiaries. The sample used in the prior valuation was for worker beneficiaries newly entitled in 2021, while the current valuation uses the results from worker beneficiaries newly entitled in 2022.

The change to the transition assumptions for disabled-worker incidence rates; the updated data and estimates for income taxation of OASDI benefits, net of the direct effects of PL 119-21; and the updates to the average benefits model increased the present value of estimated cash flows. The updated age distribution of aged-spouse and widow(er) benefits decreased the present value of estimated cash flows.

Overall, changes to programmatic data and methods caused the present value of the estimated future net cash flows to increase by $0.5 trillion.

From the period beginning on January 1, 2024 to the period beginning on January 1, 2025

Several methodological improvements and updates of program-specific data are included in the current valuation (beginning on January 1, 2025). The most significant are identified below.

- Recent data and estimates provided by the Office of Tax Analysis in the Department of the Treasury indicate lower near-term levels of revenue from income taxation of OASDI benefits relative to the prior valuation.
- As in the prior valuation, the current valuation uses a 10 percent sample of all newly entitled worker beneficiaries in a recent year to project average benefit levels of retired-worker and disabled-worker beneficiaries. Updates were made to better reflect the distribution of taxable earnings levels observed through 2019.

The lower revenue from income taxation of OASDI benefits and the updates to the average benefits model decreased the present value of estimated cash flows.

Overall, changes to programmatic data and methods caused the present value of the estimated future net cash flows to decrease by $0.1 trillion.

Changes in Law or Policy

From the period beginning on January 1, 2025 to the period beginning on January 1, 2026

Between the prior valuation (the period beginning on January 1, 2025) and the current valuation (the period beginning on January 1, 2026), there was one notable change in law or policy affecting the OASDI program.

- PL 119-21, enacted on July 4, 2025, permanently extended the lower ordinary income tax rates and adjusted tax brackets originally enacted under the 2017 *Tax Cuts and Jobs Act* and both increases and makes permanent the larger standard deduction of the 2017 Act. The law also adds a temporary additional standard deduction for taxpayers over age 65. These provisions are expected to reduce taxable income for many Social Security beneficiaries. As a result, less income tax will be paid on Social Security benefits, and the OASI and DI Trust Funds will receive lower levels of revenue in the future from income taxation of Social Security benefits.

This law change caused the present value of the estimated future net cash flows to decrease by $1.1 trillion.

From the period beginning on January 1, 2024 to the period beginning on January 1, 2025

Between the prior valuation (the period beginning on January 1, 2024) and the current valuation (the period beginning on January 1, 2025), there were two notable changes in law or policy affecting the OASDI program.

- On April 18, 2024, we published a final rule on past relevant work. This regulation reduces the time period, from 15 to 5 years, that we consider when determining whether an individual's past work is relevant for the purposes of making disability determinations and decisions. Implementation of the past relevant work regulation is expected to increase disability awards and incidence rates to a small degree and, in turn, reduce labor force participation slightly.
- The *Social Security Fairness Act of 2023* was enacted on January 5, 2025. This law repeals the Windfall Elimination Provision and Government Pension Offset, which reduced or eliminated the Social Security benefits of individuals receiving a pension based on work that was not covered by Social Security. Therefore, implementation of this law increases Social Security benefits for certain people who worked in jobs that were not covered by Social Security.

These law and policy changes caused the present value of the estimated future net cash flows to decrease by $1.0 trillion.

Assumptions Used for the Statements of Changes in Social Insurance Amounts

The present values included in the Statements of Changes in Social Insurance Amounts are for the current and prior years and are based on various economic and demographic assumptions used for the intermediate assumptions in the Trustees Reports for those years. Chart 17a summarizes these assumptions for the current year. Our AFR website provides tabulated assumptions for the prior year in a similar manner.

Period Beginning on January 1, 2025 and Ending January 1, 2026

Present values as of January 1, 2025 are calculated using interest rates from the intermediate assumptions of the 2025 Trustees Report. All other present values in this part of the Statement are calculated as a present value as of January 1, 2026. Estimates of the present value of changes in social insurance amounts due to changing the valuation period and changing demographic data, assumptions, and methods are presented using the interest rates under the intermediate assumptions of the 2025 Trustees Report. Because interest rates are an economic estimate and all estimates in the chart are incremental to the prior change, all other present values in this part of the Statement are calculated using the interest rates under the intermediate assumptions of the 2026 Trustees Report.

Period Beginning on January 1, 2024 and Ending January 1, 2025

Present values as of January 1, 2024 are calculated using interest rates from the intermediate assumptions of the 2024 Trustees Report. All other present values in this part of the Statement are calculated as a present value as of January 1, 2025. Estimates of the present value of changes in social insurance amounts due to changing the valuation period and changing demographic data, assumptions, and methods are presented using the interest rates under the intermediate assumptions of the 2024 Trustees Report. Because interest rates are an economic estimate and all estimates in the chart are incremental to the prior change, all other present values in this part of the Statement are calculated using the interest rates under the intermediate assumptions of the 2025 Trustees Report.

18. Reclassification of the Statement of Net Cost and Statement of Changes in Net Position for the Federal Financial Report Compilation Process

To prepare the *Financial Report of the U.S. Government* (FR), Treasury requires agencies to submit in the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) an adjusted trial balance, which lists the amounts by U.S. Standard General Ledger accounts that appear in the agency financial statements. Treasury uses the trial balance reported in GTAS to develop a reclassified Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for each agency. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to compile to the FR statements. SSA presents the Consolidated Balance Sheets, and Note 10, Funds from Dedicated Collections in compliance with the required format in OMB's Circular No. A-136. Therefore, per OMB's guidance, SSA is not required to compile a reclassified Balance Sheet. This note includes the Statement of Net Cost and Statement of Changes in Net Position line items and the reclassified statement line items prior to Treasury's elimination of intragovernmental differences and aggregation of FR lines. The term "intragovernmental" is used in this note to refer to amounts that result from other components of the Federal Government. The term "non-Federal" is used in this note to refer to Federal Government amounts that result from transactions with non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments. A copy of the FY 2025 FR is available on Treasury's website (unaudited) and a copy of the FY 2026 FR will be posted to this site as soon as it is released.

SSA's FY 2026 reconciliation of agency Statement of Net Cost and Statement of Changes in Net Position amounts to Treasury's reclassified statements are included in Charts 18a and 18b. The Reclassified Net Position in Chart 18b includes intradepartmental eliminations processed by Treasury to present the Net Position at a consolidated level. The Net Position is presented at a combined level in Agency Financial Reports.

Chart 18a - Reclassification of Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost for the Year Ended September 30, 2026

(Dollars in Millions)

FY 2026 Statement of Net Cost		Line Items Used to Prepare FY 2026 Government-wide Statement of Net Cost			
Financial Statement Line	Amount	Dedicated Collections	Other than Dedicated Collections	Total	Reclassified Financial Statement Line
Benefit Payment Expense	$ 1,722,288				
Operating Expenses (Note 11)	16,271				
		$ 1,660,480	$ 72,846	$ 1,733,326	Non-Federal Costs
					Intragovernmental Costs
		0	1,516	1,516	Benefit Program Costs
		0	867	867	Imputed Costs
		802	1,650	2,452	Buy/Sell Costs
		0	398	398	Other Expenses (without Reciprocals)
		802	**4,431**	**5,233**	**Total Intragovernmental Costs**
Total Cost	**1,738,559**	**1,661,282**	**77,277**	**1,738,559**	**Total Reclassified Gross Costs**
		(199)	(122)	(321)	Non-Federal Earned Revenue
		0	(52)	(52)	Buy/Sell Revenue
Less: Exchange Revenues (Note 12)	(373)	**(199)**	**(174)**	**(373)**	**Total Reclassified Earned Revenue**
Total Net Cost	**$ 1,738,186**	**$ 1,661,083**	**$ 77,103**	**$ 1,738,186**	**Net Cost**

Note:

1. The chart above does not contain any columns for eliminations as SSA does not have eliminations within our Statement of Net Cost.

Chart 18b - Reclassification of Statement of Changes in Net Position to Line Items Used for the Government-wide Statement of Changes in Net Position for the Year Ended September 30, 2026

(Dollars in Millions)

FY 2026 Statement of Changes in Net Position		Line Items Used to Prepare FY 2026 Government-wide Statement of Changes in Net Position					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	Other than Dedicated Collections (with Eliminations)	Eliminations Between Dedicated and Other than Dedicated	Total	Reclassified Financial Statement Line
Unexpended Appropriations:							**Unexpended Appropriations:**
Beginning Balances	**$ 612**	**$ 0**	**$ 0**	**$ 612**	**$ 0**	**$ 612**	**Net Position, Beginning of Period - Adjusted**
							Financing Sources
Appropriations Received	129,582	57,373		72,209		129,582	Appropriations Received as Adjusted (Recissions and Other Adjustments)
Other Adjustments	(630)	0		(630)		(630)	Appropriations Received as Adjusted (Recissions and Other Adjustments)
Appropriations Used	(128,180)	(57,373)		(70,807)		(128,180)	Appropriations Used
Net Change in Unexpended Appropriations	**772**	**0**	**0**	**772**	**0**	**772**	**Total Financing Sources**
Total Unexpended Appropriations - Ending	**1,384**	**0**	**0**	**1,384**	**0**	**1,384**	**Total Unexpended Appropriations - Ending**
Cumulative Results of Operations:							**Cumulative Results:**
Beginning Balances	**$ 2,472,903**	**$ 2,468,387**	**$ 0**	**$ 4,516**	**$ 0**	**$ 2,472,903**	**Net Position, Beginning Balance**
							Financing Sources
Appropriations Used	128,180	57,373		70,807		128,180	Appropriations Expended
Non-Exchange Revenue							**Federal Non-Exchange Revenue**
Tax Revenues (Note 13)	1,366,281	1,366,281				1,366,281	Other Taxes and Receipts
Interest Revenues	67,800	67,800				67,800	Federal Securities Interest Revenue Including Associated Gains and Losses (Non-Exchange)
Other	342	342				342	**Non-Federal Non-Exchange Revenue** Other Taxes and Receipts
Total Non-Exchange Revenue	1,434,423	1,434,423	0	0	0	1,434,423	**Total Non-Exchange Revenue**
Transfers-In/Out - Without Reimbursement	(2,722)						**Transfers-In and Out Without Reimbursement**
				170	(170)	0	Appropriation of Unavailable Special or Trust Fund Receipt Transfers-In
		(170)			170	0	Appropriation of Unavailable Special or Trust Fund Receipts Transfers-Out
		1,661,295	(1,661,295)			0	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
		(1,661,295)	1,661,295			0	Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing Sources
		57,389	(57,373)	9,823	(6,339)	3,500	Expenditure Transfers-In of Financing Sources
		(70,262)	57,373	(25)	6,339	(6,575)	Expenditure Transfers-Out of Financing Sources
		353		(3)		350	Transfers-In Without Reimbursement
				3		3	Transfers-Out Without Reimbursement
Total Transfers-In/Out –Without Reimbursement	(2,722)	(12,690)	0	9,968	0	(2,722)	**Total Reclassified Transfers In/Out - Without Reimbursement**
Imputed Financing (Note 14)	867			867		867	Imputed Financing Sources
Other	(3,462)						**Non-Entity Financing Sources**
				(3,738)		(3,738)	Non-entity collections transferred to the General Fund of the U.S. Government
				252		252	Accrual for non-entity amounts to be collected/transferred to the General Fund of the U.S. Government
				24		24	**Non-Federal Non-Exchange Revenue** Other Taxes and Receipts
Total Other	**(3,462)**		**0**	**(3,462)**	**0**	**(3,462)**	**Total Reclassified Non-Entity Financing Sources and Non-Federal Non-Exchange Revenue**
Net Cost of Operations	**1,738,186**	**1,661,083**	**0**	**77,103**	**0**	**1,738,186**	**Net Cost of Operations**
Net Change in Cumulative Results of Operations	**(180,900)**	**(181,977)**	**0**	**1,077**	**0**	**(180,900)**	**Net Change**
Cumulative Results of Operations - Ending	**$ 2,292,003**	**$ 2,286,410**	**$ 0**	**$ 5,593**	**$ 0**	**$ 2,292,003**	**Reclassified Cumulative Results of Operations - Ending**
Net Position	**$ 2,293,387**	**$ 2,286,410**	**$ 0**	**$ 6,977**	**$ 0**	**$ 2,293,387**	**Total Reclassified Net Position**

19. Incidental Custodial Collections

SSA's custodial collections primarily consists of refunds related to canceled LAE appropriations and interest and penalties associated with LAE administrative debt. While these collections are considered custodial, they are not primary to the mission of SSA or material to the overall financial statements. SSA's total custodial revenues are $24 and $3 million for the years ended September 30, 2026 and 2025.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information: Combining Schedule of Budgetary Resources for the Year Ended September 30, 2026

(Dollars in Millions)

	OASI	DI	SSI	Other	LAE	Combined
Budgetary Resources (Note 15)						
Unobligated balance from prior year budget authority, net	$ 10	$ 296	$ 739	$ 49	$ 1,464	$ 2,558
Appropriations (discretionary and mandatory)	1,512,020	162,819	71,722	57,398	32	1,803,991
Spending authority from offsetting collections (discretionary and mandatory)	0	0	3,340	0	15,004	18,344
Total Budgetary Resources	$ 1,512,030	$ 163,115	$ 75,801	$ 57,447	$ 16,500	$ 1,824,893
Status of Budgetary Resources						
New obligations and upward adjustments						
Direct	$ 1,512,030	$ 163,115	$ 71,187	$ 57,394	$ 14,737	$ 1,818,463
Reimbursable	0	0	3,345	0	99	3,444
New obligations and upward adjustments (total)	1,512,030	163,115	74,532	57,394	14,836	1,821,907
Unobligated Balance, End of Year						
Apportioned, unexpired accounts	0	0	1,263	33	1,050	2,346
Unapportioned, unexpired accounts	0	0	0	0	14	14
Unexpired unobligated balance, end of year	0	0	1,263	33	1,064	2,360
Expired unobligated balance, end of year	0	0	6	20	600	626
Unobligated balance, end of year (total)	0	0	1,269	53	1,664	2,986
Total Budgetary Resources	$ 1,512,030	$ 163,115	$ 75,801	$ 57,447	$ 16,500	$ 1,824,893
Outlays, Net						
Outlays, net (discretionary and mandatory)	$ 1,504,616	$ 162,850	$ 70,627	$ 57,392	$ 33	$ 1,795,518
Distributed offsetting receipts	(56,136)	(1,627)	(257)	(3,644)	0	(61,664)
Agency Outlays, Net (Discretionary and Mandatory)	$ 1,448,480	$ 161,223	$ 70,370	$ 53,748	$ 33	$ 1,733,854

Required Supplementary Information: Social Insurance

Program Description

The Old-Age, Survivors, and Disability Insurance (OASDI) program, collectively referred to as "Social Security," provides cash benefits for eligible U.S. citizens and residents. At the end of calendar year 2025, the Social Security Administration paid OASDI benefits to about 70 million beneficiaries. The laws applicable for the period determine eligibility and benefit amounts. Current law provides that monthly benefit payments for workers and their eligible dependents or survivors are based on workers' lifetime earnings histories.

The OASDI program is financed largely on a pay-as-you-go basis--that is, OASDI payroll taxes paid each year by current workers are primarily used to pay the benefits provided during that year to current beneficiaries. The retired worker benefits it pays replace a larger proportion of earned income for lower earners than for higher earners. Changes in laws governing the program may alter the amount of OASDI income (e.g., payroll taxes) and benefits.

Program Finances and Sustainability

As discussed in Note 9 to the Consolidated Financial Statements, "Benefits Due and Payable" on the balance sheet for unpaid amounts of OASDI benefits due to recipients on or before that date includes a liability of approximately $170 billion as of September 30, 2026 ($163 billion as of September 30, 2025). We paid virtually all of this amount in October 2026. Also, the "investments in Treasury securities" recognizes an asset of $2,441 billion as of September 30, 2026 ($2,616 billion as of September 30, 2025). These investments are the combined Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Fund reserves and represent the accumulated excess for the OASDI program of all past income, including interest, over all past expenditures. They are invested only in securities backed by the full faith and credit of the Federal Government (see Investments, Note 5).

No liability has been recognized on the balance sheet for future payments to be made to current and future program participants beyond the unpaid amounts as of September 30, 2026 because OASDI is accounted for as a social insurance program rather than as a pension program. Accounting for a social insurance program recognizes the expense of benefits when they are actually paid or are due to be paid because benefit payments are nonexchange transactions and are not considered deferred compensation as would be employer-sponsored pension benefits for employees. Accrual accounting for a pension program, by contrast, recognizes as a liability retirement benefit expenses as they are earned so that the full estimated actuarial present value of the worker's expected retirement benefits has been recognized by the time the worker retires.

Required Supplementary Information - While there is no liability on the balance sheet for future obligations beyond those due at the reporting date, we present actuarial estimates of the long-range financial status of the OASDI program. Throughout this section, the following terms will generally be used as indicated:

- **Income:** payroll taxes from employers, employees, and self-employed persons; revenue from Federal income tax on scheduled OASDI benefits; interest income from Treasury securities held as reserves of the OASI and DI Trust Funds; and miscellaneous reimbursements from the General Fund of the Treasury;
- **Income excluding interest (Noninterest income):** income, as defined above, excluding the interest income from Treasury securities held as reserves of the OASI and DI Trust Funds;
- **Cost:** scheduled benefit payments, administrative expenses, net transfers with the Railroad Retirement program, and vocational rehabilitation expenses for disabled beneficiaries;
- **Cash flow:** depending on the context, either income, noninterest income, or cost;
- **Net cash flow:** noninterest income less cost; and
- **Present value:** the equivalent value, as of a specified point in time and adjusted using a specified interest rate, of a future stream of payments (either income or cost). The present value of a future stream of payments may be thought of as the lump-sum amount that, if invested at the specified interest rate as of the specified point in time, together with interest earnings would be just enough to meet each of the obligations as they fall due.

All estimates in this section are based on the 75-year projections under the intermediate assumptions in *The 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (2026 Trustees Report) (see Note 17 to the Statements of Social Insurance). The Statements of Social Insurance, the Statements of Changes in Social Insurance Amounts, and the required supplementary information below are derived from estimates of future income and cost based on these assumptions and on the current *Social Security Act*, including future changes previously enacted. The information provided in this section includes:

(1) Present values of future estimated cost for, and estimated income (excluding interest) from, or on behalf of, current and future program participants;

(2) Estimated annual income, income (excluding interest), and cost as percentages of taxable payroll and gross domestic product (GDP);

(3) The ratio of estimated covered workers to estimated beneficiaries; and

(4) An analysis of the sensitivity of the projections to changes in selected assumptions.

Sustainable Solvency - Based on the estimates of income and cost presented in the Statements of Social Insurance, the OASDI program does not meet the criteria for sustainable solvency. To meet the criteria for sustainable solvency, the program must be able to pay all scheduled benefits in full on a timely basis and maintain reserves in the combined OASI and DI Trust Funds at all times within the 75-year projection period. In addition, the reserves in the combined OASI and DI Trust Funds must be stable or rising as a percentage of annual program cost at the end of the period.

Cash Flow Projections - OASDI noninterest income and cost are estimated for each year from 2026 through 2100. Charts 1 through 4 show annual cash flow projections for the OASDI program. However, income including interest is only estimated through 2034, the year that the reserves in the combined OASI and DI Trust Funds are projected to become depleted. After the point of reserve depletion, no interest earnings would be available. Moreover, because the program lacks the authority to borrow to continue paying benefits, benefit payments would be limited to the available tax income (noninterest income). Therefore, displaying annual income levels (including interest) beyond the point of combined OASI and DI Trust Fund reserve depletion would be inappropriate unless the cost of scheduled benefits was replaced by the amount of benefits that would be payable.

Estimates are for the open-group population (i.e., all persons projected to participate in the OASDI program as covered workers or beneficiaries, or both, during the 75-year projection period). Therefore, the estimates include payments from, and on behalf of, workers who will enter covered employment during the period as well as those already in covered employment at the beginning of the period. They also include the cost of scheduled benefits for such workers and their dependents during the period.

Amounts as a Percentage of Taxable Payroll - Chart 1 shows estimated annual income, noninterest income, and cost through 2034 expressed as percentages of taxable payroll. Chart 2 is an extension of Chart 1, showing estimated annual noninterest income and cost through 2100 expressed as percentages of taxable payroll.

Chart 1: Estimated OASDI Income, Noninterest Income, and Cost, as a Percent of Taxable Payroll, 2026–2034

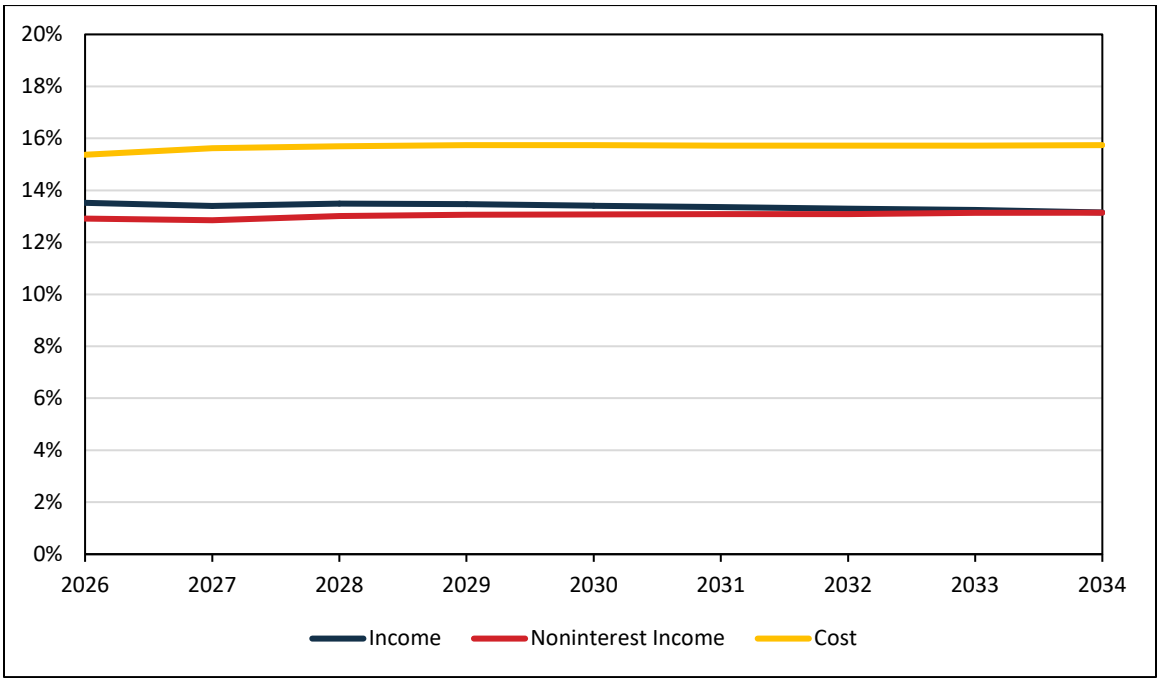
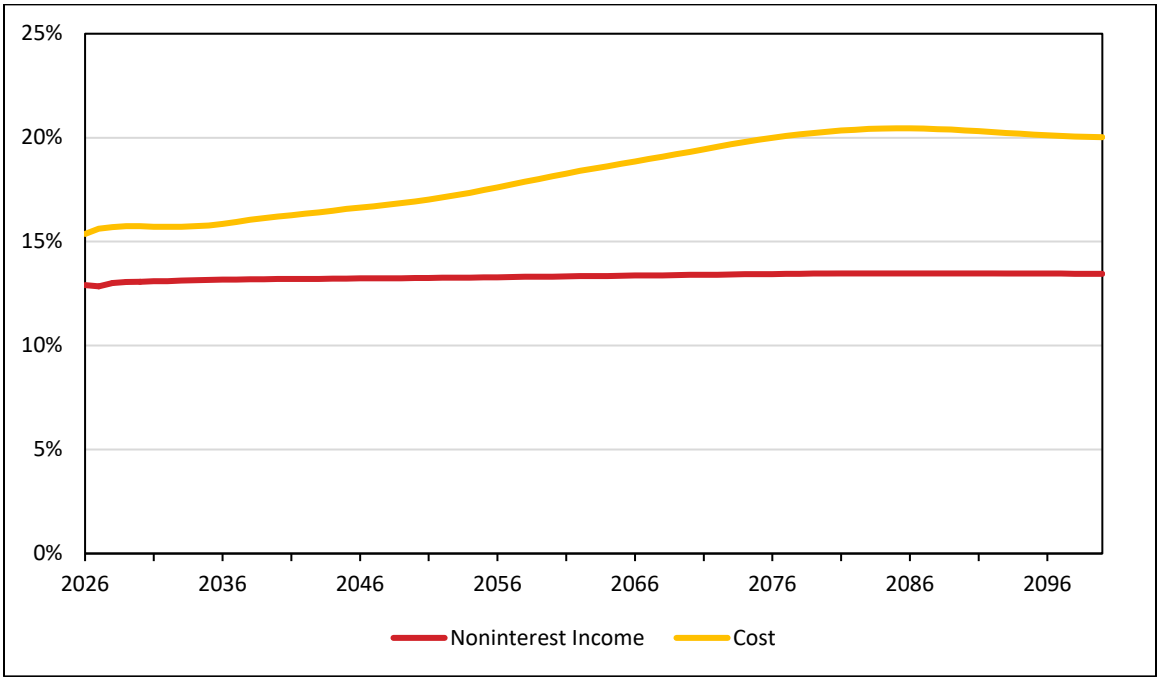


Chart 2: Estimated OASDI Noninterest Income and Cost, as a Percent of Taxable Payroll, 2026–2100



As presently constructed, the program receives most of its income from the 6.2 percent payroll tax that employees and employers each pay on taxable wages and salaries (for a combined payroll tax rate of 12.4 percent) and the 12.4 percent tax that is paid on taxable self-employment income. Prior to 2021, income including interest exceeded cost in every year since 1983. Beginning in 2021, cost exceeded income including interest. As Chart 1 shows, estimated cost continues to exceed estimated income in 2026 through 2034. As Chart 2 shows, estimated cost, expressed as a percentage of taxable payroll, rises rapidly through about 2085 before mostly decreasing through 2100 (the last year of the 75-year projection period). The estimated income at the end of the 75-year projection period is sufficient to cover 65 percent of the estimated cost.

The increase in estimated cost through 2085 occurs because of a variety of factors, including the ongoing retirement of the baby boom generation, the relatively smaller number of people born during the subsequent period of lower birth rates, and the projected increases in life expectancy, which increase the average number of years of receiving benefits relative to the average number of years of paying taxes. The decrease in estimated cost after 2085 occurs as the relatively smaller generations born during the period of reduced birth rates starting around 2010 increasingly begin to retire.

Estimated annual cost is projected to exceed income in all years of the projection period. In any year, to meet all OASDI cost on a timely basis, the combined OASI and DI Trust Funds will need to redeem Treasury securities. This redemption differs from the situation of some prior years when the combined OASI and DI Trust Funds had been net lenders to the General Fund of the Treasury. The Government could finance this redemption by increasing its borrowing from the public, raising taxes (other than OASDI payroll taxes), and/or reducing expenditures (other

than OASDI cost). Alternatively, the Government could make this redemption unnecessary by changing the law to increase OASDI taxes and/or reduce OASDI scheduled benefits as needed.

Actuarial Balance - The Statements of Social Insurance show that the present value of the excess of income (excluding interest) over cost for the 75-year projection period is -$31,864 billion. If augmented by the combined OASI and DI Trust Fund reserves at the start of the period (January 1, 2026), it is -$29,303 billion. This excess does not correspond to the actuarial balance in the 2026 Trustees Report of -4.42 percent of taxable payroll because the actuarial balance includes the cost of attaining a target combined OASI and DI Trust Fund level at the end of the period equal to total projected cost for the 76th year of the period.

For the combined OASI and DI Trust Funds to remain solvent throughout the 75-year projection period, revenues would have to increase by an amount equivalent to an immediate and permanent payroll tax increase of 4.25 percentage points (from its current level of 12.40 percent to 16.65 percent). One interpretation of the actuarial balance is that its magnitude, 4.42 percent, should equal the necessary increase. However, the increase is different primarily because the necessary tax rate is the rate required to maintain solvency throughout the period that results in no reserves in the OASI and DI Trust Funds at the end of the period, whereas the actuarial balance incorporates an ending reserve in the OASI and DI Trust Funds equal to one year's cost. While such an increase in the payroll tax rate would cause some behavioral changes in earnings and ensuing changes in benefit levels, such changes are not included in this calculation because they are assumed to have roughly offsetting effects on OASDI actuarial status over the 75-year projection period as a whole.

Alternatively, solvency could be achieved by reducing scheduled benefits by an amount equivalent to an immediate and permanent reduction of about 25 percent applied to all current and future beneficiaries, or about 30 percent if the reductions were applied only to newly entitled beneficiaries. Finally, some combination of tax increases and benefit reductions could be adopted.

Amounts as a Percentage of Gross Domestic Product - Chart 3 shows estimated annual income, noninterest income, and cost through 2034 expressed as percentages of GDP. Chart 4 is an extension of Chart 3, showing estimated annual noninterest income and cost through 2100 expressed as percentages of GDP. Analyzing these cash flows in terms of percentage of the estimated GDP, which represents the total value of goods and services produced in the United States, provides a measure of the cost of the OASDI program in relation to the size of the national economy that must finance it.

Chart 3: Estimated OASDI Income, Noninterest Income, and Cost, as a Percent of GDP, 2026–2034

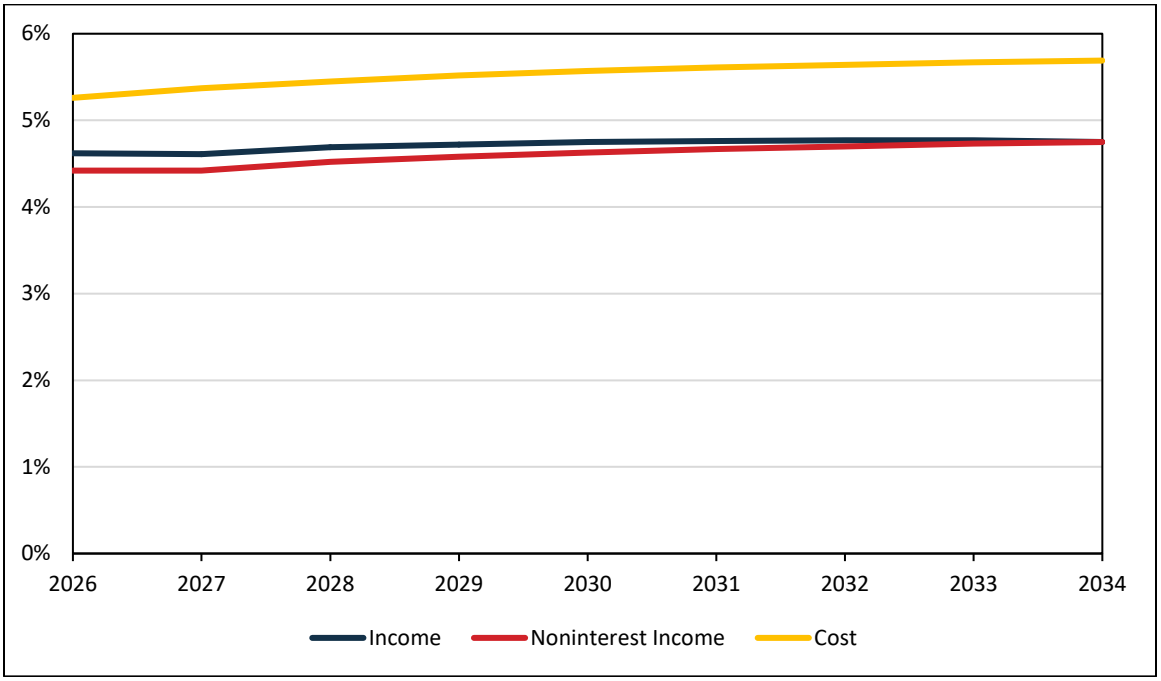
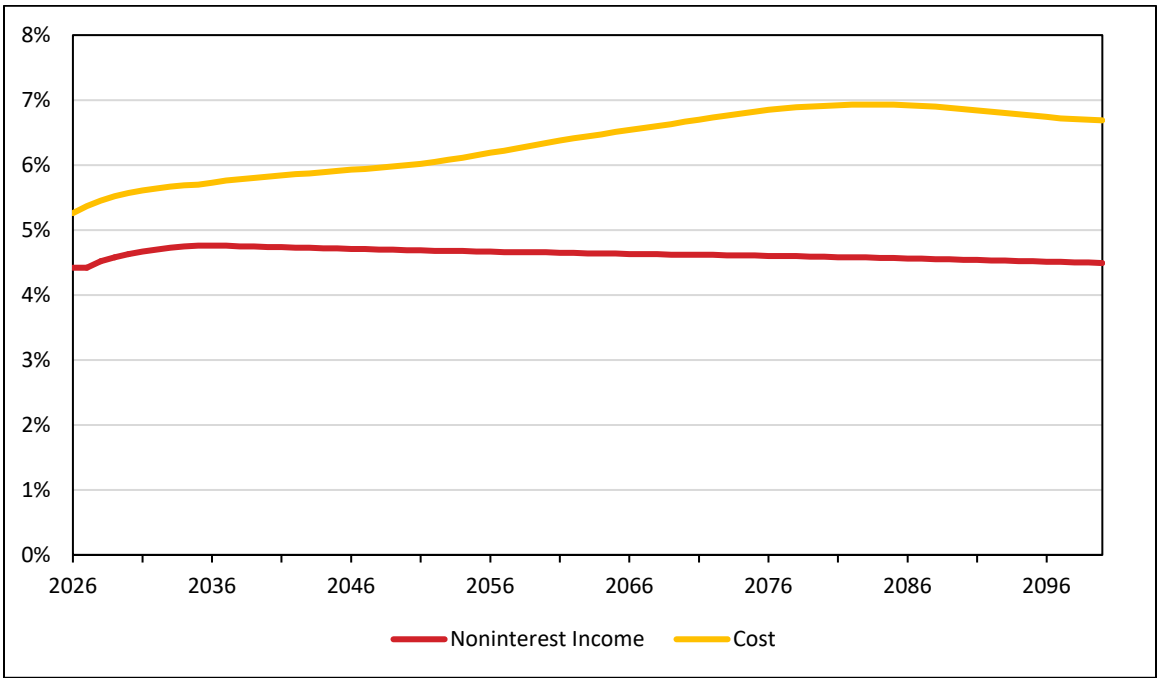


Chart 4: Estimated OASDI Noninterest Income and Cost, as a Percent of GDP, 2026–2100

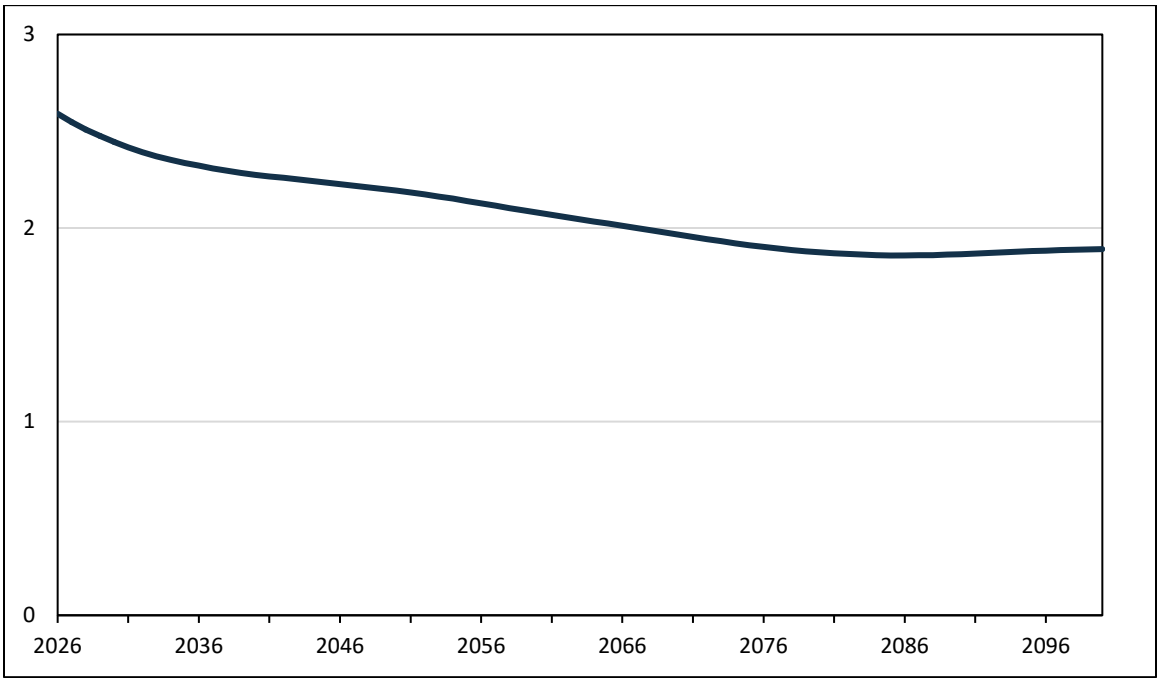


In calendar year 2025, OASDI cost was about $1,609 billion, which was about 5.2 percent of GDP. The cost of the program rises to a peak of 6.9 percent of GDP in 2084, then declines to

6.7 percent for 2100. The increase from 2025 through 2084 is fairly rapid because the number of beneficiaries increases much faster than the number of covered workers, as subsequent lower-birth-rate generations replace earlier generations at working ages. The decrease near the end of the 75-year projection period occurs as the relatively smaller generations born during the period of reduced birth rates starting around 2010 increasingly begin to retire.

Ratio of Workers to Beneficiaries - Chart 5 shows the estimated number of covered workers per OASDI beneficiary using the Trustees' intermediate assumptions. As defined by the Trustees, covered workers are persons who have earnings creditable for OASDI purposes based on services for wages in covered employment or income from covered self-employment. The estimated number of workers per beneficiary declines from 2.6 in 2025 to 1.9 in 2100.

Chart 5: Number of Covered Workers Per OASDI Beneficiary 2026–2100



Sensitivity Analysis

Projections of the future financial status of the OASDI program depend on many demographic and economic assumptions, including fertility, mortality, net immigration, average wages, inflation, and interest rates on Treasury securities. The income will depend on how these factors affect the size and composition of the working population and the level and distribution of wages and earnings. Similarly, the cost will depend on how these factors affect the size and composition of the beneficiary population and the general level of benefits. Because actual experience is likely to differ from the estimated or assumed values of these factors, we include this section to illustrate the sensitivity of the long-range projections to changes in assumptions by analyzing six key assumptions: total fertility rate, mortality, net immigration, real wage growth, Consumer Price Index (CPI), and real interest rate. The range of values chosen for the sensitivity

analysis presents a reasonable range within which we expect future experience to fall, on average, over long time periods. We do not intend the range of values to represent any particular probability interval around the intermediate assumptions, nor are the endpoints of the range intended to represent the absolute best or worst scenario.

For this analysis, we use the intermediate assumptions in the 2026 Trustees Report as the reference point. Each selected assumption is varied individually. We note that due to the interactions between assumptions, changes in any single assumption may have additional effects on other assumptions. We calculate all present values as of January 1, 2026 and base them on estimates of income and cost during the 75-year projection period 2026–2100. In this section, for brevity, "income" means "noninterest income."

We present one table and one chart for each assumption we analyzed. The table shows the present value of the estimated excess of OASDI income over cost based on each of three selected values of the assumption being analyzed. If the excess is negative, we refer to it as a shortfall. The middle values provided correspond to the Trustees' intermediate assumption. The other two values correspond to the low-cost and high-cost alternative values for that individual assumption. The chart shows the present value of each annual net cash flow.

Sensitivity of program cost to changes in multiple assumptions is also useful. The 2026 Trustees Report presents high-cost and low-cost alternative assumption sets, which combine the variations shown individually in this report. It should be noted that due to interactions, the combined effect of two or more assumption changes may not be equal to the sum of the effects shown separately. The Trustees, in their annual report, also include estimates using a stochastic model developed by SSA Actuarial Services. These estimates provide an additional way of analyzing the uncertainty and variability in assumptions, income, and cost.

Total Fertility Rate - Table 1 shows the present values of the estimated excess of OASDI income over cost for the 75-year period, using various assumptions about the total fertility rate. The ultimate total fertility rates are 1.40, 1.75, and 2.10 children per woman, where 1.75 is the intermediate value for the 2026 Trustees Report. The total fertility rate under all three sets of total fertility rate assumptions changes gradually from its current level and will reach the ultimate value of 1.40, 1.75, and 2.10, respectively in 2050.

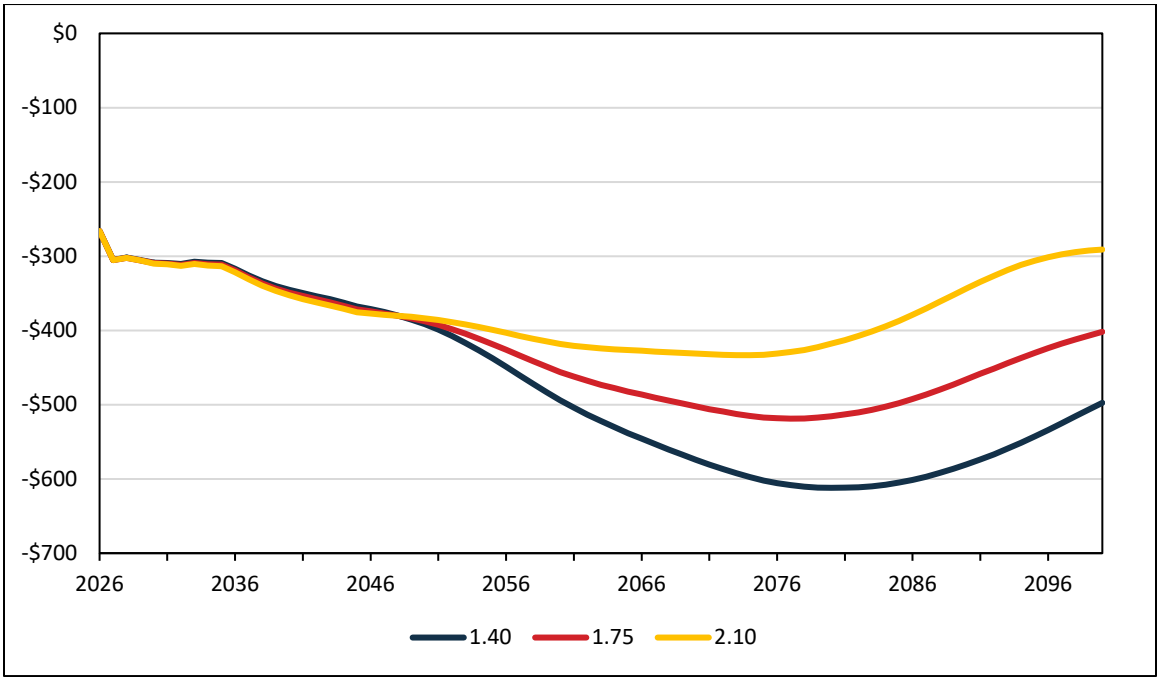
Table 1 demonstrates that if the ultimate total fertility rate were changed from 1.75 children per woman, consistent with the Trustees' intermediate assumption, to 1.40, the shortfall for the period of estimated OASDI income relative to cost would increase to $35,630 billion from $31,864 billion; if the ultimate total fertility rate changed to 2.10, the shortfall would decrease to $27,936 billion.

Table 1: Present Value of Estimated Excess of OASDI Income over Cost With Various Total Fertility Rate Assumptions Valuation Period: 2026–2100

Ultimate Total Fertility Rate	1.40	1.75	2.10
Present Value of Estimated Excess (Dollars in Billions)	$(35,630)	$(31,864)	$(27,936)

Using the same total fertility rates used for the estimates in Table 1, Chart 6 shows the present value of the estimated annual OASDI net cash flows.

Chart 6: Present Value of Estimated Annual OASDI Net Cash Flow with Various Total Fertility Rate Assumptions 2026–2100
(Dollars in Billions)



Under all three sets of assumptions, the net cash flow estimates are negative in all years of the 75-year projection period, with a notable decline in 2027 due to anticipated negative adjustments to payroll tax contributions. The net cash flow estimates corresponding to all three sets of fertility rate assumptions generally decrease into the 2070s or 2080s but eventually level out and begin to increase (become less negative). The net cash flow estimates corresponding to the ultimate total fertility rate of 1.75 mostly decrease through 2077 and then increase through 2100. Therefore, in terms of today's investment dollar, annual OASDI net cash flow, although still negative, begins to increase in 2078. The net cash flow estimates corresponding to the ultimate total fertility rate of 1.40 mostly decrease through 2080 and then increase through 2100. The net cash flow estimates corresponding to the ultimate total fertility rate of 2.10 mostly decrease through 2074 and then increase through 2100.

Mortality - Table 2 shows the present values of the estimated excess of OASDI income over cost for the 75-year period, using various assumptions about future reductions in death rates. We developed the analysis by varying the reduction assumed to occur in future death rates by age, sex, and cause of death. The reductions assumed for this period, summarized as average annual reductions in the age-sex-adjusted death rate from 2035 to 2100, are 0.27, 0.73, and 1.24 percent per year. The intermediate assumption in the 2026 Trustees Report is 0.73 percent. The life expectancy at birth, on a unisex period life table basis, is projected to rise from 79.0 in 2025 to 81.2, 85.3, and 89.5 in 2100 for average annual reductions in the age-sex-adjusted death rate of 0.27, 0.73, and 1.24 percent, respectively.

Table 2 demonstrates that if the annual reduction in death rates were changed from 0.73 percent, the Trustees' intermediate assumption, to 0.27 percent, meaning that people die younger, the

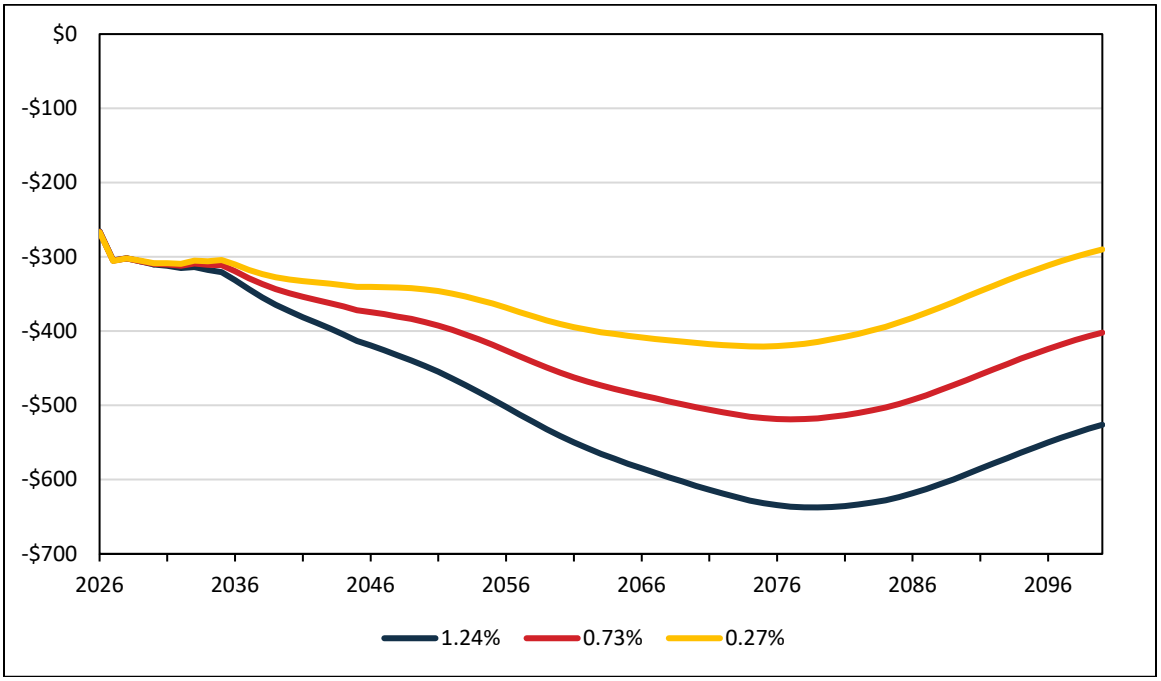
shortfall for the period of estimated OASDI income relative to cost would decrease to $26,929 billion from $31,864 billion; if the annual reduction were changed to 1.24 percent, meaning that people live longer, the shortfall would increase to $37,786 billion.

Table 2: Present Value of Estimated Excess of OASDI Income over Cost With Various Death Rate Assumptions Valuation Period: 2026–2100

Average Annual Reduction in Death Rates (from 2035 to 2100)	0.27 Percent	0.73 Percent	1.24 Percent
Present Value of Estimated Excess (Dollars in Billions)	$(26,929)	$(31,864)	$(37,786)

Using the same assumptions about future reductions in death rates used for the estimates in Table 2, Chart 7 shows the present value of the estimated annual OASDI net cash flows.

Chart 7: Present Value of Estimated Annual OASDI Net Cash Flow with Various Death Rate Assumptions 2026–2100
(Dollars in Billions)



Under all three sets of assumptions, the net cash flow estimates are negative in all years of the 75-year projection period, with a notable decline in 2027 due to anticipated negative adjustments to payroll tax contributions. The net cash flow estimates corresponding to all three sets of assumptions generally decrease into the 2070s but eventually level out and begin to increase (become less negative). The net cash flow estimates corresponding to a 0.73 percent average annual reduction mostly decrease through 2077 and then increase through 2100. Therefore, in terms of today's investment dollar, annual OASDI net cash flow, although still negative, begins to increase in 2078. The net cash flow estimates corresponding to 1.24 percent average annual reduction in the age-sex-adjusted death rate mostly decrease through 2079 and then increase

through 2100. The net cash flow estimates corresponding a 0.27 percent average annual reduction mostly decrease through 2075 and then increase through 2100.

Net Annual Immigration - Table 3 shows the present values of the estimated excess of OASDI income over cost for the 75-year period, using various assumptions about the magnitude of annual immigration. Based on these assumptions, projected net annual immigration (immigration less emigration) will average 750,000 persons, 1,176,000 persons, and 1,621,000 persons for the period 2036 through 2100. The average value based on the intermediate assumptions in the 2026 Trustees Report is 1,176,000 persons.

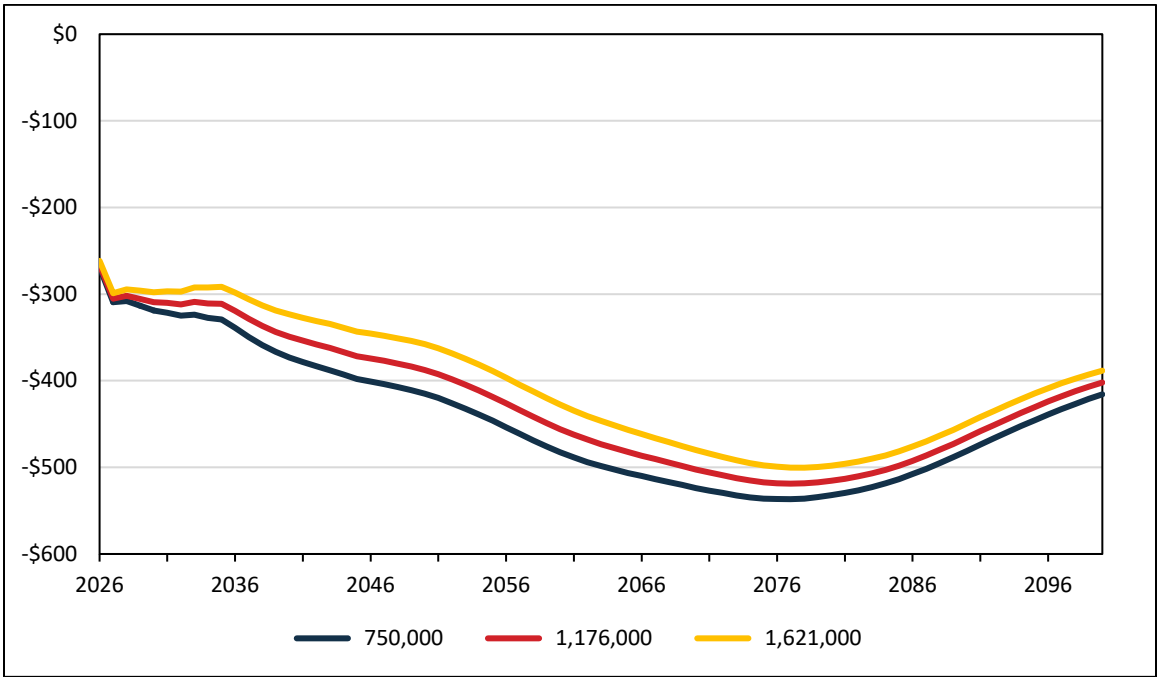
Table 3 demonstrates that if the Trustees' intermediate immigration assumptions were changed so that the average level for the period 2036 through 2100 decreased from 1,176,000 persons to 750,000 persons, the present value of the shortfall for the period of estimated OASDI income relative to cost would increase to $33,345 billion from $31,864 billion. If, instead, the immigration assumptions were changed so that net annual immigration would be expected to average 1,621,000 persons, the present value of the shortfall would decrease to $30,280 billion.

Table 3: Present Value of Estimated Excess of OASDI Income over Cost With Various 75-Year Average Net Annual Immigration Assumptions Valuation Period: 2026–2100

Average Net Annual Immigration (for 2036 through 2100)	750,000 Persons	1,176,000 Persons	1,621,000 Persons
Present Value of Estimated Excess (Dollars in Billions)	$(33,345)	$(31,864)	$(30,280)

Using the same assumptions about net annual immigration used for the estimates in Table 3, Chart 8 shows the present value of the estimated annual OASDI net cash flows.

Chart 8: Present Value of Estimated Annual OASDI Net Cash Flow with Various Net Annual Immigration Assumptions 2026–2100
(Dollars in Billions)



Under all three sets of assumptions, the net cash flow estimates are negative in all years of the 75-year projection period, with a notable decline in 2027 due to anticipated negative adjustments to payroll tax contributions. The net cash flow estimates corresponding to all three sets of assumptions generally decrease rapidly through the late 2070s and then increase (become less negative) through 2100. Therefore, in terms of today's investment dollar, annual OASDI net cash flow, although still negative, begins to increase by the late 2070s.

Immigration generally occurs at relatively young adult ages, so there is no significant effect on the numbers of beneficiaries who are legally entitled to benefits (and, therefore, on benefits paid) in the early years of the projection period, but the effect on the numbers of workers (and, therefore, on payroll tax income) is immediate. Therefore, even in the early years of the projection period, the present values, year by year, are generally higher (i.e., less negative in later years) for higher net annual immigration. However, benefits paid in a given year to earlier immigrant cohorts of the projection period eventually offset the increased payroll taxes for that year. Therefore, the present values based on the three assumptions about net annual immigration become more similar at the end of the projection period.

Real Wage Growth - Table 4 shows the present values of the estimated excess of OASDI income over cost for the 75-year period, using various assumptions about real wage growth. These real wage growth assumptions of 0.53, 1.14, and 1.74 percent are the average annual real growth rate in the average wage in OASDI covered employment from 2035 to 2100. The intermediate assumption in the 2026 Trustees Report is 1.14 percent.

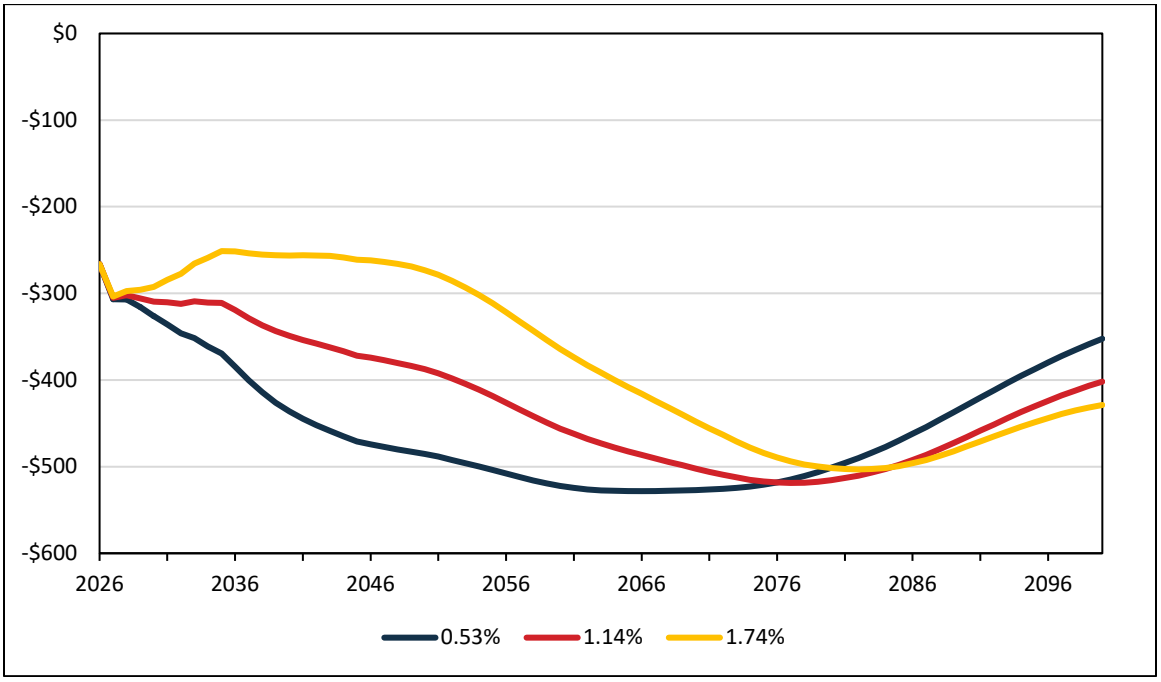
Table 4 demonstrates that if the average real wage growth were changed from 1.14 percent, the Trustees' intermediate assumption, to 0.53 percent, the shortfall for the period of estimated OASDI income relative to cost would increase to $34,035 billion from $31,864 billion; if the average real wage growth were changed from 1.14 to 1.74 percent, the shortfall would decrease to $28,247 billion.

Table 4: Present Value of Estimated Excess of OASDI Income over Cost With Various Real Wage Growth Assumptions Valuation Period: 2026–2100

Average Annual Real Wage Growth (from 2035 to 2100)	0.53 Percent	1.14 Percent	1.74 Percent
Present Value of Estimated Excess (Dollars in Billions)	$(34,035)	$(31,864)	$(28,247)

Using the same assumptions about the real growth rate in the average wage in OASDI covered employment used for the estimates in Table 4, Chart 9 shows the present value of the estimated annual OASDI net cash flows.

Chart 9: Present Value of Estimated Annual OASDI Net Cash Flow with Various Real-Wage Growth Assumptions 2026–2100
(Dollars in Billions)



The net cash flow estimates corresponding to all three sets of assumptions are negative in all years of the 75-year projection period, with a notable decline in 2027 due to anticipated negative adjustments to payroll tax contributions. The net cash flow estimates corresponding to an assumed real growth rate of 1.14 percent mostly decrease through 2077 and then increase (become less negative) through 2100. Therefore, in terms of today's investment dollar, annual OASDI net cash flow, although still negative, begins to increase in 2078. For the assumed real

growth rate of 0.53 percent, the present values generally decrease through 2066 and increase thereafter. The net cash flow estimates corresponding to an assumed real growth rate of 1.74 percent decrease in 2027, increase in 2028 through 2035, generally decrease in 2036 through 2082, and then increase through 2100.

Differences among the estimates of annual net cash flow based on the three assumptions about the real wage growth become apparent early in the projection period. Higher real growth rates increase both wages and initial benefit levels. Because the effects on wages and, therefore, on payroll taxes are immediate, while the effects on benefits occur with a substantial lag, annual net cash flow is higher for higher assumed real wage growth. In the early years of the projection period, when the effects on benefits are quite small and the effects on wages are compounding, the patterns of the estimates of annual net cash flow based on the three assumptions diverge fairly rapidly. However, toward the end of the projection period, annual net cash flow becomes more similar for all assumed real growth rates. This occurs because benefits would then be more fully realized at a time when the projected cost substantially exceeds noninterest income. These effects are shown in Chart 9 by the patterns coming together at the end of the projection period.

Consumer Price Index - Table 5 shows the present values of the estimated excess of OASDI income over cost for the 75-year period, using various assumptions about the rate of change in the CPI. These assumptions are that the ultimate annual increase in the CPI will be 1.80, 2.40, and 3.00 percent. All three ultimate assumptions are reached by year 2028. The intermediate assumption in the 2026 Trustees Report is 2.40 percent.

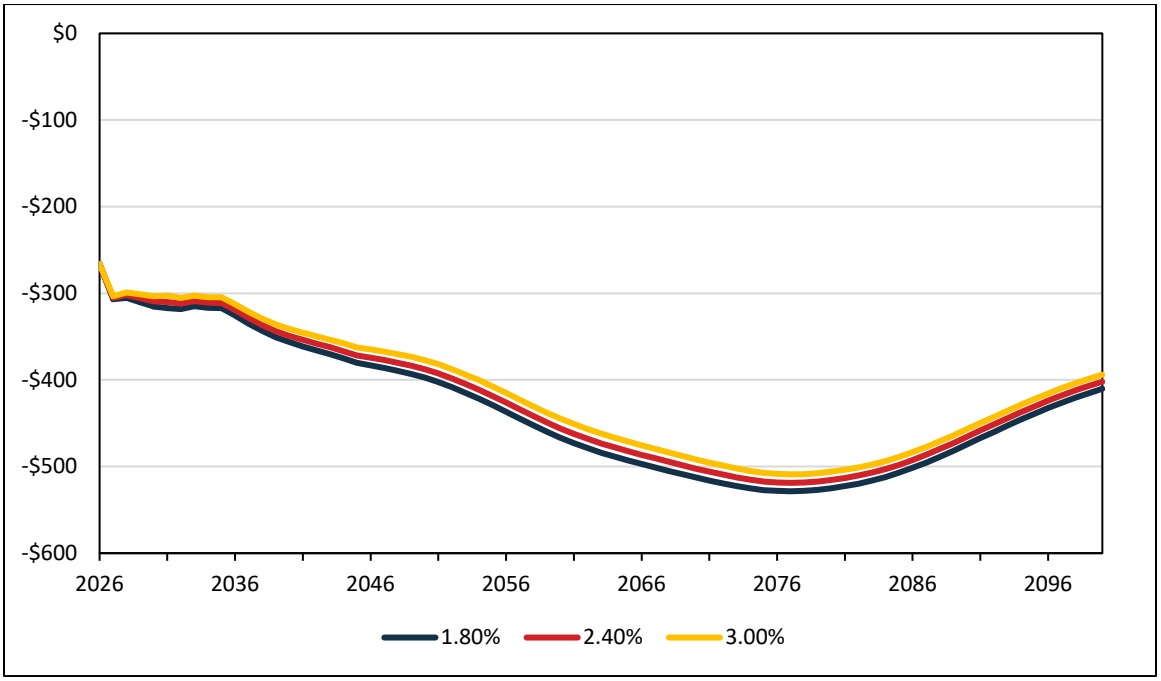
Table 5 demonstrates that if the ultimate annual increase in the CPI were changed from 2.40 percent, the Trustees' intermediate assumption, to 1.80 percent, the shortfall for the period of estimated OASDI income relative to cost would increase to $32,516 billion from $31,864 billion; if the ultimate annual increase in the CPI were changed to 3.00 percent, the shortfall would decrease to $31,190 billion. The seemingly counterintuitive result that higher CPI increases result in decreased shortfalls (and vice versa) is explained by the time lag between the effects of the CPI changes on taxable payroll and on benefit payments. The effect on taxable payroll due to a greater increase in average wages is experienced immediately, while the effect on benefits is experienced with a lag of about one year. For this reason, larger increases in the CPI cause earnings and income to increase sooner and, therefore, by more each year, than benefits and cost.

Table 5: Present Value of Estimated Excess of OASDI Income over Cost With Various CPI-Increase Assumptions Valuation Period: 2026–2100

Ultimate Annual Increase in CPI	1.80 Percent	2.40 Percent	3.00 Percent
Present Value of Estimated Excess (Dollars in Billions)	$(32,516)	$(31,864)	$(31,190)

Using the same assumptions about the annual increase in the CPI used for the estimates in Table 5, Chart 10 shows the present value of the estimated annual OASDI net cash flows.

Chart 10: Present Value of Estimated Annual OASDI Net Cash Flow with Various Ultimate CPI-Increase Assumptions 2026–2100
(Dollars in Billions)



The net cash flow estimates corresponding to all three sets of assumptions are negative in all years of the 75-year projection period, with a notable decline in 2027 due to anticipated negative adjustments to payroll tax contributions. The net cash flow estimates corresponding to all three CPI-increase assumptions generally decrease rapidly through 2077 and then increase (become less negative) through 2100. Therefore, in terms of today's investment dollar, annual OASDI net cash flow, although still negative, begins to increase in 2078.

Real Interest Rate - Table 6 shows the present values of the estimated excess of OASDI income over cost for the 75-year period, using various assumptions about the annual real interest rate for special-issue Treasury obligations sold to the OASI and DI Trust Funds. These assumptions are that the ultimate annual real interest rate will be 1.8, 2.3, and 2.8 percent. All three ultimate rates are reached by 2044. The intermediate assumption in the 2026 Trustees Report is 2.3 percent. Changes in real interest rates change the present value of cash flows, even though the cash flows do not change.

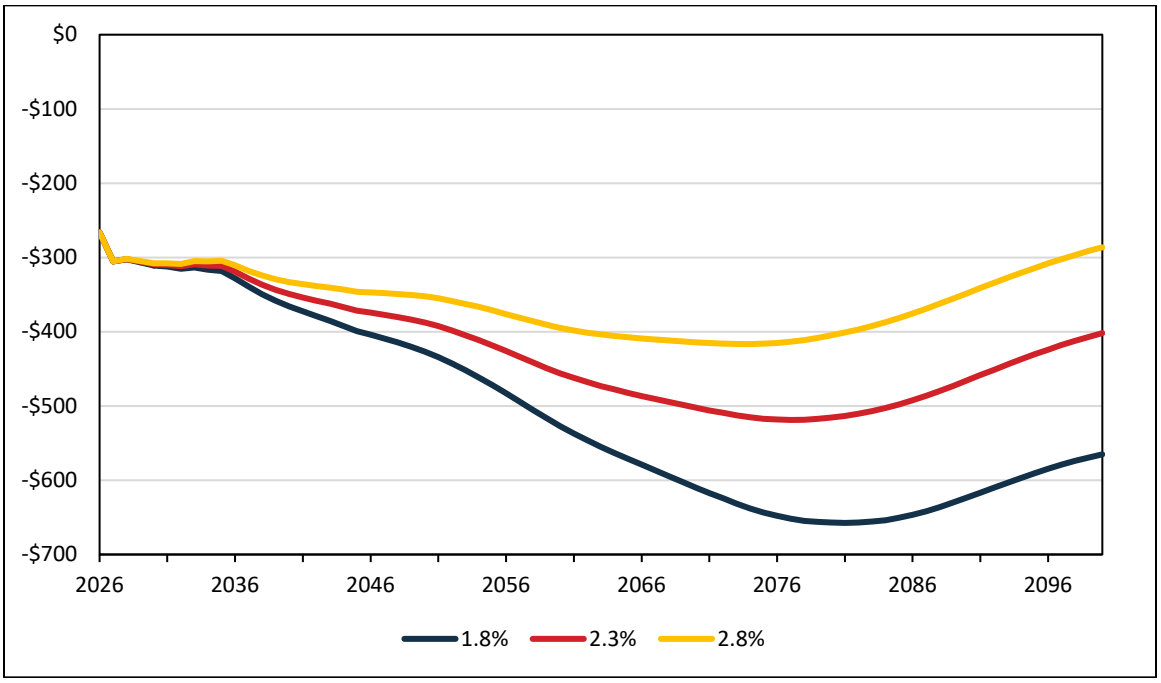
Table 6 demonstrates that if the ultimate real interest rate were changed from 2.3 percent, the Trustees' intermediate assumption, to 1.8 percent, the shortfall for the period of estimated OASDI income relative to cost, when measured in present-value terms would increase to $38,108 billion from $31,864 billion; if the ultimate annual real interest rate were changed to 2.8 percent, the present-value shortfall would decrease to $26,926 billion.

Table 6: Present Value of Estimated Excess of OASDI Income over Cost With Various Real Interest Assumptions Valuation Period: 2026–2100

Ultimate Annual Real Interest Rate	1.8 Percent	2.3 Percent	2.8 Percent
Present Value of Estimated Excess (Dollars in Billions)	$(38,108)	$(31,864)	$(26,926)

Using the same assumptions about the annual real interest rate used for the estimates in Table 6, Chart 11 shows the present value of the estimated annual OASDI net cash flows.

Chart 11: Present Value of Estimated Annual OASDI Net Cash Flow with Various Real Interest Rate Assumptions 2026–2100
(Dollars in Billions)



The net cash flow estimates corresponding to all three sets of assumptions are negative in all years of the 75-year projection period, with a notable decline in 2027 due to anticipated negative adjustments to payroll tax contributions. The net cash flow estimates corresponding to an ultimate real interest rate of 2.3 generally decrease through 2077 and then increase (become less negative) through 2100. Therefore, in terms of today's investment dollar, annual OASDI net cash flow, although still negative, begins to increase in 2078. The net cash flow estimates corresponding to an ultimate real interest rate of 1.8 generally decrease through 2081 and then increase through 2100. The net cash flow estimates corresponding to an ultimate real interest rate of 2.8 generally decrease through 2074 and then increase through 2100.

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REPORTS OF INDEPENDENT AUDITORS

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: November 13, 2026 **Refer to:** 152602

To: Frank Bisignano
Commissioner

From: Michelle L. Anderson
Assistant Inspector General for Audit
as First Assistant

Subject: Fiscal Year 2026 Audit of the Social Security Administration's Financial Statements and Internal Control Over Financial Reporting

The Office of the Inspector General (OIG) contracted with the independent certified public accounting firm Ernst & Young LLP to audit the financial statements of the Social Security Administration (SSA), which comprise the consolidated balance sheets as of September 30, 2026 and 2025, the related consolidated statements of net cost and changes in net position and combined statement of budgetary resources for the years then ended, the statements of social insurance as of January 1, 2026, 2025, 2024 and 2023, the related statements of changes in social insurance amounts for the periods January 1, 2025 to January 1, 2026 and January 1, 2024 to January 1, 2025, and the related notes (collectively referred to as the "financial statements"). We also contracted with Ernst & Young to provide an opinion on internal control over financial reporting and report on compliance and other matters.

The contract requires that the audit be conducted in accordance with auditing standards generally accepted in the United States; *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Additionally, the contract requires that Ernst & Young plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement, issue an opinion on the operating effectiveness of SSA's internal control over financial reporting, and a report on compliance and other matters.

This memorandum transmits Ernst & Young's three reports as follows.

- **Report on the Audit of the Financial Statements.** In Ernst & Young's opinion, SSA's financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Ernst & Young also included an Emphasis of Matter paragraph regarding the sustainability financial statements and related disclosures. For more information, refer to Ernst & Young's Report on the Audit of the Financial Statements.
- **Report on Internal Control Over Financial Reporting.** In Ernst & Young's opinion, SSA maintained, in all material respects, effective internal control over financial reporting as of September 30, 2026, based on criteria established under the *Federal Managers' Financial Integrity Act of 1982*; as implemented by OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*; and in *Standards for Internal Control in the Federal Government* (Green Book), issued by the United States Government Accountability Office.

  However, Ernst & Young identified one significant deficiency in internal control over financial reporting related to Internal Control over Accounts Receivable with the Public (Benefit Overpayments).

  For more information, refer to Ernst & Young's Report on Internal Control Over Financial Reporting.
- **Report on Compliance and Other Matters.** Ernst & Young identified no instances of noncompliance or other matters required to be reported under *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02 and disclosed no instances in which the Agency's financial management systems did not substantially comply with Section 803(a) requirements of the *Federal Financial Management Improvement Act*. For more information, refer to Ernst & Young's Report on Compliance and Other Matters.

While the statements of social insurance as of January 1, 2026, 2025, 2024 and 2023, and related notes, were audited by Ernst & Young, the statement of social insurance as of January 1, 2022 was audited by Grant Thornton LLP. Grant Thornton LLP's Report of Independent Certified Public Accountants, dated November 10, 2022, stated that the statement of social insurance as of January 1, 2022 was presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States of America. The report also included an Emphasis of Matter paragraph regarding the sustainability financial statements. For more information, refer to Grant Thornton LLP's Report in SSA's FY 2022 Agency Financial Report.

Office of the Inspector General Evaluation of Ernst & Young's Audit Performance

To fulfill our responsibilities for ensuring the quality of the audit work performed under the *Chief Financial Officers Act of 1990* and related legislation, we monitored Ernst & Young's audit of SSA's financial statements by:

- evaluating the auditors' and specialists' independence, objectivity, and qualifications;

- reviewing Ernst & Young's audit approach and planning;
- monitoring the audit's progress at key points;
- examining Ernst & Young's documentation related to planning the audit, assessing SSA's internal control, and substantive testing;
- reviewing Ernst & Young's audit reports to ensure compliance with *Government Auditing Standards* and OMB Bulletin No. 24-02;
- coordinating the issuance of the audit reports; and
- performing other procedures we deemed necessary.

Ernst & Young is responsible for the attached auditor's reports, dated November 13, 2026, and the opinions and conclusions expressed therein. The OIG is responsible for technical and administrative oversight regarding Ernst & Young's performance under the contract terms. Our review, as differentiated from an audit in accordance with applicable auditing standards, was not intended to enable us to express—and, accordingly, we do not express—an opinion on SSA's financial statements, internal control over financial reporting, or conclusions on whether SSA's financial management systems complied substantially with the *Federal Financial Management Improvement Act* or with provisions of certain laws, regulations, contracts, and grant agreements. However, our monitoring review, as qualified above, disclosed no instances where Ernst & Young did not comply, in all material respects, with applicable auditing standards.

Consistent with our responsibility under the *Inspector General Act*, we are providing copies of the reports to congressional committees with oversight and appropriation responsibilities over SSA. In addition, we will post a copy of the reports on our public website.

Attachments

Ernst & Young LLP
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Report of Independent Auditors

Frank Bisignano, Commissioner
Social Security Administration

Michelle L. Anderson, Assistant Inspector General for Audit as First Assistant
Social Security Administration

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Social Security Administration (the Agency), which comprise the consolidated balance sheets as of September 30, 2026 and 2025, the related consolidated statements of net cost and changes in net position and combined statements of budgetary resources for the years then ended, the statements of social insurance as of January 1, 2026, 2025, 2024 and 2023, and the related statements of changes in social insurance amounts for the periods January 1, 2025 to January 1, 2026 and January 1, 2024 to January 1, 2025, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency at September 30, 2026 and 2025, the results of its net cost of operations, its changes in net position and its budgetary resources for the years then ended, the Agency's social insurance information as of January 1, 2026, 2025, 2024 and 2023 and its changes in social insurance amounts from January 1, 2025 to January 1, 2026 and January 1, 2024 to January 1, 2025, in accordance with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the Agency's internal control over financial reporting as of September 30, 2026, based on criteria established under 31 U.S.C. § 3512(c) and (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA) as implemented by Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government*, issued by the United States Government Accountability Office (the Green Book) and our report dated November 13, 2026 expressed an unmodified opinion thereon.

Basis for Opinion

We conducted our audits in accordance with GAAS, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and in accordance with the provisions of OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our

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responsibilities under those standards and the provisions of OMB Bulletin No. 24-02 are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Social Insurance Disclosures

As discussed in Note 17 to the financial statements, the statements of social insurance and the statements of changes in social insurance amounts (collectively referred to as the "sustainability financial statements") are based on management's assumptions. These sustainability financial statements present the actuarial present value of the Agency's estimated future income to be received and future expenditures to be paid using a projection period sufficient to illustrate long-term sustainability. The sustainability financial statements are intended to aid users in assessing whether future resources will likely be sufficient to sustain public services and to meet obligations as they come due. The statements of social insurance and changes in social insurance amounts are based on income and benefit formulas in current law and assume that scheduled benefits will continue after any related trust fund reserves become depleted. The sustainability financial statements are not forecasts or predictions. The sustainability financial statements are not intended to imply that current policy or law is sustainable. In preparing the sustainability financial statements, management considers and selects assumptions and data that it believes provide a reasonable basis to illustrate whether current policy or law is sustainable. Assumptions underlying such sustainability information do not consider changes in policy or all potential future events that could affect future income, future expenditures, and sustainability, for example, implementation of policy changes to avoid trust fund reserve depletion. Because of the large number of factors that affect the sustainability financial statements and the fact that future events and circumstances cannot be estimated with certainty, even if current policy is continued, there will be differences between the estimates in the sustainability financial statements and the actual results, and those differences may be material. Our opinion is not modified with respect to this matter.

Report of Other Auditors on the Agency's Statements of Social Insurance

The statement of social insurance as of January 1, 2022 was audited by Grant Thornton LLP who expressed an unmodified opinion on the statement of social insurance on November 10, 2022, including an Emphasis of Matter paragraph regarding the sustainability financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and

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fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information in Management's Discussion and Analysis from pages 7 to 42 and the combining schedule of budgetary resources and the required supplementary social insurance information from pages 105 to 121 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Federal Accounting Standards Advisory Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the Agency Financial Report. The other information comprises the following sections: Table of Contents; Executive Overview (pages 1-6); A Message from the Chief Financial Officer (pages 44-47); Audited Financial Statements and Additional Information (pages 49-50); and Other Information (pages 141-209). Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 13, 2026 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance, the results of that testing, and provide an opinion on the effectiveness of the Agency's internal control over financial reporting as described in the Opinion section, but not to provide an opinion on compliance. Those reports are

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an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Ernst & Young LLP

November 13, 2026

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Report of Independent Auditors

Frank Bisignano, Commissioner
Social Security Administration

Michelle L. Anderson, Assistant Inspector General for Audit as First Assistant
Social Security Administration

Report on Internal Control Over Financial Reporting

Opinion on Internal Control Over Financial Reporting

We have audited the Social Security Administration's (the Agency) internal control over financial reporting as of September 30, 2026, based on criteria established under 31 U.S.C. § 3512(c) and (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA) as implemented by Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government*, issued by the United States Government Accountability Office (the Green Book). In our opinion, the Agency maintained, in all material respects, effective internal control over financial reporting at September 30, 2026, based on the criteria established under FMFIA, OMB Circular No. A-123 and the Green Book.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and in accordance with the provisions of OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, the financial statements of the Agency, which comprise the consolidated balance sheets as of September 30, 2026 and 2025, the related consolidated statements of net cost and changes in net position and combined statements of budgetary resources for the years then ended, the statements of social insurance as of January 1, 2026, 2025, 2024 and 2023, and the related statements of changes in social insurance amounts for the periods January 1, 2025 to January 1, 2026 and January 1, 2024 to January 1, 2025, and the related notes (collectively referred to as the "financial statements"), and our report dated November 13, 2026 expressed an unmodified opinion thereon.

Basis for Opinion

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Responsibilities of Management for Internal Control Over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting included in the accompanying Commissioner's Assurance Statements.

Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity'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 accounting principles generally accepted in the United States of America. 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 accounting principles generally accepted in the United States of America, 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.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Reporting Significant Deficiencies in Internal Control Over Financial Reporting as Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

We consider the deficiency in Accounts Receivable with the Public (Benefit Overpayments), described in Appendix A *Significant Deficiency in Internal Control Over Financial Reporting*, to be a significant deficiency.

The Agency's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the findings identified in our audit of the financial statements and audit of internal control and described in Appendix A *Significant Deficiencies in Internal Control Over Financial Reporting*. The Agency's response was not subjected to either the other auditing procedures applied in the audit of the financial statements or the audit procedures applied in the audit of internal control and accordingly, we express no opinion on the response.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 13, 2026 on our tests of the Agency's compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's compliance.

Ernst + Young LLP

November 13, 2026

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Appendix A– Significant Deficiency in Internal Control Over Financial Reporting

Significant Deficiency in Internal Control over Accounts Receivable with the Public (Benefit Overpayments)

Overview

A benefit overpayment exists when beneficiaries receive payments beyond their entitled amount. When SSA detects a benefit overpayment, it records an account receivable with the public to reflect the amount due SSA from the beneficiary. Because of the nature of the benefit-payment programs, SSA has extensive operations geographically dispersed nationwide. Overpayment detection, calculation, and documentation occur in various places throughout SSA, including approximately 1,200 field offices, 8 Processing Centers, and various functional areas within SSA's central office. Therefore, SSA has specific policies, procedures, and internal controls in place to detect, calculate, and document overpayments and the related accounts receivable balances. Since the benefit overpayment process can be complex for some cases and relies on manual input, lack of adherence to its internal controls could lead to inaccuracies in recording, documenting, and tracking overpayment balances. Management also relies on its IT infrastructure, interfaces, and controls to record and prevent erroneous payments.

Deficiencies in Benefit Overpayment Documentation and Calculations

During the FY23 audit as well as audits performed by the predecessor auditor, errors were identified affecting the accuracy of the overpayment amounts reported in the subsidiary ledger's records for Title II Recovery of Overpayments, Accounting, and Reporting (ROAR) System and Title XVI Modernized Overpayment and Underpayment Reporting System (MOURS). The identified errors in the Title II and Title XVI overpayment recalculations were due to (1) Actions being made to records in error, (2) Actions not being made by a technician to correct the underlying information within SSA's system, or (3) Discrepancies between the Master Beneficiary Record (MBR) and ROAR, for Title II, or Supplemental Security Record (SSR) and MOURS, for Title XVI.

During FY 2025, SSA began implementing a number of initiatives and IT systems enhancements to address the Title II and Title XVI Overpayment finding and implement recommendations from prior audits. We reviewed the status of these initiatives with management and determined that many were process improvements aimed at preventing and detecting future overpayments through enhanced wage reporting and data exchanges, computation tools, training, and policy enhancements; however, there were no initiatives that created controls suitably designed to detect and correct existing erroneous overpayment amounts. Those initiatives that did involve reviews of existing overpayments primarily focused on an inconsequential number of overpayment transactions detected in the current and prior year (SSA allows for all programmatic delinquent debt two years and older). As a result, we were unable to identify, test and rely on controls that mitigate the risk of errors in benefit overpayment documentation and calculation; however, given

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management's assertion of improved overpayment accuracy, during the FY 2026 audit, we selected a statistical sample of outstanding Old-Age, Survivors, and Disability Insurance (OASDI) overpayment balances from the ROAR subledger to assess the accuracy of the recorded balances and determine whether overpayment errors continue to occur. We did not test a similar sample of Supplemental Security Income (SSI) overpayment balances due to the ongoing SSI Accounts Receivable ledger reconciliation deficiency described below.

Our statistical sample of the recorded OASDI Accounts Receivable with the Public resulted in an overpayment calculation error frequency rate of 15.3 percent (which is the percentage of the sampled items containing an identified misstatement). These errors and the underlying reasons are consistent with those noted in prior years and, although the statistically projected impact of these calculation errors was not material to the financial statements, these errors continue to evidence control weaknesses in the Title II Accounts Receivable with the Public processes, including inappropriate overpayment tracking which could lead to misstatements in the financial statements. In addition, in one sampled item an SSI overpayment was erroneously recorded in the OASDI Accounts Receivable subledger which increases the risk of errors in the program subledgers and misstated financial information in program reporting, such as the Accounts Receivable footnote.

Reconciliation of the Supplemental Security Income Accounts Receivable Ledger

OMB Circular A-123, Appendix D, Management of Financial Management Systems – Risk and Compliance (OMB Circular A-123), requires that the United States Government Standard General Ledger be applied at the transaction level. For its OASDI and SSI programs, SSA tracks individual debtor overpayment transactions and accounts receivable balances in subsidiary ledger systems and adjusts the general ledger according to the balances reported from the subsidiary ledgers.

During prior audits, Ernst & Young identified differences between the detailed records in MOURS to summary MOURS files used by SSA to adjust the general ledger. SSA relies on these summary-level reports to update the general ledger; therefore, the SSI Accounts Receivable program balances reported in the general ledger, and subsequently the financial statements, differ from the supporting detail-level beneficiary data in the SSI subsidiary ledger system. The unreconciled difference is immaterial to the financial statements and the Accounts Receivable with the Public balance.

Limitations in SSA IT systems, and the structure of the MOURS databases have resulted in the Agency's inability to implement certain controls over accounts receivable to substantiate the balances posted to the financial reporting system from summary reports and MOURS detailed records.

Deficiencies in Overpayment Records and Tracking of Long-term Installment Payments

As disclosed in Note 6 of the 2026 SSA financial statements, SSA identified a Title II system design limitation concerning long-term withholding agreements that extend past the year 2049 and

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2073, where the ROAR system cannot capture and track debt scheduled for collection beyond the years 2049 and 2073. In FY 2024, SSA determined that the latest date to track the future collection of overpayments within the system needed to extend beyond 2049. Accordingly, the date within the system was changed to 2073. This date was determined by similar constraints within the system that dictated the 2049 date; it was the latest date to which the system could be set.

These system limitations have led to an understatement of the Accounts Receivable with the Public balance on the Agency's financial statements. The limitations have hindered SSA's ability to effectively track and collect these overpayments. The projected understatements are immaterial to the financial statements and the Accounts Receivable with the Public balance. While the Agency is enhancing system capabilities to properly account for these receivables and updating policies to avoid longer-term repayment programs, failure to resolve the system design process limitation will continue to result in an understated Accounts Receivable balance.

Recommendations

To mitigate the risks of the issues noted in the significant deficiency, management should consider the following:

Deficiencies in Benefit Overpayment Documentation and Calculations

1. Continue exploring opportunities to improve overpayment accuracy and document retention through engaging field office and Processing Center employees in trainings related to common weaknesses and more complex overpayment cases.
2. Enhance overpayment processing management information to consider risk-based factors such as current overpayment balances, manual intervention required, and age.
3. Complete the implementation of new overpayment documentation tools to ensure overpayments are documented completely, accurately, and timely by field offices or Processing Centers within the appropriate systems of record.
4. Continue performing Title II Processing Center in-line and end-of-line reviews as a secondary review of manually posted overpayments. Additionally, for any errors identified during the performance of the review, consider adding a review to verify appropriate corrective action was taken to correct the overpayment.
5. Evaluate the impact to the accounts receivable balance through an analysis of those transactions posted in 2025 and 2026 that have not been previously subject to review as part of the Agency's initiatives.
6. Implement a secondary review or other similar control over overpayment calculations for Title XVI cases that required manual intervention.
7. Document newly implemented controls within the applicable Business Process Narratives as part of the Agency's A-123 internal control program.

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8. Design and implement additional controls to prevent overpayment transactions from being posted to the inappropriate subledger.
9. Perform an analysis over existing overpayments (within the past 2 years) to identify any overpayments that may be recorded in the incorrect subledger.
10. Review its policy to require staff manually calculating overpayments to consider relevant prior overpayment determinations and/or recoveries as well as any pending underpayments which may affect the amount of the new overpayment.

Reconciliation of the Supplemental Security Income Accounts Receivable Ledger

1. Continue implementing and executing SSI reconciliation internal controls between subsidiary ledgers at the detail level and the general ledger through summary reports. Investigate and document reconciling differences in a periodic and timely manner.
2. Investigate potential system reporting enhancements to reduce unreconciled differences between summary and detail level data produced by subsidiary ledgers.

Deficiencies in Overpayment Records and Tracking of Long-term Installment Payments

1. Continue working toward updated debt management systems without the technical limitations over the length of time repayment installments can be recorded.
2. Continue pursuing changes in repayment policy to minimize future extended repayment plans.
3. Continue analyzing and tracking the impact of the 2049 and 2073 system design process limitations on the financial statements.

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Report of Independent Auditors on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Frank Bisignano, Commissioner
Social Security Administration

Michelle L. Anderson, Assistant Inspector General for Audit as First Assistant
Social Security Administration

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*) and with the provisions of Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, the financial statements of the Social Security Administration (the Agency), which comprise the consolidated balance sheets as of September 30, 2026 and 2025, the related consolidated statements of net cost and changes in net position and combined statements of budgetary resources for the years then ended, the statements of social insurance as of January 1 2026, 2025, 2024 and 2023, and the related statements of changes in social insurance amounts for the periods January 1, 2025 to January 1, 2026 and January 1, 2024 to January 1, 2025, and the related notes (collectively referred to as the "financial statements"), and our report dated November 13, 2026 expressed an unmodified opinion thereon.

We also have audited, in accordance with GAAS, the Agency's internal control over financial reporting as of September 30, 2026, based on criteria established under 31 U.S.C. § 3512(c) and (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA) as implemented by Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government*, issued by the United States Government Accountability Office (the Green Book) and our report dated November 13, 2026 expressed an unmodified opinion thereon.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements as well as the requirements referred to in the Federal Financial Management Improvement Act of 1996 (FFMIA), noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not

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express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02 and disclosed no instances in which the Agency's financial management systems did not substantially comply with the Section 803(a) requirements of FFMIA.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the entity's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2026 on our consideration of the Agency's internal control over financial reporting. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, the results of that testing, and provide an opinion on the effectiveness of the Agency's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting.

Ernst & Young LLP

November 13, 2026

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SOCIAL SECURITY
Frank J. Bisignano, Commissioner

November 13, 2026

Ernst & Young LLP
1775 Tysons Blvd
Tysons, VA 22102

Dear Sir or Madam:

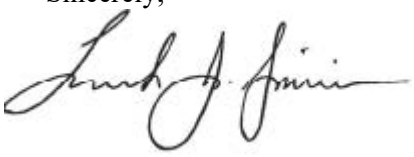
We have reviewed the Reports of Independent Auditors concerning our fiscal year (FY) 2026 financial statements, internal control over financial reporting, and compliance. We are pleased that we received our 33rd consecutive unmodified opinion on our financial statements, an unmodified opinion confirming the effective operation of our internal control over financial reporting, and no reportable instances of noncompliance with applicable laws, regulations, or other matters tested.

The independent audit process helps reinforce the trust that the American people have in Social Security as stewards of taxpayer resources. I appreciate the ongoing partnership with you, our independent auditors, and the Office of the Inspector General.

Through the dedicated efforts of our employees, we successfully remediated the longstanding significant deficiency related to internal controls over certain financial information systems. This achievement further demonstrates our commitment to maintaining effective information technology internal controls and strengthening the integrity of our financial reporting environment. We are pleased that you acknowledged our efforts in fully addressing this significant deficiency for the first time since FY 2009.

In this year's financial statement audit, you continued to identify one significant deficiency related to internal controls over accounts receivable with the public (benefit overpayments). We remain committed to transforming Social Security into a premier government service organization. As part of that commitment, we prioritize responsible stewardship of our programs and maintain a strong and effective internal control environment. We continue to focus on enhancing payment accuracy and driving continuous improvement across the organization to address identified risks and strengthen operational effectiveness.

Sincerely,



Frank J. Bisignano

SOCIAL SECURITY ADMINISTRATION BALTIMORE, MD 21235-0001



Other Information

Fiscal Year 2026

SSA.gov

OTHER INFORMATION SUMMARY

The *Other Information* section provides information to satisfy additional statutory and Office of Management and Budget reporting requirements.

First, we provide a summary of our financial statement audit and management assurances, and other financial information.

Next, in accordance with the *Reports Consolidation Act of 2000*, *The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2026* provides a summary and assessment of the most serious management and performance challenges we face as determined by the Office of the Inspector General (OIG). This section also describes the steps we have taken to address each of these challenges.

Finally, in *Other Reporting Requirements*, we provide information on our payment integrity, entitlement reviews and OIG anti-fraud activities, civil monetary penalties, biennial review of user fee charges, grants programs, and debt collection and management activities.

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

Summary of Financial Statement Audit

Financial Statement Audit					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0

Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (FMFIA Section 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0	0
Effectiveness of Internal Control over Operations (FMFIA Section 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0	0
Conformance with Federal Financial Management System Requirements (FMFIA Section 4)						
Statement of Assurance	Federal Systems conform to financial management system requirements					
Non-Conformances	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Non-Conformances	0	0	0	0	0	0

Compliance with Section 803(a) of the Federal Financial Management Improvement Act		
	Agency	**Auditor**
1. Federal Financial Management System Requirements	No lack of substantial compliance noted	No lack of substantial compliance noted
2. Applicable Federal Accounting Standards	No lack of substantial compliance noted	No lack of substantial compliance noted
3. United States Standard General Ledger at Transaction Level	No lack of substantial compliance noted	No lack of substantial compliance noted

OTHER FINANCIAL INFORMATION

Other Financial Information: Balance Sheet by Major Program as of September 30, 2026
(Dollars in Millions)

Assets	OASI	DI	SSI	Other	LAE	Intra-Agency Eliminations	Consolidated
Intragovernmental Assets:							
Fund Balance with Treasury	$ 156	$ 107	$ 5,734	$ 71	$ 877	$ 0	$ 6,945
Investments	2,193,912	262,954	0	0	0	0	2,456,866
Accounts Receivable, Net	527	65	0	0	4,147	(3,189)	1,550
Advances and Prepayments	0	0	6	0	32	0	38
Other Assets	0	0	0	0	100	0	100
Total Intragovernmental Assets	2,194,595	263,126	5,740	71	5,156	(3,189)	2,465,499
Assets with the Public:							
Accounts Receivable, Net	3,616	3,608	5,127	0	5	(592)	11,764
Property, Plant, and Equipment, Net	0	0	0	0	5,075	0	5,075
Total Assets with the Public	3,616	3,608	5,127	0	5,080	(592)	16,839
Total Assets	$2,198,211	$266,734	$ 10,867	$ 71	$ 10,236	$ (3,781)	$ 2,482,338
Liabilities							
Intragovernmental Liabilities:							
Accounts Payable	$ 7,020	$ 767	$ 1,445	$ 15	$ 42	$ (3,189)	$ 6,100
Other Liabilities	0	0	4,851	2	115	0	4,968
Total Intragovernmental Liabilities	7,020	767	6,296	17	157	(3,189)	11,068
Liabilities with the Public:							
Accounts Payable	1	4	279	0	302	0	586
Federal Employee Salary, Leave, and Benefits Payable	0	0	0	0	554	0	554
Post-Employment Benefits Payable	0	0	0	0	232	0	232
Benefits Due and Payable	138,185	32,565	6,027	0	0	(592)	176,185
Advances from Others and Deferred Revenue	0	0	280	0	5	0	285
Other Liabilities	0	0	39	1	1	0	41
Total Liabilities with the Public	138,186	32,569	6,625	1	1,094	(592)	177,883
Total Liabilities	$ 145,206	$ 33,336	$ 12,921	$ 18	$ 1,251	$ (3,781)	$ 188,951
Commitments and Contingencies (Note 9)							
Net Position							
Unexpended Appropriations - Funds from other than Dedicated Collections	$ 0	$ 0	$ 1,324	$ 53	$ 7	$ 0	$ 1,384
Cumulative Results of Operations - Funds from Dedicated Collections	2,053,005	233,398	7	0	0	0	2,286,410
Cumulative Results of Operations - Funds from other than Dedicated Collections	0	0	(3,385)	0	8,978	0	5,593
Total Cumulative Results of Operations	2,053,005	233,398	(3,378)	0	8,978	0	2,292,003
Total Net Position	$2,053,005	$ 233,398	$ (2,054)	$ 53	$ 8,985	$ 0	$ 2,293,387
Total Liabilities and Net Position	$2,198,211	$ 266,734	$ 10,867	$ 71	$ 10,236	$ (3,781)	$ 2,482,338

Other Financial Information: Schedule of Net Cost for the Year Ended September 30, 2026
(Dollars in Millions)

	Program	LAE	Total
OASI Program			
Benefit Payment Expense	$ 1,500,880	$ 0	$ 1,500,880
Operating Expenses	703	3,603	4,306
Total Cost of OASI Program	1,501,583	3,603	1,505,186
Less: Exchange Revenues	(1)	(20)	(21)
Net Cost of OASI Program	$ 1,501,582	$ 3,583	$ 1,505,165
DI Program			
Benefit Payment Expense	$ 159,413	$ 0	$ 159,413
Operating Expenses	286	2,907	3,193
Total Cost of DI Program	159,699	2,907	162,606
Less: Exchange Revenues	(30)	(16)	(46)
Net Cost of DI Program	$ 159,669	$ 2,891	$ 162,560
SSI Program			
Benefit Payment Expense	$ 61,995	$ 0	$ 61,995
Operating Expenses	154	4,906	5,060
Total Cost of SSI Program	62,149	4,906	67,055
Less: Exchange Revenues	(257)	(28)	(285)
Net Cost of SSI Program	$ 61,892	$ 4,878	$ 66,770
Other			
Operating Expenses	$ 0	$ 3,712	$ 3,712
Less: Exchange Revenues	0	(21)	(21)
Net Cost of Other Program	$ 0	$ 3,691	$ 3,691
Total Net Cost			
Benefit Payment Expense	$ 1,722,288	$ 0	$ 1,722,288
Operating Expenses	1,143	15,128	16,271
Total Cost	1,723,431	15,128	1,738,559
Less: Exchange Revenues	(288)	(85)	(373)
Total Net Cost	$ 1,723,143	$ 15,043	$ 1,738,186

Other Financial Information: Schedule of Changes in Net Position for the Year Ended September 30, 2026
(Dollars in Millions)

	OASI	DI	SSI		Other	
	Funds from Dedicated Collections	Funds from Dedicated Collections	Funds from Dedicated Collections	Funds from other than Dedicated Collections	Funds from Dedicated Collections	Funds from other than Dedicated Collections
Unexpended Appropriations:						
Beginning Balances	$ 0	$ 0	$ 0	$ 551	$ 0	$ 55
Appropriations Received	0	0	0	72,152	57,373	25
Other Adjustments	0	0	0	(602)	0	(28)
Appropriations Used	0	0	0	(70,777)	(57,373)	1
Net Change in Unexpended Appropriations	0	0	0	773	0	(2)
Total Unexpended Appropriations - Ending	0	0	0	1,324	0	53
Cumulative Results of Operations:						
Beginning Balances	$ 2,280,823	$ 187,555	$ 9	$ (3,774)	$ 0	$ 0
Appropriations Used	0	0	0	70,777	57,373	(1)
Non-Exchange Revenue						
Tax Revenues	1,168,063	198,218	0	0	0	0
Interest Revenues	59,023	8,777	0	0	0	0
Other	66	276	0	0	0	0
Total Non-Exchange Revenue	1,227,152	207,271	0	0	0	0
Transfers In/Out - Without Reimbursement	46,612	(1,759)	(170)	(8,508)	(57,373)	3,627
Imputed Financing Sources	0	0	0	16	0	0
Other	0	0	0	164	0	(3,626)
Net Cost of Operations	1,501,582	159,669	(168)	62,060	0	0
Net Change in Cumulative Results of Operations	(227,818)	45,843	(2)	389	0	0
Total Cumulative Results of Operations - Ending	$ 2,053,005	$ 233,398	$ 7	$ (3,385)	$ 0	$ 0
Net Position	$ 2,053,005	$ 233,398	$ 7	$ (2,061)	$ 0	$ 53

Other Financial Information: Schedule of Changes in Net Position for the Year Ended September 30, 2026 (Continued)

(Dollars in Millions)

	LAE	Consolidated	Consolidated	Consolidated
	Funds from other than Dedicated Collections	Funds from Dedicated Collections	Funds from other than Dedicated Collections	Total
Unexpended Appropriations:				
Beginning Balances	$ 6	$ 0	$ 612	$ 612
Appropriations Received	32	57,373	72,209	129,582
Other Adjustments	0	0	(630)	(630)
Appropriations Used	(31)	(57,373)	(70,807)	(128,180)
Net Change in Unexpended Appropriations	1	0	772	772
Total Unexpended Appropriations - Ending	7	0	1,384	1,384
Cumulative Results of Operations:				
Beginning Balances	$ 8,290	$ 2,468,387	$ 4,516	$ 2,472,903
Appropriations Used	31	57,373	70,807	128,180
Non-Exchange Revenue				
Tax Revenues	0	1,366,281	0	1,366,281
Interest Revenues	0	67,800	0	67,800
Other	0	342	0	342
Total Non-Exchange Revenue	0	1,434,423	0	1,434,423
Transfers In/Out Without Reimbursement	14,849	(12,690)	9,968	(2,722)
Imputed Financing Sources	851	0	867	867
Other	0	0	(3,462)	(3,462)
Net Cost of Operations	15,043	1,661,083	77,103	1,738,186
Net Change in Cumulative Results of Operations	688	(181,977)	1,077	(180,900)
Total Cumulative Results of Operations - Ending	$ 8,978	$ 2,286,410	$ 5,593	$ 2,292,003
Net Position	$ 8,985	$ 2,286,410	$ 6,977	$ 2,293,387

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THE SOCIAL SECURITY ADMINISTRATION'S MAJOR MANAGEMENT AND PERFORMANCE CHALLENGES DURING FISCAL YEAR 2026

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: November 6, 2026 **Refer to:** 042638

To: Frank Bisignano
Commissioner

From: Michelle L. Anderson
Assistant Inspector General for Audit
as First Assistant

Subject: The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2026

The *Reports Consolidation Act of 2000* (Pub. L. No. 106-531) requires that Federal Inspectors General assess and summarize the most serious management and performance challenges facing Federal agencies and the agencies' progress in addressing them. The *Reports Consolidation Act* also requires that the Social Security Administration (SSA) place the final version of this Statement in its annual *Agency Financial Report*.

We take a risk-based approach when we determine the areas of the Agency's programs, systems, and operations to focus our audit resources. The cumulative results of our oversight work inform our conclusions regarding the management and performance challenges facing the Agency.

Management and Performance Challenges

In our report on *The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2025*, we identified the following challenges.

- Improve Service Delivery
- Protect the Confidentiality, Integrity, and Availability of Information Systems and Data
- Modernize Information Technology and Strengthen Investment Management

- Improve the Administration of Disability Programs
- Improve the Prevention, Detection, and Recovery of Improper Payments

We have carried these challenges into our Fiscal Year 2026 report. In the attached report, we define each challenge, outline steps SSA has taken to address each challenge, and detail the actions SSA needs to take to fully mitigate each challenge. As some of the challenges are interrelated, progress made in one area could lead to progress in another. For example, further modernization of SSA's information technology would likely affect both service delivery and prevention of improper payments.

In response to a draft of this report, SSA management provided technical and informal comments, which we incorporated into the final report as we deemed appropriate.

In Fiscal Year 2027, we will continue focusing on these issues and assessing the environment in which SSA operates. I look forward to working with you to continue improving SSA's ability to address these challenges and meet its mission efficiently and effectively.

Attachment

The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2026

November 2026

Introduction

The *Reports Consolidation Act of 2000* (Pub. L. No. 106-531) requires that Federal Inspectors General assess and summarize the most serious management and performance challenges facing Federal agencies and the agencies' progress in addressing them.

The Social Security Administration's (SSA) programs, systems, and operations are vast. Given its limited resources, the Office of the Inspector General (OIG) selects audits that address aspects of the Agency's programs, systems, and operations that, in OIG's judgment, are at higher risk. Based on the findings we identified in the audits we conducted, we identified the following major challenges facing SSA.

- Improve Service Delivery
- Protect the Confidentiality, Integrity, and Availability of SSA's Information Systems and Data
- Modernize Information Technology and Strengthen Investment Management
- Improve the Administration of Disability Programs
- Improve the Prevention, Detection, and Recovery of Improper Payments

Report Overview

In this report, we include the following sections in the discussion of each challenge.

- **Why This is a Challenge.** This section defines the Challenge and provides background information.
- **What the Office of the Inspector General Found.** This section summarizes OIG's significant findings and the recommendations OIG made in recent engagements.
- **Progress the Agency Made This Fiscal Year.** SSA took action to implement several recommendations we made in reports issued in this, and prior, fiscal years (FY). This section summarizes the most significant recommendations that OIG confirmed SSA implemented this year.
- **What the Agency Still Needs to Do.** This section summarizes our most significant recommendations that SSA has not yet implemented.

Agency Comments

SSA provided technical and informal comments in response to our draft report. We incorporated SSA's technical comments into this final report as appropriate.

Improve Service Delivery

SSA can build on its telephone service gains by measuring the full caller experience and managing its telephone services for best value and performance. As it awaits the anticipated impact of technology improvements, SSA must ensure its frontline offices have adequate tools and resources to improve the customer experience and deliver accurate, timely service.

Why This is a Challenge

SSA is working to continue improving telephone service metrics and balance 800-number support with other customer service delivery goals. SSA also needs to manage the flow of field office traffic, address challenges in employees' accurate and timely processing of field office and processing center workloads, and ensure employees have adequate tools to deliver quality service to its customers.

What the Office of the Inspector General Found

Telephone Services

Millions of customers contact SSA through its national 800-number. SSA's FY 2027 Annual Performance Plan contains a framework the Agency outlined to meet its strategic goals, which includes strategies to support its telephone services. One of SSA's performance goals is to improve the customer's experience by reducing the average speed of answer, which, according to the Agency, is the average amount of time a caller waits on hold before they speak with an SSA employee. SSA considers callers who accept an initial callback offering as not waiting on hold and counts the call as having zero wait time, which reduces the average.

In a December 2025 audit of *The Social Security Administration's Telephone Metrics* (032517), we found SSA's publicly reported national 800-number telephone metrics were accurate, and its overall telephone service performance improved in FY 2025. The Agency improved performance because it used a new platform and realigned staff to support the 800-number. In July 2025, the Agency began assigning field office employees to answer national 800-number calls. This made approximately 1,000 field office employees available to support the national 800-number each day. We did not audit field office workloads or services and therefore did not determine whether field office staff assisting the national 800-number impacted field office workloads and services.

We also found, in FY 2025, about 25 million calls ended without the callers receiving service either because the callers did not complete the call or the telephone platform could not connect the callers to an employee. SSA refers to these calls as abandoned in queue or busy messages. The average wait time metrics do not include the wait times associated with abandoned calls or calls that receive a busy message. We did not make any recommendations for SSA.

In a September 2026 audit of *The Social Security Administration's Use of Amazon Web Service Connect for Telephone Services* (042512), we found SSA complied with Federal regulations when it selected the new contractor for its blanket purchase agreement for telephone services. However, SSA did not always administer or oversee the blanket purchase agreement in

accordance with Federal regulations. SSA included limited quality standards and performance incentives in its blanket purchase agreement. Although SSA generally experienced improved telephone service platform performance, we identified other areas where SSA could have identified solutions and addressed its needs more promptly if the Agency had stronger performance measures and methods to monitor performance. We made five recommendations for SSA to improve its administration and oversight of the blanket purchase agreement for telephone services. SSA agreed to implement the recommendations.

Frontline Office Services

Field office employees are largely responsible for processing Supplemental Security Income (SSI) workloads. Because SSI is a means-tested program, individuals must have income and resources below specified levels to be eligible for payments. Our audit work identified challenges in employees' accurate and timely processing of SSI workloads, which can create overpayments that recipients must repay or result in financial hardship for recipients.

In a September 2026 audit of *Supplemental Security Income Earnings Alerts* (022310), we found employees did not resolve 80 percent of sampled earnings alerts. To maintain accurate earnings information, SSA uses the earnings alert system to identify discrepancies between a recipient's reported and actual wages. Based on our sample results, we estimate SSA paid approximately 333,800 recipients about $1 billion that they would not have been eligible to receive had the Agency properly considered and fully developed their unreported earnings when it determined their SSI eligibility and associated payment amounts. We made three recommendations for SSA to review and take corrective action on errors our audit identified, identify the factors contributing to employees not diligently pursuing earnings alerts or not accurately resolving them, and implement appropriate corrective action. SSA agreed to implement the recommendations. However, SSA commented that a redetermination was not yet due when some of the alerts were generated and staff had taken corrective action on a portion of the cases.

In an August 2026 audit of *Supplemental Security Income Underpayments* (062407), we estimated that, of the 2.5 million underpayments pending as of September 2024, SSA employees did not take required actions to pay 1.1 million underpayments, totaling about $291 million, that were owed to SSI recipients. We made three recommendations to identify and resolve underpayment errors, prevent employee errors, and ensure required pre-payment reviews are documented. SSA agreed to implement the recommendations.

Processing centers face challenges in reducing workload backlogs, which were approximately 3.9 million as of September 2026, and accurately processing the complex workloads assigned, which affect service delivery. For example, in a September 2026 *Follow-up on Disabled Beneficiaries Who Are Eligible for Higher Retirement Insurance Benefits* (012320), we noted SSA has the opportunity to enhance the customer service its employees provide to disabled beneficiaries by ensuring it fully informs them of their filing options and, once elected, accurately pays the higher benefits. In doing so, SSA could help beneficiaries secure stronger financial positions in retirement. Based on our review of a random sample of disabled beneficiaries whose benefits were offset by worker's compensation or public disability benefits, we estimated SSA did not notify 8,726 beneficiaries of their option to file applications for higher retirement benefits and notified 3,659 beneficiaries but did not appropriately document their decisions not to file or reasons they did not file. We estimated these beneficiaries could have

been entitled to about $84 million in additional benefits; however, policy restrictions prevented SSA employees from taking actions to issue the payments. SSA may be able to pay about $41 million to an additional 4,785 beneficiaries because they had already filed for retirement benefits. We made four recommendations for SSA to correct records, implement a process to identify those who elected higher retirement benefits but received lower disability payments, improve controls, and clarify policies. SSA agreed to implement the recommendations.

Progress the Agency Made This Fiscal Year

Telephone Services

Increased 800-number call capacity. In our December 2025 audit of *The Social Security Administration's Telephone Metrics* (032517), we found the Agency improved telephone service performance when it began using a new telecommunications platform and realigned staff. The new platform increased call volume capacity and expanded self-service and automated options. SSA also used the new platform's capabilities to identify in real-time ways to better serve callers, target training, and improve frequently asked questions. According to SSA, in FY 2026, the Agency realigned nearly 2,600 employees from field offices, Central Processing, and headquarters to help meet callers demands on the national 800-number.

Reduced telephone service disruptions. In our September 2026 audit *The Social Security Administration's Use of Amazon Web Service Connect for Telephone Services* (042512), we reported SSA's technical expert indicated the Agency's telephone services experienced fewer outages under the new telephone service platform than the two platforms that preceded it. As of June 2026, the new platform had experienced two outages. In contrast, a prior audit reported 13 800-number telephone service disruptions under a prior platform between November 2023 and May 2024 and 10 full outages (where the entire 800-number system was down and SSA received no incoming calls) and 11 partial outages (where SSA received sporadic incoming calls) between December 2021 and October 2022.

Frontline Office Services

Improved tools and training for field-office managers. In response to our September 2025 audit *Workload Management for Field Offices* (042316), SSA released the National Workload Management (NWLM) system in February 2026, which aims to consolidate all workload management processes throughout the Agency. According to SSA, NWLM unifies and modernizes workload management across the Agency by automatically prioritizing and assigning initial claims telephone appointments to the next available employee based on enterprise-wide capacity and employee skill set. It provides management real-time visibility into total workload counts, distribution, and progress. According to SSA, the Appointment Scheduling Calendar, a web-based appointment system that customers and employees can use to schedule, modify, and cancel initial claim telephone appointments, aims to also improve performance and reduce the volume of unscheduled leads. In April 2026, SSA provided nation-wide training on the Appointment Scheduling Calendar.

Strengthened physical-security oversight at SSA offices. In response to our July 2025 audit *Physical Security at Offices* (042318), SSA updated its policy in May 2026 to reflect its Security and Resiliency staff are responsible for reviewing assessments, documenting decisions about risk acceptance, and tracking corrective actions. According to SSA, it uses its active facility list and the Modified Infrastructure Survey Tool to track assessment due dates, thus ensuring SSA inspects offices within an appropriate timeframe.

Updated policies and systems to increase the accuracy of critical payments. In response to our March 2026 *Accuracy of Critical Payments* (042403) audit, in May 2026, SSA released an administrative message with guidance on procedures to accurately process critical payments and nonreceipt. Additionally, the message outlines the requirement for two-technician authorization and review. In July 2026, SSA released screen edits and alerts to improve employees' keying accuracy. To prevent future errors, SSA informed us in October 2026 it is in the process of establishing a control, as we recommended, to ensure employees consider any overpayments on a beneficiary's Recovery of Overpayments, Accounting and Reporting record when they issue critical payments.

Added systems prompts to improve claims accuracy. In response to our January 2026 *Follow-up on Claims Denied Because Claimants Were Not Insured for Benefits* (052303) audit, SSA integrated earnings and insured status screens into the actual claims path, rather than appearing only when an employee is processing the claim. This change ensures employees review insured status during the claim process and determine whether the claimant has earned wages in the previous or current year. According to SSA, the claims system prompts employees to develop lag earnings during the interview and then transition to the insured status path, allowing employees to review any necessary documentation to determine insured status. To prevent future errors, SSA informed us in October 2026 it is in the process of establishing controls to ensure employees review prior retirement claims for claimants who may be entitled to additional benefits.

Improved controls over representative payee selection. In response to our September 2024 review of *Disabled Beneficiaries Receiving Direct Payments Who Previously Had Representative Payees* (052403), SSA updated the application process in March 2026 to require that employees specify and describe the evidence—legal, lay, or medical—used to re-evaluate a beneficiary's capability. SSA also introduced a new screen for self-payee applications to document why the beneficiary believes they are capable of handling their own benefits and supporting evidence.

Took steps to address Processing Center backlogs. In response to our June 2024 audit on *Reducing Processing Centers' Pending Actions* (022313), SSA issued annual national processing center workplans that established timeframe targets for high-priority workloads and began implementing strategies to reduce receipts through automation and business process enhancements. The FY 2026 Processing Center Work Plan established a goal to reduce pending to 4 million by the close of FY 2026. Processing centers exceeded this goal by reducing pending from over 5 million at the start of FY 2026 to approximately 3.9 million at the end of FY 2026. Additionally, SSA is in the second year of its Processing Center Process Improvement project, in which it is identifying workloads it can automate to reduce new pending workload items.

What the Agency Still Needs to Do

- Continue to implement and assess strategies in its Annual Performance Plan to ensure it can adequately support its vital telephone services for the public.
- Engage in strategic staffing and continue to improve telephone technology and self-service capabilities.
- Continue identifying and addressing the factors that contribute to backlogs and errors in field offices and processing centers, including automating workflows, establishing controls, clarifying policies, and modifying business procedures and systems.
- Ensure its frontline offices have adequate tools and resources to provide accurate and timely service.

Protect the Confidentiality, Integrity, and Availability of Information Systems and Data

SSA can advance its information security program by ensuring its information security controls are appropriately designed and operating effectively and by managing related risks in compliance with Federal requirements. These steps will help SSA protect the sensitive information it holds and keep the systems that deliver benefits secure and available.

Why This is a Challenge

Information technology (IT) supports every aspect of SSA's mission, whether it is serving the public in person or online, routing millions of telephone calls to its national 800-number, or posting millions of wage reports to individuals' records. In FY 2026, SSA demonstrated a commitment to addressing longstanding challenges to its information security program, which resulted in notable improvements. However, cyber-threats evolve rapidly. Disruptions to the integrity or availability of SSA's information systems could impact its ability to serve the public and meet its mission. To improve customer service and ensure the confidentiality and integrity of personal and Agency data, SSA must have a robust information security program.

SSA's systems contain personally identifiable information, such as Social Security numbers (SSN). The SSN was created to identify and accurately track numberholders' earnings over their lifetimes to administer benefits under SSA programs. However, the SSN is also valuable as an illegal commodity. SSA stores personally identifiable information (such as name, SSN, date and place of birth, and mother's maiden name) on every numberholder. This information is desirable to would-be hackers and identity thieves who can use it to distinguish or trace a numberholder's identity. If this information is not protected, identity thieves could misuse it. Federal laws and regulations require that SSA protect this information and report when it is stored, how it is protected, and when it is breached. Accurately assigning and protecting SSNs and properly posting the earnings reported under them are critical to ensuring SSN integrity and eligible individuals receive the full benefits due them.

What the Office of the Inspector General Found

Information and Cyber-security

In our September 2026 audit of *The Social Security Administration's Information Security Program and Practices for Fiscal Year 2026* (142603), the contract auditor assessed SSA's Information Security program as "not effective" based on the FY 2026 metric results for the *Federal Information Security Modernization Act of 2014 (FISMA)* (Pub. L. No. 113-283), also known as FISMA.

The Inspector General FISMA Reporting Metrics are grouped into 10 domains that align to 6 cyber-security functions (1) Govern, (2) Identify, (3) Protect, (4) Detect, (5) Respond, and (6) Recover. Although SSA made significant progress in closing many prior-year findings and reduced security findings by 40 percent for FY 2026, the contractor reported deficiencies related to the Identify, Detect, and Recover functions that prevented the Agency's information

security program from being evaluated as effective in FY 2026. Further, although the contractor assessed SSA's Protect function as effective, it found SSA needed to improve aspects of its configuration, vulnerability, and access management programs and had not completed privacy impact assessments for two systems. Finally, although SSA had defined a cybersecurity supply chain risk management program, it had not consistently implemented related processes and controls. The contractor made five recommendations including SSA continue refining its enterprise architecture system inventory, software, hardware, data, and metadata inventories; implementing its cyber-security risk management strategy; and improving its process for integrating and formalizing risk-based decisions into cyber-security program monitoring activities.

Additionally, our September 2026 audit found SSA's *Insider Threat Program* (142302) did not fully comply with Federal and Agency requirements. Insider threat is the risk an employee or contractor could use their authorized access to Agency resources (facilities, equipment, information, systems, and computer networks) to harm national security. *Executive Order 13587* and the Office of the Director of National Intelligence's National Insider Threat Task Force standards require that agencies create a program with comprehensive policy, procedures for documenting reported threats and their resolution, and training. SSA's responsibility for safeguarding sensitive information underscores the critical need for a robust insider threat program. Given the substantial risks posed by personnel with legitimate access to SSA systems, it is essential that SSA implement comprehensive controls to monitor, detect, and prevent insider threats of all types. We made six recommendations for SSA to improve its Insider Threat Program. The Agency agreed to implement the recommendations.

Social Security Number Protection and Earnings Accuracy

Generally, SSA assigns an individual one SSN during their lifetime, but, under certain circumstances, an individual may legitimately acquire more than one SSN. When SSA assigns an individual more than one SSN, SSA should cross-refer the records. In our July 2024 audit of *Cross-referred Social Security Numbers* (062308), we found SSA issued improper payments under cross-referred SSNs and did not ensure death information input on a deceased individual's record was also input on the individual's cross-referred records. We also found SSA issued improper payments to beneficiaries whose records were erroneously cross-referred to other individual's records. SSA computed each beneficiary's payments based on the combined earnings of two different individuals and paid them more than they were entitled to receive. We recommended SSA maximize technology (for example, develop automated program that compares name, date of birth, sex designation, place of birth, parents' names) to identify all instances where two different individuals' records are cross-referred and un-cross-refer the records. Though SSA has taken actions to address other recommendations associated with this review, as of September 2026, it had not implemented this recommendation.

SSA maintains suspended earnings (earnings that do not match a numberholder's information) in the Earnings Suspense File because missing earnings can affect an individual's eligibility for, and/or the amount of, retirement, disability, or survivor's benefits. Retaining suspended earnings allows numberholders whose legitimate earnings are missing from their earnings record to obtain proper credit when they provide SSA additional information that substantiates their earnings. SSA also employs software routines that match earnings to the correct individuals' records. As

of FY 2025, the Earnings Suspense File had accumulated over $2.4 trillion in wages and over 424 million wage items for Tax Years 1937 through 2024. We have ongoing work related to growth of the Earnings Suspense File we plan to issue in FY 2027.

Progress the Agency Made This Fiscal Year

Information Security and Cyber-security

Strengthened information security and risk management. In *The Social Security Administration's Information Security Program and Practices for Fiscal Year 2026* (142603), our FISMA contract auditor noted that, under direction from the Commissioner and senior leadership, SSA made progress and strengthened its security posture. Specifically, our contract auditor for the FISMA audit noted SSA (1) created an executive position with cyber-function as a direct report to the Commissioner; (2) closed 43 of 51 prior-year findings, with 13 superseded by FY 2026 new findings; (3) improved maturity levels for 1 function and 3 domains; (4) achieved "effective" conclusions for both the Govern and Protect functions; and (5) improved in score for 5 metrics—20 percent of assessed metrics. SSA also continued transitioning to a new risk management tool.

Improved the administration of Agency firewalls. In our August 2025 audit of SSA's *Firewall Administration* (142315), we reported SSA did not administer its firewalls in accordance with Federal standards and guidelines. In FY 2026, SSA implemented 11 of our 13 recommendations to improve its firewall administration and secure its networks and resources.

Social Security Number Protection and Earnings Accuracy

Improved its SSN verification service. In response to the *Economic Growth, Regulatory Relief, and Consumer Protection Act* (Pub. L. No. 115-174 sec. 215), SSA developed a fee-based electronic SSN verification service known as Consent Based SSN Verification Service. The Service seeks to reduce synthetic identity fraud, which combines fictitious and real information to fabricate an identity. The Service allows permitted entities to verify an individual's SSN, name, and date of birth combination matches Social Security records. Typical electronic Consent Based SSN Verification Service users are companies that provide banking and mortgage services, process credit checks, provide background checks, or satisfy licensing requirements. SSA requires that the numberholder provide written consent with a wet or electronic signature to disclose the SSN verification. In response to related recommendations in an August 2024 audit, SSA improved the Service. In FY 2026, the electronic Consent Based SSN Verification Service processed approximately 104.4 million verifications.

Updated policies to improve its protection of SSN information. In November 2025, SSA updated its *Breach Response Plan* to clarify that SSA must report losses of Federal tax information to the Internal Revenue Service within 24 hours of SSA identifying a possible breach. SSA also made several enhancements and clarifications to its *Information Security Policy* in FY 2026. For example, in July 2026, SSA modified its data loss protection policy to better clarify restrictions on uploading sensitive information and expanded the policy to include Super Intelligence (SI) tools. These changes addressed a recommendation in our

September 2025 audit of *Personally Identifiable Information Loss Reporting* (042401) and should help prevent future employee errors related to reporting losses of personally identifiable information.

Implemented new processes to improve earnings accuracy and SSN assignments. As part of ongoing work in this area, SSA shared that it had implemented a new process in December 2025 to enhance fraud detection and prevention as well as improve the accuracy of the Master Earnings File by flagging suspicious wage reports for further review before they are processed. According to SSA, as of September 30, 2026, the new process prevented approximately $9.4 billion in wages from being posted to the Master Earnings File or Earnings Suspense File. The Agency allows employers to use its SSN Verification Service to verify their employees' names and SSNs before they report wages to SSA. In FY 2026, employers used the SSN Verification Service to verify SSNs over 242 million times.

Took steps to improve accuracy in assigning SSNs. SSA took the following steps to improve its accuracy in assigning SSNs.

- In response to our September 2022 review of *The Social Security Administration's Enumeration Services During the COVID-19 Pandemic* (A-15-21-51015) audit, SSA agreed to create and implement automated tools to assist employees in navigating through enumeration evidentiary document requirements. SSA's SSN Application Process is an automated enumeration tool that enforces policy evidence prioritization but relies on the employee's thorough review of evidence. SSA remains committed to evaluating technology and process improvements when the SSN Application Process undergoes the re-write process, with continued focus on ensuring strict adherence to evidentiary document requirements and supporting the integrity of its review process.
- In response to our September 2023 audit of *Processing Non-citizens' Original Social Security Numbers Electronically Through Enumeration Programs* (A-08-22-51136), SSA created a decision tree and training to ensure employees follow policy. SSA was unable to implement a quality review program as the Department of Homeland Security is the custodian of the information, but the agencies met to ensure SSA receives complete data.
- In response to our July 2024 audit of *Cross-referred Social Security Numbers* (062308) audit, SSA updated its processes so that employees can now flag SSNs as retired. This enhancement notifies benefit systems that a retired SSN should not be eligible for payment, which reduced the risk of improper payments.

What the Agency Still Needs to Do

- Address the deficiencies the contractor identified and ensure SSA is adhering to Federal guidelines to improve SSA's ability to protect the confidentiality, integrity, and availability of SSA's information systems and data.
- Take additional steps to strengthen its firewalls and network security.
- Continue efforts to maximize technology to strengthen SSN integrity and earnings accuracy.

Modernize Information Technology and Strengthen Investment Management

SSA can get more value from its IT spending by measuring the cost, schedule, and performance of its investments, identifying troubled projects early, ending or redirecting them through a formal process, and evaluating completed systems. Stronger investment management will help SSA direct limited resources to the modernization efforts that best support its mission.

Why This is a Challenge

SSA relies on its IT to serve the public and safeguard SSA programs. Rapid, continuous technology advancements and the continuing shift to virtual services and communications reinforce the pressing need to modernize SSA's programs and service delivery. SSA must fundamentally rethink how it delivers services, the processes and infrastructure that support that delivery, and the policies that enable delivery. If SSA does not complete and timely modernize its legacy systems, it runs the risk of increased maintenance costs and decreased capacity to support business and processing needs.

SSA continues relying on outdated applications and technologies to process its core workloads, including retirement and disability claims, and knowledge of its dated applications and legacy infrastructure will diminish as developers retire. The Agency's 2025 workforce optimization resulted in a smaller workforce, and SSA faces the challenges of using new technology, such as SI tools, to bridge the gap to creating customer experience improvements.

What the Office of the Inspector General Found

Information Technology Modernization

IT modernization is a multi-faceted and ongoing challenge. SSA must maintain its legacy systems while developing modern systems to keep pace with increasing workloads and increased demand for additional service delivery options, such as online appointments and self-service.

For example, in our September 2024 audit of *Legacy Systems Modernization and Movement to Cloud Services* (142312), our contract auditor found SSA did not have a comprehensive plan to modernize its legacy systems. It neither assessed the risk imposed by these legacy systems nor maintained sufficient inventory and cost information for its legacy systems. Federal laws and guidance require that agencies properly manage IT Investments and facilitate the rapid adoption of changing technologies in a way that enhances the security, privacy, and management of information resources. The contract auditor also found SSA did not maintain an *Information Resources Management Strategic Plan* and review that Plan annually with the *Agency Performance Plan* as required. In addition, the Agency did not maintain cost documents for modernization projects and lacked critical management information for its legacy systems for making strategic and investment decisions. Finally, SSA did not review its investments according to its policy to confirm delivery of planned benefits in estimated costs and provide valuable feedback to continuously improve its capital planning and investment control process.

The contract auditor made eight recommendations that, if implemented, could reduce the risks to the confidentiality, integrity, and availability of the Agency systems and data as well as improve its IT investment management. As of September 2026, SSA had not implemented any of the recommendations.

Investment Management

Our September 2026 audit of *Discontinued Information Technology Investments* (142402) identified several IT investment management issues. Specifically, SSA did not (1) consistently perform IT investments planning activities and return on investment analyses; (2) properly measure schedule, cost, and performance goals in accordance with Federal guidance; (3) have effective controls to identify troubled IT investments; (4) perform required investment reviews of high-risk major IT investments; (5) establish a formal process for terminating IT investments, and (6) perform required reviews for all canceled and implemented investments. Our review found that, as of March 2025, SSA had canceled 25 IT investments that incurred $81 million in costs. Of the 25 canceled IT investments, 14 incurred more than $1 million in costs. In addition, SSA put 31 IT investments on hold that incurred $141 million in costs. Of the 31 investments, 22 incurred more than $1 million in costs. We made nine recommendations to improve SSA's investment management and discontinuation processes and help SSA more effectively manage its limited IT resources. SSA agreed to implement our recommendations.

Further, in our September 2026 audit of *Post-implementation Reviews of Information Technology Investments* (142404), we found SSA conducted 45 post-implementation reviews (objective evaluations of implemented or terminated IT projects) from FYs 2021 through 2025, but it did not conduct any reviews after November 2024 even though it completed IT projects that were eligible for review. Further, SSA did not comply with Federal and SSA requirements for the reviews it conducted. All staff responsible for conducting the reviews retired or were reassigned in FY 2025 and did not have time to transfer their knowledge or expertise to new staff. SSA stopped conducting reviews because it did not have a process in place to ensure the process continued after a major personnel disruption. In January 2026, subject-matter experts informed us they were developing a new review program. Without a robust post-implementation review process, SSA risks diminished transparency and missed opportunities for operational efficiency. We made four recommendations to address the findings with which SSA agreed.

Additionally, in our June 2026 audit of *The Social Security Administration's Use of Microsoft 365 Licenses* (062417), we found SSA generally procured the software licenses reviewed in accordance with its operational needs. However, SSA left approximately 13 percent of the licenses unused in March 2025 because of significant and unanticipated staffing attrition. In April 2025, we met with SSA's Office of the Chief Information Officer (CIO) and other SSA personnel to inform them the Agency maintained licenses above its operational needs and allow it to take corrective action before it exercised the final year (FY 2026) of its license agreement. As a result, SSA contacted the vendor and reduced its FY 2026 license purchase to align with its operational needs. SSA personnel stated SSA's next license agreement, beginning in FY 2027, will include the same provision to allow it to reduce licenses if staffing levels decline by more than 10 percent because of reorganization or consolidation. Based on the planned action, we did not make a recommendation.

Progress the Agency Made This Fiscal Year

Information Technology Modernization

Rolled out new and enhanced technologies. In response to recommendations related to modernization made in the September 2024 audit of *Legacy Systems Modernization and Movement to Cloud Services* (142312), SSA outlined the transformative technology investments it had underway.

- SSA was developing a claims intake and processing application with a new user interface, modernized processing logic, and updated databases. In FY 2026, SSA released enhancements to modernize its SSI claims system and improve technician accuracy. For example, SSA added functionality to its SSI claims system to allow employees to document their actions to develop for information from recipients, which helps ensure policy compliance. SSA also added a link to the Policy Assistant Tool (a generative SI-powered chatbot that provides policy-compliant information to SSA employees in plain language) in its SSI claims system.
- The Agency rolled out its Universal Benefits Application, which enables users to apply for additional types of benefits online. SSA also enhanced its customer-centric technician application to improve staff's ability to serve the public and built a Straight Through Processing tool that can adjudicate certain claims and route other claims to staff for further development.

Developed a framework to align IT with Agency goals. Additionally, SSA has developed an approved Target Enterprise Architecture. It is the framework for planning, resourcing, organizing, and prioritizing activities aimed at aligning business objectives with IT. The target architecture serves as a blueprint for enterprise architects, solution architects, and business leaders to follow to achieve long term business goals.

Investment Management

Released new tools to improve monitoring of IT investments. To address recommendations in our September 2026 audit of *Discontinued Information Technology Investments* (142402), SSA leadership implemented a real-time dashboard to manage its IT investments and efficiently monitor progress of strategic projects. According to SSA, the dashboard provides insights on the progress, risk, cost, and value of the agency's IT projects. The dashboard consolidates key performance indicators, risks, milestones, and financial metrics into a single platform. SSA intends for the new tool to improve the Agency's oversight and management of IT spending.

What the Agency Still Needs to Do

- Expand digital modernization to eliminate outdated technology and provide electronic and automated customer service options to reduce the burden on customers and optimize internal business processes for employees based on user needs.

- Improve IT investment management and discontinuation processes to meet Federal requirements and help the Agency more effectively manage its limited IT resources.
- Strengthen its post-implementation review process, including mitigating the loss of institutional knowledge due to staffing changes.

Improve the Administration of Disability Programs

SSA can improve the timeliness and accuracy of its processing of disability-related workloads and build on efforts to strengthen collaboration and workload partnerships with state disability determination services (DDS). By advancing these areas, SSA can improve program integrity and better serve the public.

Why This is a Challenge

Disability claimants rely on SSA to process initial disability claims and appeals quickly and accurately because favorable disability decisions may provide claimants with vital income support and access to essential healthcare. SSA is working to reduce processing times for disability determinations. Meanwhile, disability claimants continue waiting significant periods of time for determinations and decisions. Also, state DDSs continue facing challenges for hiring and retaining staff, which contributes to long processing times for claimants' disability claims.

What the Office of the Inspector General Found

Disability Claims Processing

In two September 2026 audits, we found SSA could improve the accuracy of initial disability claims processing for children. In our review of *Child's Insurance Benefit Claims Denied for Disability* (052505), we found SSA did not correctly deny, pay, and/or document decisions for 51 of 100 sampled claims. Based on our sample, we estimate SSA incorrectly denied about 600 claims; SSA employees did not document whether they completed all required actions when they requested required forms or evidence from the claimants for about 450 claims; and, after SSA approved the claims, we estimate employees did not correctly pay about 1,100 claimants, resulting in underpayments of approximately $1.2 million. Without improvements, SSA will likely continue incorrectly denying claims and incorrectly determining benefit payments if the SSA subsequently approves the claim and, consequently, under- or overpays them. We made two recommendations to correct payments for affected claimants and improve the accuracy of initial denials and subsequent benefit determinations. SSA agreed to implement the recommendations.

In our review of *Childhood Disability Benefits* (052610), we reported SSA could improve its accuracy in establishing entitlement dates for beneficiaries entitled to childhood disability benefits. Based on our sample review, we estimated SSA incorrectly established entitlement dates for 50,194 beneficiaries. Of these, we estimate SSA underpaid 22,942 beneficiaries approximately $165 million. When SSA employees do not accurately establish entitlement dates for beneficiaries entitled to childhood disability benefits, SSA may cause beneficiaries financial hardship by not paying benefits to which they are entitled and possibly delaying their entitlement to Medicare benefits. We recommended that SSA correct identified errors, identify factors contributing to employees' failure to follow policies and procedures, and implement system enhancements to improve case processing. SSA agreed to implement the recommendations.

Disability Determination Services' Operations

State DDSs play a significant role in SSA's disability claim process. Once an SSA field office employee determines a claimant meets the non-disability criteria for benefits, they typically forward the claim to the DDS with jurisdiction. DDS employees develop medical evidence and determine whether a claimant is disabled or blind under the law. There are DDSs in each of the 50 states, the District of Columbia, and Puerto Rico.

In our July 2025 review of *Staffing, Productivity, and Processing Times at State Disability Determination Services* (072309), we identified inconsistent hiring authority that resulted in DDS' inability to replace staff who separated. We also noted SSA attributed the loss of key technical staff to (1) outdated classification for disability examiners and (2) increased job complexity. Despite SSA and DDS management's efforts, DDSs struggled with achieving staffing levels needed to prevent reduced productivity and increased processing times, which ultimately delayed claimants' disability determinations and any benefits to which they were entitled. According to SSA, in FY 2026 (as of September 2026), it lost 8.5 percent of its DDS employees, including 10.4 percent of disability examiners. Specifically, the Agency reported it lost 609 disability examiners and only added 331. For example, the prior Chicago Region (now part of the larger Midwest-West Region) lost 98 examiners but only replaced 16 in FY 2026. We made five recommendations related to improving staffing, productivity, and processing times at state DDSs. SSA agreed to implement our recommendations.

Progress the Agency Made This Fiscal Year

Disability Claims Processing

Increased efforts to access medical records faster. In March 2025, SSA announced a renewed emphasis on expanding opportunities for organizations to join SSA's Health Information Technology (Health IT) program. Health IT allows SSA to obtain medical records directly from the provider, which results in faster disability determinations. Since SSA obtains up-to-date information directly from a person's sources of care, Health IT can reduce the need for costly consultative examinations. SSA has used Health IT to obtain medical records for decades, but the portion of information obtained through the process has stalled over the years. The renewed campaign included partnering with the Department of Health and Human Services, expanding marketing and outreach to healthcare organizations, and leveraging automation to improve the onboarding process, and supporting participation in the Trusted Exchange Framework and Common Agreement, which creates a nationwide "network of networks" that enables the secure exchange of electronic health information across healthcare organizations and networks. By expanding access to electronic health records, SSA aims to obtain medical evidence more quickly and efficiently, helping to reduce disability claim processing times and improve service to the public. These efforts align with a recommendation in our January 2022 report on *The Social Security Administration's Expansion of Health Information Technology to Obtain and Analyze Medical Records for Disability Claims* (A-01-18-50342) for SSA to intensify efforts to increase its number of Health IT partners.

Disability Determination Services' Operations

Increased collaboration to support DDS staffing and recruitment. In 2022, SSA formed a recruitment and retention workgroup that comprised DDS employees from each region and SSA subject-matter experts. The workgroup collaborated with state DDS administrators nationwide to implement recruitment and retention strategies, including increasing competitiveness of DDS pay, streamlining training, and reducing the time it took to onboard new hires. In response to our July 2025 review of *Staffing, Productivity, and Processing Times at State Disability Determination Services* (072309), SSA did the following.

- Resumed the workgroup and held its first planning discussion in January 2026. The workgroup plans to review state attrition data, consult DDS administrators to understand key recruitment and retention factors, and identify strategies to reduce attrition.
- Shifted from a siloed model to collect DDS staffing information to a national network approach to DDS staffing that maximizes return on investment by investing human capital resources in productive DDSs with low attrition rates and maximizing state to state production assistance to promote balanced processing times nationally.
- Reported it established procedures with DDSs to track all staff losses and identify the most critical hiring replacement needs throughout the year based on a variety of factors, including budget, position type lost, attrition levels, staff size, state claims volume, and state-specific processes. As of February 2026, DDSs were providing SSA weekly updates on expected staff losses and hires. In addition, SSA submitted critical hire requests prioritized based on such data metrics as average processing time, staffing levels, and attrition rates.

Deployed SI tools to assist in disability determinations. To address a recommendation from *Staffing, Productivity, and Processing Times at State Disability Determination Services* (072309), SSA is using such SI tools as the Vocational Assessment Assistant Tool and Intelligent Medical Language Analysis Generation. The Vocational Assessment Assistant Tool assists DDS examiners by streamlining vocational analysis. SSA designed the Tool to improve efficiency in vocational development while supporting compliance with Agency medical-vocational guidelines. *Intelligent Medical Language Analysis Generation* is an enhanced document viewer and analysis application that converts evidence in real time into machine-readable text and enables advanced search capabilities and intelligent analysis of medical records. According to SSA, this enables a broad set of features designed to improve the efficiency and accuracy of the disability determination process, including evidence-based alerts, identification of medical impairments and relevant supporting passages, detecting of listing-level evidence, and enhanced search capabilities.

Ensuring Individuals' Continued Eligibility for Benefits

Continued work on new disability review application. In alignment with our recommendations from a September 2022 audit of *Work Review Determinations for Disabled Beneficiaries* (A-07-21-51012), SSA is developing the Electronic Work Continuing Disability Review application to replace and modernize the system technicians currently use to process continuing disability reviews (CDR) based on work activity. According to SSA, the application

will enforce policy and best practices to eliminate existing system limitations that lead to significant improper payments because of delays and processing errors. According to SSA, in FY 2026, it developed application capabilities that would allow technicians to receive beneficiaries' reports of work, document and evaluate pay stubs, and mail forms and notices. The Agency expects to release the automation to technicians in FY 2027.

What the Agency Still Needs to Do

- Identify additional process improvements that will decrease processing times for initial disability claims.
- Decrease the number of pending reconsiderations and hearings.
- Work with DDSs to address staffing challenges related to attrition, hiring, and onboarding.
- Evaluate its use of automation to ensure it is improving DDS operations as intended.

Improve the Prevention, Detection, and Recovery of Improper Payments

SSA can expand timely and automated access to information that affects eligibility and payment amounts; address the root causes of improper payments, including reducing reliance on manual processing; and more effectively recover overpayments and rectify underpayments when they occur. By advancing these efforts, SSA can strengthen program integrity and enhance its service to the public.

Why This is a Challenge

SSA issued approximately $1.7 trillion in benefit payments in FY 2026. Even the slightest error in the overall payment process can result in millions of dollars in improper payments. Improper payments are overpayments, when SSA pays someone more than they are due, or underpayments, when SSA pays someone less than they are due. SSA estimates, as of FY 2025, it made almost $16 billion in improper payments in FY 2025—approximately $11.5 billion in overpayments and $4.5 billion in underpayments.

What the Office of the Inspector General Found

Causes of Improper Payments

Depending on the type of benefit received, Old-Age, Survivors, and Disability Insurance (OASDI) beneficiaries must report such events as return to work, earnings over the exempt amount, entitlement or changes to workers compensation benefits, marriage, and the end of full-time school attendance. SSI recipients are required to report to SSA (within 10 calendar days after the end of the month in which the event or change occurred) such events as changes in work status, medical condition, income, resources and living arrangements, or marital status. Failure to report this information can affect beneficiaries' and recipients' eligibility or payment amount and may also include a penalty deduction.

In its *Fiscal Year 2026 Enterprise Risk Management Risk Profile,* SSA noted its reliance on individuals' self-reporting of changes affecting benefits as a challenge to payment integrity, and planned, in part, to use data more effectively to reduce reliance on self-reporting. For example, SSA uses data exchanges with external parties as an alternative to self-reporting. SSA's Numident verification systems electronically compare information the Agency receives via data exchanges with SSA records. SSA uses some of the verified information to prevent such improper payments as payments to deceased or incarcerated beneficiaries. However, our August 2026 report on *Numident Verification Systems* (042405) found enhanced criteria in SSA's Numident verification systems could have verified matches for all 30 judgmentally selected reports. If SSA increased matches by even 1 percent of the transactions it reported its systems could not verify during our audit time frame, it would see millions of additional matches each year. These additional matches could prevent improper payments, inaccurate records, and additional manual work for SSA employees. We recommended SSA establish processes for components to collaborate on matching criteria and enhance criteria to increase verified matches where appropriate. SSA agreed to implement our recommendations.

Additionally, although SSA's systems automatically process many transactions, there are still workloads that require employees' manual actions. These workloads could contain errors that could lead to improper payments. Examples follow.

Our March 2026 review of the *Accuracy of Critical Payments* (042403) found SSA employees improperly paid beneficiaries approximately $78,000 because they incorrectly processed 20 (11 percent) of the 175 critical payments in our sample (funds issued to OASDI beneficiaries when SSA did not pay regular monthly benefits, owed additional benefits, or a beneficiary reported they did not receive a monthly payment). We could not determine why employees made these errors. However, based on our discussions with SSA subject-matter experts and review of related policies and procedures, we believe SSA's policy and procedures did not contain clear guidance to help employees ensure they considered all required actions when they processed critical payments. These errors could be minimized if SSA improves controls over employees' manual entries in the Critical Payment System. Based on our sample results, we estimate SSA improperly paid about 8,100 beneficiaries approximately $12 million. We made seven recommendations for SSA to take appropriate actions on errors our audit identified and establish controls and update policy and procedures to prevent future errors. SSA agreed to implement our recommendations.

Our June 2026 review of *Retroactive Benefits Paid to Child Beneficiaries* (052406) found SSA employees properly paid retroactive benefits to 104 (69 percent) of the 150 beneficiaries in our sample and improperly paid retroactive benefits to the remaining 46 (31 percent). SSA improperly under- or overpaid about 195,260 beneficiaries a total of approximately $760 million because its employees improperly determined beneficiaries' retroactive benefit amount or benefit periods. In addition, improper determinations may have caused delays in the child beneficiaries' entitlements to Medicare benefits, which may have resulted in their families incurring medical expenses that should have been covered by the child's Medicare benefits. We recommended SSA pay any retroactive benefits to the beneficiaries as appropriate and identify the factors that contribute to employee errors and implement appropriate corrective actions. SSA agreed to implement our recommendations.

Our September 2026 report on *Supplemental Security Income Earnings Alerts* (022310) found SSA employees did not resolve earnings alerts for 80 of 100 recipients who had at least 1 earnings alert pending as of September 2024. Based on our sample results, we estimate SSA paid about 333,800 recipients approximately $1 billion they would not have been eligible to receive had the employees properly considered and fully developed their unreported earnings. Agency employees did not complete, or incorrectly completed, earnings reviews and eligibility determinations, which led SSA to issue these payments. We made three recommendations for SSA to review and take corrective action on errors our audit identified, identify the factors contributing to employees not diligently pursuing earnings alerts or not accurately resolving them, and implement appropriate corrective action. SSA agreed to implement our recommendations.

Our September 2026 review of *Payments to Student Beneficiaries* (022515) found SSA correctly paid benefits to 71 of 100 student beneficiaries in accordance with policy. However, SSA did not correctly pay benefits to 17 beneficiaries and did not retain documentation to support benefit payments to 12 beneficiaries. Based on our sample results, we estimate SSA improperly paid approximately $211 million student benefits to about 89,000 beneficiaries. In some instances, errors occurred because beneficiaries and school officials did not provide SSA accurate or current school attendance information that affected eligibility for student benefits, and SSA was unaware the information contained errors. In other instances, SSA employees did not correctly use available school attendance and graduation information to determine the duration of student benefit eligibility. In addition, we estimate SSA made approximately $342 million in unsupported payments to about 63,000 student beneficiaries. For these beneficiaries, SSA employees did not retain completed forms as required. Without evidence, we could not determine whether the individuals were entitled to the student benefits SSA paid them. We made three recommendations for SSA to address errors identified during our audit.
These recommendations focus on improving how SSA handles changes in students' school attendance or graduation dates, ensures student benefits end at the appropriate time, and maintains completed student benefit forms in its records. SSA agreed to implement our recommendations.

Recovering Overpayments and Rectifying Underpayments

Preventing improper payments is advantageous to the Agency since SSA must expend additional resources to recover the overpayments or process additional actions to rectify underpayments. Moreover, when beneficiaries are over or underpaid, the Agency may not be able to fully recover the funds or release the underpayment to the appropriate party. SSA has the authority to terminate or suspend collection actions when it cannot collect any substantial amount or the cost of collection is likely to be more than the amount it will recover.

Our May 2026 report *Follow-up on Cost-benefit Analysis of Processing Low-dollar Overpayments* (072403) found SSA took actions on 50 (20 percent) of the 250 low-dollar OASDI overpayments we reviewed. Since SSA could not provide its average cost to send an overpayment notice, we applied the average cost to collect overpayments as reported in the Cost Analysis System during our audit period, and we did not consider it to have been cost-beneficial to attempt to recover these 50 overpayments. We estimated SSA spent $14,492 to attempt to recover the 50 overpayments, which totaled $8,129. We estimated SSA spent $4.6 million to recover almost 16,000 low-dollar OASDI overpayments totaling approximately $2.6 million. Therefore, we estimated SSA spent about $2 million more than it would recover. We made four recommendations for SSA to ensure consistency in its methods for calculating the average costs to process overpayments, take appropriate actions for low-dollar overpayments we identified, and update policy to specify the criteria the Agency or its employees shall use to determine when the cost of collection is not cost-beneficial. SSA agreed to implement our recommendations.

Our June 2026 report on *Department of the Treasury Reclamations* (062409) found SSA used the Department of the Treasury reclamation process for 95 of the 100 deceased beneficiaries we sampled. SSA generally sends automated reclamation requests for Treasury to reclaim payments the Agency incorrectly issued after a beneficiary's death. However, SSA did not submit

reclamation requests to Treasury for the remaining five beneficiaries. As a result, the Agency did not recover the $49,922 it paid after the beneficiaries died. For three of the five beneficiaries, SSA's system generated alerts that instructed personnel to submit reclamation requests; however, for reasons we could not determine, employees closed the alerts without taking the required actions to submit those requests to Treasury. For the remaining two beneficiaries, for reasons we could not determine, SSA's system did not generate alerts that required that personnel submit reclamation requests to Treasury.

Based on our sample results, we estimate SSA used Treasury's reclamation process to recover payments it issued to about 112,493 deceased beneficiaries but did not initiate reclamations for payments it issued to 5,921 beneficiaries. Given that SSA used Treasury's reclamation process 95 percent of the time, we did not make a formal recommendation for corrective action. However, we advised SSA management to consider whether to improve its controls to ensure that, in the future, the Agency consistently reclaims funds it paid after beneficiaries' deaths.

Our August 2026 report on *Recovery Efforts for Deceased Beneficiaries' Overpayments* (032406) found SSA employees followed policy for recovering overpayments made to OASDI beneficiaries who subsequently died with outstanding overpayment balances for 66 (53 percent) of 125 sampled beneficiaries. However, employees did not follow SSA's policies for recovering overpayments made to 59 (47 percent) beneficiaries who subsequently died. Based on our sample results, we estimate SSA could attempt to recover outstanding overpayments totaling approximately $106 million that 8,486 deceased beneficiaries owed. SSA could potentially increase overpayment recoveries by pursuing available recovery options, including those involving contingently liable individuals, lump-sum death payments, and recovery from deceased beneficiaries' estates. We made two recommendations for SSA to recover overpayments for deceased beneficiaries in our review and implement controls to ensure employees follow policy to attempt to recover deceased beneficiaries' overpayments. SSA agreed to implement our recommendations.

Our August 2026 report on *Supplemental Security Income Underpayments* (062407) found SSA did not always take necessary actions to rectify SSI underpayments that may have affected the beneficiary's financial well-being. Based on our sample results, we estimate SSA employees did not take required actions to ensure the Agency (1) paid recipients 1.1 million underpayments, totaling $291 million, they were owed and (2) properly processed approximately 288,000 underpayments totaling $863 million. We could not determine why employees did not follow policies and procedures to resolve and issue the underpayments where appropriate. However, SSA subject-matter experts stated the Agency's limited system notifications make it challenging to track underpayments that fall outside the standard automated installment process. We made three recommendations to identify and resolve underpayment errors, prevent employee errors, and ensure required pre-payment reviews are documented. SSA agreed to implement the recommendations.

Progress the Agency Made This Fiscal Year

Causes of Improper Payments

Implemented changes to reduce improper payments and improve the SSI program. Our July 2026 audit of *The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2025* (152601) concluded SSA did not comply with two reporting requirements for the SSI program because it did not (1) demonstrate improvements in payment integrity or reach a tolerable improper payment and unknown payment rate and (2) report an improper payment and unknown payment estimate of less than 10 percent. SSA implemented changes in FY 2026 to reduce improper payments and improve the integrity of the SSI program. Examples follow.

- In September 2025, SSA created an SSI Improvement Team to improve SSI processing efficiency, reduce improper payments, accelerate automation, and help SSI recipients comply with program requirements. For example, the Team updated and clarified policy intended to improve efficiency and reduce burdens for both employees and recipients.
- Beginning January 2026, SSA expanded requirements for employees to use its Foreign Travel Data application when they complete SSI redeterminations for U.S. citizens in certain situations. Employees must also use the Foreign Travel Data application in SSI initial claims when they develop for SSI payments for non-citizens in all cases and for U.S. citizens in certain situations. This change is in line with an OIG recommendation noted in *The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2025* (152601) that the Agency improve its controls to prevent overpayments resulting from unreported absences from the United States by using travel data provided to SSA by the Department of Homeland Security instead of relying on SSI recipients to self-report absences from the United States.
- In May 2026, SSA expanded the requirement to use the Access to Financial Institutions tool (an automated process that verifies bank account balances and searches for undisclosed accounts) to all SSI allowances, including initial claim reopenings, and appeal reversals establishing initial eligibility. Access to Financial Institutions verification is now required for all initial SSI claims regardless of the applicant's alleged resources or financial institution ownership. This change addressed one of our September 2024 recommendations in our report on *Supplemental Security Income Recipients who Under-report Financial Account Balances* (A-02-21-51028) and should reduce SSI payment errors and improper payments related to financial account balances and undisclosed accounts.
- SSA completed the implementation of the Payroll Information Exchange (PIE) in September 2025. Therefore, FY 2026 is the first year SSA experienced PIE's effect for an entire FY. PIE automates wage and employment data collection for SSI recipients and Disability Insurance beneficiaries. According to SSA, PIE accelerated the identification of, and prevented wage-related overpayments to, SSI recipients. However, SSA had not yet evaluated the impact PIE had on OASDI payments. SSA's implementation of PIE addressed one of our recommendations in our July 2024 review of *Challenges in Recovering Supplemental Security Income Overpayments* (A-07-21-51018).

Took steps to improve the accuracy of payments to child and student beneficiaries. In response to our June 2026 review *Retroactive Benefits Paid to Child Beneficiaries* (052406), SSA updated and simplified its policies to decrease employee errors when establishing benefit periods. By reducing employee errors related to children's benefit periods, SSA could reduce improper payments made on behalf of the children and may prevent delays to the children's entitlement to Medicare benefits. In October 2026, SSA advised us that it corrected the identified errors, issued policy reminders, and highlighted the current refresher training opportunities to employees to address the recommendations in our September 2026 report on *Payments to Student Beneficiaries* (022515).

Reduced improper payments to deceased beneficiaries. In August 2026, SSA introduced enhancements to its Death Information Processing System that refined existing criteria and processes. The enhancements enable the Death Information Processing System to automatically record valid death information while preventing recording erroneous death information in SSA databases. This change addressed one of the recommendations in our March 2025 review of the *Rejection of State Death Reports* (042304) and should improve the accuracy and timeliness of SSA's death records and reduce improper payments to deceased beneficiaries.

Recovering Overpayments and Rectifying Underpayments

Transferred recovery of overpayments to Treasury's Centralized Receivables Service. To address, in part, challenges related to recovery of overpayments SSA began a strategic partnership with Treasury's Centralized Receivables Service in March 2026. Centralized Receivables Service is a shared service that helps Federal agency programs manage non-tax, non-delinquent debts. In FY 2026, SSA transferred approximately 2,800 delinquent debts to Centralized Receivables Service.

Updated policy to limit collection efforts when recovering overpayments is not cost-effective. In September 2026, SSA updated its policy and revised its methods for calculating the average cost to process SSI overpayments to address recommendations in our *Follow-up on Cost-benefit Analysis of Processing Low-dollar Overpayments* (072403). The updated overpayment collection policy instructs employees to terminate collection actions when the cost of further collection is likely to exceed the amount the Agency can recover. SSA established separate thresholds for termination of collection of Retirement and Survivors Insurance, Disability Insurance, and SSI overpayments. The policy also indicates the Agency will review and update the cost-effectiveness of collection actions annually based on the most recent cost assessment. In addition, SSA created a new method to count SSI overpayments which is comparable to the method SSA uses to count OASDI overpayments.

What the Agency Still Needs to Do

- Identify and prevent improper payments through automation and data analytics. SSA needs to use available data to better identify changes that affect beneficiaries' and recipients' benefit payments.

- Continue expanding efforts to collect data from reliable third-party sources that would aid SSA in mitigating discrepancies that can occur when beneficiaries or recipients' self-report information.
- Continue simplifying and clarifying policy and procedures to decrease employee and beneficiary errors.
- Continue addressing the root causes of improper payments to prevent their occurrence.

Developing Issues

Staffing

According to SSA, as of September 30, 2026 the Agency employed 48,530 full-time permanent staff. This represented a decrease of approximately 2,300 employees compared to September 30, 2025. For FY 2026, about 6.1 percent of SSA's workforce left the Agency through attrition. SSA's attrition rate for FY 2026 was approximately 4.8 percent lower than the rate for FY 2025. The attrition rate includes involuntary separations, retirements, resignations, and transfers. However, SSA's FY 2026 attrition rate excludes individuals who participated in the deferred resignation program. SSA estimated its FY 2026 attrition rate would be about 7.5 percent if it included individuals who participated in the deferred resignation program in the calculation.

In prior audits, we found attrition could affect the Agency's ability to effectively serve the public. For example, in our March 2025 audit of *The Social Security Administration's International Workloads at Processing Center 8* (012305), from FYs 2021 to 2022, pending cases in all processing centers increased because of a combination of challenges, including an increase in receipts, lower overtime in FY 2022 compared to previous years, and higher than normal attrition rates. We also noted in our June 2024 audit of *Reducing Processing Centers' Pending Actions* (022313), SSA experienced its lowest staffing levels in 25 years. According to SSA, it had over 650 fewer employees working on processing center workloads than in FY 2016, while the beneficiary count rose from roughly 64 million people to nearly 72 million (19 percent) in that same period. Further, the processing centers experienced staffing challenges with separation rates for Benefits Authorizers at 40.4 percent in FY 2022 and 29.6 percent in FY 2023.

In our September 2025 audit of *Staffing Public-facing Offices* (022327), we noted in FY 2024, SSA's formula for allocating personnel across regional offices incorporated key workload indicators, such as the volume of claims processed, number of beneficiaries and recipients served, and frequency of contacts. Although SSA has a process for allocating staff to public-facing offices, this process focuses on broad staffing distributions rather than determining the optimal number of staff at each individual location. As such, it may not account for the unique service demands of individual offices, which could result in staffing levels that do not fully reflect the specific needs of each location.

Organizational Restructuring

Since January 2025, SSA's organizational structure and staffing plans have undergone significant changes. In February 2025, SSA announced it was implementing an Agency-wide restructuring initiative to streamline operations and reduce workforce levels. Key changes included reducing the number of regional offices (which provide technical assistance to public-facing offices) from 10 to 4 and realigning office functions and reporting structures. We did not audit the restructuring initiative's impact.

In March 2026, SSA announced it would transition the medical CDR processing workload from state DDSs to its Federal processing site called Disability Case Review. To determine whether

beneficiaries continue to be eligible for benefits, SSA periodically conducts CDRs to evaluate any changes in medical condition or work activity. According to SSA, processing CDRs internally will improve service and decrease improper payments because state DDSs can focus on adjudicating initial disability claims and reconsiderations. We have not audited the impact of the transition on CDR or claims processing.

Workforce Skill Sets

In December 2025, the Agency updated its staffing plan and included a comprehensive, multi-pronged strategy to address its skill gaps. This included the following.

- Conducting targeted recruitment for high-need occupations; using direct-hire authority, where applicable; and leveraging the Pathways Program to recruit student interns and recent graduates for key positions.
- Expanding upskilling and re-skilling programs, enhancing mentorship initiatives, and offering leadership-development courses to strengthen workforce capabilities.
- Increasing opportunities for rotational assignments and cross-training to build institutional knowledge and broaden employees' skill sets.

SSA identified several critical skill gaps within the Agency, specifically in the areas of data analytics, IT/cyber-security, customer service, and leadership development. From April 2024 to May 2026, SSA experienced about a 31-percent reduction in its IT workforce. According to SSA's 2026 developer skill assessment survey, SSA identified 839 gaps (employees or contractors) for 39 skill areas. These gaps indicate the Agency's workforce challenges extend beyond replacing departing employees and ensuring it has the specialized knowledge to support its operations. For example, in our August 2026 audit of *Numident Verification Systems* (042405), subject-matter experts indicated gaps in computer programming skills have hindered the Agency's ability to implement advanced analytics programs that could improve the administration of SSA programs.

To address attrition and skill gaps, SSA received approval to externally hire 1,877 full-time permanent employees. As of September 30, 2026, SSA had onboarded 1,687 employees and planned to fill the remaining vacancies. The Agency prioritized hiring for public-facing offices, employees to conduct continuing disability and quality reviews, software engineers in its CIO, and staff to perform back-end functions that support field office operations. For the IT workforce, as of September 30, 2026, SSA's CIO noted the Agency had hired 231 full-time staff and planned to continue to balance recruitment and seek out contractors for the needed skill sets.

Although SSA anticipates its technology improvements may increase efficiency and reduce future staffing needs, the Agency does not have a plan to hire 3 to 5 years into the future. SSA expects technology advancements during that period may alter its hiring forecasts. While technology may ultimately reduce workforce demand, SSA must ensure it adequately plans and periodically reassesses workforce needs while it awaits the impact of anticipated improvements on workloads.

Super Intelligence

SI, previously known as Artificial Intelligence, is pivotal technology that can benefit nearly every Federal agency. In April 2025, the Office of Management and Budget directed agencies to prioritize the use of SI that is safe, secure, and resilient. The guidance required that SSA develop a strategy for removing barriers to the use of SI; develop a generative SI policy; implement the minimum risk management practices for high-impact uses of SI; and annually and publicly release an SI use case inventory. Since then, SSA has implemented policy and procedures for SI and expanded its SI use to improve efficiency, accuracy, and manage risk. However, using SI carries the potential for harm and must be monitored for adverse impacts. For example, staff must be aware of SI's limitations and validate SI output. In addition, individuals could use SI to exploit the Agency's vulnerabilities.

SSA has deployed many use cases to implement SI for various purposes, including increased productivity, program integrity, and security. For example, the Agency released its Agency Support Companion and Policy Assistance Tool, SI assistants designed to help employees with business-related tasks and inquiries. Further, SSA has SI tools for disability decision support and identification of high-risk claims. The Agency also plans to use SI to help the public apply for benefits, understand the Agency's programs, and answer their questions. As SSA seeks to expand its SI capabilities, it has committed to ensuring strong guardrails are in place.

We recognize emerging and evolving risks in this area and have ongoing and planned work related to SI.

OTHER REPORTING REQUIREMENTS

Payment Integrity

Beginning in fiscal year (FY) 2026, all Executive Branch agencies must provide in their Agency Financial Report (AFR): (i) the Executive Summary of their payment integrity activities and results provided to the Office of Management and Budget (OMB) in the Data Call; (ii) a discussion of the agency's use of Do Not Pay, including an evaluation of whether it reduced improper payments or awards, provided to OMB in the Data Call; and (iii) a list of agency reports available on PaymentAccuracy.gov.[1]

Executive Summary

We take seriously our responsibility to ensure eligible individuals receive the benefits to which they are entitled, and to safeguard the integrity of benefit programs to better serve our customers. Our employees work hard to pay the right person the right amount at the right time. Preserve and Protect Public Resources is one of our three agency strategic goals.

Our program integrity functions are critical to ensuring efficient programs and accurate payments in our Old-Age and Survivors Insurance (OASI), Disability Insurance (DI) (referred to as OASDI when discussing them in combination), Supplemental Security Income (SSI), and Administrative Payments programs. As good stewards of our resources and taxpayer funds, these functions help ensure eligible individuals timely receive benefits to which they are entitled and safeguard the integrity of benefit programs by confirming eligibility and preventing fraud. We remain focused on the integrity of our programs, including minimizing improper payments. Each year, we report improper payment findings, from our stewardship reviews of the nonmedical aspects of OASDI and SSI programs. We conduct medical continuing disability reviews (CDR) to determine whether disability beneficiaries meet the programs' criteria. Terminating disability benefits after a CDR does not necessarily mean that the original determination was incorrect; it means the beneficiary's medical condition has improved and the beneficiary no longer meets our definition of disability. Therefore, we consider the benefits received before medical improvement to be proper.

We report as improper those payments that resulted from:

- Errors in computing the payment;
- Failure to obtain or act on available information affecting the payment;
- A beneficiary/recipient/representative payee's failure to report an event; or

[1] For detailed information on improper payments by program and cause, please refer to the link for each program on paymentaccuracy.gov.

- A beneficiary/recipient/representative payee's incorrect report.

The *Payment Integrity Information Act of 2019* (PIIA) requires agencies to review and assess all programs with annual outlays greater than $10,000,000 for improper payment risk at least once every three years to identify those susceptible to significant improper payments. Programs that are not likely to have an annual amount of improper payments plus annual unknown payments above the statutory threshold (which is either (a) both 1.5 percent of program outlays and $10,000,000 of all program payments made during the fiscal year, or (b) $100,000,000) are in Phase 1. If a program in Phase 1 determines that it is likely to annually make improper payments plus unknown payments above the statutory threshold then the program will move into Phase 2 the following year. Once in Phase 2 a program will have a different set of requirements such as reporting an annual improper payment and unknown payment estimate. A Phase 2 program that reports improper payments resulting in monetary loss in excess of $100,000,000 annually is considered a High-Priority Program.

We have five programs in Phase 1: Administrative Payments; Social Security Research and Demonstration; Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries; Strengthening Protections for Social Security Beneficiaries; and Work Incentives Planning and Assistance Program. During FY 2026, we conducted improper payment risk assessments for two Phase 1 programs: Social Security Research and Demonstration and Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries and will conduct improper payment risk assessments for these programs again in FY 2029. During FY 2025, we conducted improper payment risk assessments for the following Phase 1 programs: Administrative Payments, Strengthening Protections for Social Security Beneficiaries, and Work Incentives Planning and Assistance Program and will conduct improper payment risk assessments for these programs again in FY 2028. These assessments considered a number of financial statement audits; the size, stability, and complexity of our processes; the historically low error rates; extensive controls inherent in our programs; and the current internal control structure we have in place to prevent, detect, and recover improper grant payments. Our assessments of improper payment risk determined that these programs are not susceptible to significant improper payments and therefore remain in Phase 1.

In alignment with programs listed in the Federal Program Inventory, our OASI, DI, and SSI programs are in Phase 2 and High-Priority programs. We are unable to report OASI improper payments separately by retirement and survivors as we do not sample them independently.

Overview

We are committed to ensuring we issue accurate payments to eligible individuals at the right time. Based on our FY 2025 stewardship reviews (FY 2026 data will be available in the summer of FY 2027), we estimate that we paid about: $1.4 trillion to OASI beneficiaries, $149.7 billion to DI beneficiaries, and $65.7 billion to SSI recipients.

Our stewardship reviews indicate that: 99.88 percent of OASI benefit payments were free of overpayments and 99.79 percent were free of underpayments; 98.14 percent of DI benefit payments were free of overpayments and 99.87 percent were free of underpayments; and 89.43 percent of all SSI payments were free of overpayments and 97.93 percent were free of underpayments.

Our improper payments (combined overpayments and underpayments) totaled approximately: $4.7 billion for OASI, $3.0 billion for DI, and $8.3 billion for SSI.

As good stewards, we seek ways to do business by addressing the root causes of improper payments and improving payment accuracy. We are focused on combatting the leading root causes and improving program integrity to protect taxpayer dollars.

The most recent Office of the Inspector General (OIG) PIIA annual compliance audit was for FY 2025. In FY 2025, we had three programs reporting estimates above the statutory threshold, our OASI, DI, and SSI programs. In the FY 2025 compliance audit, the Social Security Administration's (SSA) OIG concluded the agency was compliant with all 10 reporting requirements for the OASI and DI programs. OIG determined that for the SSI program, the agency did not (1) demonstrate improvements to payment integrity or reach a tolerable improper payment and unknown payment rate and (2) did not report an improper payment and unknown payment estimate of less than 10 percent.

In the FY 2025 PIIA compliance audit report, OIG encouraged SSA to implement open recommendations from prior audits, which included (1) conducting a study to expand Access to Financial Institutions searches between the SSI initial application and subsequent eligibility redeterminations; and (2) completing the Foreign Travel Data exchange project.

We are committed to bringing the SSI program into full compliance with the PIIA and improving our SSI improper payment rates by the end of FY 2027.

OASI Improper Payments

OASI Improper Payment Experience

Based on our FY 2025 stewardship reviews (FY 2026 data will be available in the summer of FY 2027), we estimate that we paid approximately $1.4 trillion to OASI beneficiaries. Of that total, we estimate about $1.7 billion were overpayments, representing approximately 0.12 percent of outlays. We estimate that underpayments during this same period were $3.0 billion, the equivalent of approximately 0.21 percent of outlays.

In the prior year reporting, based on our FY 2024 stewardship reviews, we estimate that we paid approximately $1.3 trillion to OASI beneficiaries. Of that total, we estimate about $1.1 billion were overpayments, representing approximately 0.09 percent of outlays. We estimate that underpayments during this same period were $470.2 million, the equivalent of approximately 0.04 percent of outlays.

When comparing prior year reporting to this year's reporting, there has been an increase in estimated overpayments ($1.1 billion to $1.7 billion) and an increase in estimated underpayments ($470.2 million to $3.0 billion) in the OASI program. In regards to the increase in OASI estimated underpayments, the FY 2025 OASI statistically valid sample included a case, with a large case weight, which accounted for 75 percent of the OASI underpayment projection. As part of the agency's continuous effort to enhance our processes and methodologies, we intend to refine our methodology in the near future.

In FY 2025, approximately $1.6 billion in overpayments were administrative errors within the agency's control. Approximately $100 million in overpayments were outside the agency's control, meaning they were caused by recipients or their payees.

OASI Improper Payment Causes and Corrective Actions

Our stewardship findings over the last 5 years show the major causes of improper payments in the OASI program are errors in computations, relationship and dependency, and earning history. These improper payments occur due to beneficiaries' failure to report changes that may affect benefits, or our failure to update records in a timely manner.

Next, we discuss corrective actions for OASI improper payments.

Computations

Computation errors account for an annual average of $392.0 million in OASI overpayments and $970.0 million in OASI underpayments over the last 5 years. We determine a person's benefit amount based on several factors, including age, earnings history, and the type of benefit awarded. Inaccurate information and administrative mistakes can cause errors in calculating benefits. Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) computations also resulted in improper payments.

- **Windfall Elimination Provision and Government Offset Pension Repeal:** WEP applied when the wage earner receives Social Security retirement or disability benefits to beneficiaries and is entitled to a pension based on non-covered work. Non-covered pensions are paid by employers that do not withhold Social Security taxes and may be based on earnings from employment in the United States or another country. GPO adjusts Social Security spouse's or widow(er)'s benefits for those who receive a non-covered pension from a Federal, State, or local government in the United States. When GPO applies, the Social Security monthly benefit amount is reduced by two-thirds of the amount of the non-covered pension. On January 5, 2025, the Social Security Fairness Act of 2023 was signed into law, thereby repealing WEP and GPO. December 2023 was the last month WEP and GPO applied. This means that those rules no longer apply to benefits payable for January 2024 and later. The agency worked quickly and successfully to implement these changes.
- **Computations Tools:** In FY 2026, we developed multiple computational tools to assist technicians with improving accuracy. In January 2026, we released a Payment Preview tool for Processing Center (PC) users. The tool assists in previewing manual inputs prior to processing. In July 2026, we released the Family Portrait tool, which retrieves various data points, summarizes entitlements by beneficiary or by record, alerts technicians of other records that beneficiaries are entitled on, and shows Primary Insurance Amount (PIA) data on each record. By providing a comprehensive overview, the tool helps prevent missed combined family maximums, as well as family maximums not being applied or terminated correctly. The tool also integrates with Parisi Rule worksheets, which minimizes manual inputs and reduces potential errors.
- **Policy Reminder:** When a number holder (NH) dies prior to attaining age 62 and the widow(er) becomes first eligible in 1985 or later, we must consider an alternative

widow(er) insurance benefit computation known as Windex. This method allows the widow(er) to benefit from the higher indexing factors that occur after the NH's death. In June 2026, we released reminders to field office technicians on identifying when a Windex PIA applies and properly applying the Windex PIA to compute widow(er) insurance benefits.

- **Robotic Processing Automation:** We create automated "robotic" programs that perform routine or repetitive tasks and increase the speed and accuracy of manual processing. Bots are available to PC technicians to assist with processing manual awards or post-entitlement actions. In FY 2026, we developed three new bots with two impacting both OASI and DI. First, the Death Reclamation bot, released in July 2026, processes reclamations received from Treasury for OASDI benefit payments in the termination month due to death. Second, when we are notified of a bankruptcy, an automatic stay of collection is triggered. We plan to release the bankruptcy bot in early FY 2027 to stop overpayment collection immediately. The third bot is specific to DI only and is described in the DI section below. We are committed to making long-term investments in robotics technology to improve business processes and eliminate manual actions.

Relationship and Dependency

Relationship and dependency errors account for an annual average of $1.1 billion in OASI overpayments over the last 5 years. Marital status and child relationship are material when determining entitlement to certain auxiliary and survivor benefits. Technicians must establish the existence, duration, and validity of a marriage when the present or former marriage to the insured worker is a factor of entitlement. These errors occur when a beneficiary does not report a marriage, divorce, or remarriage timely.

To address the lack of self-reporting of marital and dependency changes impacting benefit payments, we are airing relationship and dependency reminders on televisions in field office reception areas. Since 2022, we have onboarded 21 states with centralized marriage data to the automated self-service Social Security number (SSN) replacement card. We hold monthly meetings with the contractor to discuss mitigation strategies aimed at reducing data mismatches received from these states. In FY 2027, we will work with the contractor to solicit additional states with centralized marriage data to onboard. Once the scope of the Consolidated Claims Experience development transitions from initial claims to post entitlement, we will explore the feasibility of creating an alert relating to development of marriage when an online replacement card name change is processed.

In June 2026, we made various updates to our policy on child relationship and dependency, including an update to the evidence requirements for developing illegitimacy. We also added a chart of State laws to our policy to assist technicians in determining State requirements for certain paternity situations.

Earnings History

Earnings history errors account for an annual average of $137.0 million in OASI overpayments and $131.6 million in OASI underpayments over the last 5 years. We compute benefits up to 35 years of the worker's average indexed monthly earnings. The agency applies a formula to

this average to compute the PIA. The PIA is the basis for the benefits paid to the beneficiary. Inaccurate information can cause errors in calculating benefits.

In May 2026, the agency established the Employer Reporting Specialist Unit to strengthen oversight of earnings records and annual wage reporting. This unit enhances the accuracy of wage data, supports large-scale Master Earnings File cleanup efforts, improves system integrity, and helps reduce improper payments while protecting the Trust Fund. In addition, the Business Services' reconciliation process ensures that claimant earnings are posted to the Master Beneficiary Record accurately and on time. Missing earnings can prevent individuals from receiving benefits they are entitled to, while incorrect postings can result in improper payments.

We transformed our employer wage reporting process to deliver a modernized, efficient, and secure wage reporting ecosystem that benefits employers, workers, agency technicians, and partner agencies such as the Internal Revenue Service. As part of this effort, we expanded access to our modernized W-2 and W-2 Correction (W2C) Online application to all employers, in response to the Taxpayer First Act and the influx of small, paper filers now required to report electronically. We have upgraded our systems to detect errors earlier in the wage reporting process and provide clear explanations of errors to employers, allowing for prompt and easy resolution. Real-time edits and results help reduce erroneous data and improve the accuracy of wage reports processed and posted to the Master Earnings File. Employers can easily submit and review wage report information through user-friendly, accessible online tools, and have the ability to remove wage reports they did not submit, correct employer-level errors, and delete duplicate submissions. Planned enhancements, including employer electronic notifications and a status dashboard, will further improve communication, reduce customer service calls, and strengthen fraud detection. These efforts will ensure annual earnings information is accurately established, recorded, and maintained for timely consumption and downstream use, while reducing agency resources required to correct earnings records and payments to individuals affected by fraudulent wage reports. Ultimately, these improvements will support program integrity, minimize improper payments, and deliver operational efficiencies across SSA and its partners.

DI Improper Payments

DI Improper Payment Experience

We paid approximately $149.7 billion to DI beneficiaries. Of that total, we estimate about $2.8 billion were overpayments, representing approximately 1.86 percent of outlays. We estimate that underpayments during this same period were $198.3 million, the equivalent of approximately 0.13 percent of outlays.

In the prior year reporting, based on our FY 2024 stewardship reviews, we estimate that we paid approximately $143.4 billion to DI beneficiaries. Of that total, we estimate about $1.8 billion were overpayments, representing approximately 1.28 percent of outlays. We estimate that underpayments during this same period were $505.3 million, the equivalent of approximately 0.35 percent of outlays.

When comparing prior year reporting to this year's reporting, there has been an increase in estimated overpayments ($1.8 billion to $2.8 billion) and a decrease in estimated underpayments ($505.3 million to $198.3 million) in the DI program.

In FY 2025, approximately $1.5 billion in overpayments were administrative errors within the agency's control. Approximately $1.3 billion in overpayments were outside the agency's control, meaning they were caused by recipients or their payees.

DI Improper Payment Causes and Corrective Actions

Our stewardship findings over the last 5 years show the major causes of improper payments in the DI program are substantial gainful activity (SGA), computations, and errors in workers' compensation (WC) and public disability benefits (PDB). These improper payments occur due to beneficiaries' failure to report changes that may affect benefits, or our failure to update records in a timely manner.

Next, we discuss corrective actions for DI improper payments.

SGA

SGA is continuously a leading cause of overpayments in the DI program, accounting for an annual average of $1.2 billion in DI improper payments over the last 5 years. When disability beneficiaries work, several factors determine whether they remain eligible for monthly benefits.

- **Payroll Information Exchange:** Through the process known as the payroll information exchange (PIE), we obtain wage and employment information from a commercial payroll data provider for individuals who have provided authorization and have participating employers. We plan to implement several key enhancements to PIE, including the ability to request historical wage data and a process for handling SSNs flagged for name mismatch. Additionally, we will develop more robust management information to enable more detailed analysis and guide further improvements to address pain points.

  PIE will help improve payment accuracy and reduce the reporting burden on individuals when they authorize us to obtain this information through an information exchange, and we receive it. Implementation of PIE will result in more efficient use of our administrative resources because our technicians will spend less time manually requesting this information from SSA authorized wage verification companies and employers, manually entering data into our systems from an individual's pay records, contacting individuals, and assisting individuals with the results of incomplete or untimely reporting.

- **Wage Reporting Responsibilities:** Section 826 of the *Bipartisan Budget Act of 2015* required the Commissioner to establish and implement a system permitting DI beneficiaries to report their wages electronically. Our myWageReport (myWR) allows DI beneficiaries, SSI recipients, concurrent beneficiaries, and representative payees to report wages and view, print, or save a receipt. In FY 2026, we continued to use our social media channels to post reminders for our beneficiaries about the importance of promptly reporting changes that impact their eligibility and payment amounts. We also

aired information on wage reporting reminders on televisions in field office reception areas and will continue to do so in FY 2027.

- **Electronic Work CDR:** We are developing the Electronic Work CDR (eWCDR) application to replace and modernize eWork, the system technicians currently use to process CDRs based on work activity. The new system will enforce policy and best practices with an intuitive user interface and will eliminate current system limitations that lead to large improper payments through delays and processing errors. The application will streamline the disability review process and have a positive impact in reducing SGA improper payments. In November 2026, we will eliminate a systems limitation by creating a bridge between the eWCDR backend program and legacy eWork application. Technicians will still process work CDRs through eWork, but we will release the backend processing that will resolve improper payments based on processing limitations. In December 2026, we will release the eWCDR application to users and retire eWork.
- **Work Smart:** WorkSmart is a tool that identifies DI beneficiaries whose earnings may place them at risk of being overpaid. We created WorkSmart to reduce improper payments by alerting cases quickly after beneficiary starts work. In FY 2026, WorkSmart continued to alert cases for work CDRs based on available data. In addition, WorkSmart utilizes PIE data to identify and alert cases that may require a work CDR. These actions will continue into FY 2027.
- **Simplify Forms:** We implemented a change to allow employment data from the Detailed Earnings Query and the National Database of New Hires to propagate to form SSA-821, Work Activity Report, saving technicians an average of 4 minutes per form. Additionally, to improve understanding and reduce the burden on our customers, we revised the SSA-820 Self-Employment Work Activity Report. We updated the form to clarify why we are asking for information and how work incentives may reduce countable income and impact eligibility for benefits. The SSA-821 systems update and the revised SSA-820 publication occurred in February 2026.

Computations

Computation errors have accounted for an annual average of $152.4 million in DI overpayments and $90.0 million in DI underpayments over the last 5 years.

When the disability maximum payment and the PIA are equal, any auxiliaries on the record will have a zero monthly benefit amount (technical entitlement only). In April 2026, we added a systems alert to identify when this situation exists to remind technicians to review all beneficiary identification codes on the record. Additionally, as part of our robotics efforts, we released a “no offset” bot in June 2026. The bot processes the release of past-due DI benefits when no SSI offset is present.

Refer to the Computations information under OASI for additional agency corrective actions relating to computation tools and robotics. These efforts also apply to the DI program.

WC/PDB

WC and PDB errors have accounted for an annual average of $26.3 million in DI overpayments and $139.7 million in DI underpayments over the last 5 years. States administer these programs

and provide widely different coverage based on state-specific rules. Because of these complexities, this function is particularly error-prone.

- **Streamlined Policy:** In April 2026, we streamlined the policy for verification of WC/PDB proof in the PCs. We updated the timeframe of acceptable WC/PDB proof of periodic payments, specifically that WC/PDB proof/evidence is considered current if it is no more than one year old. We are requiring technicians to obtain proof of WC/PDB payments concurrently from all appropriate sources after attempting contact with the NH. We also updated the policy on control measures, such as establishing diaries, to avoid delays in the development of WC/PDB proof.
- **Federal Employee Compensation Act:** The *Federal Employee Compensation Act* (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related injury or occupational disease and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. FECA is administered by the Department of Labor (DOL), and receipt of FECA benefits can offset DI benefits. In December 2023, we established a Memorandum of Understanding with DOL for use of an employee compensation portal. Technicians can submit individual real-time queries in the portal to obtain FECA data and complete computations. We continue to explore data exchange opportunities that would improve efficiency and accuracy of related computations by eliminating the need for a manual query and transition to a batch process. We will establish a Computer Matching Agreement enabling DOL and SSA in FY 2027 to automate systems for record comparison, thereby reducing SSA's reliance on self-reporting.

SSI Improper Payments

SSI Improper Payment Experience

We paid approximately $65.7 billion to SSI recipients. Of that total, we estimate approximately $7.0 billion were overpayments, representing approximately 10.57 percent of outlays. We estimate that underpayments during this same period were $1.4 billion, the equivalent of approximately 2.07 percent of outlays.

In the prior year reporting, based on our FY 2024 stewardship reviews, we estimate that we paid approximately $63.3 billion to SSI recipients. Of that total, we estimate about $6.3 billion were overpayments, representing approximately 10.03 percent of outlays. We estimate that underpayments during this same period were $982.4 million, the equivalent of approximately 1.55 percent of outlays.

When comparing prior year reporting to this year's reporting, there has been an increase in estimated overpayments ($6.3 billion to $7.0 billion) and an increase in estimated underpayments ($982.4 million to $1.4 billion) in the SSI program.

In FY 2025, approximately $6.5 billion in overpayments were outside the agency's control, meaning they were caused by recipients or their payees. Approximately $441.1 million in overpayments were administrative errors within the agency's control.

SSI Improper Payment Causes and Corrective Actions

Our stewardship review findings over the last 5 years show the leading causes of improper payments in the SSI program are changes in financial accounts, wages, and in-kind support and maintenance (ISM). Recipient or representative payee failure to report changes is the primary cause of both SSI overpayments and underpayments.

SSI Improvement Team: In September 2025, the Commissioner established a new SSI Improvement team to ensure comprehensive and dedicated oversight of the SSI program and to transform the service we provide to SSI recipients. Since its inception, the team has revised and clarified a number of SSI policies, prioritized work that will drive down improper payments, and improved the program's digital footprint.

Redeterminations/Limited Issues: To ensure recipients remain eligible and receive the correct SSI payment amount, we conduct non-medical redeterminations (RZ). RZs are a complete review of a recipient's or couple's non-medical eligibility factors (resources, income, and living arrangements). To ensure the most cost-effective investment of agency resources, we use a predictive model to estimate the likelihood and magnitude of overpayments to select cases for discretionary RZs. Other cases are selected for RZs outside our modeling process based on selected case characteristics, such as manual deeming of income. The RZ process also selects limited issue (LI) reviews, which are reviews of a specific issue or event related to a recipient's or couple's non-medical SSI eligibility factors to determine whether the recipient or couple is still eligible for and receiving the correct SSI payment. In FY 2026, we processed over 2.6 million RZs and LIs, and in FY 2027, we plan to process 2.9 million RZs and LIs. We issued guidance to assist with prioritizing and achieving the FY 2026 LI and RZ goals, respectively. We also placed greater emphasis on completing priority LIs to ensure we are maximizing impact on improper payments.

Next, we discuss corrective actions to address top SSI improper payment deficiencies.

Financial Accounts

The leading cause of SSI improper payments is financial accounts that exceed the countable resource limits, accounting for an annual average of $2.2 billion in SSI overpayments over the last 5 years. When a recipient or deemor has financial accounts with values exceeding the allowable resource limits, these accounts may result in periods of SSI ineligibility.

- **Access to Financial Institutions:** We use the Access to Financial Institutions (AFI) tool, with an individual's consent, to identify and verify bank account information and detect undisclosed bank account balances in up to 10 nearby banks based on the residential address. AFI has been used for SSI initial claims, pre-effectuation review contacts, and RZs, and when there is a resource-related diary present on an RZ or LI. In August 2025, we implemented a zero-dollar AFI tolerance for SSI aged 65+ initial claim allowances before adjudicating to payment. In May 2026, we expanded this change to all SSI initial claim allowances, including initial claim reopenings, and appeal reversals establishing initial eligibility. This strategy mandates that bank account verification is fully completed prior to adjudication and before payments are issued, thereby eliminating improper payments as early as possible rather than pursuing recovery after we issue

payments. In September 2026, we implemented a new systems alert to ensure we are conducting AFI reviews, as required by policy, in association with five SSI resource-related diaries. We created the AFI Resource Center and added it to the National Workload Resource Center to support technicians in efficiently processing AFI. The AFI Resource Center contains pertinent policy references, systems instructions, user guides, and training resources. It also contains a Financial Institution Average Response Time report and instructions on expediting claims processing when there are slow response times from financial institutions. In FY 2027, we plan to implement a new LI diary that will identify cases from a batch run that have been flagged for potential ineligibility.

- **ABLE Accounts:** An Achieving a Better Life Experience (ABLE) account is a special tax-advantaged savings account used by eligible individuals to pay for qualified disability expenses. The account is owned by the person who was disabled before age 26. Effective January 1, 2026, eligibility for ABLE accounts expanded to include individuals with a disability that began before age 46. In December 2025, we issued a reminder to technicians and updated our policy instructions to reflect the new disability onset age and other annual changes.
- **Reporting Responsibilities:** To encourage reporting of financial account information and influence understanding of ABLE accounts, in FY 2026, we aired educational content specific to these topics on televisions in field office reception areas. We also inform recipients and representative payees about their reporting responsibilities through various methods: during interviews, on applications and RZ forms, in some award and post-eligibility notices, and in a booklet that accompanies award notices. In December 2025, we released a reminder to field office technicians of the procedures for informing individuals of their reporting responsibilities before and after taking a deferred or full SSI initial claim. Our annual Cost of Living Adjustment notices also include reminders about reporting changes that could affect payments and eligibility.

Wages

For more than a decade, wage discrepancies have been one of the leading causes of SSI improper payments, accounting for an annual average of $1.3 billion in SSI overpayments and $255.8 million in SSI underpayments over the last 5 years. Wage discrepancies occur when the recipient or their deemor has actual wages that differ from the wage amount we used to calculate the SSI payment, either because the recipient failed to report a change, or we failed to make changes in a timely manner.

For corrective actions for SSI improper payments, please see the prior discussion of PIE. For individuals not participating in PIE, we continue to offer multiple reporting options such as the myWR online tool, SSA Mobile Wage Reporting and SSI Telephone Wage Reporting, by mail, or in-office visit. We also offer automated SSI wage reporting reminders for individuals who sign up to receive a monthly email or text message.

ISM

ISM has been the leading cause of SSI underpayments ($325.6 million) and one of the leading causes of SSI overpayments ($320.2 million) over the last 5 years. The law requires us to evaluate an individual's income, which includes support and maintenance provided in-kind (or

ISM). This type of income is difficult to accurately value because it can fluctuate each month as household expenses, composition, and the type of assistance provided may change. Failure to report or delays in reporting relevant changes are the primary causes of overpayments and underpayments related to ISM, as the agency must solely rely on these reporting changes.

In FY 2025, we implemented three updates related to ISM. These changes included: (1) omitting the value of food from our ISM calculations (which, in part, eliminated the requirement to provide detailed information about the value of food ISM provided to an SSI applicant or recipient); (2) expanding the definition of a "public assistance household" by adding Supplemental Nutrition Assistance Program to the list of public income-maintenance (PIM) programs and by requiring the receipt of a PIM payment for only one additional household member (other than the SSI applicant or recipient) instead of requiring the receipt of a PIM payment for every other member of the household; and (3) expanding the rental subsidy exception nationwide to simplify our ISM rules and ensure uniform application of the policy.

In FY 2025, we transitioned field office phone systems to the same telephone platform used by the teleservice centers. By using the same telephone platform, we are able to route reports of SSI recipient address and living arrangement changes directly to a field office representative. Field office representatives are able to update the SSI recipients' record with the change of address and develop living arrangement or ISM updates that could impact their payment amounts. Previously, teleservice center representatives had to refer these reports to a field office for development at a later date and in some instances, the field office would have to recontact the claimant. In June 2026, we further refined this business process by routing these calls to field office employees who are specialized in developing the SSI living arrangement and ISM changes. We also added language to our policy to clarify the instructions for determining ISM in non-institutional care situations and issued ISM and living arrangement reminders to technicians.

Absence from the United States

SSI recipients are generally ineligible for payments once they are absent from the United States for 30 consecutive days. In May 2019, to reduce reliance on self-reporting, we entered into a data exchange agreement with the Department of Homeland Security (DHS) to obtain foreign travel data (FTD). Effective January 2026, we expanded the use of FTD to U.S. citizens during RZs and initial claims allowances, prior to the issuance of SSI payments, in certain situations. The expansion also applies to non-U.S. citizens during initial claims allowances, prior to the issuance of SSI payments, in all cases. In FY 2026, we engaged with DHS's Customs and Border Protection to discuss expanding the use of the Arrival and Departure Information System to include a batch process. We plan to implement the automation of bulk requests in FY 2027.

While absence from the United States is not a leading cause of improper payments in the SSI program, as part of the FY 2024 and FY 2025 PIIA reports, OIG recommended we complete the FTD exchange project to maximize its use.

Do Not Pay

In FY 2026, we worked with the Department of the Treasury (Treasury) to begin utilizing several products under Treasury's Do Not Pay (DNP) system. We use the DNP Portal web search feature on an ad hoc basis to conduct entity searches of vendors and beneficiaries, review match results and alerts, and perform research to support payment integrity and eligibility reviews. We also instituted a technical connection to the DNP Connect service to send weekly files with active beneficiary information to be matched against DNP data stores. We analyze returns/matches so that verified information can be used to update beneficiary records to strengthen payment integrity. This includes making appropriate updates to beneficiary records prior to payment files being created. We also implemented Payment Verification screening through DNP, resulting in our agency currently screening all of our payments on a daily basis. Returns are being sent back to us for payments that have conclusive matches to the Death Master File and meet the business rules that we have agreed to with DNP in order to maximize payment integrity. For FY 2026, 944.5 million payments were screened (this number includes daily and monthly benefits, administrative payments, and fee payments) totaling $1.5 trillion. Of the screened payments, 1.5 thousand were returned, totaling about $2.7 million in prevented improper payments.

We also use the Account Verification Service (AVS) under DNP. We built an Application Programming Interface (API) to call AVS with SSN and banking information. The API is called by most systems at the point of bank information submission on a daily basis.

Reports Available on PaymentAccuracy.gov

The reports listed below are available for the agency and can be accessed by navigating from the Resources page on PaymentAccuracy.gov to the Congressional Reports page and then selecting the relevant report from the dropdown list for the relevant agency and fiscal year.

i. The Annual Risk Assessment Report required under 31 U.S.C. § 3352(a)(3)(C);

ii. The Agency Annual High-Priority Program Report required under 31 U.S.C. § 3352(b)(2)(A)-(D);

iii. The Annual Improper Payment Estimation Report required as accompanying materials under 31 U.S.C. § 3352(c) incorporated by reference in the SSA AFR;

iv. The Annual Report on Actions to Reduce Improper Payments required as accompanying materials under 31 U.S.C. § 3352(d) incorporated by reference in the SSA AFR;

v. The Agency Compliance Plan required under 31 U.S.C. § 3353(b)(1); and

vi. The Agency Noncompliance Report required under 31 U.S.C. § 3353(b)(5).

Entitlement Reviews and Office of the Inspector General Anti-Fraud Activities

We are committed to improving financial management by preventing fraudulent and improper payments (see the Payment Integrity section for more information). Section 206 (g) of the *Social Security Independence and Program Improvements Act*, Public Law 103-296, requires us to report annually on the extent to which we reviewed cases of entitlement to monthly OASI and DI benefits (referred to as OASDI when discussing them in combination) and SSI payments; and the extent to which the cases we reviewed were those that involved a high likelihood or probability of fraud.

Entitlement Reviews

Entitlement reviews help ensure that continued monthly payments are correct. We select cases and undertake reviews, both prior to and after effectuation of payment, to ensure that development procedures and benefit awards are correct.

We conduct the following major entitlement reviews:

Disability Quality Assurance Reviews

We perform quality assurance reviews of random samples of Disability Determination Services (DDS) determinations to measure our level of accuracy against standards mandated by the regulations. We review initial claims, requests for reconsideration, and determinations of continuing eligibility prior to the effectuation of the DDS determinations. The following table shows the quality assurance accuracy rates for FY 2022 through FY 2026.

Quality Assurance Reviews

	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	97.21%	97.51%	97.38%	97.41%	96.87%
Number of cases reviewed	32,065	31,013	28,434	35,076	40,251
Number of cases returned to the DDS offices due to error or inadequate documentation	896	771	744	909	1,259

DI Pre-Effectuation Reviews

We perform pre-effectuation reviews of favorable DI and concurrent DI/SSI initial and reconsideration determinations using a risk-profiling system to select cases for review. This profiling system helps ensure the cost-effectiveness of pre-effectuation reviews, and it satisfies the legislative requirement that the cases we review are those that are most likely to be incorrect. We also review a sufficient number of CDR continuance determinations to ensure a high level of accuracy in those cases. The following table shows the DI pre-effectuation accuracy rates for FY 2022 through FY 2026.

DI Pre-Effectuation Reviews

	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	95.66%	95.78%	95.64%	95.56%	95.03%
Number of cases reviewed	292,039	278,520	269,286	246,318	252,245
Number of cases returned to the DDS offices due to error or inadequate documentation	12,689	11,752	11,736	10,927	12,538

SSI Pre-Effectuation Reviews

We conduct pre-effectuation reviews of favorable SSI initial and reconsideration adult determinations. As in DI cases, we use a profiling system to select cases for review. The following table shows the SSI pre-effectuation accuracy rates for FY 2022 through FY 2026.

SSI Pre-Effectuation Reviews

	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022
Percent of State DDS decisions to allow not returned to the DDS offices for correction	96.27%	96.74%	96.76%	96.66%	96.52%
Number of cases reviewed	99,606	101,528	93,930	84,352	81,333
Number of cases returned to the DDS offices due to error or inadequate documentation	3,719	3,314	3,046	2,820	2,834

Continuing Disability Reviews

We use periodic CDRs to determine whether beneficiaries continue to meet our medical standards for disability. We also conduct a quality review of those decisions. The following tables show the number of quality reviews of CDRs completed and CDR accuracy rates for FY 2022 through FY 2026.

CDRs

	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022
Number of quality reviews of CDRs completed	20,675	22,313	16,250	22,603	24,841

CDR Accuracy

	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022
Overall accuracy	96.6%	96.8%	97.0%	97.2%	96.9%
Continuance accuracy	98.1%	98.3%	98.2%	98.3%	98.1%
Cessation accuracy	91.0%	92.1%	92.6%	93.6%	92.3%

OASDI and SSI Stewardship Reviews

Stewardship reviews assess the accuracy of benefit payments. The following tables show the OASDI and SSI accuracy rates for FY 2022 through FY 2025. Data for FY 2026 are not yet available. We will report FY 2026 data in our FY 2027 AFR. See the Payment Integrity section of this report or PaymentAccuracy.gov for additional information on the accuracy of benefit payments.

OASDI Accuracy[1]

	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022
Overpayment accuracy	Data not yet available	99.71%	99.79%	99.76%	99.49%
Underpayment accuracy	Data not yet available	99.80%	99.93%	99.94%	99.86%

SSI Accuracy[1]

	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022
Overpayment accuracy	Data not yet available	89.43%	89.97%	90.82%	91.98%
Underpayment accuracy	Data not yet available	97.93%	98.45%	98.56%	98.82%

Note:

1. There may be slight variances in the percentages reported on PaymentAccuracy.gov due to rounding of source data. We derive percentages from unrounded source data.

SSI Redeterminations

SSI redeterminations are periodic reviews of non-medical factors to ensure that a recipient remains eligible for SSI payments and that we have paid and will continue to pay the recipient the correct amount. The following table shows the number of SSI redeterminations we completed for FY 2022 through FY 2026.

SSI Redeterminations
(In Millions)

	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022
Number of redeterminations completed	2.60	2.48	2.55	2.52	2.20

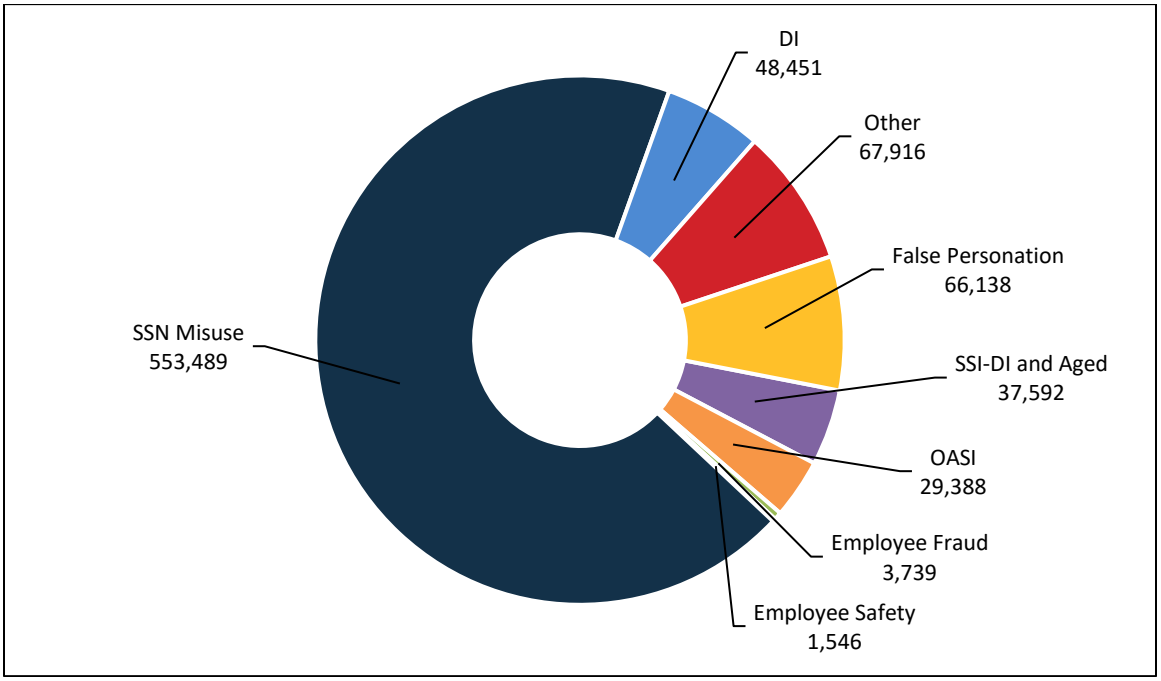
The Office of the Inspector General's Anti-Fraud Activities

In FY 2026, we worked with our OIG, the U.S. Department of Justice (DOJ), and other government agencies on cases involving fraud, waste, and abuse as part of our fraud detection and prevention program for safeguarding our assets. In FY 2026, as in prior years, OIG received a significant number of imposter scam allegations.

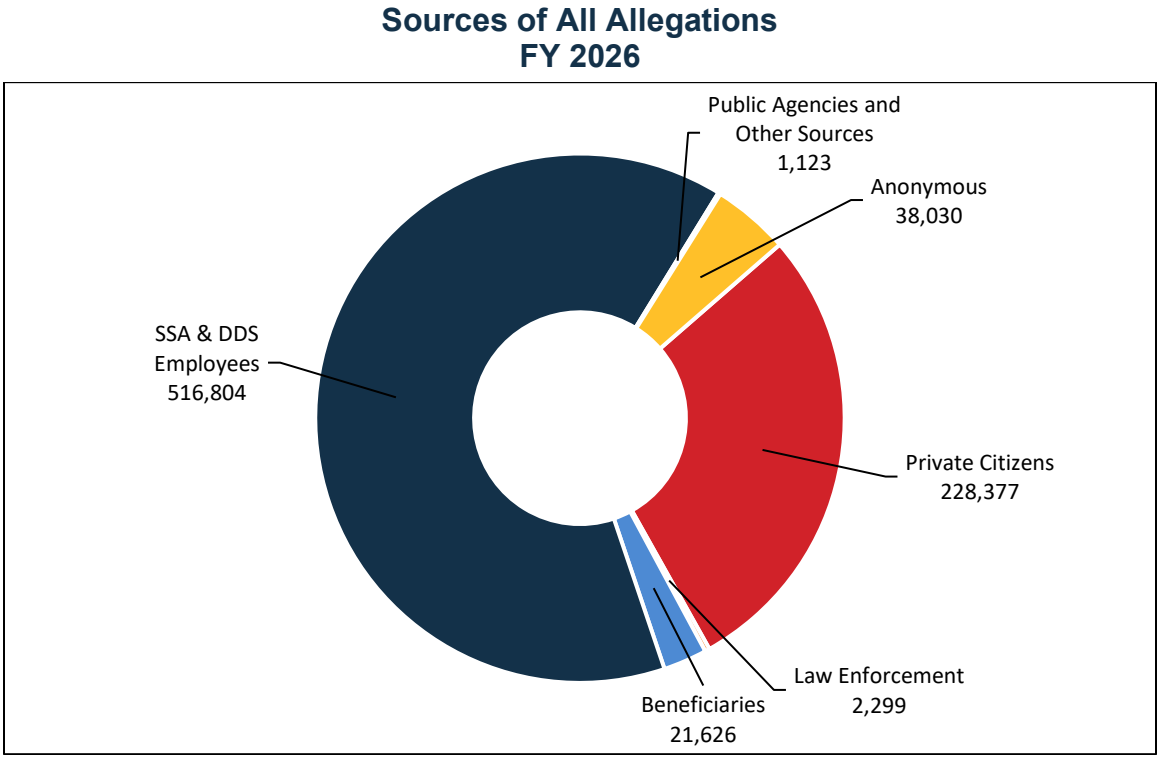
In FY 2026, OIG received a significant number of SSN misuse allegations related to the Presidential Memorandum: *Preventing Illegal Aliens from Obtaining Social Security Act Benefits*. The Memorandum directs the Commissioner of Social Security to refer promptly to the Inspector General of SSA *all* earnings reports for persons age 100 or older when the purported wage-earner's name does not match SSA's files. Of the 553,489 total SSN misuse allegations, 485,951 were related to this Presidential Memorandum.

The following chart provides information from our OIG concerning fraud and other allegations by category in FY 2026. The category of an allegation may change in limited cases during an investigation. Therefore, the numbers reported in the charts may vary slightly from other Agency reporting such as Semiannual Reports to Congress.

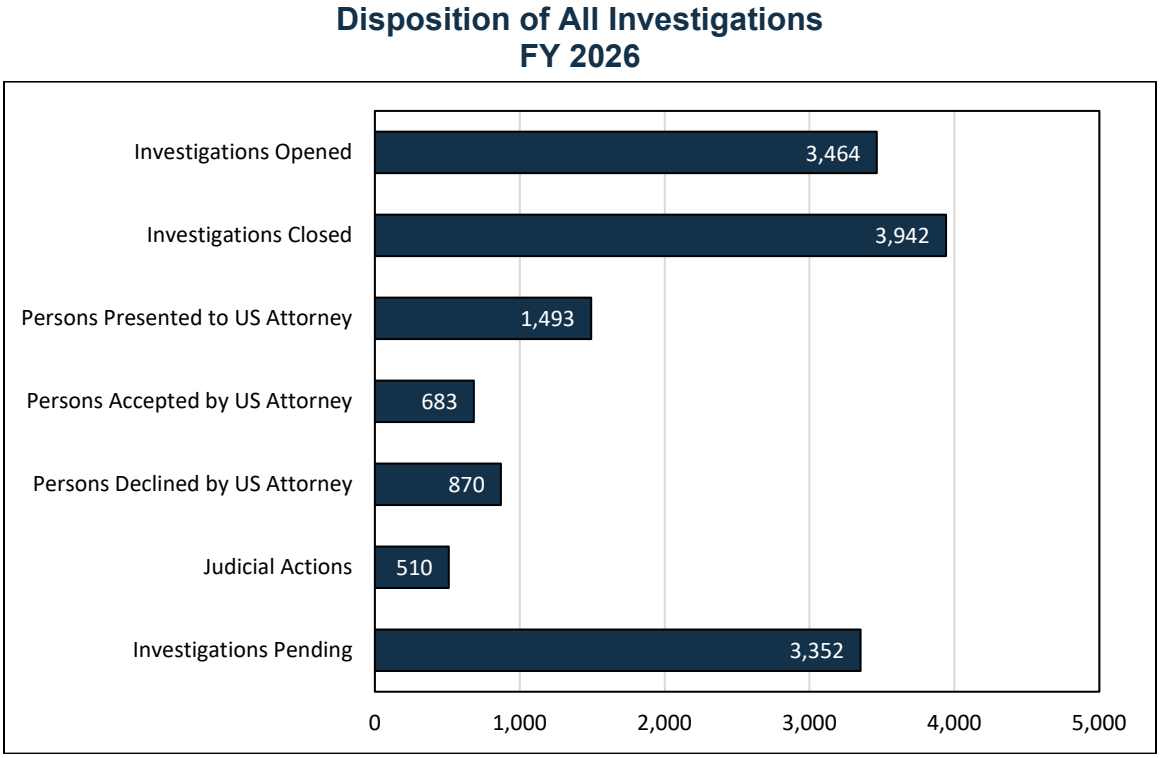
Total Allegations by Category
FY 2026



The following chart provides information from our OIG concerning sources of all fraud and other allegations in FY 2026.



The metrics in the following chart include the total number of individual subjects or entities referred, accepted, and declined for prosecution by the DOJ where the investigative findings were not subject to pre-established prosecution declination guidelines. Additionally, these metrics are independent. Therefore, persons recorded as declined or accepted during the reporting year may have been presented during a prior year. Similarly, persons presented during the reporting year may not yet have been recorded as declined or accepted.



Civil Monetary Penalty Adjustment for Inflation

The *Social Security Act* authorizes the Commissioner of Social Security (COSS) to impose a civil monetary penalty (CMP) for certain specific violations. Section 1129 of the *Social Security Act* authorizes a CMP against anyone who makes any material false statements or representations to the agency or knowingly withholds a material fact from the agency, to obtain or retain benefits or payments under Titles II, VIII, or XVI of the *Social Security Act*. A CMP may also be imposed against representative payees for the wrongful conversion of Social Security payments entrusted to their care.

Section 1140 of the *Social Security Act* (Section 1140) authorizes a CMP to protect the public from advertisements, solicitations, and other communications (including Internet websites, social media activities, and scam telephone calls) that may convey the false impression that we approved, endorsed, or authorized the communication. Section 1140 also prohibits the reproduction and sale of Social Security publications and forms without our authorization and places restrictions on the charging for services that we provide to the public without charge.

The COSS delegated authority to enforce the agency's CMP programs to the Inspector General.

The *Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015* expanded the categories of penalties that require adjustment for inflation to include CMPs under the *Social Security Act* and requires agencies to: (1) use an interim final rulemaking to adjust the level of CMPs in 2016 with an initial "catch-up" adjustment; (2) continue to make annual adjustments in future years; and (3) report on these adjustments annually. As required, we are providing information on our current CMPs; these amounts include the initial "catch-up" and annual

adjustments. We will continue to make annual adjustments in future years and report on these adjustments annually.

Civil Monetary Penalty Adjustments

Statutory Authority	Penalty	Year Enacted	Latest Year of Adjustment (via statute or regulation)	Current Penalty Date of Adjustment	Current Penalty Level	Sub-Agency/ Bureau/Unit	Location for Penalty Update Details[1]
Section 206 (b), *Social Security Independence and Program Improvements Act of 1994*, P. L. 103-296, 108 Stat. 1509	Flagrant Violation (Section 1129 of the *Social Security Act*, 42 U.S.C. 1320a-8(a)(1))	1994	2025	01/15/2025	$0-$10,556	SSA/OIG	89 Federal Register 105674 (Dec. 2024)
Section 813 (c), *Bipartisan Budget Act of 2015*, P. L. 114-74, 129 Stat. 603	Flagrant Violation (Section 1129 of the *Social Security Act*, 42 U.S.C. 1320a-8(a)(1))	2015	2025	01/15/2025	$0-$9,956	SSA/OIG	89 Federal Register 105674 (Dec. 2024)
Section 428 (a), *Medicare Catastrophic Coverage Act of 1988*, P. L. 100-360, 102 Stat. 815	Flagrant Violation (Section 1140 of the *Social Security Act*, 42 U.S.C. 1320b-10(b)(1))	1988	2025	01/15/2025	$0-$13,132	SSA/OIG	89 Federal Register 105674 (Dec. 2024)
Section 428 (a), *Medicare Catastrophic Coverage Act of 1988*, P. L. 100-360, 102 Stat. 815	Flagrant Violation (Section 1140 of the *Social Security Act*, 42 U.S.C. 1320b-10(b)(2))	1988	2025	01/15/2025	$0-$65,653	SSA/OIG	89 Federal Register 105674 (Dec. 2024)

Note:

1. See Federal Register Notice, *Notice on Penalty Inflation Adjustments for Civil Monetary Penalties* (91 FR 33284) – SSA will continue to apply the 2025 penalty levels throughout calendar year 2026 until January 14, 2027.

Biennial Review of User Fee Charges

Summary of Fees

In both FY 2026 and FY 2025, we earned $373 million in user fees. This revenue accounted for less than one percent of our total financing sources. We derived over 66 percent of user fee revenues from agreements with 20 States and the District of Columbia to administer some or all of the States' supplemental SSI benefits in both FY 2026 and FY 2025. During FY 2026, we charged a fee of $15.63 per payment for the cost of administering State supplemental SSI payments. This fee will increase to $16.18 per payment for FY 2027. We also charge the full cost for other reimbursable activities, such as processing earnings record requests from pension funds and individuals.

Biennial Review

The *Chief Financial Officers Act of 1990* requires federal agencies to conduct biennial reviews of agency fees and other charges imposed for services rendered to individuals, as opposed to the general public. The objective of these reviews is to identify such activities, charge fees as permitted by law, and periodically adjust these fees to reflect current costs or market value.

For our review of fees, we annually evaluate the following: 1) States' supplemental SSI benefit payment processing; 2) Consent Based SSN Verification (CBSV); 3) electronic Consent Based SSN Verification (eCBSV); and 4) Direct payment to representatives' fees. In addition, we review and evaluate our uniform standard fee structure for non-programmatic work every two years.

- **States' Supplemental SSI Benefit Payment Processing:** States are required to pay a fee for federal administration of State Supplementary Payments (supplemental to Federal SSI payments). In accordance with Section 5102 of the *Balanced Budget Act of 1997*, we adjust the fee annually based on the percentage increase, if any, in the Consumer Price Index (CPI), unless the COSS determines a different rate is appropriate. As noted above, we updated the State SSI administrative fee from $15.63 to $16.18 for FY 2027 based on the change in the CPI. This information was communicated to the applicable States.
- **Consent Based Social Security Number Verification:** The CBSV program provides the business community and other government entities with a consent-based SSN verification. Based on our evaluation this year of CBSV projected costs, revenues, and other relevant information, we decided to continue using the current rate of $2.25 per transaction for FY 2027. The latest Federal Register Notice, with more information on the CBSV user fee is 2023-17146 (88 FR 54389).
- **Electronic Consent Based Social Security Number Verification:** The eCBSV program allows permitted entities, with the number holder's consent, to submit the number holder's SSN, name, and date of birth for verification in connection with a credit transaction or other circumstance described in Section 604 of the *Fair Credit Reporting Act.* This information is submitted to the agency through an application programming interface. During FY 2026, we analyzed the eCBSV fee structure and other relevant

information, including customer requests, ongoing operating costs, previously unrecovered costs, and current fee pricing. Based on this analysis, we determined that maintaining the existing tiered user-fee pricing structure would support program objectives. Maintaining the current fees is intended to encourage additional transaction volume while supporting the program's collection and breakeven goals.

We continued to experience decreases in ongoing operating expenses compared with prior years, which supported our ability to maintain current fee levels. Although unrecovered costs remain, we expect that maintaining the current fees will help increase transaction volume and support the program's long-term viability. We remain on track to breakeven in FY 2027.

For information on unrecovered costs, refer to Note 6, Accounts Receivable, Net, in the *Audited Financial Statements and Additional Information* section.

Throughout FY 2026, we engaged with eCBSV customers regarding the program. We will continue to evaluate operating costs, fee revenue, and customer feedback as we prepare to analyze the user-fee pricing structure in FY 2027. The most recent Federal Register Notice regarding the eCBSV user fee is 2025-05905 (90 FR 15030).

- **Direct Payments to Representatives:** If a claimant is entitled to past-due benefits from the agency and was represented either by an attorney or by a non-attorney representative who has met certain prerequisites, the *Social Security Act* provides that we may withhold up to 25 percent of the past-due benefits and use that money to pay the representative's approved fee directly to the representative. When we pay the representative's fee directly to the representative, we must collect from that fee payment an assessment to recover the costs we incur in determining and paying representatives' fees. The *Social Security Act* provides that the assessment we collect will be the lesser of two amounts: a specified dollar limit; or the amount determined by multiplying the fee we are paying by the assessment percentage rate. During FY 2026, we set the maximum dollar limit at $123 and kept the assessment percentage consistent at 6.3 percent based on our review of relevant cost data. The latest Federal Register Notice, with more information on the Direct Payment of Fees for Representatives is 2025-22534 (90 FR 57516).
- **Uniform Standard Fees for Non-Programmatic Workloads:** Every two years, we evaluate and publish standard fees for non-programmatic workloads. During the current fiscal year, we evaluated the time required to perform these workloads, as well as the associated direct and overhead cost rates. Based on this evaluation, we updated the fees to reflect current costs and market values. The next review of these fees will occur in FY 2028. Additional information is available in the Federal Register notice, *Charging Standard Administrative Fees for Non-Program Information*, 2026-19250 (91 FR 59832).

Beyond the fees described above, we did not identify any additional new fees during the current fiscal year.

Grants Programs

OMB Circular No. A-136, *Financial Reporting Requirements,* requires agencies to report on Federal grant and cooperative agreement awards that have not yet been closed out and for which the period of performance, including any extensions, elapsed for more than two years. As noted in the following table, we have no such grants or cooperative agreements to report.

The agency has four active grant programs and two expired grant programs that are monitored by two Grants Management Officers (GMO). Each GMO is responsible for monitoring a workload to ensure timely grant closeouts. Although we currently do not have any expired grants that have exceeded the two-year timeframe for closeout, there are occasions when a GMO cannot immediately close a grant. In certain instances, closeout could be delayed by one year.

Grants and Cooperative Agreements Summary

Category	2-3 Years	3-5 Years	More than 5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	Not Applicable	Not Applicable	Not Applicable
Number of Grants/Cooperative Agreements with Undisbursed Balances	Not Applicable	Not Applicable	Not Applicable
Total Amount of Undisbursed Balances	Not Applicable	Not Applicable	Not Applicable

Debt Collection and Management

Debt Collection

We have a robust debt collection program to recover overpayments, which helps ensure eligible individuals receive the benefits to which they are entitled, and safeguards the integrity of benefit programs to better serve recipients. We use internal debt collection techniques (i.e., payment withholding and billing/follow-up), as well as external collection techniques authorized by the *Debt Collection Improvement Act of 1996* for OASDI debts and the *Foster Care Independence Act of 1999* for SSI debts.

The balance of delinquent debt for all programs is $7.865 billion as of September 30, 2026. In FY 2026, we recovered $6.390 billion using both our internal and external collection tools. The following tables provide a description of each of our internal and external debt collection techniques, and a summary of the results.

Internal Collections

We utilize internal collection tools to recover payments of delinquent debt for individuals currently receiving payments. In FY 2026 we recovered $5.817 billion using our internal collection tools, which accounted for 91.0 percent of our total collections amount.

We offer individuals opportunities to ask us questions about their debts, request waivers in certain instances, and request alternative payment plans as needed. We continue working on technological improvements to make it easier for overpaid individuals to repay debts.

The following table provides a description of each of our internal debt collection techniques, and a summary of the results.

Internal Collections
FY 2026
(Dollars in Billions)

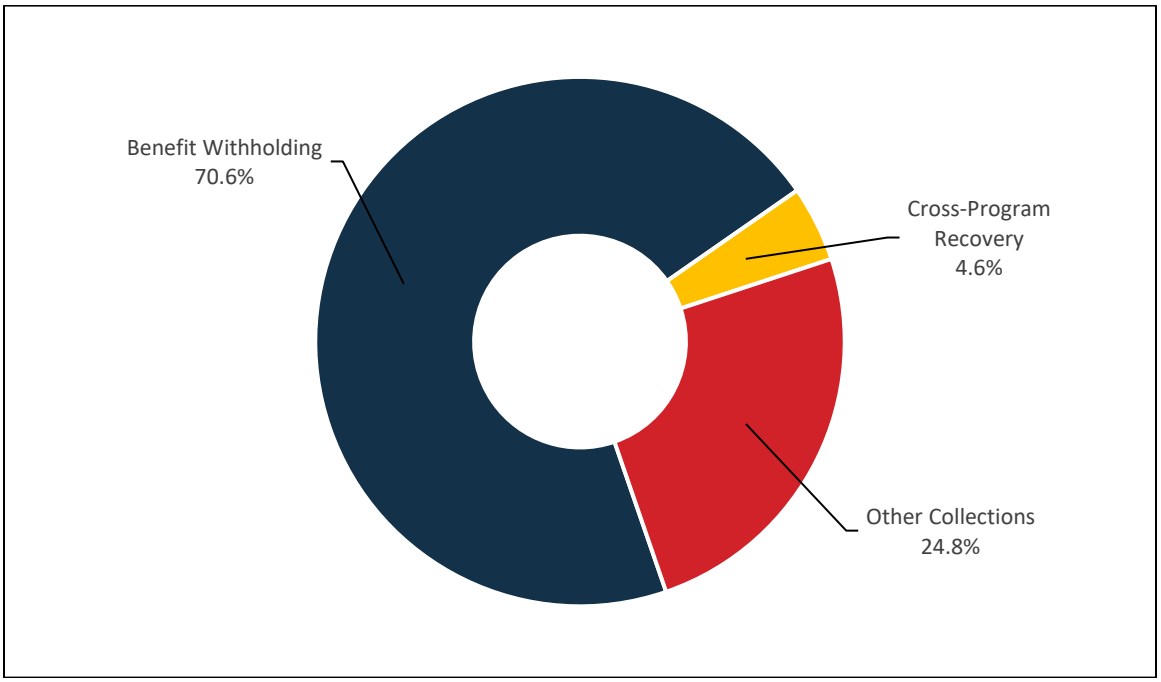
Recovery Method	OASDI	SSI	Admin	Total[5]
Benefit Withholding[1]	$2.997	$1.109	$0.000	**$4.106**
Cross-Program Recovery (CPR)[2]	$0.038	$0.231	$0.000	**$0.269**
Other Collections[3, 4]	$1.035	$0.390	$0.018	**$1.442**
Total Internal Collections[5]	**$4.069**	**$1.730**	**$0.018**	**$5.817**

Note:

1. We withhold some or all benefit payments for OASI and DI beneficiaries and SSI recipients currently receiving payments. Benefit withholding typically accounts for the largest recovery of our total collections amount.
2. CPR collects OASDI overpayments from monthly SSI payments and underpayments, and SSI overpayments from monthly OASDI benefit payments and underpayments.
3. Other Collections include voluntary payments received because of a notice requesting a refund of overpayment.
4. Other Collections include administrative and non-debt management system debt, along with voluntary remittances to show a complete tie-in to the combined Treasury Report on Receivables.
5. Totals do not necessarily equal the sum of rounded components.

The following chart highlights the allocation of overpayments collected in FY 2026 through our various internal collection tools as a proportion of the total $5.817 billion internal collections amount.

Breakdown of Internal Collections
FY 2026



External Collections

We utilize external collection tools to recover payments of delinquent debt for beneficiaries and recipients no longer receiving payments. In FY 2026 we recovered $574 million using our external collection tools, which accounted for about 9.0 percent of our total collections amount.

The following table provides a description of each of our external debt collection techniques, and a summary of the results.

External Collections[1]
FY 2026
(Dollars in Billions)

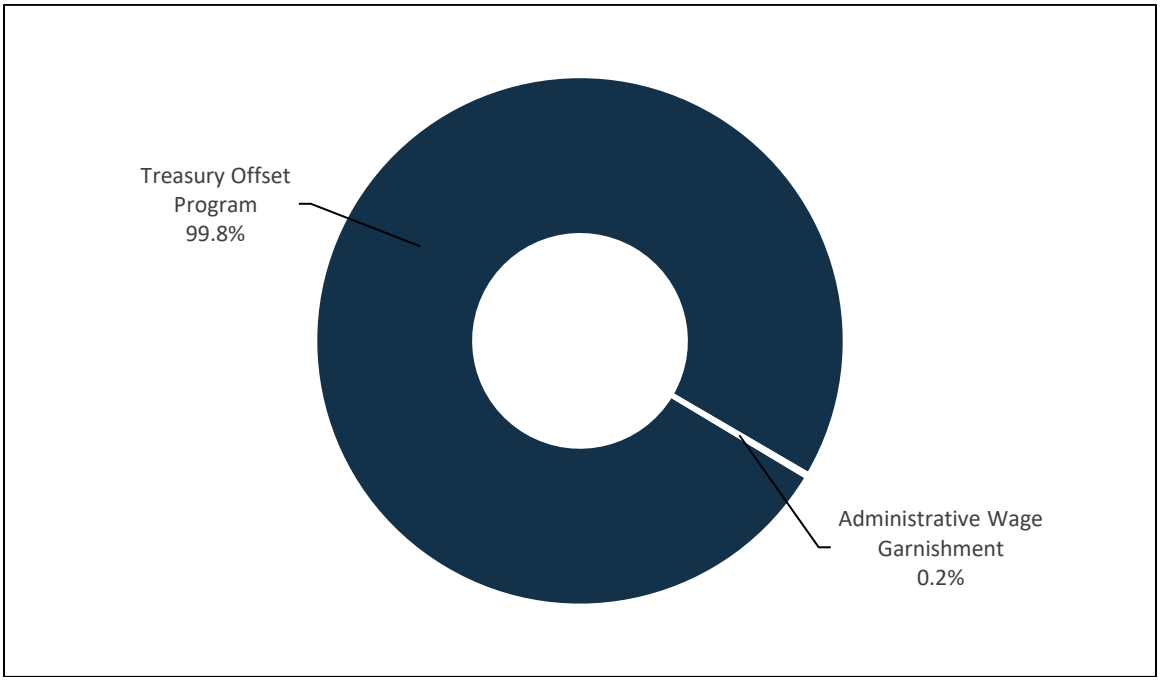
Recovery Method	OASDI	SSI	Total[4]
Treasury Offset Program (TOP)[2]	$0.341	$0.232	**$0.573[5]**
Administrative Wage Garnishment (AWG)[3]	$0.001	$0.000	**$0.001**
Total External Collections[4]	**$0.341**	**$0.232**	**$0.574**

Notes:

1. We use credit bureau reporting, non-entitled debtors, and automatic netting SSI as external collection tools. Collections derived from these recovery methods are subsets of the main recovery methods displayed in the table above. However, we track these collections for informational and decision-making purposes.
2. TOP allows us to collect delinquent debt by tax refund offset, administrative offset, and Federal salary offset.
3. AWG allows us to recover delinquent OASDI and SSI overpayments by ordering a debtor's employer to garnish up to 15 percent of the debtor's private-sector disposable pay (i.e., that part of a worker's total compensation after deduction of health insurance premiums and required deductions).
4. Totals do not necessarily equal the sum of rounded components.
5. Total TOP collections are $573 million for FY 2026 (includes $584 million in collections less $11 million in reversals).

The following chart highlights the allocation of overpayments collected in FY 2026 through our various external collection tools as a proportion of the total $0.574 billion external collections amount.

Breakdown of External Collections
FY 2026



Debt Management

The following tables provide information on our debt management activities. The first table provides current and historical data on our consolidated program and administrative debt management activity. The additional tables provide a breakdown of our debt for the current year and most recent prior year by program and administrative activity. We calculated the data shown in the tables by using accounts receivable amounts taken directly from the financial statements. For the consolidated data table, we provide notes on activity that affected the change in accounts receivable balances between years and other relevant information. We provide definitions of certain line items immediately following the Debt Management Activities Consolidated Program and Administrative table. For more information on our effort to curb overpayments, please refer to the Payment Integrity section.

A design limitation in our Title II system, which is used to support debt management and the reporting of accounts receivable, prevents us from capturing and tracking long-term withholding agreements for debts owed by the public scheduled for collection beyond certain dates. Refer to Note 6, Accounts Receivable, Net, in the *Audited Financial Statements and Additional Information* section for more information.

We estimate that approximately 58,200 debts owed by the public are affected by payment plans extending beyond December 31, 2049. We estimate the total gross value of the post-year 2049 receivable amounts is approximately $710 million as of September 30, 2026. Additionally, we estimate that approximately 8,700 debts owed by the public are affected by payment plans extending beyond October 14, 2073. We estimate the total gross value of the post-year 2073 receivable amounts is approximately $127 million as of September 30, 2026. These amounts are not material to the consolidated financial statements.

The following tables do not include the amounts related to post-year 2049 or 2073 debt. Therefore, the Total New Receivables and Total Write-offs are understated. We are working to address the system limitation; however, the accounts receivable balance reported on the financial statements are presented fairly in all material respects.

Debt Management Activities
Consolidated Program and Administrative[1]
(Dollars in Millions)

	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022
Total receivables[2]	$29,543	$26,874	$24,381	$23,154	$21,571
New receivables	$11,808	$10,860	$10,491	10,049	8,582
Total collections	(6,390)	(4,925)	(4,940)	(4,922)	(4,665)
Adjustments	1,003	631	(926)	(189)	56
Total write-offs[3]	(3,752)	(4,074)	(3,398)	(3,355)	(3,286)
- Waivers	(558)	(1,554)	(303)	(267)	(278)
- Terminations	(3,194)	(2,520)	(3,095)	(3,088)	(3,008)
Non delinquent debt	21,678	19,599	17,464	16,567	15,232
Total delinquent debt	$7,865	$7,275	$6,917	$6,587	$6,339
Percentage Analysis					
% of outstanding debt:					
- Non delinquent	73.4%	72.9%	71.6%	71.6%	70.6%
- Delinquent	26.6%	27.1%	28.4%	28.4%	29.4%
% of debt estimated to be uncollectible[4]	58.2%	56.0%	55.6%	57.3%	57.3%
% of debt collected	21.6%	18.3%	20.3%	21.3%	21.6%
% change in collections from prior fiscal year	29.8%	-0.3%	0.4%	5.5%	3.3%
% change in delinquencies from prior fiscal year	8.1%	5.2%	5.0%	3.9%	4.8%
Clearances as a % of total receivables	34.3%	33.5%	34.2%	35.7%	36.9%
- Collections as a % of clearances	63.0%	54.7%	59.2%	59.5%	58.7%
- Write-offs as a % of clearances	37.0%	45.3%	40.8%	40.5%	41.3%
Other Analysis					
Cost to collect $1	$0.06	$0.07	$0.08	$0.08[5]	$0.06
Average number of months to clear receivables:					
- OASI	15	15	13	13	12
- DI	26	27	27	28	30
- SSI	46	41	39	36	45

Notes:

1. The consolidated values in the Debt Management activity table above do not necessarily equal the sum of the rounded program/administrative values broken out in the tables below.
2. Refer to Note 1, Reporting Entity and Summary of Significant Accounting Policies, and Note 6, Accounts Receivable, Net, in the *Audited Financial Statements and Additional Information* section for more information.
3. Total Write-offs/Terminations – SSA has an automated process to evaluate programmatic debt and write-off certain delinquent debts deemed uncollectible. By terminating collection activity on uncollectible debt, we are better reflecting current receivables on our financial statements as well as reducing the number of actions from the Processing Center pending backlog. While this debt is being written-off, it remains available for future collection. We can pursue collection efforts if the debtor becomes entitled to OASDI or SSI benefits. The Campos settlement, which resulted in SSA waiving certain SSI overpayments incurred March 2020 through September 2020 (with some exceptions), is reflected in the overall Waivers balance.
4. Percentage of Debt Estimated to be Uncollected – Our allowance for doubtful accounts methodology allows for all delinquent debt two years or older at 100 percent. For remaining debt that is not delinquent two years or more, we apply our

uncollectible ratios, consistent with previous years. We add the fully allowed delinquent debt two years and older value to the calculated uncollectible value on the remaining debt to calculate the total allowance for doubtful accounts.

5. Cost to Collect $1 – The increase in administrative cost beginning in 2023 was due to a change in methodology to include full costing (direct and supporting component costs) versus direct-only costing.

Debt Management Activities
Program and Administrative Breakout
(Dollars in Millions)

FY 2026					
	OASI	DI	SSI Federal	SSI State	Other
Total receivables	$5,787	$8,669	$14,489	$593	$5
New receivables	4,164	3,751	3,716	172	5
Total collections	(2,694)	(1,716)	(1,866)	(96)	(18)
Adjustments	(62)	1,445	(354)	(23)	(3)
Total write-offs	(574)	(2,228)	(926)	(23)	(1)
- Waivers	(139)	(210)	(199)	(9)	(1)
- Terminations	(435)	(2,018)	(727)	(14)	-
Non delinquent debt	5,019	7,273	9,025	358	3
Total delinquent debt	$768	$1,396	$5,464	$235	$2

FY 2025					
	OASI	DI	SSI Federal	SSI State	Other
Total receivables	$4,954	$7,417	$13,919	$564	$20
New receivables	3,601	3,080	3,997	172	9
Total collections	(2,277)	(1,140)	(1,409)	(80)	(18)
Adjustments	(156)	780	27	(19)	(1)
Total write-offs	(476)	(1,654)	(1,896)	(48)	(1)
- Waivers	(92)	(155)	(1,271)	(36)	(1)
- Terminations	(384)	(1,499)	(625)	(12)	-
Non delinquent debt	4,246	6,275	8,721	339	18
Total delinquent debt	$708	$1,142	$5,198	$225	$2

Definitions:

1. Adjustments – Program debt adjustments represent: (a) written-off debts, by way of terminations, that we reinstate for collections; (b) changes in debts when we update debtor accounts with new information; and (c) minor differences between reports containing debt information that we use to maintain an ending accounts receivable balance.
2. Waivers – Waivers represent the amount of overpayments forgiven because the overpaid person: (a) is without fault in causing the debt; and (b) recovery would either defeat the purpose of the *Social Security Act* or be against equity and good conscience. Waivers

permanently remove debts from our accounts receivable balance, which precludes any further collection efforts.

3. Terminations – Terminations represent our decision to cease our own efforts to collect a debt because: (a) the debtor will not repay the debt or alleges they cannot pay the debt; (b) we cannot locate the debtor after diligent search; or (c) the debt is at least two years delinquent. Even though we terminate internal active collection, we may still use external collection efforts. If the debtor becomes entitled to OASDI benefits or eligible for SSI payments, we reinstate the debt and resume recovery through benefit/payment withholding.
4. Delinquent Debt – A debt is delinquent when no voluntary payment has been made 30 days after the latest of the following: (a) the date we establish an OASDI debt; (b) the date of the initial overpayment notice for an SSI debt; (c) the date of the last voluntary payment; (d) the date of an installment or periodic payment arrangement (if we do not receive a payment); and (e) the date we decide a debtor remains responsible for a debt, in response to a due process action by the debtor.

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Appendix

Fiscal Year 2026

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GLOSSARY OF ACRONYMS

A

ABLE	Achieving a Better Life Experience
ADP	Automated Data Processing
AFI	Access to Financial Institutions
AFR	Agency Financial Report
Agency	Social Security Administration
APG	Agency Priority Goal
API	Application Programming Interface
APP	Annual Performance Plan
APR	Annual Performance Report
ASA	Average Speed of Answer
ASC	Agency Support Companion
ASP	Agency Strategic Plan
AVS	Account Verification Service
AWG	Administrative Wage Garnishment
AWS	Amazon Web Services

B

Banking Bill	*Economic Growth, Regulatory Relief, and Consumer Protection Act*

C

CARES Act	*Coronavirus Aid, Relief, and Economic Security Act*
CAS	Cost Analysis System
CBSV	Consent Based Social Security Number Verification
CDR	Continuing Disability Review
CEAR	Certificate of Excellence in Accountability Reporting
CHCO	Chief Human Capital Officer
CHIP	Children's Health Insurance Program
CIO	Chief Information Officer
CISA	Cybersecurity and Infrastructure Security Agency
CMP	Civil Monetary Penalty
CNI	Civilian Noninstitutional
COLA	Cost of Living Adjustment

COSS	Commissioner of Social Security
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CPI-W	Consumer Price Index for Urban Wage Earners and Clerical Workers
CPR	Cross-Program Recovery
CRS	Centralized Receivables Service
CSRS	Civil Service Retirement System

D

DATA Act	*Digital Accountability and Transparency Act of 2014*
DDS	Disability Determination Services
DHS	Department of Homeland Security
DI	Disability Insurance
DNP	Do Not Pay
DOL	Department of Labor
DRP	Deferred Resignation Program

E

eCBSV	Electronic Consent Based Social Security Number Verification
E.O.	Executive Order
EOY	End-of-Year
ERM	Enterprise Risk Management
eWCDR	Electronic Work Continuing Disability Review
EY	Ernst & Young LLP

F

FASAB	Federal Accounting Standards Advisory Board
FECA	*Federal Employees' Compensation Act*
FEGLI	Federal Employee Group Life Insurance Program
FEHBP	Federal Employees Health Benefits Program
FERS	Federal Employees' Retirement System
FFMIA	*Federal Financial Management Improvement Act of 1996*
FICA	*Federal Insurance Contributions Act*
FISMA	*Federal Information Security Management Act*
FMFIA	*Federal Managers' Financial Integrity Act of 1982*
FMS	Financial Management System
FR	Financial Report of the United States Government
FTD	Foreign Travel Data

FTP	Full-Time Permanent
FY	Fiscal Year

G

GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
GAO	Government Accountability Office
GDP	Gross Domestic Product
GMO	Grants Management Officer
GPO	Government Pension Offset
GPRMA	*Government Performance and Results Modernization Act of 2010*
GSA	General Services Administration
GTAS	Governmentwide Treasury Account Symbol Adjusted Trial Balance System

H

Health IT	Health Information Technology
HI	Hospital Insurance

I

IMAGEN	Intelligent Medical Language Analysis Generation
IRS	Internal Revenue Service
ISM	In-kind Support and Maintenance
IT	Information Technology

K

KEV	Known Exploited Vulnerabilities

L

LAE	Limitation on Administrative Expenses
LI	Limited Issue

M

MBR	Master Beneficiary Record
MCD	Mail Centralization and Digitization
MD&A	Management's Discussion and Analysis
MOURS	Modernized Overpayment and Underpayment Reporting System
myWR	myWageReport

N

NH	Number Holder
NWLM	National Workload Management

O

OA	Occupancy Agreement
OASDI	Old-Age, Survivors, and Disability Insurance
OASI	Old-Age and Survivors Insurance
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management

P

PAM	Payment Automation Manager
PC	Processing Center
PDB	Public Disability Benefit
PIA	Primary Insurance Amount
PIE	Payroll Information Exchange
PIIA	*Payment Integrity Information Act of 2019*
PIM	Public Income-Maintenance
PP&E	Property, Plant, and Equipment
PTF	Payments to Social Security Trust Funds
Pub. L. No.	Public Law Number

R

ROAR	Recovery of Overpayments, Accounting & Reporting
RZ	Non-Medical Supplemental Security Income Redeterminations

S

SECA	*Self-Employed Contributions Act*
SF-133	Report on Budget Execution and Budgetary Resources
SFFAS	Statement of Federal Financial Accounting Standards
SGA	Substantial Gain Activity
SI	Super Intelligence
SMI	Supplemental Medical Insurance
SNAP	Supplemental Nutrition Assistance Program
SSA	Social Security Administration
SSAB	Social Security Advisory Board
SSI	Supplemental Security Income

SSN	Social Security Number
SSOARS	Social Security Online Accounting and Reporting System
SSR	Supplemental Security Record

T

TFR	Total Fertility Rate
Title VIII	Special Veterans Benefits
TOP	Treasury Offset Program
Treasury	Department of the Treasury

U

U.S.	United States
U.S.C.	United States Code
USDC	United States Debit Card
USF	Useable Square Feet

V

VA	Department of Veterans Affairs

W

W2C	W2-Correction
WC	Workers' Compensation
WEP	Windfall Elimination Provision

SSA MANAGEMENT AND BOARD MEMBERS

Key Management Officials

Commissioner	Frank J. Bisignano
Deputy Commissioner	Arjun Mody
Chief Actuary	Karen Glenn
Chief Communications Officer	Nicholas Perrine
Chief Risk Officer	Chad Poist
Chief of Disability Adjudication	Jay Ortis
Chief of Field Operations	Thomas Holland
Chief of Central Processing	Mark Quinlan
Chief of Digital Services	Stephen Evangelista
Chief Human Capital Officer	Florence Felix-Lawson
Chief Information Officer	Michael L. Russo
Chief of Law and Policy	Mark A. Steffensen
Chief Financial Officer	Sean P. Brune
Chief of Security and Resiliency	Jessica Taylor
Chief of Strategy and Marketing	Andy Sriubas
Assistant Inspector General for Audit as First Assistant	Michelle L. Anderson

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Frank J. Bisignano
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and Trustee

Vacant
Public Trustee

Arjun Mody
Deputy Commissioner of Social Security,
and Secretary, Board of Trustees

Social Security Advisory Board

Amy Shuart, Chair	Jagadeesh Gokhale
Bob Joondeph	Nancy Altman

SUMMARY OF KEY MANAGEMENT OFFICIALS' RESPONSIBILITIES

Commissioner of Social Security provides executive leadership to SSA and exercises general supervision over major components of the agency.

Deputy Commissioner of Social Security an appointed position, authorized to act on behalf of the Commissioner.

Chief Actuary plans and directs program actuarial estimates and analyses for our programs and for any proposed changes in programs and trust funds. Provides technical and consultative services to the Commissioner, the Board of Trustees of the Social Security Trust Funds, Congress, and their respective staffs.

Chief Communications Officer leads the agency's overall communications strategy to ensure clear, accurate, and timely information for the public, beneficiaries, employees, and stakeholders.

Chief Risk Officer provides enterprise-wide oversight of organization risk to support effective mission delivery and public trust.

Chief of Disability Adjudication leads SSA's nationwide disability adjudication program, overseeing the processing of disability claims at the state Disability Determination Services, hearings, and appeals under the *Social Security Act*.

Chief of Field Operations provides strategic leadership and national oversight for all in-person SSA service operations, ensuring consistent, high-quality customer service across domestic and international offices.

Chief of Central Processing provides strategic leadership for SSA's Processing Centers and debt collection operations, ensuring accuracy, efficiency, and integrity in administering Social Security benefits.

Chief of Digital Services leads SSA's efforts to deliver a seamless and accessible customer experience across all digital and phone service platforms, driving innovation and fostering a customer-focused approach to service delivery.

Chief Human Capital Officer leads and directs all human capital activities, including staffing, reasonable accommodations, compensation, benefits, leadership development, HR policy, and workforce planning. The CHCO advises agency leadership on workforce management, ensures compliance with merit system principles, and develops and implements agency-wide human capital strategies.

Chief Information Officer directs the strategic management of our systems and databases, which includes the development, validation, and implementation of new systems. The CIO directs operational integration, strategic planning processes, and implementation of a systems

configuration program. The CIO also provides strategic vision, aligns information technology initiatives with overall business goals, and drives innovation.

Chief Law and Policy advises the Commissioner, Deputy Commissioner, and all Chiefs (except the Inspector General) on legal matters, and leads policy development for retirement, disability, and Supplemental Security Income programs. Conducts our legislative program and analyzes legislative and regulatory initiatives.

Chief Financial Officer oversees SSA's financial management, budget, logistics, and facility management programs, ensuring resources are allocated effectively to support the agency's mission.

Chief of Security and Resiliency leads SSA's efforts to protect its information, assets, and personnel by overseeing all aspects of cybersecurity, physical security, and personnel security.

Chief of Strategy and Marketing advises SSA leadership on enterprise strategy, directs the development and implementation of the agency's strategic framework, and establishes governance structures to ensure alignment across business lines.

Assistant Inspector General for Audits as First Assistant promotes economy, efficiency, and effectiveness in administering our programs and operations, and prevents and detects fraud, waste, abuse, and mismanagement.

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