

Management's Discussion and Analysis

Fiscal Year 2026

SSA.gov

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%

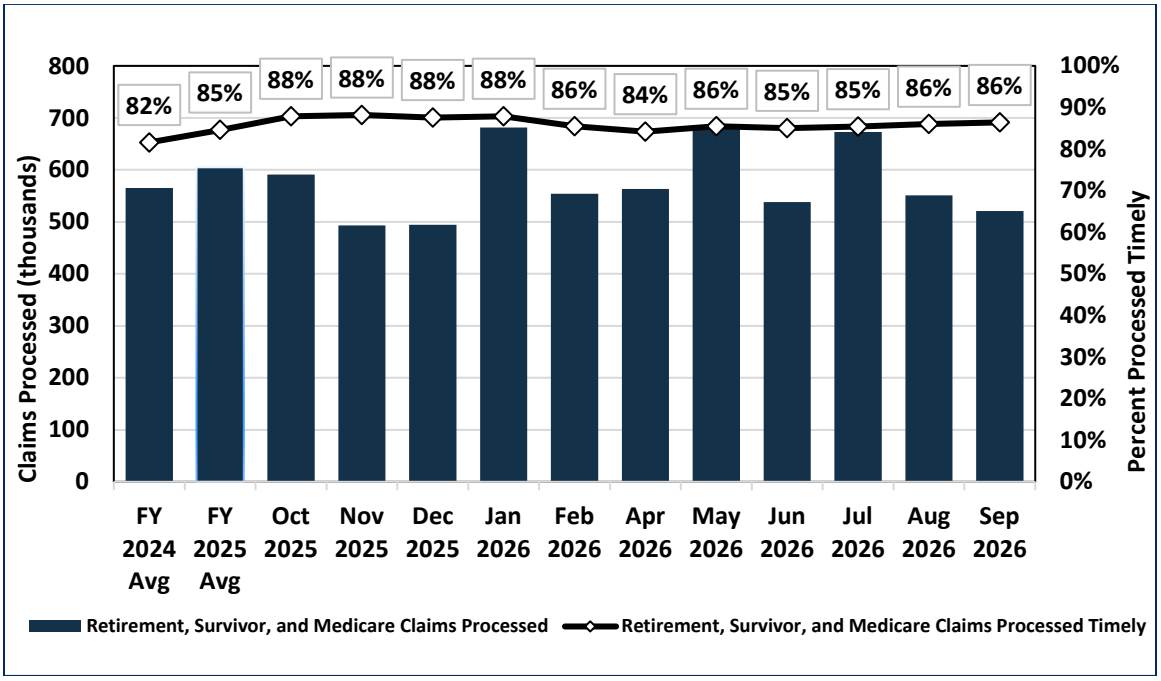
Notes:

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

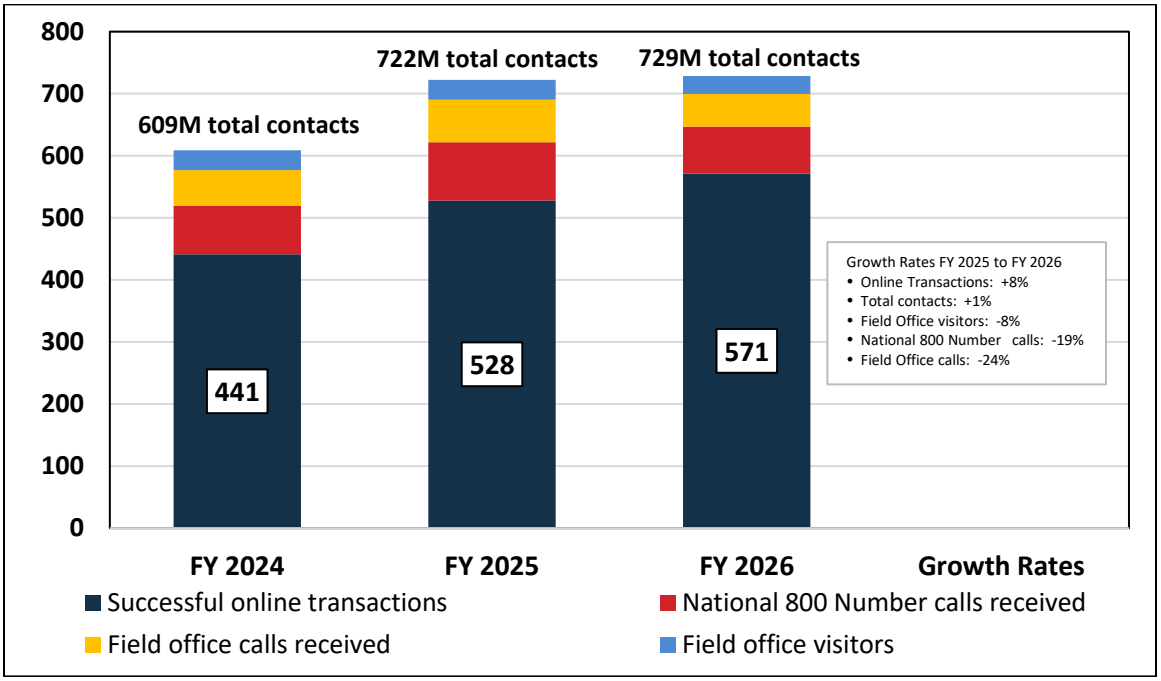
Summary of Fiscal Year 2026 Performance

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.

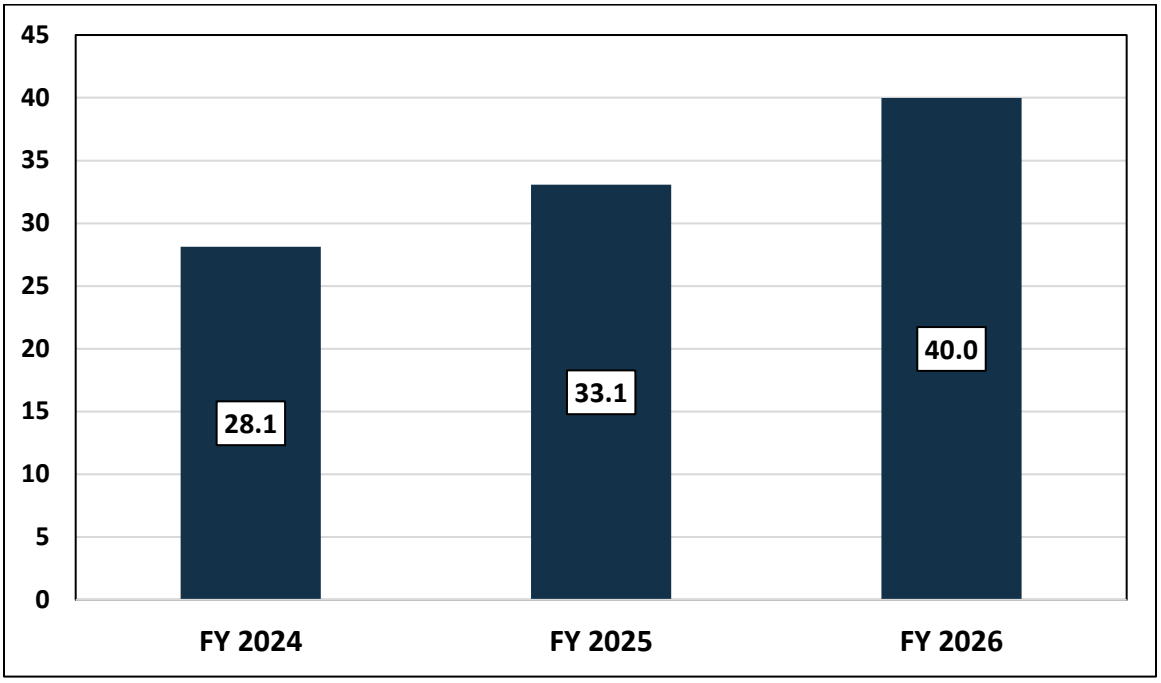
Digital Services: Customer confidence in our online services resulted in substantial increases in completed transactions and improved service efficiency. This resulted in over 571 million online transactions, an 8.2 percent increase from FY 2025.

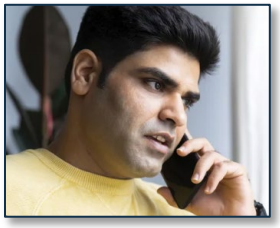
Customer Requests for Service
Customers increasingly prefer to conduct business with SSA digitally
(in Millions)



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)

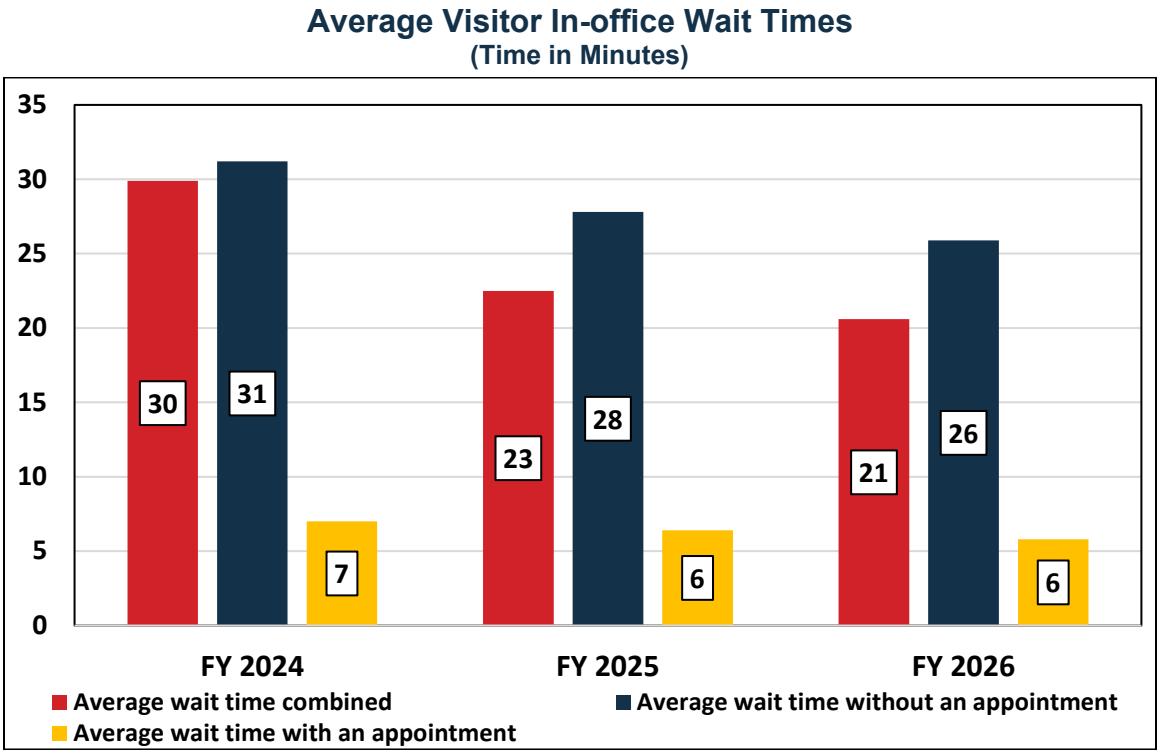




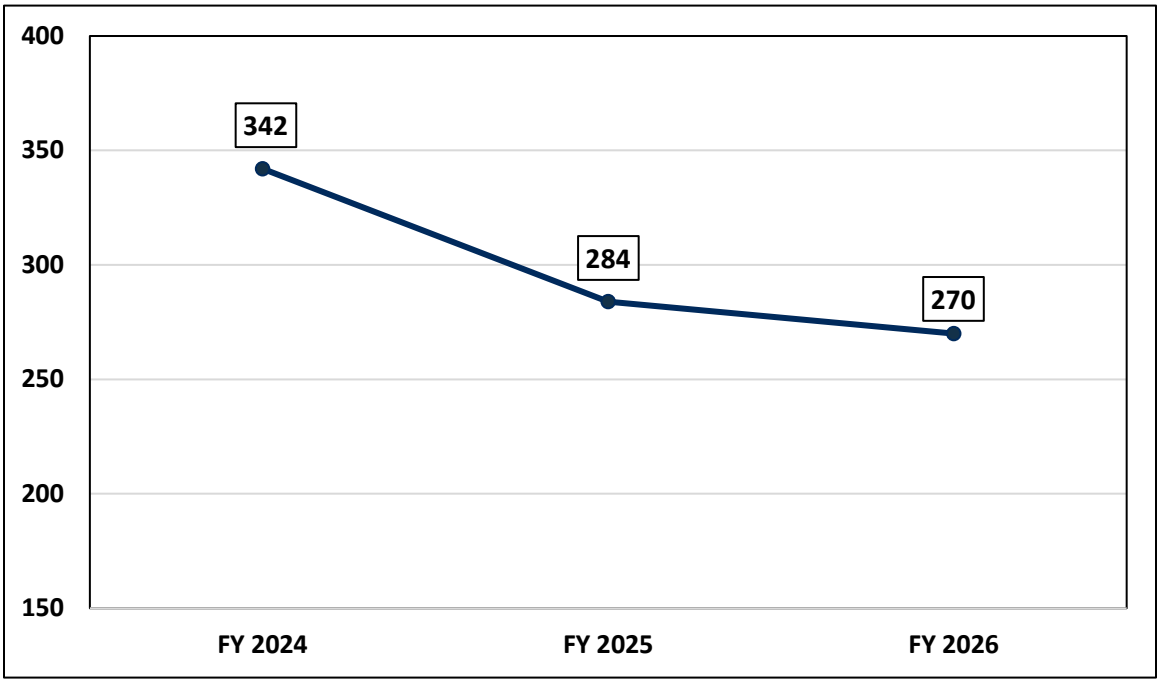
Contact Social Security By Phone

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.



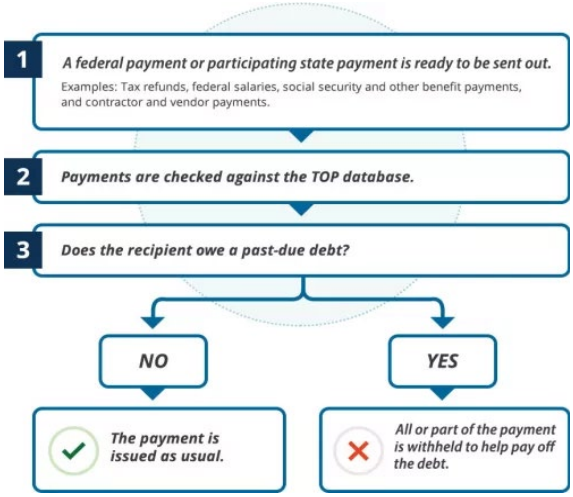
Hearing Offices: Our hearings claimants continue to receive faster service. If they disagree with the reconsideration determination, they may request a hearing before an administrative law judge. One of our key goals is to lower the average processing time for hearings to 270 days. Hearing wait times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

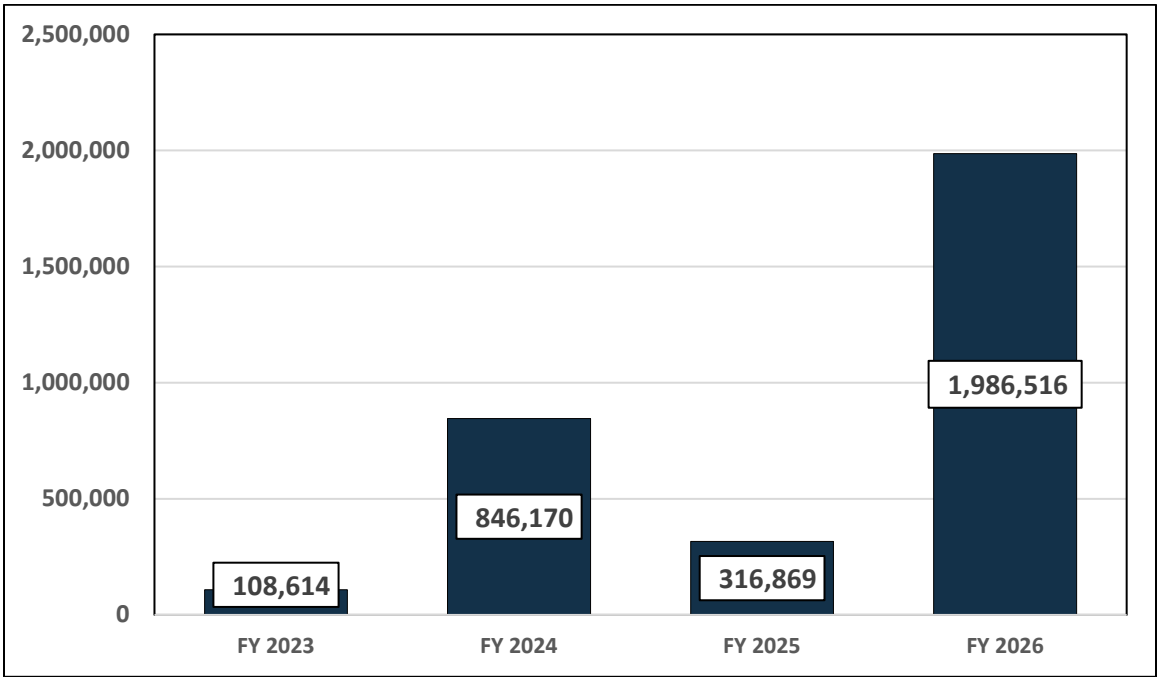


TOP collects delinquent debts that people owe to State and Federal agencies, including delinquent Social Security debts. TOP matches people who owe delinquent debts with money that Federal and participating State agencies are paying (for example, a tax refund). To the extent allowed by law, when a match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

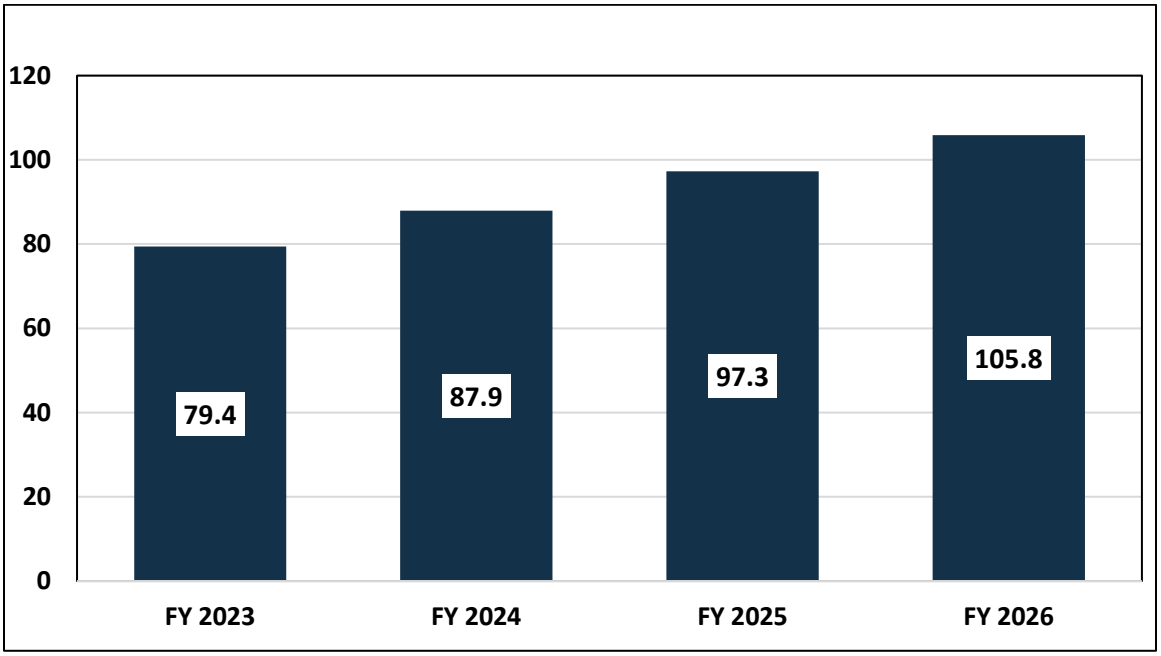
Problem to be solved:

- 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.

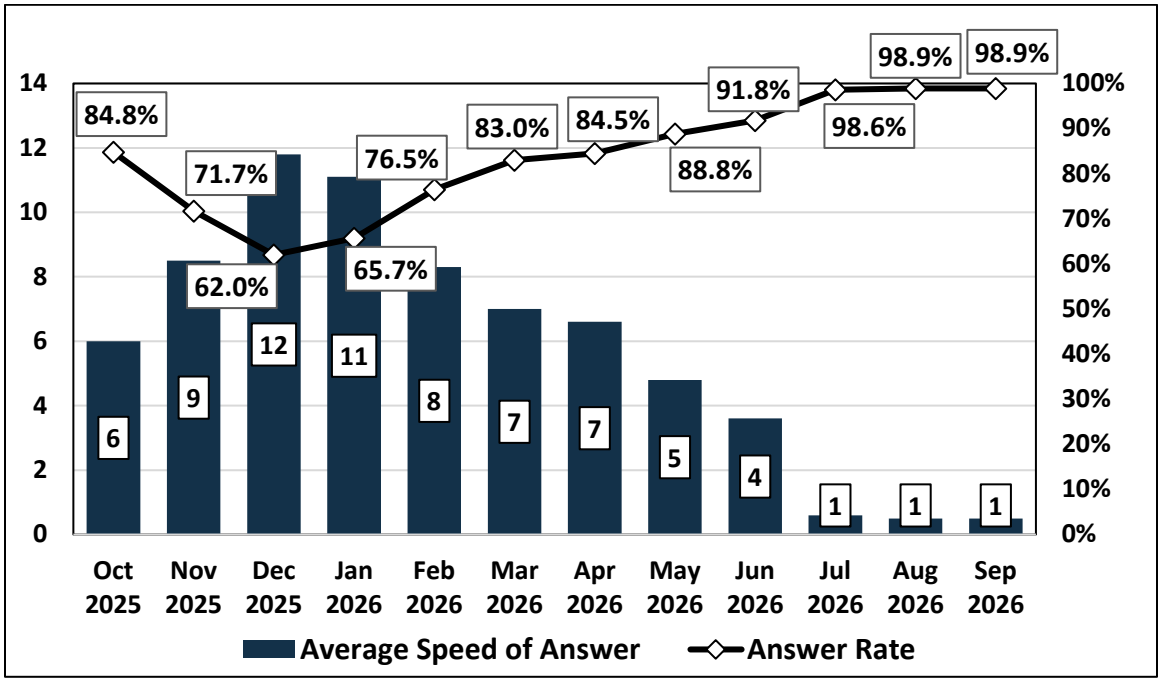
Problems to be solved:

- 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.

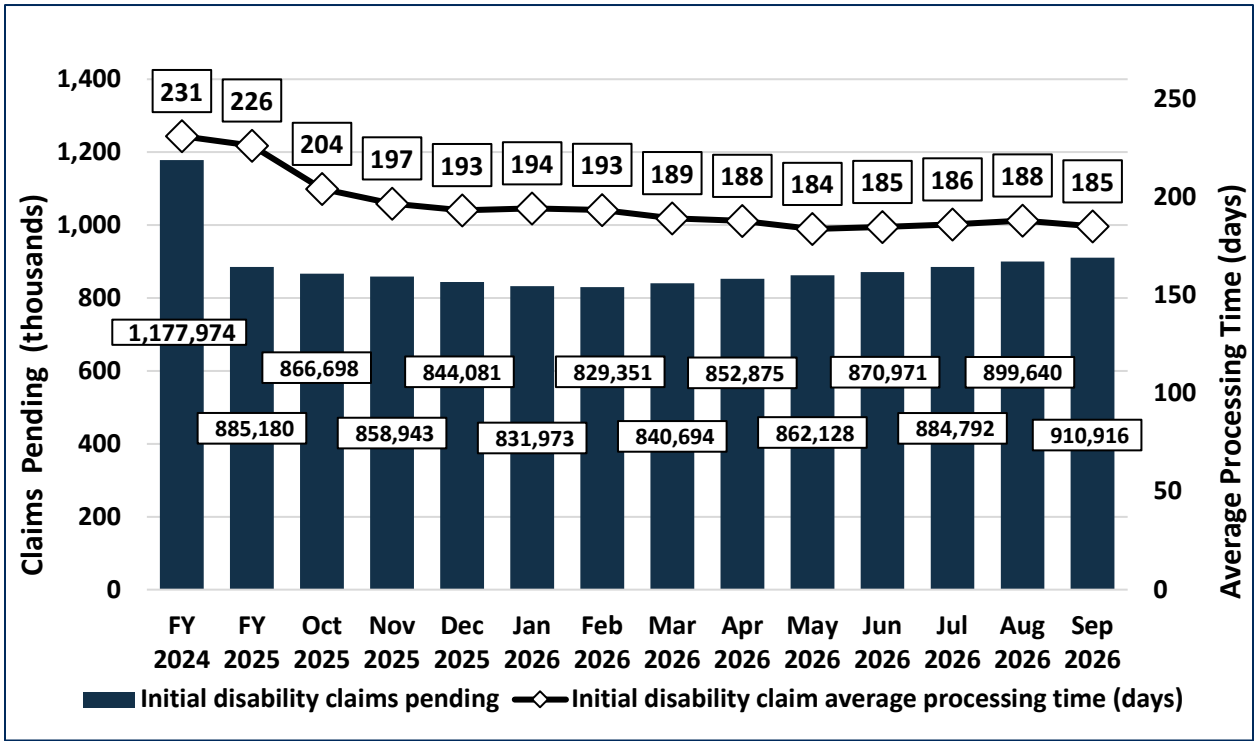
Problems to be solved:

- 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.

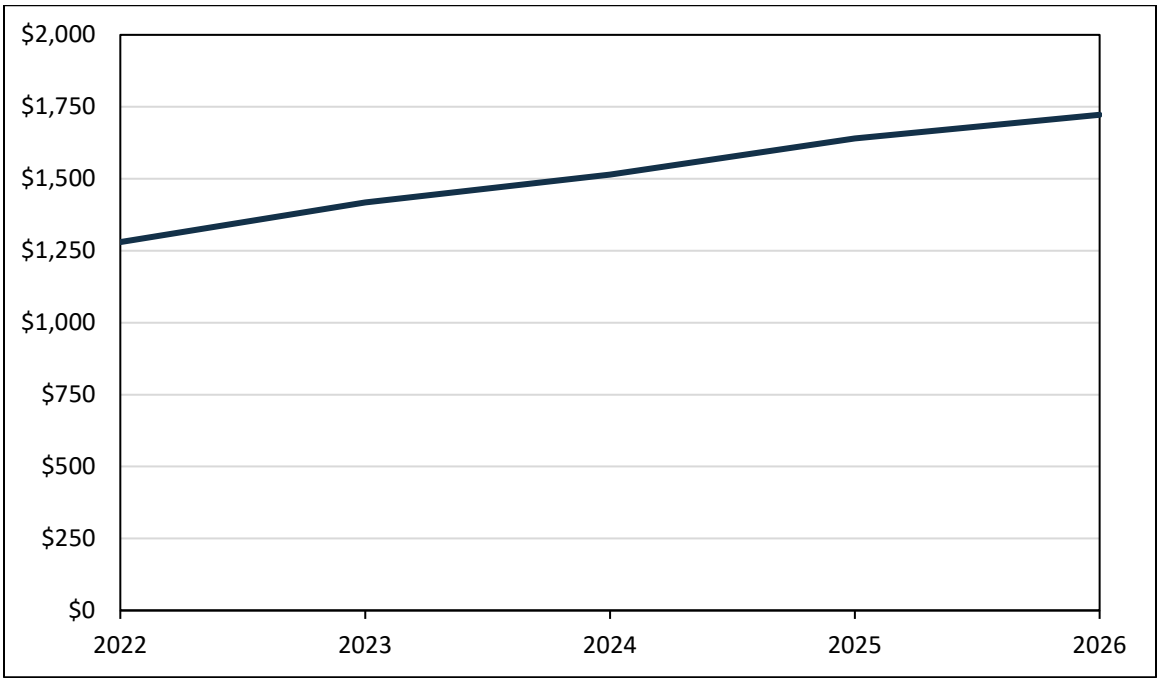
Liabilities grew in FY 2026 by $6.8 billion primarily because of the growth in benefits due and payable, which is primarily due to an increase in the number of OASI beneficiaries, and the 2.8 percent COLA provided to beneficiaries in 2026. The majority of our liabilities (93.2 percent) consists of benefits 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.

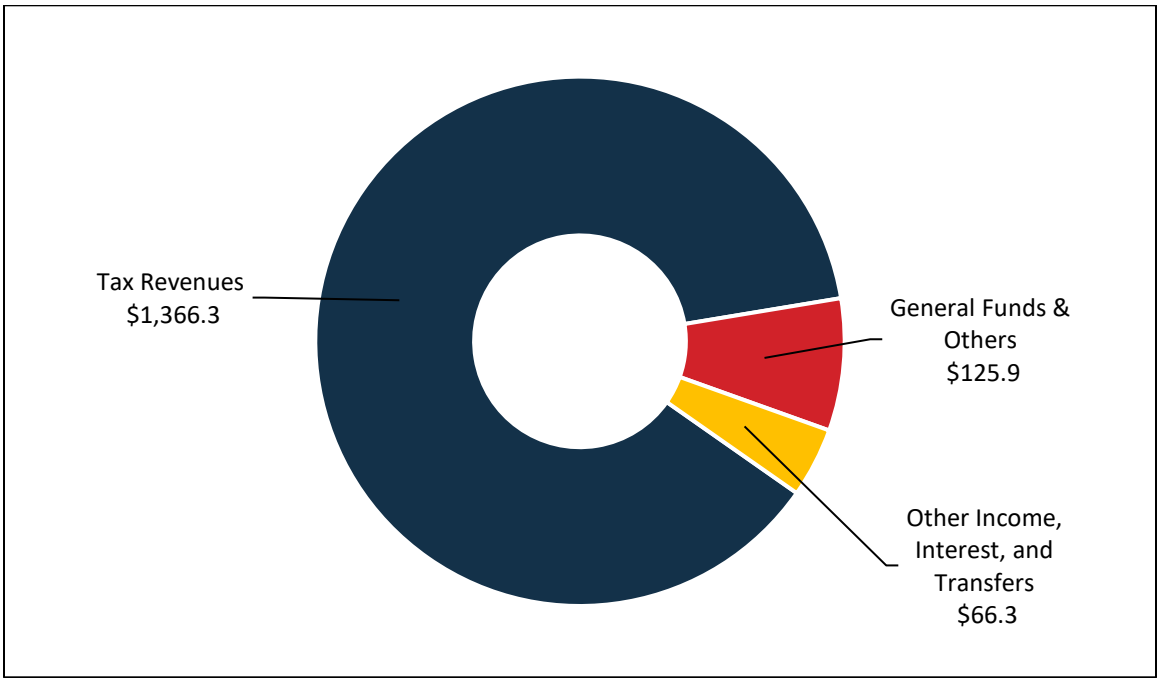
Statement of Changes in Net Position: The Statement of Changes in Net Position, located in the *Financial Section* of this report, presents those accounting items that caused the net position section of the Balance Sheet to change from the beginning to the end of the reporting period. The Statement shows 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.

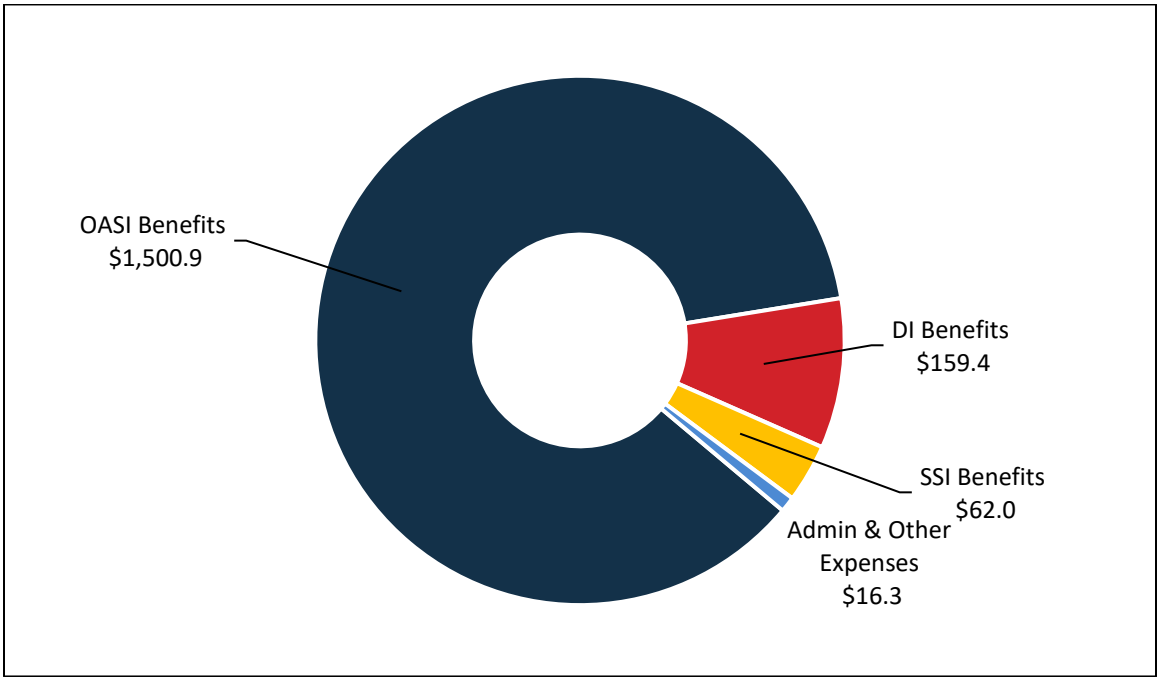
Where It Comes From[1]…
(Dollars in Billions)



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)



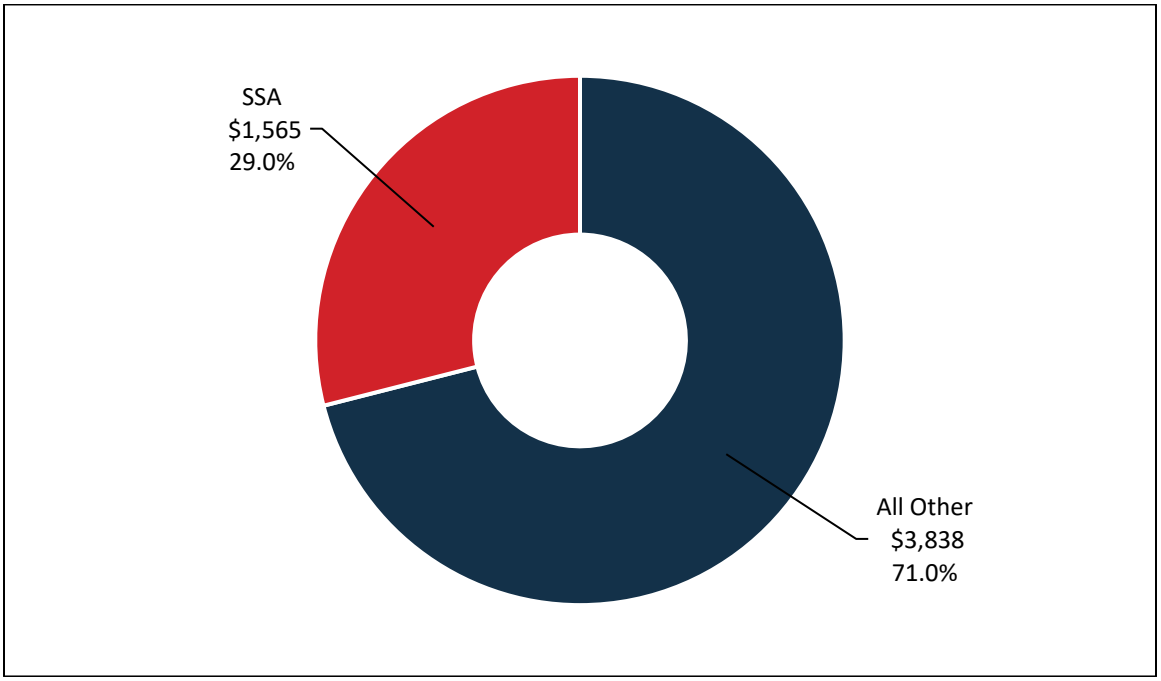
The SSI program's Cumulative Results of Operations are negative due to unfunded Benefits Due and Payable liabilities. Unadjudicated and adjudicated, or pending, claims make up a significant portion of SSI's Benefits Due and Payable activity. SSI will pay for these benefits using future years' resources. 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.

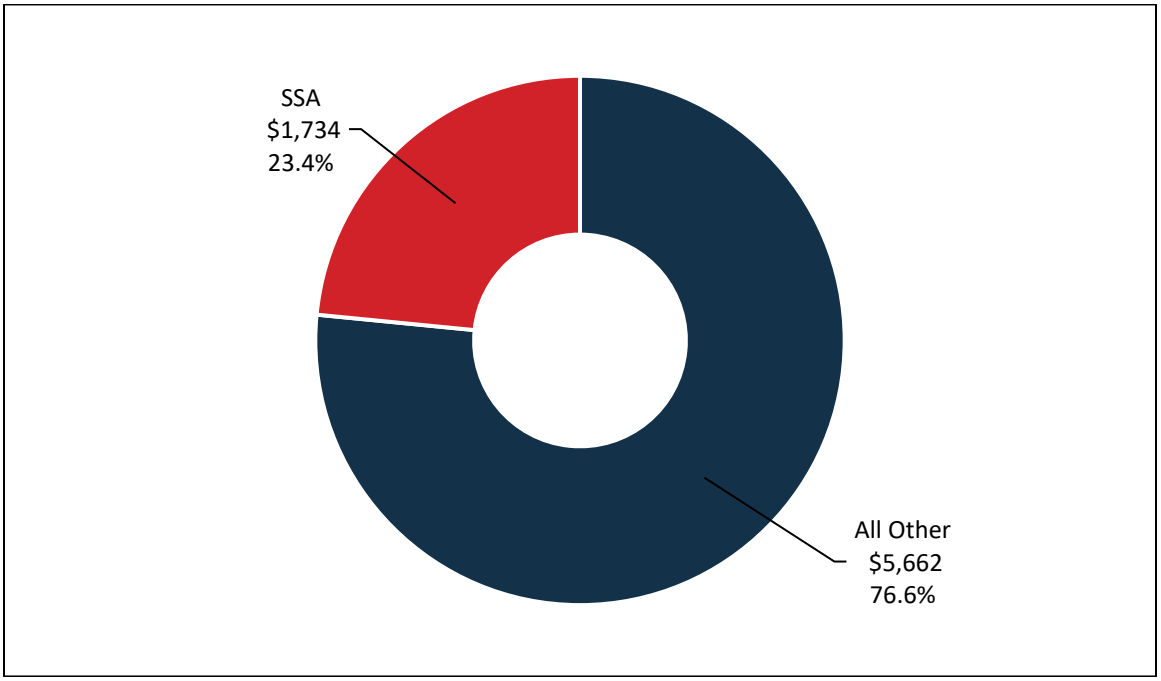
Share of Federal Receipts
(Dollars in Billions)



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

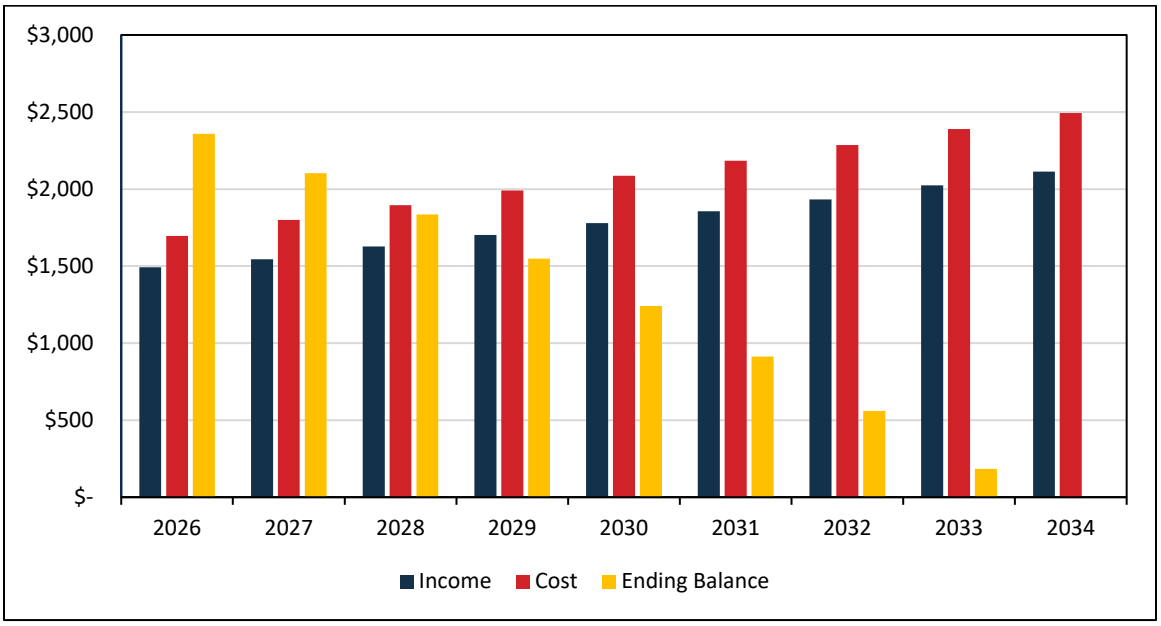
Notes:

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.