

Social Security Actuarial Status

The 2025 Annual Report of the Board of Trustees
of the OASI and DI Trust Funds
Key Changes and Results Under Intermediate Assumptions

PRESENTED TO STUDENTS FROM FAIRPORT HIGH SCHOOL SEPTEMBER 29, 2025

PREPARED BY THE OFFICE OF THE CHIEF ACTUARY, SSA



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

1. Trust Fund operations of the past year and the next five years
2. Actuarial status of the trust funds
 - This means the ability to meet the cost of scheduled benefits with scheduled revenue and trust fund reserves
 - And the extent to which scheduled revenue would fall short under current law, indicating the size of legislative changes that will be needed
 - *Produced every year starting 1941!*

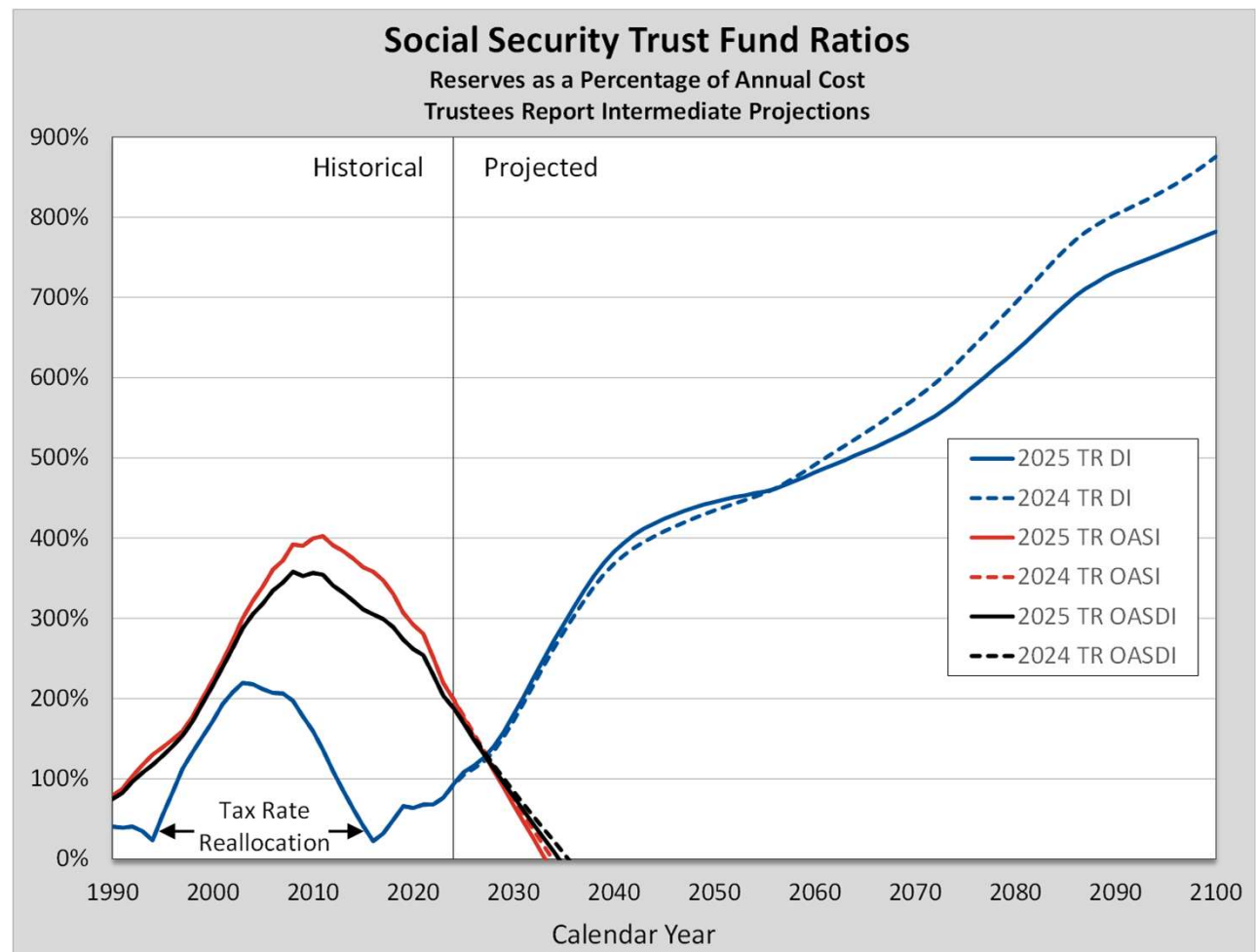
2025 Trustees Report Results

Solvency: OASI+DI Trust Fund Reserve Depletion in 2034 (one year earlier than last year)

OASDI reserve depletion date has varied from 2033 to 2035 in reports over the last 14 years (2012-2025) and from 2029 to 2042 in reports over the last 35 years (1991-2025).

OASI reserve depletion date is now in the first quarter of 2033 versus the fourth quarter of 2033 in last year's report.

DI Trust Fund: reserves do not deplete, due largely to continued low applications and awards.

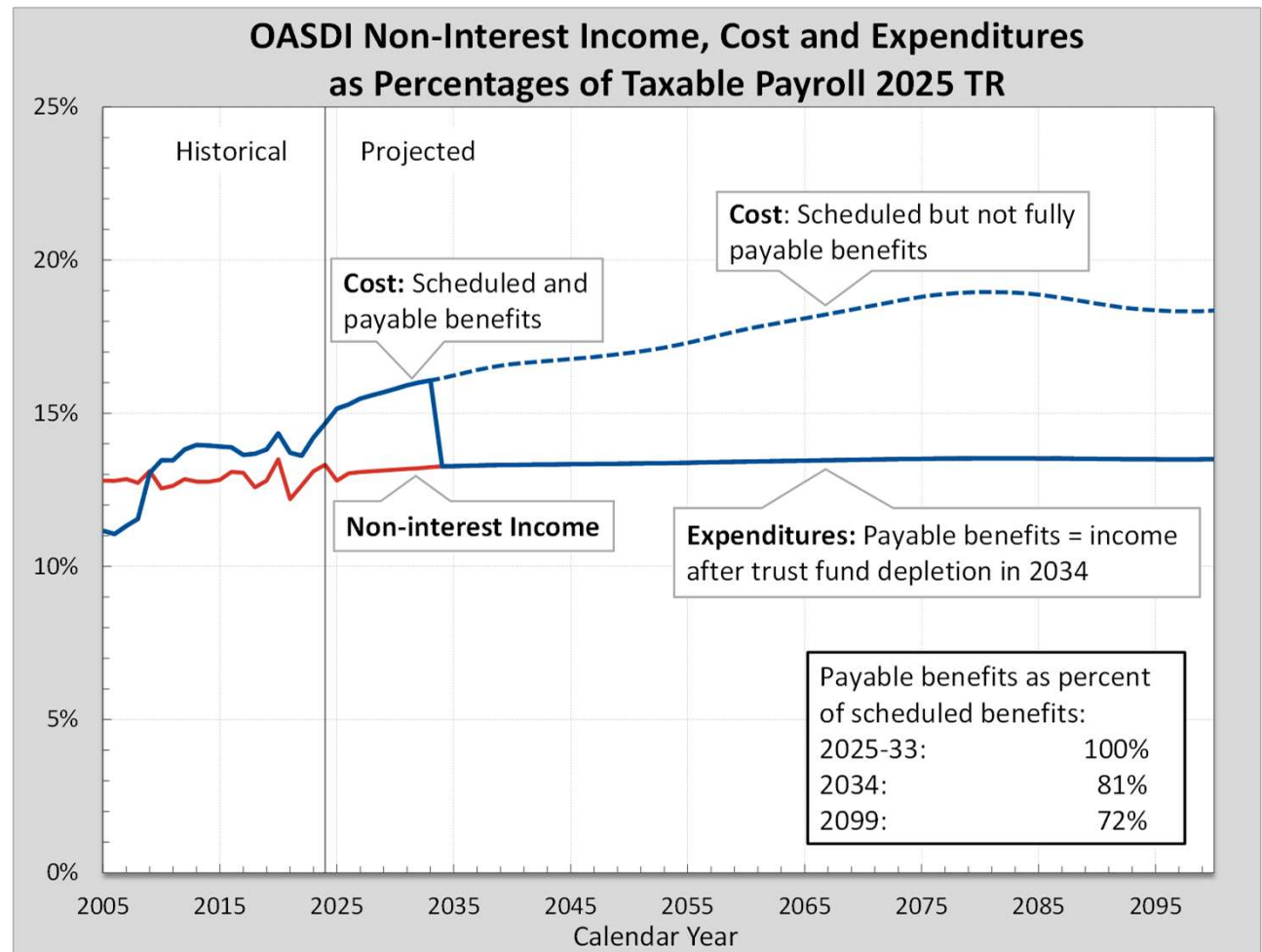


OASDI Annual Cost and Non-Interest Income as Percent of Taxable Payroll

Persistent negative annual cash-flow balance starting in 2010.

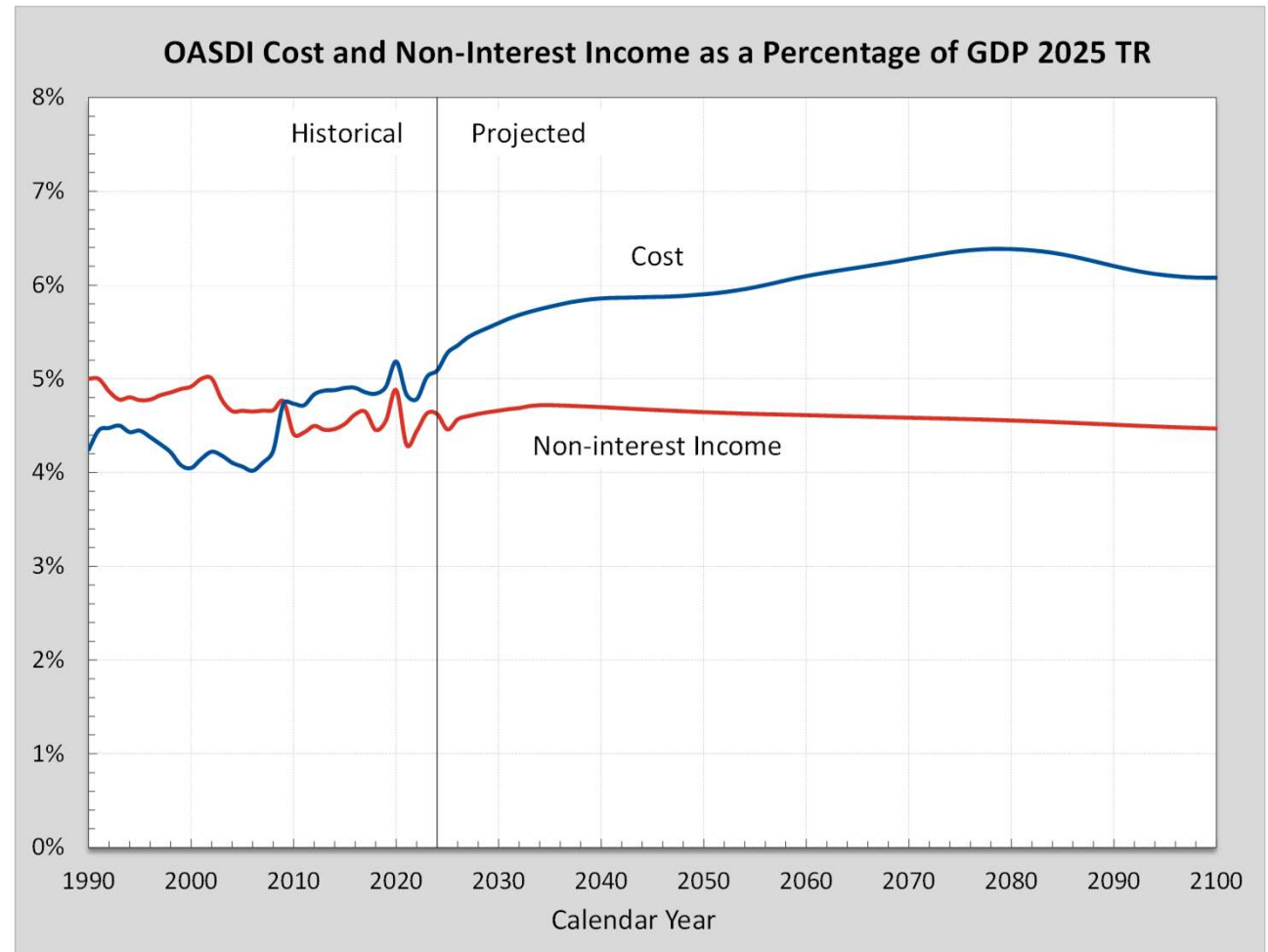
81 percent of scheduled benefits still payable at trust fund reserve depletion; was 83 percent in last year's report.

72 percent payable for 2099; was 73 percent for 2098 in last year's report.



SUSTAINABILITY: Cost as percent of GDP

Rises from a 4.2 percent average in 1990-2008, to a peak of about 6.4 percent for 2079, and then declines to 6.1 percent by 2099.

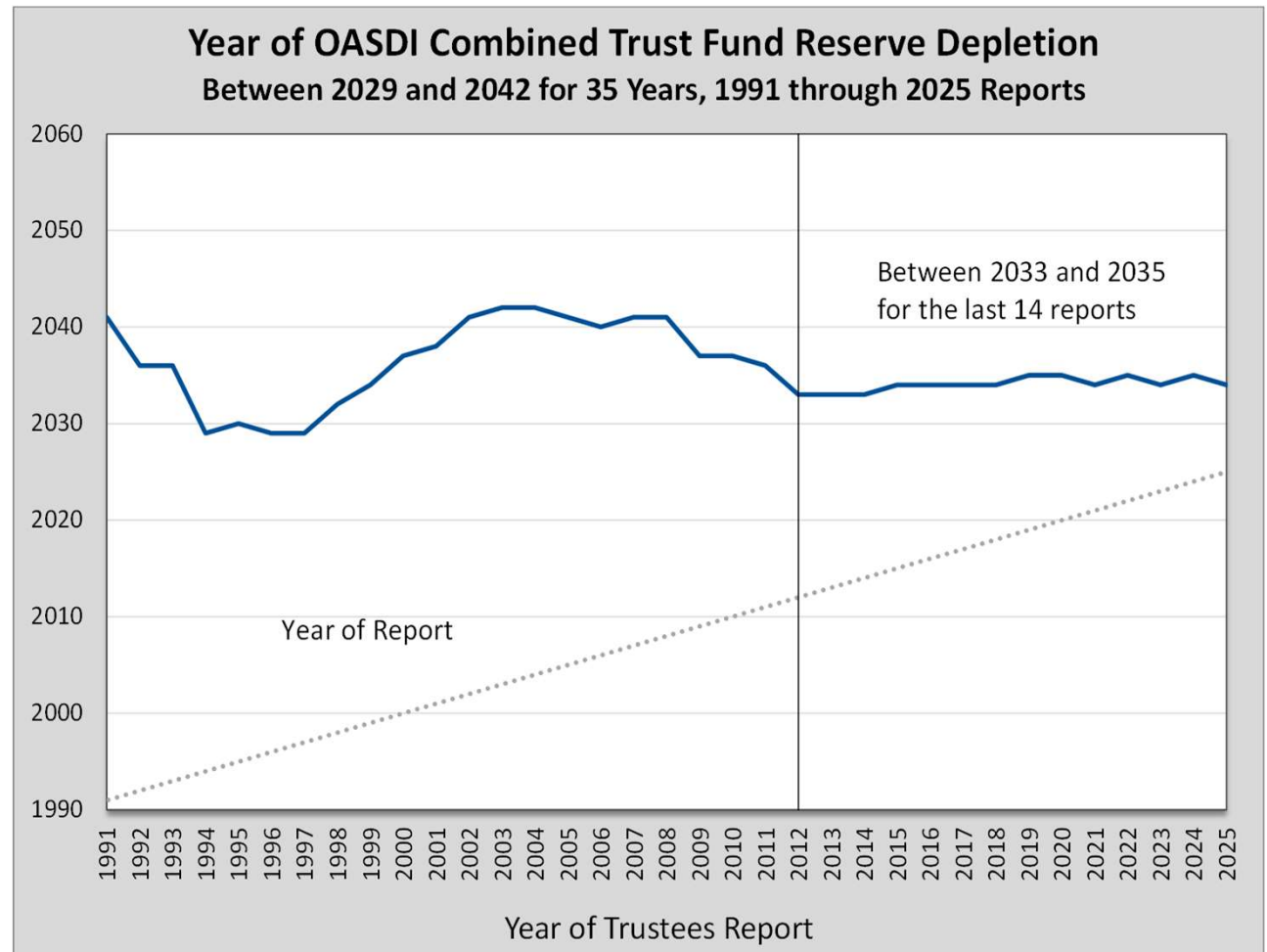


Changes in Timing of Trust Fund Reserve Depletion in 2025 Report

1. OASDI reserve depletion is in 2034 (versus 2035 in last year's report), mainly due to:
 - a) The implementation of the Social Security Fairness Act
 - b) The extension in the assumed year the ultimate total fertility rate is reached
 - c) The reduction in the long-term assumption for the ratio of total labor compensation to GDP
2. OASI reserve depletion is again in 2033 (although 3 quarters earlier than in last year's report)
3. DI reserves do not become depleted over the 75-year long-range projection period (same as in last year's report)
 - a) Applications and benefit awards continue to be quite low through 2024
 - b) Assumed gradual increase in initial applications to ultimate levels

Year of OASDI Combined Trust Fund Reserve Depletion

OASDI reserve depletion date varied from 2033 to 2035 in reports over the last 14 years (2012-2025) and from 2029 to 2042 in reports over the last 35 years (1991-2025).

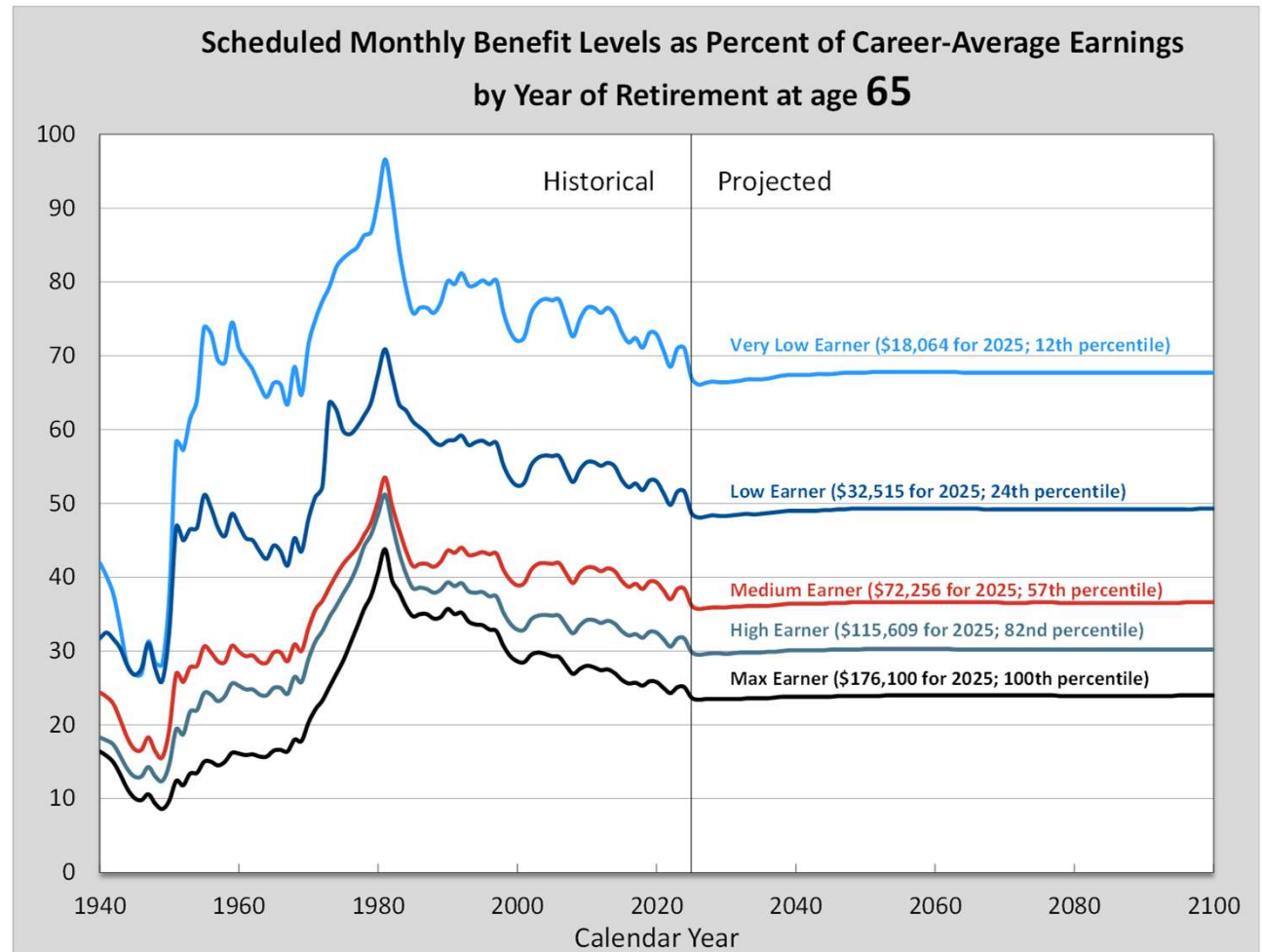


How to Eliminate the Social Security Long-Term Actuarial Deficit

Long-Term Projections Inform Policymakers

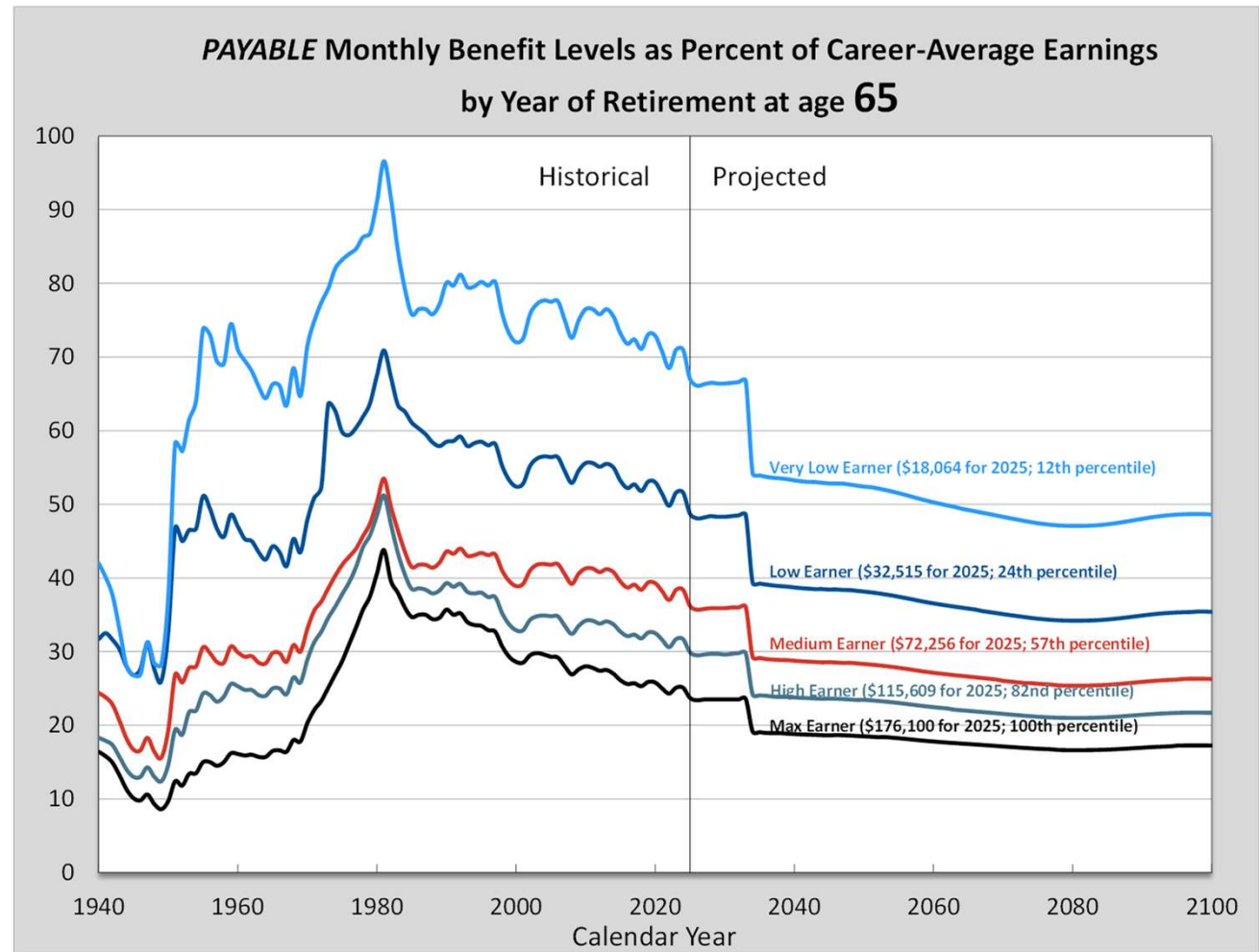
- Congress must act, as it always has
- Straightforward solutions:
 - Raise scheduled revenue by 2034 by about one-third
 - Reduce scheduled benefits by 2034 by about one-fourth
 - Or some combination of the two
 - Comprehensive changes *implemented* by 2034
- Consider adequacy of benefits?

Replacement Rates Based on the 2025 TR



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

Payable Benefits
Under the Law,
After Trust Fund
Reserves Are
Depleted, Are
Even Lower



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

Ways to Lower Cost

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

Ways to Increase Revenue

- Raise the 12.4 percent OASDI payroll tax rate?
- Raise tax on highest earners?
 - Increase taxable maximum amount
 - Some tax on all earnings above the maximum
- Tax employer group health insurance premiums?
 - Affects only middle class if taxable maximum remains
- Tax individuals' investment income?
 - Or potentially a wealth tax?
- Invest the trust funds in higher-yielding investments?
 - Potentially increasing risk

Notable Proposals Scored—Hoyer/Primus

Rep. Steny Hoyer and Dr. Wendell Primus (Brookings)—January 3, 2025

- Significant provisions:
 - Increase the taxable maximum level by 6 percent faster than current law, until it reaches 90 percent of covered earnings
 - Place all proceeds from taxation of Social Security benefits into the OASI and DI funds
 - Change immigration policies to increase lawful immigration
 - Increase the number of computation years from 35 to 40, gradually
 - Increase the NRA for those in the top 40 percent of the all-career average earnings distribution
 - Several other provisions with smaller effects (17 provisions in total)
- Making these changes would have led to 75-year solvency
- See https://www.ssa.gov/OACT/solvency/HoyerPrimus_20250103.pdf

Notable Proposals Scored—Larson

Representative John Larson—July 12, 2023 (*original version July 2014*)

- Significant provisions:
 - Several benefit improvements similar to his prior bills, but for 10 years only
 - Apply payroll tax on earnings above \$400,000, with a small benefit credit
 - Add a 12.4-percent tax on net investment income above \$400,000
- Making these changes would have lead to an additional 32 years of full solvency (reserve depletion in 2066)
- See www.ssa.gov/OACT/solvency/JLarson_20230712.pdf

Notable Proposals Scored—Johnson

Former Representative Sam Johnson—December 8, 2016

- Significant provisions:
 - Make benefit formula less generous but more “progressive”; change to mini-PIA approach; add a new minimum benefit
 - Raise Normal Retirement Age to age 69 (8-year phase-in)
 - Lower the COLA by using chain-weighted CPI; no COLA if high income
 - Eliminate taxation of Social Security benefits
- Making these changes would have lead to 75-year solvency
- See www.ssa.gov/OACT/solvency/SJohnson_20161208.pdf

Notable Proposals Scored—Simpson/Bowles

Simpson/Bowles Fiscal Commission—December 1, 2010

- Significant provisions:
 - Index NRA to maintain life expectancy at $NRA/(NRA-20)$; $EEA=NRA-5$ but allow $\frac{1}{2}$ at age 62; exempt $AIME < 250\%$ poverty from increase in NRA, phase out at 400%
 - Increase the taxable maximum by $AWI + 2$ ppt until 90% of earnings taxed
 - Restore the special minimum benefit
 - Provide a uniform increase 20-24 years after eligibility: 5% of PIA at $AIME=AWI$
 - Reduce PIA factors above 50th percentile of AIME to 30%, 10%, 5%
 - Lower the COLA by using chain-weighted CPI
- Making these changes would have led to 75-year solvency
- See www.ssa.gov/OACT/solvency/FiscalCommission_20101201.pdf

For More Information Go to

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

- There you will find:
 - The 2025 and all prior OASDI Trustees Reports
 - Detailed single-year tables for recent reports
 - Our estimates for comprehensive proposals and individual provisions
 - Actuarial notes
 - Actuarial studies
 - Extensive databases
 - Congressional testimonies
 - Presentations by OCACT employees