



News Release

SOCIAL SECURITY

2006 Trustees Report – Long-Term Financing Challenges Remain

The 2006 Social Security Trustees Report shows little change in the projected financial status of the Social Security program over last year. The Trustees Report projects that the Social Security Trust Funds will be exhausted in 2040 – one year sooner than last year’s projection. And, as they have done for more than a decade, the Trustees recommend that projected trust fund deficits be addressed in a timely way to allow for gradual changes and advance notice to workers.

In the 2006 Annual Report to Congress, the Trustees announced:

- The projected point at which tax revenues will fall below program costs comes in 2017 -- the same as the estimate in last year’s report.
- The projected point at which the Trust Funds will be exhausted comes in 2040 -- one year earlier than the projection in last year’s report.
- The projected actuarial deficit over the 75-year long-range period is 2.02 percent of taxable payroll -- up .09 percent from last year’s report.
- Over the 75-year period, the Trust Funds require additional revenue equivalent to \$4.6 trillion in today’s dollars to pay all scheduled benefits. This unfunded obligation is \$600 billion higher than the amount estimated last year.

“With the release of this report, we have another opportunity to send a signal to younger generations of Americans that we, as a society, are committed to strengthening this important program for them,” said Jo Anne Barnhart, Commissioner of Social Security. “Looking ahead, the financing problems facing Social Security will be challenging to address. Reflecting back, our nation has a proud history of grappling with difficult issues. And we do it best when we work together. I believe Social Security, a program that touches the lives of almost every American, deserves nothing less.”

Other highlights of the Trustees Report include:

- Income including interest to the combined Old-Age and Survivors, and Disability Insurance (OASDI) Trust Funds amounted to \$702 billion in 2005 -- a \$44 billion increase from 2004.
- During the year, an estimated 159 million people had earnings covered by Social Security and paid payroll taxes.

- The Trust Funds paid benefits of nearly \$521 billion in calendar year 2005 -- an increase of \$27 billion from 2004. There were 48 million beneficiaries at the end of the calendar year.
- The cost of \$5.3 billion to administer the program in 2005 was a very low 1.0 percent of total expenditures.
- Total expenditures from the combined OASDI Trust Funds amounted to \$530 billion in 2005.
- The assets of the combined OASDI Trust Funds increased by \$172 billion in 2005 to a total of \$1.86 trillion.
- Interest earned on the invested assets of the combined Trust Funds was \$94 billion in 2005. The combined Trust Fund assets earned interest at an effective annual rate of 5.5 percent.
- Trust Fund exhaustion is one year sooner and the unfunded obligation is higher than last year's report largely because of the passage of a year and small revisions to several key assumptions including a lower assumed real interest rate.

The Board of Trustees is comprised of six members. Four serve by virtue of their positions with the federal government: John W. Snow, Secretary of the Treasury and Managing Trustee; Jo Anne Barnhart, Commissioner of Social Security; Michael O. Leavitt, Secretary of Health and Human Services; and Elaine L. Chao, Secretary of Labor. The two public trustees are John L. Palmer and Thomas R. Saving.

The 2006 Trustees Report will be posted at www.socialsecurity.gov/OACT/TR/TR06/ by Monday afternoon.