



News Release

SOCIAL SECURITY

Social Security Board of Trustees: Economic Downturn Leads to Worsening of Long-Range Financing Outlook

The Social Security Board of Trustees today released its annual report on the financial health of the Social Security Trust Funds. The Trustees project that program costs will exceed tax revenues in 2016, one year sooner than projected in last year's report. The combined assets of the Old-Age and Survivors, and Disability Insurance (OASDI) Trust Funds will be exhausted in 2037, four years sooner than projected last year. The worsening of the long-range outlook for the Social Security program is due primarily to the recent economic downturn and faster reductions in mortality than previously assumed.

In the 2009 Annual Report to Congress, the Trustees announced:

- The projected point at which tax revenues will fall below program costs comes in 2016 -- one year sooner than the estimate in last year's report.
- The projected point at which the Trust Funds will be exhausted comes in 2037 -- four years sooner than the estimate in last year's report.
- The projected actuarial deficit over the 75-year long-range period is 2.00 percent of taxable payroll -- up from 1.70 percent in last year's report.
- Over the 75-year period, the Trust Funds would require additional revenue equivalent to \$5.3 trillion in today's dollars to pay all scheduled benefits.

"Today's Trustees Report contains some disappointing, but not unexpected, news about the financial condition of the Trust Funds," Commissioner Astrue said. "We should be neither casual nor hysterical about the revised insolvency dates. As with the economy as a whole, the Social Security system will weather this recession. However, the sooner we get on with the task of reforming the system, the easier it will be to make the tough choices that we all know we need to make."

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 \$805 billion (\$672 billion in net contributions, \$17 billion from taxation of benefits and \$116 billion in interest) in 2008.
- Total expenditures from the combined OASDI Trust Funds amounted to \$625 billion in 2008.

- The assets of the combined OASDI Trust Funds increased by about \$180 billion in 2008 to a total of \$2.4 trillion.
- During 2008, an estimated 162 million people had earnings covered by Social Security and paid payroll taxes.
- Social Security paid benefits of \$615 billion in calendar year 2008. There were almost 51 million beneficiaries at the end of the calendar year.
- The cost of \$5.7 billion to administer the program in 2008 was a very low 0.9 percent of total expenditures.
- The combined Trust Fund assets earned interest at an effective annual rate of 5.1 percent in 2008.

The Board of Trustees is comprised of six members. Four serve by virtue of their positions with the federal government: Timothy F. Geithner, Secretary of the Treasury and Managing Trustee; Michael J. Astrue, Commissioner of Social Security; Kathleen Sebelius, Secretary of Health and Human Services; and Hilda L. Solis, Secretary of Labor. The two public trustee positions are currently vacant.

The 2009 Trustees Report will be posted at www.socialsecurity.gov/OACT/TR/2009/ by Tuesday afternoon.

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