



SUMMARY: Actuarial Status of the Social Security Trust Funds

March
2023

The [annual report](#) of the Social Security Board of Trustees presents the actuarial status of the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds. Although the acute phase of the COVID-19 pandemic appears to be over, the Trustees expect there will be residual effects on the population and the economy for years to come. Since the assumptions for last year's report were set, the Trustees have reassessed their expectations for the economy in view of recent developments, including updated data on

inflation and output. Accordingly, they have revised downward future levels of gross domestic product (GDP) and labor productivity by about 3 percent over the long-range projection period (2023–2097). Assumptions for growth are largely unchanged after the first 10 years of the projection period. The intermediate (best estimate) assumptions for this report were set in December 2022. The Trustees will continue to monitor developments and modify projections in future reports.

Comparison: Key Measures of Actuarial Status in the Social Security Trustees Reports

	<u>2022 report</u>	<u>2023 report</u>
75-year actuarial deficit		
As a percentage of taxable payroll	3.42%	3.61%
As a percentage of GDP	1.2%	1.3%
Income and outgo in year prior to report year (in billions)		
Income		
Total	\$1,088	\$1,222
Social Security contributions ^a	\$981	\$1,107
Income taxes on benefits	\$38	\$49
Interest	\$70	\$66
Outgo		
Total	\$1,145	\$1,244
Benefit payments ^b	\$1,138	\$1,237
Administration	\$6	\$7
Net change in assets	-\$56	-\$22
Trust fund reserves		
Amount at beginning of report year (in billions)	\$2,852	\$2,830
Amount at beginning of report year (as a percentage of report year outgo)	230%	204%
Projected year of peak trust fund reserves ^c	2022	2023
Amount at end of peak year (in billions)	\$2,805	\$2,777
Year of trust fund depletion		
OASDI	2035	2034
OASI	2034	2033
DI	d	d
Share of OASDI outgo covered by scheduled revenue in—		
Year of trust fund depletion	80%	80%
End of 75-year reporting period	74%	74%

SOURCES: 2022 and 2023 Trustees Reports.

a. Includes adjustments for prior calendar years.

b. Includes a small amount of payments to the Railroad Retirement Board.

c. Measured at end of year.

d. The trust fund is not projected to become depleted during the 75-year period specified in the report.

The projected actuarial deficit for the combined trust funds over the next 75 years is 3.61 percent of taxable payroll, up from 3.42 percent reported last year. The main reasons for the larger deficit are the change in the valuation date and the extension of the projection period to include 2097, and changes in the assumptions about the levels of productivity and GDP in the early years of the long-range projection period. As a share of the economy as measured by GDP, the projected actuarial deficit over the next 75 years is 1.3 percent.

The projected reserve depletion date for the combined OASDI trust funds is 2034, a year earlier than in last year's report.¹ Considered on its own, the OASI Trust Fund can pay full benefits until 2033, a year earlier than projected last year. As in last year's report, the DI Trust Fund is projected to be able to pay full benefits through the end of the 75-year projection period (2097 in this year's report).

A 2022 annual deficit of \$22.1 billion decreased the asset reserves of the combined OASDI trust funds to \$2,830 billion at the end of the year. This amount is equal to 204 percent of the estimated annual expenditures for 2023. The 2022 Trustees Report had projected a \$46.8 billion decrease in combined trust fund reserves during 2022 under the intermediate assumptions. The main reason for the smaller-than-expected annual deficit was higher payroll tax contributions associated with the continued strong economic recovery from the pandemic and brief recession of 2020.

The Trustees project that OASDI annual cost will exceed total income throughout the 75-year projection period. After the projected trust fund reserve depletion in 2034, continuing income would be sufficient to pay 80 percent of program cost, declining to 74 percent for 2097.

¹ The OASI and DI Trust Funds are distinct legal entities that operate independently. The two trust funds are often considered on a hypothetical combined basis—designated OASDI—to illustrate the actuarial status of the Social Security program as a whole.

Beneficiaries and Benefit Payments

At the end of 2022, the Social Security program was providing monthly benefits to about 66 million people: 57 million from the OASI Trust Fund and 9 million from the DI Trust Fund. Total benefit payments for the year (excluding payments to the Railroad Retirement Board) were \$1,232 billion: \$1,088 billion from the OASI Trust Fund and \$144 billion from the DI Trust Fund.

Sources of Trust Fund Income

During 2022, an estimated 181 million workers had earnings covered by Social Security and paid \$1,107 billion in payroll taxes. Employees pay a 6.2 percent contribution from earnings up to a maximum of \$160,200 in 2023, which their employers match. Self-employed workers pay both shares of the contribution, or 12.4 percent. Generally, more than 40 percent of current beneficiaries pay income taxes on part of their benefits, and those taxes go to the OASDI trust funds and Medicare's Hospital Insurance Trust Fund. In 2022, income to the combined OASDI trust funds from the taxation of benefits amounted to \$49 billion. The trust funds also earned \$66 billion in interest payments on their accumulated reserves.



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