News Release
Social Security

Social Security Board of Trustees: Projected Trust Fund Exhaustion One Year Sooner

The Social Security Board of Trustees today released its annual report on the financial health of the Social Security Trust Funds. The combined assets of the Old-Age and Survivors Insurance, and Disability Insurance (OASDI) Trust Funds will be exhausted in 2036, one year sooner than projected last year. The DI Trust Fund, while unchanged from last year, will be exhausted in 2018 and legislative action will be needed soon. At a minimum, a reallocation of the payroll tax rate between OASI and DI would be necessary, as was done in 1994. The Trustees also project that OASDI program costs will exceed non-interest income in 2011 and will remain higher throughout the remainder of the 75-year period.

In the 2011 Annual Report to Congress, the Trustees announced:

- The projected point at which the combined Trust Funds will be exhausted comes in 2036 – one year sooner than projected last year. At that time, there will be sufficient non-interest income coming in to pay about 77 percent of scheduled benefits.

- The point at which non-interest income fell below program costs was 2010. Program costs are projected to exceed non-interest income throughout the remainder of the 75-year period.

- The projected actuarial deficit over the 75-year long-range period is 2.22 percent of taxable payroll -- 0.30 percentage point larger than in last year’s report.

- Over the 75-year period, the Trust Funds would require additional revenue equivalent to $6.5 trillion in present value dollars to pay all scheduled benefits.

“The current Trustees Report again reflects what we have long known to be true – we need changes to ensure the long-term solvency of Social Security and to restore younger workers’ confidence in the program,” said Michael J. Astrue, Commissioner of Social Security. “The report also highlights the more near-term shortfall in the Disability Insurance Trust Fund. Our disability programs are complex, and there is a long history of well intended ‘reforms’ causing unintended consequences. The President sent to Congress our Work Incentive Simplification
Proposal, which would be a good start for bipartisan debate. I urge the House and Senate to review this proposed legislation carefully and schedule hearings this year.”

Other highlights of the Trustees Report include:

- Income including interest to the combined OASDI Trust Funds amounted to $781 billion ($637 billion in net contributions, $24 billion from taxation of benefits, $117 billion in interest, and $2 billion in reimbursements from the General Fund of the Treasury) in 2010.

- Total expenditures from the combined OASDI Trust Funds amounted to $713 billion in 2010.

- The assets of the combined OASDI Trust Funds increased by $69 billion in 2010 to a total of $2.6 trillion.

- During 2010, an estimated 157 million people had earnings covered by Social Security and paid payroll taxes.

- Social Security paid benefits of $702 billion in calendar year 2010. There were about 54 million beneficiaries at the end of the calendar year.

- The cost of $6.5 billion to administer the program in 2010 was a very low 0.9 percent of total expenditures.

- The combined Trust Fund assets earned interest at an effective annual rate of 4.6 percent in 2010.

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 trustees are Charles P. Blahous, III and Robert D. Reischauer.