



SUMMARY: Actuarial Status of the Social Security Trust Funds

June 2016

The [annual report](#) of the Social Security Board of Trustees reports on the actuarial status of the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds. The table below outlines key measures of the actuarial status of the trust funds under the intermediate assumptions in the 2016 report.

The Social Security Benefit Protection and Opportunity Enhancement Act (part of the [Bipartisan Budget Act of 2015](#)) averted a near-term shortfall in the DI Trust Fund. The temporary reallocation of payroll contribution rates from the OASI Trust Fund to the DI Trust Fund means that DI will be able to pay

full benefits until 2023. The OASI fund can pay full benefits until 2035, and the combined OASDI funds until 2034, which are unchanged from last year.

By most measures, the outlook for the combined OASDI Trust Funds is little changed from the 2015 report. The projected actuarial deficit for the combined trust funds over the next 75 years is 2.66 percent of taxable payroll, which is slightly less than last year's projected deficit of 2.68 percent. As a share of the economy or gross domestic product (GDP), the actuarial deficit over the next 75 years is projected to be 1.0 percent.

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

	<u>2015 report</u>	<u>2016 report</u>
75-year actuarial deficit		
As a percentage of taxable payroll	2.68%	2.66%
As a percentage of GDP	1.0%	1.0%
Income and outgo in year prior to report year (in billions)		
Income		
Total	\$884	\$920
Social Security contributions ^a	\$756	\$795
Income taxes on benefits	\$30	\$32
Interest	\$98	\$93
Outgo		
Total	\$859	\$897
Benefit payments ^b	\$853	\$891
Administration	\$6	\$6
Net increase in assets	\$25	\$23
Trust fund reserves		
Amount at beginning of report year (in billions)	\$2,789	\$2,813
Amount at beginning of report year (as a percentage of report year outgo)	308%	303%
Year of peak trust fund reserves	2019	2019
Amount at end of peak year (in billions)	\$2,855	\$2,892
Year of trust fund depletion		
OASDI	2034	2034
OASI	2035	2035
DI	2016	2023
Share of OASDI outgo covered by scheduled revenue in—		
Year of trust fund depletion	79%	79%
End of 75-year reporting period	73%	74%

SOURCE: 2016 Trustees Report.

a. Includes a small amount of reimbursements from the General Fund of the Treasury due to the payroll contribution holiday.

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

The 2015 annual surplus of \$23 billion increased the asset reserves of the combined OASDI Trust Funds, bringing the total reserves to \$2.81 trillion at the beginning of 2016. This amount is equal to 303 percent of the estimated annual expenditures for 2016. This increase in trust fund reserves during 2015 was about \$13.8 billion more than estimated in the 2015 report under the intermediate assumptions, due mainly to slightly higher contribution income and slightly lower benefit payments than projected.

The Trustees project that the combined OASDI Trust Funds will continue growing through 2019 as total annual income exceeds total annual costs. Beginning in 2020, however, they project the OASDI annual cost will exceed total income, so the trust fund reserves will be drawn down until they are depleted in 2034—the same year as estimated last year. After trust fund reserve depletion, continuing income is sufficient to pay 79 percent of program cost, declining to 74 percent for 2090.

The Social Security Benefit Protection and Opportunity Enhancement Act

The Social Security Benefit Protection and Opportunity Enhancement Act, signed into law on November 2, 2015 as part of the [Bipartisan Budget Act of 2015](#), included a temporary reallocation of part of the contribution rate from OASI to DI. For 2016 through 2018, the Act increases from 0.9 percent to 1.185 percent the portion of the total 6.2 percent OASDI contribution (paid by employers and employees each) that is directed to the DI Trust Fund. There is a corresponding decrease in the portion of the contribution rate directed to the OASI Trust Fund. This reallocation has no effect on the combined OASDI depletion date and extends the projected DI Trust Fund reserve depletion by 6 years, with relatively little effect on the much larger OASI Trust Fund.

The Act also contains a number of other provisions affecting Social Security, and is expected to have a small net positive financial impact on the OASDI program (improving the actuarial balance by 0.03 percent of taxable payroll).

Beneficiaries and Benefit Payments

At the end of 2015, the Social Security program was providing monthly benefits to about 60 million people: 49 million from the OASI Trust Fund and 11 million from the DI Trust Fund. Total benefit payments for the year were \$886 billion: \$743 billion from the OASI Trust Fund and \$143 billion from the DI Trust Fund.

Sources of Trust Fund Income

During 2015, an estimated 169 million workers had earnings covered by Social Security. Employees pay a 6.2 percent contribution from earnings up to a maximum of \$118,500 in 2016, which is matched by their employers. Self-employed workers pay both shares of the contribution, or 12.4 percent. About 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. The trust funds also earn interest (\$93 billion in 2015) on their accumulated reserves.



**Office of Retirement
and Disability Policy**

www.socialsecurity.gov/policy

Produced and published at U.S. taxpayer expense