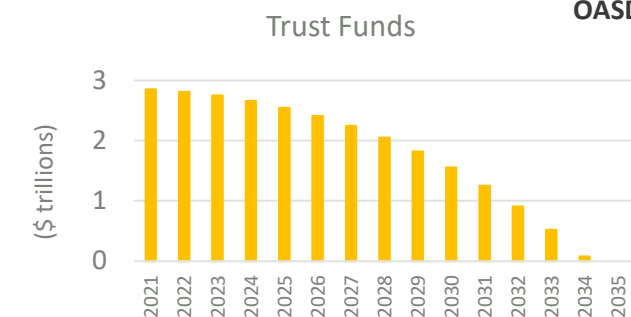


Financials



Income for 2022: \$1.22 trillion
Benefits and other costs for 2022: \$1.24 trillion
OASDI Trust funds at December 31, 2022: \$2.83 trillion

- The combined Social Security trust fund reserves are projected to become **depleted during 2034**. Legislation is needed before then to sustain the ability to pay all Social Security benefits in full and on time.

- In the 2023 Trustees report, the **75-year actuarial deficit** increased from 3.42% of taxable payroll to 3.61% of taxable payroll. Thus, if the total OASDI tax was immediately raised from 12.40% to 16.01%, the system is projected to receive enough taxes to pay current scheduled benefits for 75 years, with one year's worth of benefit payments remaining at 2097.
- Projecting a system as complex as Social Security involves the potential for the future to unfold differently than assumed. **Future results may differ significantly from those in the current Trustees report** due to future experience that differs from that anticipated by the economic or demographic assumptions.

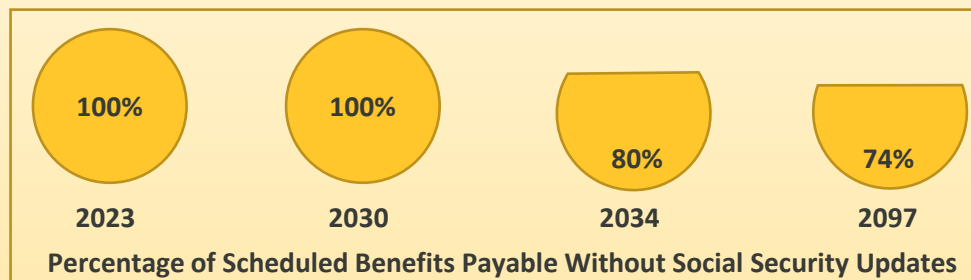
Economy

- GDP** and productivity estimates were adjusted in this year's report through the year 2026, resulting in a reduction of 3% in estimated GDP. Productivity growth is expected at a low level over the 2022-2024 period, which represents a cumulative reduction of about 4% from the prior assumption. This growth has a dampening impact on expectations for wage income and payroll taxation.
- Total U.S. **economic productivity** is defined as the ratio of real GDP to hours worked by all workers. Higher levels of productivity lead to growth in GDP and in higher levels of wages that lead to higher levels of tax revenue for the OASDI program. The trustees assume productivity will increase by 1.63% per year in the long run. Productivity increased by a lower 1.09% per year in the most recent complete economic cycle (2007-19).
- Trust fund reserves are small compared to the value of all the benefits** that Social Security will pay and are declining. They are invested in special issue U.S. government bonds. Because the trust fund reserves are being depleted, **the recent interest rate increase is not expected to significantly affect the future trajectory** of the Social Security trust fund balance.
- The Trustees have assumed that the **COVID-19 pandemic** will have no net effect on the long-range assumptions used to project the system's financial health and operations. Pandemic-related effects are reflected in the short-range assumptions for population and economics.

Covid-19

2023 Trustees Report HIGHLIGHTS

- The combined Social Security trust fund reserves are projected to become depleted during 2034, one year earlier than was projected in last year's report, only 11 years from now.
- If changes to the program are not implemented before 2034, only 80% of scheduled benefits would be payable after depletion in 2034, declining to 74% by 2097.



- Recent changes in inflation and interest rates, although they will have an effect in the immediate future, are not expected to significantly affect the long-term trajectory of Social Security reserves.
- The **75-year actuarial deficit** increased from 3.42% of taxable payroll to 3.61% of taxable payroll, due to a mix of changes in near-term economic and demographic assumptions, new program data, and methodological improvements.
 - These highlights reflect the Trustees intermediate cost assumptions. See the full Academy of Actuaries Issue Brief for a more in-depth discussion of the valuation results and methodology.

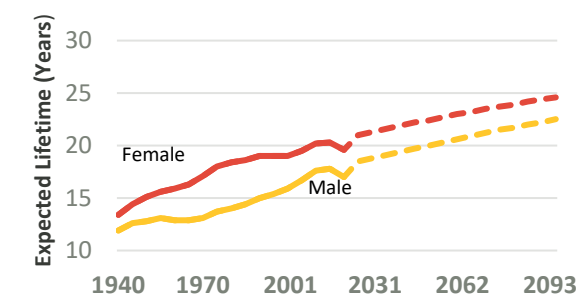
- In 2022, **181 million workers** paid Social Security taxes, while **66 million individuals** received Social Security benefits. Of those receiving benefits, 51 million were retirees, 9 million were disabled and 6 million were dependents or survivors.

- The number of Americans 65 and older will increase from about 58 million in 2022 to about 75 million by 2035.

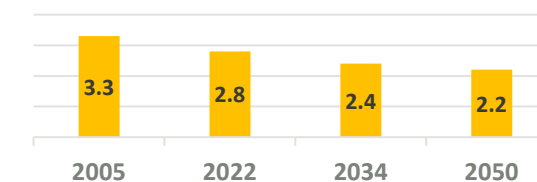
- A smaller working population relative to beneficiaries means there are fewer workers paying taxes to support each beneficiary. The retirement of the baby-boom generation is increasing the number of beneficiaries faster than the increase in the number of covered workers, as lower-birth-rate generations enter the workforce. This imbalance will persist indefinitely and fundamentally change the age distribution of the population.

People

Life Expectancy at Age 65



Workers per Beneficiary



Inflation and Wages

- The 2023 report reflects the recent increase in the rate of inflation, as well as a subsequent reduction in inflation to an ultimate level of 2.4% in 2025. However, since wages, taxes, and benefits are related to inflation, it is the net effect that is important to the future sustainability of the program. As a result, the effects of a change in inflation are not as important in the projections as a change in 'real wages', which is the difference between wages and inflation. The long-term real wage growth assumption is 1.14% this year.

- Over the last few decades, **real wages** have increased at a slower rate. This year's report estimates that real wages shrank significantly (-3.4%) in 2022. That is, wage growth is estimated to fall far short of inflation. If future gains in taxable wages remain at a lower level, the program's finances will be further stressed as a result of lower tax revenue. Note that lower-than-expected wages also result in a corresponding change in earned benefits. But since the payment of those lower benefits is far in the future, the net result is an increase to the system's actuarial deficit.

Average Annual % Change in Real Wages

