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NEWS RELEASE

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American Academy of Actuaries: Earlier Congressional Reform of Social Security Could Ease Reform Impacts on Beneficiaries

WASHINGTON—The reform options at Congress’ disposal to address the depletion of Social Security’s combined trust fund reserves in 2034 will become only more limited in number and potentially more severe as time passes, a new [issue brief](#) from the nonpartisan American Academy of Actuaries cautions.

“The American Academy of Actuaries’ latest review of Social Security data and projections shows a clear, compelling benefit and public good to Congress engaging the reform process sooner rather than later,” said Academy Senior Pension Fellow Linda K. Stone, the U.S. actuarial profession’s chief public policy liaison on Social Security and other retirement issues. “Acting now to address Social Security’s financial challenges would allow Congress to consider reform options that are more moderate, gradual, and give the American people time to adjust to any needed changes in benefits or taxes.”

Without reform ahead of 2034, people already receiving benefits by that depletion year could face an automatic 20% cut in benefits. [Reforming Social Security Sooner Rather than Later](#), the new issue brief developed by the Academy’s Social Security Committee, points out that with Social Security’s projected cash shortfall in 2034 projected to be three times as large as the last time the trust funds were close to depletion in 1983—3.12% of taxable earnings vs. 1%—reforms enacted at or near trust fund depletion could be on the order of increasing the payroll tax rate by 25% or a combination of benefit cuts and tax increases with the same actuarial effect. “Last-minute reforms likely would look very different from the early 1980s, including potentially Congress having to break its traditions of not applying benefit cuts to currently eligible individuals, and of phasing in rather than making abrupt benefit reductions between different cohorts of Social Security beneficiaries, or it could tap general revenues,” Stone noted.

The issue brief provides examples of gradual reform options that Congress could begin weighing for consideration and adoption soon, ranging from a variety of phased-in tax increases to a variety of phased-in benefit reductions. “The alternative of gradual reform options can address the program’s financial challenges while easing impacts on tens of millions of current and future beneficiaries and the many older Americans who rely on Social Security for half or more of their income,” said Stone.

(MORE)

10-30-23—ACADEMY: EARLIER SOCIAL SECURITY REFORM COULD EASE IMPACTS

View the issue brief and learn more about the financial effects of different reform options with the Academy's Social Security Challenge at actuary.org/socialsecurity.

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The American Academy of Actuaries is a 19,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.