

THE 2022 ANNUAL REPORT OF THE BOARD OF  
TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS  
INSURANCE AND FEDERAL DISABILITY INSURANCE  
TRUST FUNDS

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COMMUNICATION

FROM

THE BOARD OF TRUSTEES, FEDERAL OLD-AGE AND  
SURVIVORS INSURANCE AND FEDERAL DISABILITY  
INSURANCE TRUST FUNDS

TRANSMITTING

THE 2022 ANNUAL REPORT OF THE BOARD OF TRUSTEES OF THE  
FEDERAL OLD-AGE AND SURVIVORS INSURANCE AND FEDERAL  
DISABILITY INSURANCE TRUST FUNDS



June 23, 2022—Referred to the Committee on Ways and Means  
and ordered to be printed

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U.S. GOVERNMENT PUBLISHING OFFICE



# LETTER OF TRANSMITTAL

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## BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE AND FEDERAL DISABILITY INSURANCE TRUST FUNDS, Washington, D.C., June 2, 2022


HON. NANCY PELOSI,  
*Speaker of the House of Representatives.*

HON. KAMALA D. HARRIS,  
*President of the Senate.*

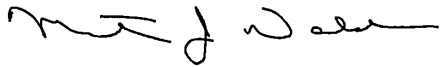
DEAR MADAM SPEAKER AND MADAM PRESIDENT:

We have the honor of transmitting to you the 2022 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, the 82nd such report.

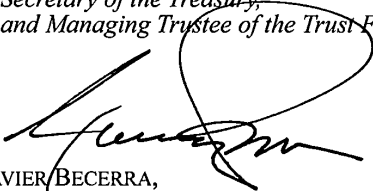
Respectfully,



JANET YELLEN,  
*Secretary of the Treasury,  
and Managing Trustee of the Trust Funds.*



MARTIN J. WALSH,  
*Secretary of Labor,  
and Trustee.*



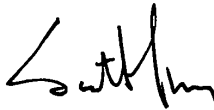
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*Secretary of Health and Human Services,  
and Trustee.*



KILOLO KIJAKAZI,  
*Acting Commissioner of  
Social Security, and Trustee.*

VACANT,  
*Public Trustee.*

VACANT,  
*Public Trustee.*



SCOTT L. FREY,  
*Chief of Staff, Social Security Administration,  
and Acting Secretary, Board of Trustees.*



## CONTENTS

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<b>I. INTRODUCTION</b>	<b>1</b>
<b>II. OVERVIEW</b>	<b>2</b>
A. HIGHLIGHTS	2
B. TRUST FUND FINANCIAL OPERATIONS IN 2021	7
C. ASSUMPTIONS ABOUT THE FUTURE	9
D. PROJECTIONS OF FUTURE FINANCIAL STATUS	11
E. CONCLUSION	25
<b>III. FINANCIAL OPERATIONS OF THE TRUST FUNDS AND LEGISLATIVE CHANGES IN THE LAST YEAR</b>	<b>28</b>
A. OPERATIONS OF THE OLD-AGE AND SURVIVORS INSURANCE (OASI) AND DISABILITY INSURANCE (DI) TRUST FUNDS, IN CALENDAR YEAR 2021	28
1. OASI Trust Fund	28
2. DI Trust Fund	33
3. OASI and DI Trust Funds, Combined	35
B. CHANGES IN LAW AND POLICY AFFECTING SOCIAL SECURITY SINCE THE 2021 REPORT	40
<b>IV. ACTUARIAL ESTIMATES</b>	<b>41</b>
A. SHORT-RANGE ESTIMATES	41
1. Operations of the OASI Trust Fund	42
2. Operations of the DI Trust Fund	46
3. Operations of the Combined OASI and DI Trust Funds	49
4. Factors Underlying Changes in 10-Year Trust Fund Ratio Estimates From Last Year's Report	51
B. LONG-RANGE ESTIMATES	53
1. Annual Income Rates, Cost Rates, and Balances	54
2. Comparison of Workers to Beneficiaries	63
3. Trust Fund Ratios and Test of Long-Range Close Actuarial Balance	66
4. Summarized Income Rates, Summarized Cost Rates, and Actuarial Balances	70
5. Open-Group Unfunded Obligation	74
6. Reasons for Change in Actuarial Balance From Last Report	76

<b>V. ASSUMPTIONS AND METHODS UNDERLYING ACTUARIAL ESTIMATES . . . . .</b>	<b>82</b>
A. DEMOGRAPHIC ASSUMPTIONS AND METHODS . . . . .	83
1. Fertility Assumptions . . . . .	83
2. Mortality Assumptions . . . . .	85
3. Immigration Assumptions . . . . .	89
4. Total Population Estimates . . . . .	96
5. Life Expectancy Estimates . . . . .	98
B. ECONOMIC ASSUMPTIONS AND METHODS . . . . .	102
1. Productivity Assumptions . . . . .	103
2. Price Inflation Assumptions . . . . .	103
3. Average Earnings Assumptions . . . . .	105
4. Assumed Real Wage Differential . . . . .	108
5. Labor Force, Employment, and Unemployment Projections . .	110
6. Gross Domestic Product Projections . . . . .	113
7. Interest Rates . . . . .	114
C. PROGRAM-SPECIFIC ASSUMPTIONS AND METHODS . . . . .	118
1. Automatically Adjusted Program Parameters . . . . .	118
2. Covered Employment . . . . .	126
3. Insured Population . . . . .	127
4. Old-Age and Survivors Insurance Beneficiaries . . . . .	130
5. Disability Insurance Beneficiaries . . . . .	136
6. Covered and Taxable Earnings, Taxable Payroll, and Payroll Tax Contributions . . . . .	147
7. Income From Taxation of Benefits . . . . .	151
8. Average Benefits . . . . .	152
9. Scheduled Benefits . . . . .	153
10. Illustrative Scheduled Benefit Amounts . . . . .	153
11. Administrative Expenses . . . . .	156
12. Railroad Retirement Financial Interchange . . . . .	156
<b>VI. APPENDICES . . . . .</b>	<b>157</b>
A. HISTORY OF OASI AND DI TRUST FUND OPERATIONS . . . . .	157
B. HISTORY OF ACTUARIAL STATUS ESTIMATES . . . . .	169
C. FISCAL YEAR HISTORICAL AND PROJECTED TRUST FUND OPERATIONS THROUGH 2031 . . . . .	176
D. LONG-RANGE SENSITIVITY ANALYSIS . . . . .	183
1. Total Fertility Rate . . . . .	183
2. Death Rates . . . . .	185
3. Immigration . . . . .	186
4. Real Wage Differential . . . . .	187
5. Consumer Price Index . . . . .	189
6. Real Interest Rate . . . . .	190

7. Taxable Ratio . . . . .	191
8. Disability Incidence Rates . . . . .	193
9. Disability Termination Rates . . . . .	194
E. STOCHASTIC PROJECTIONS AND UNCERTAINTY . . . . .	196
1. Background. . . . .	196
2. Stochastic Methodology. . . . .	196
3. Stochastic Results . . . . .	197
4. Comparison of Results: Stochastic to Low-Cost, Intermediate, and High-Cost Alternative Scenarios . . . . .	200
F. INFINITE HORIZON PROJECTIONS . . . . .	206
G. ESTIMATES FOR OASDI AND HI, SEPARATE AND COMBINED. . . . .	210
1. Estimates as a Percentage of Taxable Payroll. . . . .	210
2. Estimates as a Percentage of Gross Domestic Product . . . . .	216
3. Estimates in Dollars. . . . .	221
H. ANALYSIS OF BENEFIT PAYMENTS FROM THE OASI TRUST FUND WITH RESPECT TO DISABLED BENEFICIARIES . . . . .	234
I. GLOSSARY . . . . .	238
<b>LIST OF TABLES . . . . .</b>	<b>256</b>
<b>LIST OF FIGURES . . . . .</b>	<b>261</b>
<b>INDEX. . . . .</b>	<b>263</b>
<b>STATEMENT OF ACTUARIAL OPINION . . . . .</b>	<b>268</b>





**THE 2022 ANNUAL REPORT OF THE BOARD OF  
TRUSTEES OF THE FEDERAL OLD-AGE AND  
SURVIVORS INSURANCE AND FEDERAL DISABILITY  
INSURANCE TRUST FUNDS**

**I. INTRODUCTION**

The Old-Age, Survivors, and Disability Insurance (OASDI) program makes monthly income available to insured workers and their families at retirement, death, or disability. The OASDI program consists of two parts. Retired workers, their families, and survivors of deceased workers receive monthly benefits under the Old-Age and Survivors Insurance (OASI) program. Disabled workers and their families receive monthly benefits under the Disability Insurance (DI) program.

The Social Security Act established the Board of Trustees to oversee the financial operations of the OASI and DI Trust Funds. The Board is composed of six members. Four members serve by virtue of their positions in the Federal Government: the Secretary of the Treasury, who is the Managing Trustee; the Secretary of Labor; the Secretary of Health and Human Services; and the Commissioner of Social Security. The President appoints and the Senate confirms the other two members to serve as public representatives. These two positions are currently vacant. The Deputy Commissioner of the Social Security Administration serves as Secretary of the Board.

The Social Security Act requires that the Board, among other duties, report annually to the Congress on the actuarial status and financial operations of the OASI and DI Trust Funds. The 2022 report is the 82nd such report. The assumptions for this report were set in mid-February 2022. Developments since then have added to the uncertainty regarding the path of the COVID-19 pandemic and the economy. The Trustees will continue to monitor these and any future developments and modify the projections in later reports as appropriate.

## II. OVERVIEW

### A. HIGHLIGHTS

This section summarizes the report's major findings.

Readers of this report should note that the data and projections presented include the Trustees' best estimates of the effects of the COVID-19 pandemic. The pandemic is projected to have continuing significant effects on the OASI and DI programs in the near term, and the future course of the pandemic is uncertain. However, the economic recovery from the brief recession in 2020 has been stronger and faster than assumed in last year's report. On balance, the projected long-range actuarial status of the OASI and DI Trust Funds has been little changed by the effects of the pandemic and ensuing recession, considering both the effects realized to date and those yet expected. The Trustees will continue to monitor developments and modify the projections in later reports.

#### In 2021

At the end of 2021, the OASDI program was providing benefit payments<sup>1</sup> to about 65 million people: 50 million retired workers and dependents of retired workers, 6 million survivors of deceased workers, and 9 million disabled workers and dependents of disabled workers. During the year, an estimated 179 million people had earnings covered by Social Security and paid payroll taxes on those earnings. The total cost of the program in 2021 was \$1,145 billion. Total income was \$1,088 billion, which consisted of \$1,018 billion in non-interest income and \$70 billion in interest earnings. Asset reserves held in special issue U.S. Treasury securities declined from \$2,908 billion at the beginning of the year to \$2,852 billion at the end of the year. The total cost and change in asset reserves shown for 2021 reflect the twelve months of benefits scheduled for payment, and include the benefits scheduled for payment on January 3, 2021, which were actually paid on December 31, 2020 as required by the law.<sup>2</sup>

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<sup>1</sup> The definitions of "benefit payments" and other terms appear in the Glossary.

<sup>2</sup> Benefit payments which were scheduled to be paid on January 3, 2021 were actually paid on December 31, 2020 as required by the statutory provision for early delivery of benefit payments when the normal delivery date is a Saturday, Sunday, or public legal holiday. The amount of these payments was approximately \$18.7 billion for the OASI Trust Fund and \$6.1 billion for the DI Trust Fund. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment each year.

**Short-Range Results (2022-31)**

Under the Trustees' intermediate assumptions, Social Security's total cost is projected to be higher than its total income in 2022 and all later years. Total cost began to be higher than total income in 2021. Social Security's cost has exceeded its non-interest income since 2010.

To illustrate the actuarial status of the Social Security program as a whole, the operations of the OASI and DI Trust Funds are often shown on a combined basis as OASDI. However, by law, the two funds are separate entities and therefore the combined fund operations and reserves are hypothetical. The combined reserves are projected to decrease from \$2,852 billion at the beginning of 2022 to \$1,251 billion at the end of 2031, the last year of the short-range period.

The reserves of the combined OASI and DI Trust Funds along with projected program income are sufficient to cover projected program cost over the next 10 years under the intermediate assumptions. However, the ratio of reserves to annual cost is projected to decline from 230 percent at the beginning of 2022 to 74 percent at the beginning of 2031. Because this ratio falls below 100 percent by the beginning of the 10th projection year, the combined OASI and DI Trust Funds fail the Trustees' test of short-range financial adequacy. Considered separately, the OASI Trust Fund fails this test, but the DI Trust Fund satisfies the test. For last year's report, the Trustees projected that combined reserves would be 231 percent of annual cost at the beginning of 2022 and 66 percent at the beginning of 2031.

**Long-Range Results (2022-96)**

Under the Trustees' intermediate assumptions, OASDI cost is projected to exceed total income in 2022, and the dollar level of the hypothetical combined trust fund reserves declines until reserves become depleted in 2035. Figure II.D2 shows the implications of reserve depletion for the combined OASI and DI Trust Funds. Considered separately, the OASI Trust Fund reserves become depleted in 2034, and, for the first time since the 1983 Trustees Report, the DI Trust Fund reserves do not become depleted within the 75-year long-range projection period.<sup>1</sup> In last year's report, the projected reserve depletion years were 2034 for OASDI, 2033 for OASI, and 2057 for

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<sup>1</sup> If the OASI Trust Fund reserves were to become depleted in 2034 as is currently projected, the operations of the hypothetical combined OASI and DI Trust Funds would not reflect the aggregated operation of the OASI Trust Fund and the DI Trust Fund because part of the OASI benefits could not be paid without a change in the law. The values shown for the hypothetical combined trust funds assume the law will have been changed to permit the transfer of resources between funds as needed.

DI. The level of DI reserves is very sensitive to changes in program cash flows and interest.

The DI program continues to have low levels of disability applications and benefit awards for 2021. Disability applications have declined substantially since 2010, and the total number of disabled-worker beneficiaries in current payment status has been falling since 2014. For this report, disability applications are assumed to rise gradually from current low levels, resulting in a rise in the age-sex-adjusted disability incidence rate to an ultimate rate of 4.8 per thousand exposed by the end of the short-range projection period. The ultimate disability incidence rate was lowered from the rate of 5.0 per thousand that was assumed in last year's report.

OASDI cost has been generally increasing much more rapidly than non-interest income since 2008 and is projected to continue to do so through about 2040. In this period, the retirement of the baby-boom generation is increasing the number of beneficiaries much faster than the increase in the number of covered workers, as subsequent lower-birth-rate generations replace the baby-boom generation at working ages. Between about 2040 and 2055, OASDI cost and non-interest income are projected to generally increase at more similar rates as the cost rate (the ratio of program cost to taxable payroll) roughly stabilizes, reflecting the return to birth rates above 2 children per woman between 1990 and 2008. Between 2055 and 2078, OASDI cost is projected to grow significantly faster than income because of the period of historically low birth rates starting with the recession of 2007-09. From 2078 to 2096, cost is projected to grow somewhat slower than income, as birth rates return to a level of 2 children per woman for 2056 and thereafter.

Over the 75-year long-range period 2022-96, the projected OASDI annual cost rate increases from 14.05 percent of taxable payroll for 2022 to 18.32 percent for 2078, and then decreases to 17.64 percent for 2096. The projected cost rate for 2096 is 4.25 percent of taxable payroll more than the projected income rate (the ratio of non-interest income to taxable payroll) for 2096. For last year's report, the Trustees estimated the OASDI cost for 2096 at 17.70 percent, or 4.35 percent of payroll more than the annual income rate for that year. Expressed in relation to the projected gross domestic product (GDP), OASDI cost generally rises from 5.0 percent of GDP for 2022 to a peak of about 6.2 percent for 2077, and then declines to 5.9 percent by 2096.

The actuarial deficit is 3.42 percent of taxable payroll for the 75-year projection period through 2096, decreased from 3.54 percent of taxable payroll for the 75-year projection period through 2095 in last year's report. The closely-related open-group unfunded obligation for OASDI is 3.24 percent of taxable

payroll over the 75-year projection period through 2096, decreased from 3.35 percent of payroll over the 75-year projection period through 2095 in last year's report. The open-group unfunded obligation for OASDI is \$20.4 trillion in present value over the 75-year projection period through 2096 and is \$0.6 trillion more than the measured level of \$19.8 trillion over the 75-year projection period through 2095 in last year's report. The actuarial deficit rounds to 1.2 percent and the unfunded obligation rounds to 1.1 percent of GDP over the 75-year projection period through 2096, compared to 1.2 percent for each over the 75-year projection period through 2095 in last year's report.

If the assumptions, methods, starting values, and the law had all remained unchanged, the actuarial deficit would have increased to 3.59 percent of taxable payroll, and the unfunded obligation would have risen to 3.41 percent of taxable payroll and \$20.6 trillion in present value due to the change in the valuation date and the extension of the valuation period through an additional year, 2096. The actuarial deficit decreased significantly in this year's report due to favorable recent experience and changes in assumptions described in detail in section IV.B.6 of this report.

To illustrate the magnitude of the 75-year actuarial deficit, consider that for the combined OASI and DI Trust Funds to remain fully solvent throughout the 75-year projection period ending in 2096: (1) revenue would have to increase by an amount equivalent to an immediate and permanent payroll tax rate increase of 3.24 percentage points<sup>1</sup> to 15.64 percent beginning in January 2022; (2) scheduled benefits would have to be reduced by an amount equivalent to an immediate and permanent reduction of 20.3 percent applied to all current and future beneficiaries effective in January 2022, or 24.1 percent if the reductions were applied only to those who become initially eligible for benefits in 2022 or later; or (3) some combination of these approaches would have to be adopted.

If substantial actions are deferred for several years, the changes necessary to maintain Social Security solvency would be concentrated on fewer years and fewer generations. Significantly larger changes would be necessary if action is deferred until the combined trust fund reserves become depleted in 2035. For example, maintaining 75-year solvency through 2096 with changes that begin in 2035 would require: (1) an increase in revenue by an amount equivalent to a permanent 4.07 percentage point payroll tax rate increase to

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<sup>1</sup> The 3.24 percentage point increase in the payroll tax rate required to achieve 75-year solvency through 2096 differs somewhat from the 3.42 percent actuarial deficit. This is primarily because the rate increase required to achieve 75-year solvency reflects a zero trust fund reserve at the end of the period in 2096, whereas the 3.42 percent actuarial deficit incorporates an ending trust fund reserve equal to one year's cost. While such an increase in the payroll tax rate would cause some behavioral changes in earnings and ensuing changes in benefit levels, such changes are not included in these calculations because they are assumed to have roughly offsetting effects on OASDI actuarial status over the 75-year long-range period as a whole.

16.47 percent starting in 2035, (2) a reduction in scheduled benefits by an amount equivalent to a permanent 24.9 percent reduction in all benefits starting in 2035, or (3) some combination of these approaches.

## **Conclusion**

Under the intermediate assumptions, the projected hypothetical combined OASI and DI Trust Fund asset reserves become depleted and unable to pay scheduled benefits in full on a timely basis in 2035. At the time of depletion of these combined reserves, continuing income to the combined trust funds would be sufficient to pay 80 percent of scheduled benefits. The OASI Trust Fund reserves are projected to become depleted in 2034, at which time OASI income would be sufficient to pay 77 percent of OASI scheduled benefits. DI Trust Fund asset reserves are not projected to become depleted during the 75-year period ending in 2096.

Lawmakers have a broad continuum of policy options that would close or reduce Social Security's long-term financing shortfall. Cost estimates for many such policy options are available at [www.ssa.gov/OACT/solvency/provisions/](http://www.ssa.gov/OACT/solvency/provisions/).

The Trustees recommend that lawmakers address the projected trust fund shortfalls in a timely way in order to phase in necessary changes gradually and give workers and beneficiaries time to adjust to them. Implementing changes sooner rather than later would allow more generations to share in the needed revenue increases or reductions in scheduled benefits. Social Security will play a critical role in the lives of 66 million beneficiaries and 182 million covered workers and their families during 2022. With informed discussion, creative thinking, and timely legislative action, Social Security can continue to protect future generations.

**B. TRUST FUND FINANCIAL OPERATIONS IN 2021**

Table II.B1 shows the income, cost, and asset reserves for the OASI, the DI, and the combined OASI and DI Trust Funds in calendar year 2021.

**Table II.B1.—Summary of 2021 Trust Fund Financial Operations**  
[In billions]

	OASI	DI	OASDI
Asset reserves at the end of 2020 <sup>a</sup> . . . . .	\$2,811.7	\$96.6	\$2,908.3
Total income in 2021 <sup>b</sup> . . . . .	942.9	145.5	1,088.3
Net payroll tax contributions <sup>c</sup> . . . . .	838.2	142.4	980.6
Interest . . . . .	67.5	2.6	70.1
Taxation of benefits <sup>c</sup> . . . . .	37.2	.5	37.6
Total cost in 2021 <sup>a</sup> . . . . .	1,001.9	142.6	1,144.6
Benefit payments <sup>a</sup> . . . . .	993.1	140.1	1,133.2
Administrative expenses . . . . .	4.0	2.5	6.5
Railroad Retirement financial interchange . . . . .	4.8	.1	4.9
Net increase in asset reserves in 2021 <sup>a</sup> . . . . .	-59.1	2.8	-56.3
Asset reserves at the end of 2021 . . . . .	2,752.6	99.4	2,852.0

<sup>a</sup> Benefit payments which were scheduled to be paid on January 3, 2021 were actually paid on December 31, 2020 as required by the statutory provision for early delivery of benefit payments when the normal delivery date is a Saturday, Sunday, or public legal holiday. The amount of these payments was approximately \$18.7 billion for the OASI Trust Fund and \$6.1 billion for the DI Trust Fund. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment each year.

<sup>b</sup> Includes less than \$50 million in reimbursements from the General Fund of the Treasury and gifts. See section III.A for details.

<sup>c</sup> Includes adjustments for prior calendar years. In June 2021, unusually large negative adjustments to payroll tax contributions in the amounts of \$30.4 billion for OASI and \$5.2 billion for DI were made because payroll tax revenue credited to the trust funds in 2020 was based on estimates that did not anticipate the effects of the pandemic and recession.

Note: Components may not sum to totals because of rounding.

In 2021, net payroll tax contributions accounted for 90.1 percent of total trust fund income. Net payroll tax contributions consist of taxes paid by employees, employers, and the self-employed on earnings covered by Social Security. These taxes are paid on covered earnings up to a specified maximum annual amount, which was \$142,800 in 2021. Table II.B2 shows the payroll tax rates for 2021.

**Table II.B2.—Payroll Tax Contribution Rates for 2021**  
[In percent]

	OASI	DI	OASDI
Payroll tax contribution rate for employees . . . . .	5.3	0.9	6.2
Payroll tax contribution rate for employers . . . . .	5.3	.9	6.2
Payroll tax contribution rate for self-employed persons . . . . .	10.6	1.8	12.4

Interest earned on invested trust fund asset reserves accounted for 6.4 percent of OASI and DI combined trust fund income in 2021. Revenue from subjecting up to 50 percent of Social Security benefits to Federal personal income taxation for beneficiaries with income (including half of benefits and all non-taxable interest received) exceeding specified levels accounted for 3.5 percent of OASDI income.

The Department of the Treasury invests all trust fund income in interest-bearing securities issued by the U.S. Government. In 2021, the combined trust fund reserves (the excess of all past income over all past expenditures) earned interest at an effective annual rate of 2.5 percent.

Retirement, survivor, and disability benefits accounted for 99.0 percent of OASI and DI combined trust fund cost in 2021. The expenses for administering the Social Security program were 0.6 percent of total cost. The net payment to the Railroad Retirement Social Security Equivalent Benefit Account from the combined OASI and DI Trust Funds accounted for 0.4 percent of total OASDI cost.

Trust fund reserves provide the basis for paying benefits. Combined trust fund reserves decreased by \$56.3 billion during 2021 because income to the combined funds, including interest earned on trust fund reserves, was less than total cost.<sup>1</sup> In last year's report, combined reserves were projected to decrease by \$77.3 billion in 2021.<sup>2</sup> At the end of 2021, the combined reserves of the OASI and the DI Trust Funds were \$2,852 billion, or 230 percent of estimated cost<sup>2</sup> for 2022. In comparison, the combined reserves at the end of 2020 were 254 percent of actual cost for 2021.

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<sup>1</sup> As noted in footnote a of table II.B1 and elsewhere in this report, asset reserves shown for the end of 2020 reflect the 12 months of benefits scheduled for payment in 2020 and thus exclude the benefits scheduled for payment on January 3, 2021, which were actually paid on December 31, 2020 as required by the law.

<sup>2</sup> Estimated cost is based on the intermediate set of assumptions.



### ***C. ASSUMPTIONS ABOUT THE FUTURE***

The future income and cost of the OASI and DI Trust Funds will depend on many factors, including the size and characteristics of the population receiving benefits, the level of monthly benefit amounts, the size of the workforce, and the level of covered workers' earnings. These factors will depend in turn on future birth rates, death rates, immigration, marriage and divorce rates, retirement-age patterns, disability incidence and termination rates, employment rates, productivity gains, wage increases, inflation, interest rates, and many other demographic, economic, and program-specific factors.

Table II.C1 presents key demographic, economic, and programmatic assumptions for three alternative scenarios. The intermediate assumptions reflect the Trustees' best estimates of future experience. Therefore, most of the results presented in this overview indicate outcomes under the intermediate assumptions only. Any projection of the future is, of course, uncertain. For this reason, the Trustees also present results under low-cost and high-cost alternatives to provide a range of possible future experience. The actual future costs are unlikely to be as extreme as those portrayed by the low-cost or high-cost projections. A separate section on the uncertainty of the projections, beginning on page 19, highlights the implications of these alternative scenarios.

The Trustees reexamine the assumptions each year in light of recent experience and new information. This annual review helps to ensure that the Trustees' assumptions provide the best estimate of future possibilities.

**Table II.C1.—Key Assumptions<sup>a</sup> and Summary Measures  
for the Long-Range (75-year) Projection Period**

Long-range assumptions	Intermediate	Low-cost	High-cost
<b>Demographic:</b>			
Average annual total fertility rate (children per woman), for 2032 through 2096 <sup>b</sup> . . . . .	1.99	2.19	1.69
Average annual percentage reduction in total age-sex-adjusted death rates from 2031 to 2096. . . . .	.74	.28	1.25
Average annual net lawful permanent resident (LPR) immigration (in thousands) for 2032 through 2096. . . . .	788	1,000	595
Average annual net other-than-LPR immigration (in thousands) for 2032 through 2096 . . . . .	458	684	234
<b>Economic:</b>			
Average annual percentage change in:			
Productivity (total U.S. economy), for 2030 and later. . . . .	1.63	1.93	1.33
Average wage in covered employment from 2031 to 2096 . . .	3.55	4.77	2.33
Consumer Price Index (CPI-W), for 2026 and later. . . . .	2.40	3.00	1.80
Average annual real wage differential (percent) for 2032 through 2096 . . . . .	1.15	1.77	.53
Unemployment rate (percent, age-sex-adjusted), for 2028 and later	4.5	3.5	5.5
Annual trust fund real interest rate (percent), for 2032 and later.	2.3	2.8	1.8
<b>Programmatic:</b>			
Average annual disability incidence rate (per 1,000 exposed, age-sex-adjusted) for 2032 through 2096 . . . . .	4.8	3.9	5.8
Average annual disability recovery rate (per 1,000 beneficiaries, age-sex-adjusted) for 2032 through 2096 . . . . .	10.4	12.5	8.3

<sup>a</sup> See chapter V for details, including historical and projected values.

<sup>b</sup> The ultimate total fertility rates of 2.00 for the intermediate assumptions, 2.20 for the low-cost assumptions, and 1.70 for the high-cost assumptions are fully reached for women of all ages in 2056. The cohort-based projection approach assumes that the ultimate rates will be achieved over the lifetime of women attaining age 14 soon after the start of the projection period, resulting in an extended transition from current low birth rates to ultimate birth rates. See section V.A.1 for additional details.

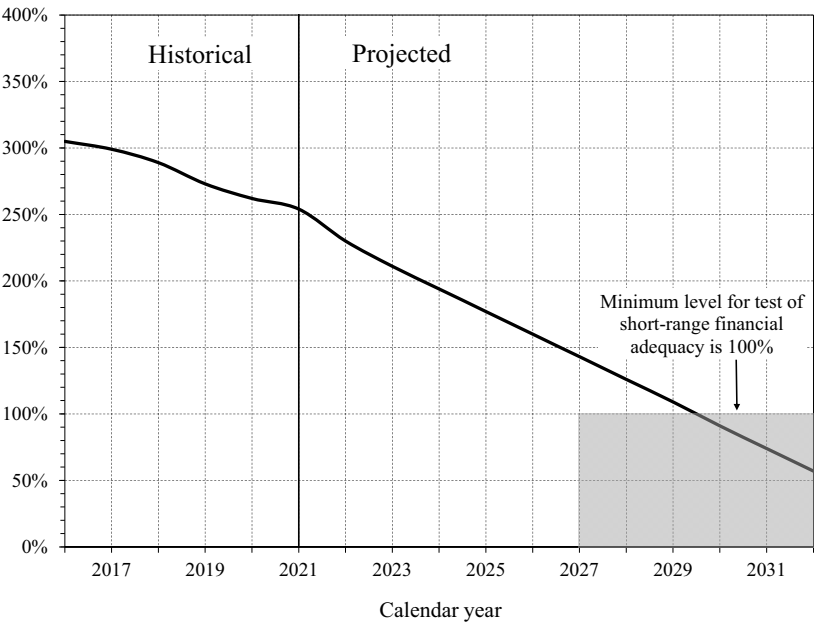
## ***D. PROJECTIONS OF FUTURE FINANCIAL STATUS***

### **Short-Range Actuarial Estimates**

For the short-range period (2022 through 2031), the Trustees measure financial adequacy using trust fund ratios, which compare projected asset reserves at the beginning of a year to projected program cost for the year. Maintaining a trust fund ratio of 100 percent or more—that is, reserves at the beginning of a year at least equal to projected cost for the year—is a good indication that the trust fund can cover most short-term contingencies. The Trustees' test of short-range financial adequacy is met if under the intermediate assumptions (1) the estimated trust fund ratio is at least 100 percent at the beginning of the period and remains at or above 100 percent throughout the 10-year short-range period (from the beginning of 2022 through the end of 2031, which is indicated by the trust fund ratio at the beginning of 2032) or (2) the ratio is initially less than 100 percent, but reaches at least 100 percent within five years and remains at or above 100 percent throughout the remainder of the 10-year short-range period. The projected trust fund ratio under the intermediate assumptions for the OASI Trust Fund declines to 87 percent by the beginning of 2030 and remains below 100 percent for the remainder of the short-range period. Therefore, OASI fails the Trustees' test of short-range financial adequacy. The DI Trust Fund satisfies the test of short-range financial adequacy because the trust fund ratio, while below 100 percent at the beginning of the projection period, reaches 100 percent within five years and stays above 100 percent throughout the remainder of the 10-year period. The Trustees estimate that the DI trust fund ratio was at 68 percent at the beginning of 2022. The projected DI trust fund ratio then increases to 100 percent by the beginning of 2026 and continues to increase for the remainder of the short-range period. On a combined basis, OASDI fails the Trustees' test of short-range financial adequacy because the OASDI trust fund ratio declines to 91 percent by the beginning of 2030 and remains below 100 percent for the remainder of the short-range period. Figure II.D1 shows that the trust fund ratio for the combined OASI and DI Trust Funds declines steadily after 2010.

For this report, combined reserves are projected to decline in 2022, as they did beginning in 2021, and to continue to decline throughout the remainder of the short-range period.

**Figure ILD1.—Short-Range OASI and DI Combined Trust Fund Ratio**  
[Asset reserves at beginning of year as a percentage of annual cost for the year,  
under intermediate assumptions]



**Long-Range Actuarial Estimates**

The Trustees use three types of measures to assess the actuarial status of the program over the long-range period (2022 through 2096): (1) annual cash-flow measures, including income rates, cost rates, and balances; (2) trust fund ratios; and (3) summary measures such as actuarial balances and open-group unfunded obligations. The Trustees express these measures as percentages of taxable payroll, as percentages of gross domestic product (GDP), or in dollars. The Trustees also present summary measures over the infinite horizon in appendix F. The infinite horizon values provide an additional indication of Social Security’s very-long-run financial condition.

The Trustees also apply a test of long-range close actuarial balance each year. To satisfy the test, a trust fund must meet two conditions: (1) the trust fund satisfies the test of short-range financial adequacy, and (2) the trust fund ratio stays above zero throughout the 75-year projection period, such that benefits would be payable in a timely manner throughout the period. Under the intermediate assumptions, the OASI Trust Fund and the combined OASI

and DI Trust Funds fail the test of long-range close actuarial balance, while the DI Trust Fund satisfies the test.

***Annual Income Rates, Cost Rates, and Balances***

Figure II.D2 illustrates the year-by-year relationship among OASDI income (excluding interest), cost (including scheduled benefits), and expenditures (including payable benefits) starting in 2000 and for the full 75-year projection period (2022 through 2096). The figure shows all values as percentages of taxable payroll. Under the intermediate assumptions, demographic factors by themselves cause the projected cost rate to rise rapidly for the next two decades, level off somewhat in about 2040 through 2055, rise temporarily between 2055 and 2078, and then decline somewhat through 2096. The projected income rate is relatively stable at about 13 percent throughout the 75-year period ending in 2096.

Annual OASDI cost has exceeded non-interest income every year beginning with 2010. The Trustees project that cost will continue to exceed non-interest income throughout the 75-year valuation period. Cost is projected to exceed total income in 2022, as it did beginning in 2021, and combined OASI and DI Trust Fund reserves decline until they become depleted in 2035. After trust fund reserve depletion, continuing income is sufficient to support expenditures at a level of 80 percent of program cost for the rest of 2035, declining to 74 percent for 2096. Figure II.D2 depicts OASDI operations as a combined whole. However, under current law, the differences between scheduled and payable benefits for OASI would begin in 2034, when the OASI Trust Fund is projected to become depleted. Scheduled benefits equal payable benefits for DI throughout the entire 75-year projection period, because the DI Trust Fund is not projected to become depleted during the period.

**Figure II.D2.—OASDI Income, Cost, and Expenditures as Percentages of Taxable Payroll**  
[Under intermediate assumptions]

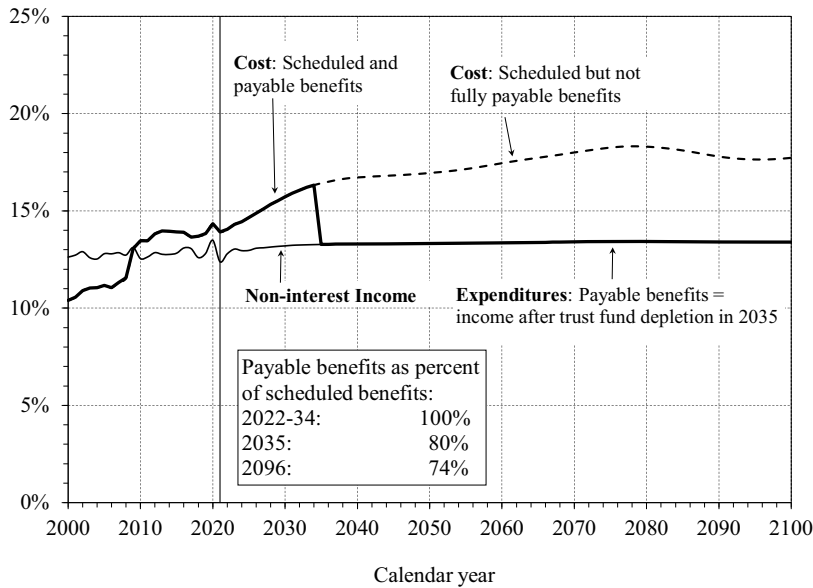
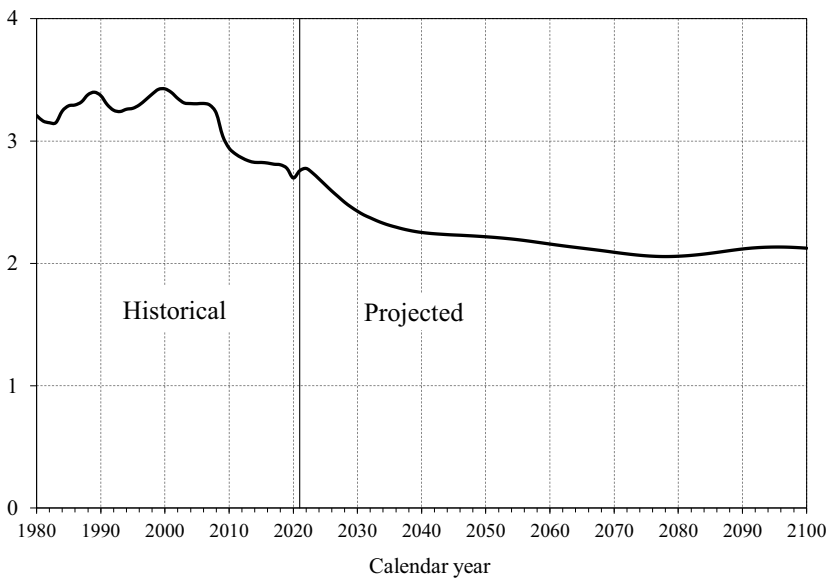


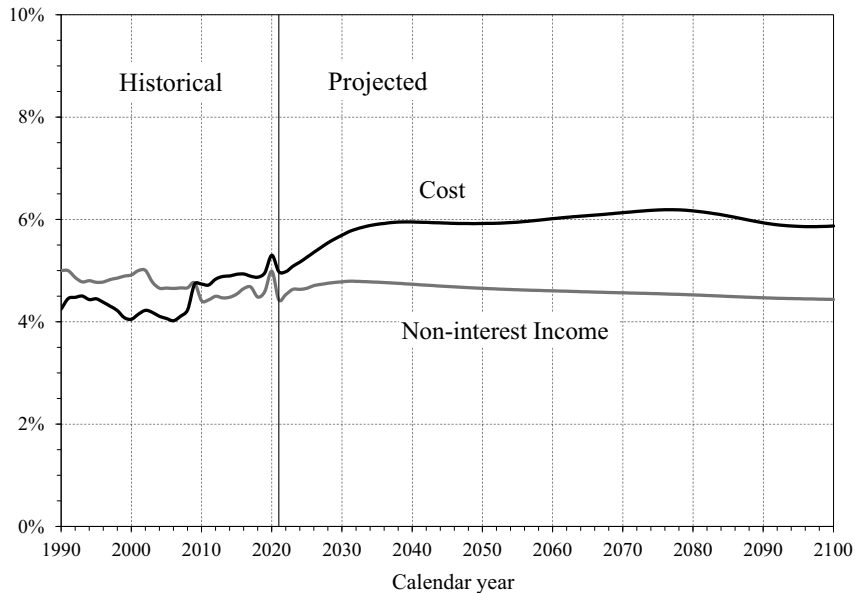
Figure II.D3 shows the estimated number of covered workers per OASDI beneficiary. Figures II.D2 and II.D3 illustrate the inverse relationship between cost rates and the number of workers per beneficiary. In particular, the projected future increase in the cost rate reflects a projected decline in the number of covered workers per beneficiary. There were about 2.8 workers for every OASDI beneficiary in 2021. This ratio had been stable, remaining between 3.2 and 3.4 from 1974 through 2008, and has generally declined since then, initially due to the economic recession of 2007-09 and the beginning of a notable demographic shift. This shift causes the ratio of workers to beneficiaries to decline, as workers of lower-birth-rate generations replace workers of the baby-boom generation. The decline in the ratio slowed substantially between 2013 and 2019 as the recovery of the economy largely offset the demographic shift during that period. The ratio declined slightly in 2020 and then increased slightly in 2021, due to effects of the pandemic-induced recession and recovery on the number of workers. The underlying demographic shift will continue to drive this ratio down over the next 10 to 15 years. The ratio of workers to beneficiaries reaches 2.3 by 2033 when the baby-boom generation will have largely retired, and will generally decline very gradually thereafter due to increasing longevity.

**Figure II.D3.—Number of Covered Workers Per OASDI Beneficiary**  
[Under intermediate assumptions]



Another important way to look at Social Security’s future financial status is to view its annual cost and non-interest income as a share of U.S. economic output (GDP). As shown in figure II.D4, Social Security’s cost as a percent of GDP is generally projected to grow from 5.0 percent in 2022 to a peak of about 6.2 percent for 2077, and then decline to 5.9 percent by 2096. Social Security’s non-interest income is projected to rise from 4.5 percent of GDP in 2022 to a peak of about 4.8 percent by 2031. Thereafter, non-interest income as a percent of GDP declines gradually, to about 4.4 percent for 2096, because the Trustees expect the share of employee compensation provided as noncovered fringe benefits to increase gradually.

**Figure II.D4.—OASDI Cost and Non-interest Income as a Percentage of GDP**  
[Under intermediate assumptions]



**Trust Fund Ratios**

The trust fund ratio is defined as the asset reserves at the beginning of a year expressed as a percentage of the cost during the year. The trust fund ratio thus represents the proportion of a year’s cost which could be paid solely with the accumulated reserves at the beginning of the year. Table II.D1 displays the projected maximum trust fund ratios during the long-range period for the OASI, DI, and combined OASI and DI funds. The table also shows the year of maximum projected trust fund ratio during the long-range projection period (2022 through 2096) and the year of trust fund asset reserve depletion. Trust fund ratios for OASI and combined OASI and DI are projected to decline from their current levels until reserve depletion. For DI, the trust fund ratio is projected to rise to 231 percent of cost in 2043, and then decline to 53 percent of cost by 2096.

**Table II.D1.—Projected Maximum Trust Fund Ratios During the Long-Range Period and Trust Fund Reserve Depletion Dates**  
[Under Intermediate Assumptions]

	OASI	DI	OASDI
Maximum projected trust fund ratio (percent) . . . . .	251	231	230
Year attained . . . . .	2022	2043	2022
Projected year of trust fund reserve depletion . . . . .	2034	<sup>a</sup>	2035

<sup>a</sup> The trust fund is not projected to become depleted during the 75-year period ending in 2096.



### ***Summary Measures***

The actuarial balance is a summary measure of the program's financial status through the end of the 75-year valuation period. The actuarial balance measure includes the trust fund asset reserves at the beginning of the period, all cost and income during the valuation period, and the cost of reaching a target trust fund reserve of one year's cost by the end of the period. Therefore, the actuarial balance is essentially the difference between the present values of income and cost from 1937 through the end of the valuation period, expressed as a percentage of the taxable payroll for the 75-year valuation period. A negative actuarial balance is called an actuarial deficit. The actuarial deficit represents the average amount of change in income or cost that is needed throughout the valuation period in order to achieve actuarial balance.

In this report, the actuarial deficit for the combined OASI and DI Trust Funds under the intermediate assumptions is 3.42 percent of taxable payroll. The actuarial deficit was 3.54 percent of payroll in the 2021 report. If the assumptions, methods, starting values, and the law had all remained unchanged from last year, the actuarial deficit would have increased to 3.59 percent of payroll solely due to advancing the valuation period by 1 year. The actuarial deficit is 1.2 percent of GDP in this year's report, unchanged from last year's report.

Another way to illustrate the projected financial shortfall of the OASDI program is to examine the cumulative present value of scheduled income less cost. Figure II.D5 shows the present value of cumulative OASDI income less cost from the inception of the program through each of the years from 2021 to 2096. A positive value represents the present value of trust fund reserves at the end of the selected year. A negative value is the unfunded obligation through the selected year. The asset reserves of the combined trust funds were about \$2.85 trillion at the end of 2021. The combined trust fund reserves decline on a present value basis after 2021, but remain positive through 2034. However, after 2034 this cumulative amount declines and becomes negative in 2035, which means that the combined OASI and DI Trust Funds have a net unfunded obligation through the end of each year after 2034. Through the end of 2096, the combined funds have a present-value unfunded obligation of \$20.4 trillion. If the assumptions, methods, starting values, and the law had all remained unchanged from last year, the unfunded obligation in this year's report would have risen to about \$20.6 trillion due to the change in the valuation date and the extension of the valuation period through an additional year, 2096.

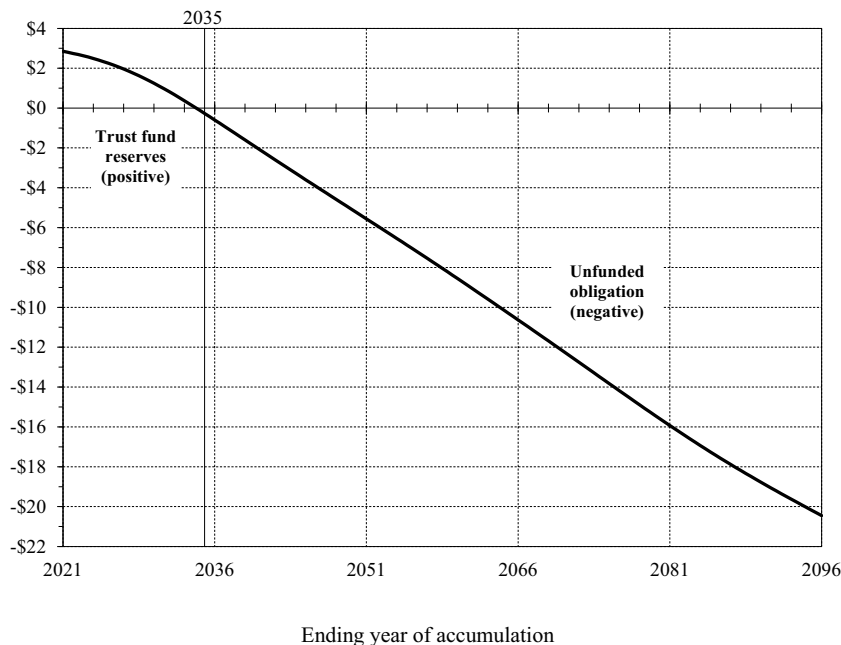
This unfunded obligation through 2096 represents 3.24 percent of taxable payroll for 2022 through 2096 (decreased from an unfunded obligation through 2095 of 3.35 percent of taxable payroll for 2021 through 2095 in last year's report) and 1.1 percent of GDP over the 75-year valuation period ending in 2096 (decreased from 1.2 percent of GDP over the 75-year period ending in 2095 in last year's report). The unfunded obligation as a share of taxable payroll over the period (3.24 percent) and the actuarial deficit (3.42 percent) are similar measures, but differ because the actuarial deficit includes the cost of having an ending trust fund reserve equal to one year's cost.

Figures II.D2, II.D4, and II.D5 show that the program's financial condition will deteriorate throughout the projection period if current law is not altered. Negative annual balances and increasing cumulative shortfalls toward the end of the 75-year period provide an indication of the additional change that will be needed by that time in order to maintain solvency beyond 75 years. Consideration of summary measures alone for a 75-year period can lead to incorrect perceptions and to policy prescriptions that do not achieve sustainable solvency.<sup>1</sup>

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<sup>1</sup> Sustainable solvency for the financing of the program under a specified set of assumptions has been achieved when the projected trust fund ratio is positive throughout the 75-year projection period and is either stable or rising at the end of the period.

**Figure II.D5.—Cumulative Scheduled OASDI Income Less Cost,  
From Program Inception Through Years 2021-2096**  
[Present value as of January 1, 2022, in trillions, under Intermediate Assumptions]



Appendix F presents summary measures over the infinite horizon. The infinite horizon values provide an additional indication of Social Security’s financial condition extending indefinitely into the future, but results are subject to much greater uncertainty. Extending the horizon beyond 75 years increases the measured unfunded obligation. Through the infinite horizon, the unfunded obligation, or shortfall, is equivalent to 4.5 percent of future taxable payroll or 1.4 percent of future GDP.

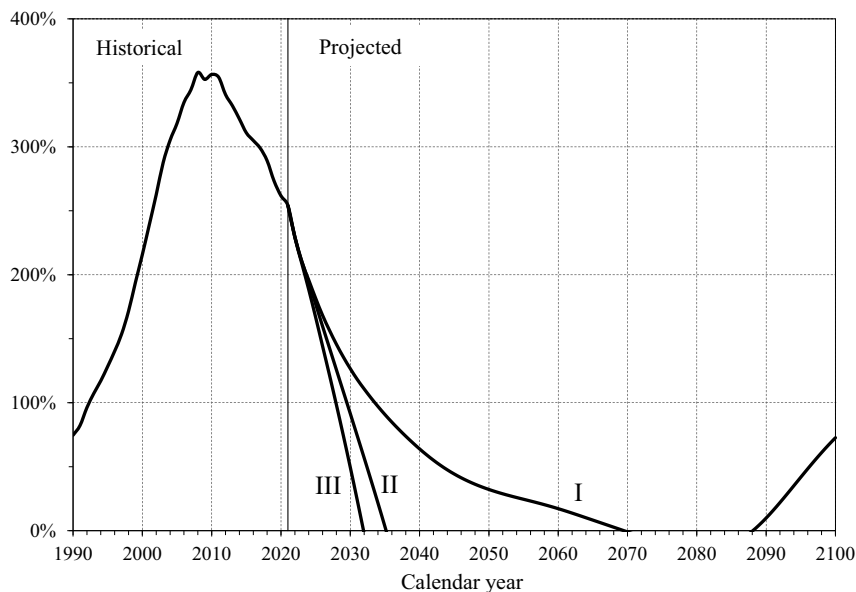
**Uncertainty of the Projections**

Significant uncertainty surrounds the intermediate assumptions. The Trustees use several methods to help illustrate that uncertainty.

A first approach uses alternative scenarios reflecting low-cost (alternative I) and high-cost (alternative III) sets of assumptions. Figure II.D6 shows the projected trust fund ratios for the combined OASI and DI Trust Funds under the intermediate, low-cost, and high-cost assumptions. The figure indicates that the combined trust funds are projected to become depleted in 2035 under the intermediate alternative and in 2031 under the high-cost alternative.

Under the low-cost alternative, trust fund reserves are projected to become depleted in 2069, but the trust funds would have sufficient income by the end of 2088 to permit full payment of scheduled benefits thereafter and also to pay in arrears the temporary shortfalls between 2069 and 2088. The low-cost alternative includes a higher ultimate total fertility rate, slower improvement in mortality, a higher real wage differential, a higher ultimate real interest rate, a higher ultimate annual change in the CPI, and a lower unemployment rate. The high-cost alternative, in contrast, includes a lower ultimate total fertility rate, more rapid improvement in mortality, a lower real wage differential, a lower ultimate real interest rate, a lower ultimate annual change in the CPI, and a higher unemployment rate. These alternatives are not intended to suggest that all parameters would be likely to differ from the intermediate values in the specified directions, but are intended to illustrate the effect of clearly defined scenarios that are, on balance, very favorable or unfavorable for the program's financial status. Actual future costs are unlikely to be as extreme as those portrayed by the low-cost or high-cost projections. The method for constructing the low-cost and high-cost projections does not lend itself to estimating the probability that actual experience will lie within or outside the range they define.

**Figure II.D6.—Long-Range OASI and DI Combined Trust Fund Ratios Under Alternative Scenarios**  
[Asset reserves as a percentage of annual cost]

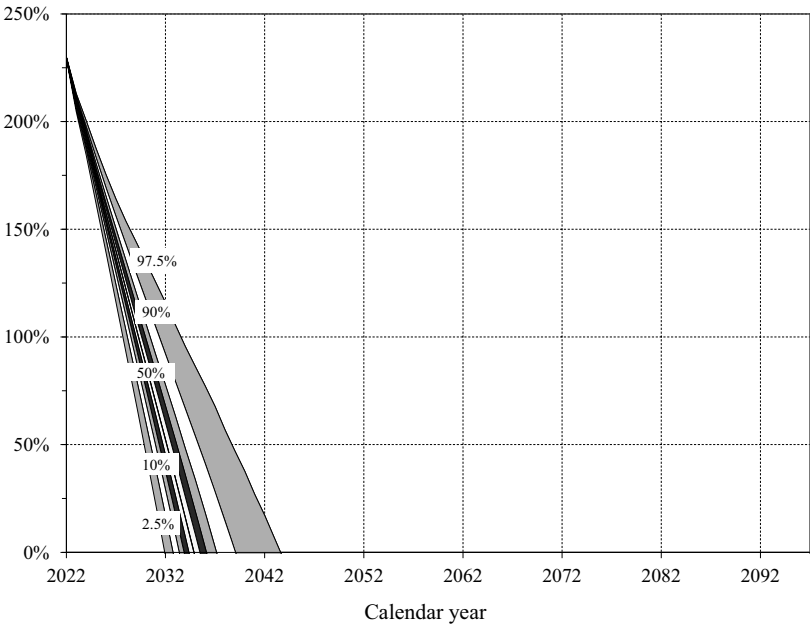


Appendix D of this report presents long-range sensitivity analysis for the OASDI program. By varying one parameter at a time, sensitivity analysis provides a second approach for illustrating the uncertainty surrounding projections into the future.

A third approach uses 5,000 independently generated stochastic simulations that reflect randomly assigned annual values and central tendencies for most of the key parameters. These simulations produce a distribution of projected outcomes and corresponding probabilities that future experience will fall within or outside a given range. The results of the stochastic simulations, discussed in more detail in appendix E, suggest that trust fund reserve depletion (the point at which reserves are insufficient to pay scheduled benefits in full and on time) is very likely before mid-century. In particular, figure II.D7 suggests that based on these stochastic simulations, trust fund reserves will become depleted between 2031 and 2043 with 95-percent confidence. In last year's report, this range was between 2031 and 2041.

The stochastic results suggest that trust fund ratios as high as the low-cost alternative or as low as the high-cost alternative are very unlikely.

**Figure II.D7.—Long-Range OASI and DI Combined Trust Fund Ratios From Stochastic Modeling**



**Changes From Last Year’s Report**

The projected long-range OASDI actuarial deficit decreased from 3.54 percent of taxable payroll for last year’s report to 3.42 percent of taxable payroll for this year’s report. The change in the valuation date and the extension of the 75-year projection period for an additional year, 2096, would have by itself increased the actuarial deficit to 3.59 percent. However, changes in law, methods, starting values, and assumptions combined to decrease the actuarial deficit by 0.17 percent of taxable payroll, more than offsetting the increase due to the change in valuation date. For a detailed description of the specific changes identified in table II.D2, see section IV.B.6.

**Table II.D2.—Reasons for Change in the 75-Year Actuarial Balance,  
Based on Intermediate Assumptions**  
[As a percentage of taxable payroll]

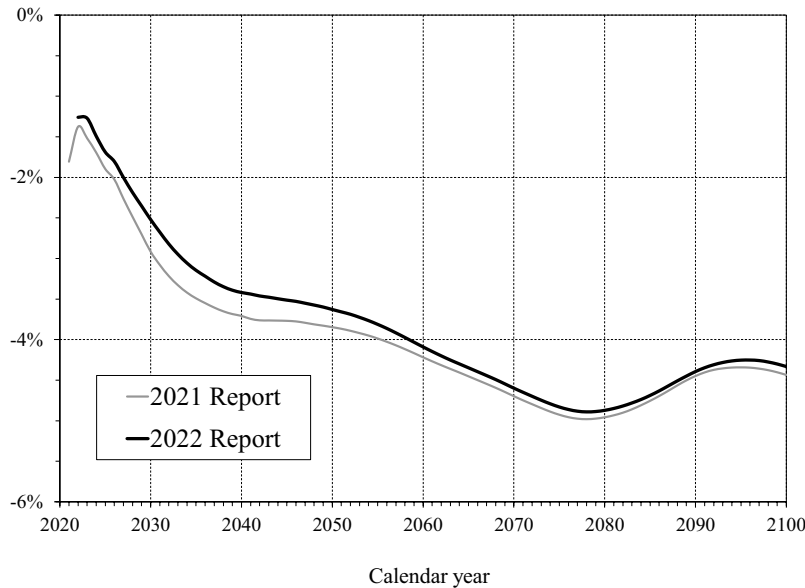
Item	OASI	DI	OASDI
<b>Shown in last year's report:</b>			
Income rate . . . . .	11.93	1.85	13.78
Cost rate . . . . .	15.39	1.92	17.31
Actuarial balance . . . . .	<b>-3.46</b>	<b>-.08</b>	<b>-3.54</b>
<b>Changes in actuarial balance due to changes in:</b>			
Legislation / Regulation . . . . .	.00	.00	.00
Valuation period <sup>a</sup> . . . . .	-.05	-.01	-.06
Demographic data and assumptions . . . . .	-.04	.00	-.04
Economic data and assumptions . . . . .	.13	.00	.13
Disability data and assumptions . . . . .	.00	.08	.07
Methods and programmatic data . . . . .	.01	.00	.01
Total change in actuarial balance . . . . .	.05	.07	.12
<b>Shown in this report:</b>			
Actuarial balance . . . . .	<b>-3.41</b>	<b>-.01</b>	<b>-3.42</b>
Income rate . . . . .	11.93	1.85	13.78
Cost rate . . . . .	15.34	1.86	17.20

<sup>a</sup> The change in the 75-year valuation period from last year's report to this report means that the 75-year actuarial balance now includes the relatively large negative annual balance for 2096. This change in the valuation period results in a larger long-range actuarial deficit. The actuarial deficit includes the trust fund reserve at the beginning of the projection period.

Note: Components may not sum to totals because of rounding.

Figure II.D8 compares this year's projections of annual balances (non-interest income minus cost) to those in last year's report. The annual balances in this year's report are higher (less negative) in all years from 2022 through 2096. For the full 75-year projection period, the annual balances are higher, on average, by 0.18 percentage point.

**Figure II.D8.—OASDI Annual Balances: 2021 and 2022 Trustees Reports**  
[As a percentage of taxable payroll, under the intermediate assumptions]





### ***E. CONCLUSION***

The data and projections presented in this report continue to include the Trustees' best estimates of the effects of the COVID-19 pandemic. The pandemic is projected to have continuing significant effects on the OASI and DI programs in the near term, and the future course of the pandemic is uncertain. On balance, the projected long-range actuarial status of the OASI and DI Trust Funds has been little changed by the effects of the pandemic and ensuing recession, considering both the effects realized to date and those yet expected. The Trustees will continue to monitor the development of the pandemic and adjust their projections accordingly in future reports.

Under current law, the projected cost of Social Security generally increases faster than projected income through about 2040 primarily because the ratio of workers paying taxes to beneficiaries receiving benefits will decline as the baby-boom generation retires and is replaced at working ages with subsequent lower birth-rate generations. The effects of the aging baby boom and subsequent lower birth rates will have largely stabilized between about 2040 and 2055, but annual cost is projected to grow significantly faster than income between 2055 and 2078 due to the period of historically low birth rates starting with the recession of 2007-09. Between 2078 and 2096, cost is projected to grow somewhat slower than income, reflecting a return to a stable ultimate birth rate of 2 children per woman for 2056 and thereafter. Based on the Trustees' intermediate assumptions, Social Security's cost exceeds total income in 2022, as it did beginning in 2021, and remains higher throughout the remainder of the 75-year projection period.

The OASI Trust Fund is projected to have sufficient reserves to pay full benefits on time until 2034. The DI Trust Fund is projected to have sufficient reserves to pay full benefits throughout the 75-year projection period ending in 2096. Legislative action will be needed to prevent OASI reserve depletion. In the absence of such legislation, continuing income to the trust funds at the time of reserve depletion would be sufficient to pay 77 percent of OASI benefits.

Social Security's combined trust funds are projected to cover full payment of scheduled benefits on a timely basis until the trust fund reserves become depleted in 2035. (Full payment of benefits until depletion of the hypothetical combined reserves in 2035 implicitly assumes that the law will have been changed to permit the transfer of funds between OASI and DI as needed.) At that time, projected continuing income to the combined trust funds equals about 80 percent of the program cost. By 2096, continuing income equals about 74 percent of the program cost.

The actuarial deficit for the combined trust funds under the intermediate assumptions is 3.42 percent of taxable payroll for the 75-year period through 2096, decreased (improved) from the 3.54 percent deficit for the 75-year period through 2095 in last year's report. To illustrate the magnitude of the deficit, consider that for the combined OASI and DI Trust Funds to remain fully solvent throughout the 75-year projection period ending with 2096: (1) revenue would have to be increased by an amount equivalent to an immediate and permanent payroll tax rate increase of 3.24 percentage points to 15.64 percent; (2) scheduled benefits would have to be reduced by an amount equivalent to an immediate and permanent reduction of 20.3 percent applied to all current and future beneficiaries through 2096, or 24.1 percent if the reductions were applied only to those who become initially eligible for benefits in 2022 or later; or (3) some combination of these approaches would have to be adopted. If actions are deferred for several years, the changes necessary to maintain Social Security solvency through 2096 become concentrated on fewer years and fewer generations.

If lawmakers design legislative solutions only to eliminate the overall actuarial deficit without consideration of year-by-year financing, then a substantial financial imbalance could remain for 2096, the end of the 75-year valuation period. In that case, the long-range sustainability of program financing could still be in doubt. Sustainable solvency for the financing of the program under a specified set of assumptions is achieved when the projected trust fund ratio is positive throughout the 75-year long-range period and is either stable or rising at the end of the period. Making changes now that achieve sustainable solvency could avoid the need for later legislative changes.

Lawmakers have a broad continuum of policy options that would close or reduce Social Security's long-term financing shortfall. Cost estimates for many such policy options are available at [www.ssa.gov/OACT/solvency/provisions/](http://www.ssa.gov/OACT/solvency/provisions/). Broadly speaking, the approaches that lawmakers can take include increasing revenue from workers and employers by raising the tax rate or the maximum level of taxable earnings, or by dedicating revenue from other sources; lowering benefits for some or all beneficiaries by changing certain program parameters; or a combination of these approaches. There are countless variations on these options, including those that vary the timing, magnitude, and other specifics of the changes under consideration.

The Trustees recommend that lawmakers address the projected trust fund shortfalls in a timely way in order to phase in necessary changes gradually and give workers and beneficiaries time to adjust to them. Implementing changes sooner rather than later would allow more generations to share in the needed revenue increases or reductions in scheduled benefits. Social Security

will play a critical role in the lives of 66 million beneficiaries and 182 million covered workers and their families during 2022. With informed discussion, creative thinking, and timely legislative action, Social Security can continue to protect future generations.

For further information related to the contents of this report, see the following websites:

- [www.ssa.gov/OACT/tr/2022/](http://www.ssa.gov/OACT/tr/2022/)
- [www.ssa.gov/OACT/solvency/provisions/](http://www.ssa.gov/OACT/solvency/provisions/)
- [www.cms.gov/OACT/TR/2022](http://www.cms.gov/OACT/TR/2022)
- <https://home.treasury.gov/policy-issues/economic-policy/social-security-and-medicare-trustee-reports>

### **III. FINANCIAL OPERATIONS OF THE TRUST FUNDS AND LEGISLATIVE CHANGES IN THE LAST YEAR**

#### **A. OPERATIONS OF THE OLD-AGE AND SURVIVORS INSURANCE (OASI) AND DISABILITY INSURANCE (DI) TRUST FUNDS, IN CALENDAR YEAR 2021**

This section presents detailed information on the operations of the OASI and DI Trust Funds<sup>1</sup> during calendar year 2021. Chapter IV provides projections for calendar years 2022 through 2100.

##### **1. OASI Trust Fund**

Table III.A1 presents a statement of the income and cost of the Federal Old-Age and Survivors Insurance Trust Fund in calendar year 2021, and of the asset reserves in the fund at the beginning and end of the calendar year. As shown in this table, total trust fund income in 2021 amounted to \$942.9 billion, while cost totaled \$1,001.9 billion, a decrease in trust fund reserves during 2021 of \$59.1 billion.<sup>2</sup>

Total income during calendar year 2021 included \$841.4 billion in payroll tax contributions. These contributions include initial appropriations of payroll taxes, made on an estimated basis, and adjustments to appropriations for prior years to reflect actual tax income. In June 2021, an unusually large negative adjustment in the amount of \$30.4 billion was made because payroll tax revenue credited to the trust fund in 2020 was based on estimates that did not anticipate effects of the pandemic and recession. The OASI fund paid the General Fund \$3.1 billion for the estimated amount of employee payroll-tax refunds, partially offsetting these gross contributions. Employees who work for more than one employer during a year and pay contributions on total earnings in excess of the contribution and benefit base are eligible for such refunds. Net payroll tax contributions were therefore \$838.2 billion in 2021.

Net reimbursements from the General Fund of the Treasury amounted to \$1 million in 2021. As shown in the table, almost all of that amount came from adjustments to prior year reimbursements based on Public Law 111-312, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, Public Law 112-78, the Temporary Payroll Tax Cut Continuation Act of 2011, and Public Law 112-96, the Middle Class Tax Relief

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<sup>1</sup> See [www.ssa.gov/oact/ProgData/fundsQuery.html](http://www.ssa.gov/oact/ProgData/fundsQuery.html).

<sup>2</sup> In order to provide values that are comparable with other years, the cost and change in asset reserves shown for 2021 reflect the 12 months of benefits scheduled for payment in 2021 and thus include the benefits scheduled for payments on January 3, 2021, which were actually paid on December 31, 2020, as required by the law.

and Job Creation Act of 2012. These acts specified General Fund reimbursement for temporary reductions in employee and self-employment payroll taxes for earnings in 2011 and 2012.

Income to the OASI Trust Fund based on the taxation of OASI benefits amounted to \$37.2 billion in 2021. As first required by the 1983 Social Security Amendments, this income comes from two separate sources: (1) Federal income taxation on up to 50 percent of an individual's or couple's OASI benefits under certain circumstances, and (2) a tax withheld from the benefits paid to certain nonresident alien beneficiaries. For the direct Federal income tax portion, Treasury transfers estimated amounts to the OASI Trust Fund in advance at the beginning of each calendar quarter. Treasury makes subsequent adjustments based on the actual amounts shown on annual income tax records. There were two such adjustments made in 2021 totaling \$5.1 billion. The amount of income from direct Federal income taxation on OASI benefits constituted approximately 99 percent of income from benefit taxation. The remaining one percent of the income from benefit taxation is the amounts withheld from the benefits paid to nonresident aliens.

In 2021, the OASI Trust Fund earned \$67.5 billion in net interest, which consisted of: (1) interest earned on the investments held by the trust fund, (2) interest on adjustments in the allocation of administrative expenses between the trust fund and the General Fund account for the Supplemental Security Income program, (3) interest arising from the revised allocation of administrative expenses among the trust funds, and (4) interest on certain reimbursements to the trust fund.

The remaining income, about \$90 thousand, consisted of gifts received under the provisions authorizing the deposit of monetary gifts or bequests in the trust funds.

## Financial Operations and Legislative Changes

**Table III.A1.—Operations of the OASI Trust Fund, Calendar Year 2021**

[In millions]

Total asset reserves, December 31, 2020 <sup>a</sup>		<u>\$2,811,716</u>
Income:		
Net payroll tax contributions:		
Payroll tax contributions <sup>b</sup>	\$841,383	
Payments from the General Fund of the Treasury for payroll tax contributions subject to refund <sup>b</sup>	<u>-3,148</u>	
Net payroll tax contributions <sup>b</sup>		838,235
Reimbursements from the General Fund:		
Reduction in payroll tax contributions due to P.L. 111-312, P.L. 112-78, and P.L. 112-96 <sup>b</sup>		1
Payroll tax credits due to P.L. 98-21 <sup>b</sup>		<u>c</u>
Net General Fund reimbursements <sup>b</sup>		1
Income based on taxation of benefit payments:		
Withheld from benefit payments to nonresident aliens	244	
All other, not subject to withholding <sup>b</sup>	<u>36,907</u>	
Total income from taxation of benefits <sup>b</sup>		37,151
Investment income and interest adjustments:		
Interest on investments	67,469	
Interest adjustments <sup>d</sup>	<u>1</u>	
Total investment income and interest adjustments		67,470
Gifts		<u>c</u>
Total income		<u>942,856</u>
Cost:		
Benefit payments:		
Monthly benefits and lump-sum death payments <sup>a e</sup>	993,167	
Reimbursement from the General Fund for unnegotiated checks	<u>-49</u>	
Payment for costs of vocational rehabilitation services for disabled beneficiaries	14	
Net benefit payments <sup>a e</sup>		993,133
Financial interchange with the Railroad Retirement "Social Security Equivalent Benefit Account"		4,792
Administrative expenses:		
Costs incurred by:		
Social Security Administration	3,320	
Department of the Treasury	697	
Offsetting miscellaneous receipts	<u>-2</u>	
Miscellaneous reimbursements from the General Fund <sup>f</sup>	-5	
Net administrative expenses		4,011
Total cost <sup>a</sup>		<u>1,001,936</u>
Net increase in asset reserves <sup>a</sup>		<u>-59,080</u>
Total invested assets	2,752,688	
Undisbursed balances <sup>g</sup>	<u>-53</u>	
Total asset reserves, December 31, 2021		<u>2,752,636</u>

<sup>a</sup> Benefit payments which were scheduled to be paid on January 3, 2021 were actually paid on December 31, 2020 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. The amount of these payments made on an accelerated basis was approximately \$18.7 billion. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment in each year.

<sup>b</sup> Includes adjustments for prior calendar years. In June 2021, an unusually large negative adjustment to payroll tax contributions in the amount of \$30,380 million was made because payroll tax revenue credited to the trust fund in 2020 was based on estimates that did not anticipate effects of the pandemic and recession.

<sup>c</sup> Between -\$0.5 and \$0.5 million.

<sup>d</sup> Includes: (1) interest on adjustments in the allocation of administrative expenses between the trust fund and the General Fund account for the Supplemental Security Income program, (2) interest arising from the revised allocation of administrative expenses among the trust funds, and (3) interest on certain reimbursements to the trust fund.

<sup>e</sup> Includes net reductions for the recovery of overpayments.

<sup>f</sup> Reimbursements for costs incurred in performing certain legislatively mandated activities not directly related to administering the OASI program.

<sup>g</sup> A negative balance represents a situation where the actual cash payments exceeded the amount of invested securities of the OASI Trust Fund that were redeemed to make such payments. In this situation, future redemption of additional invested securities will be required to pay for this shortfall.

Note: Components may not sum to totals because of rounding.

Of the \$1,001.9 billion in total OASI cost in 2020, \$993.1 billion was for net benefit payments, including recovered overpayments,<sup>1</sup> reimbursements from the General Fund for unnegotiated checks, and the reimbursable costs of vocational rehabilitation services.<sup>2</sup> Net benefit payments increased by 4.3 percent from calendar year 2020 to calendar year 2021. This increase is due primarily to: (1) an increase in the average number of beneficiaries during the year and (2) an increase in the average monthly benefit amount. The increase in the average benefit amount in 2021 was due in part to the automatic cost-of-living benefit increase of 1.3 percent which became effective for December 2020 under the automatic-adjustment provisions in section 215(i) of the Social Security Act. In addition, new beneficiaries tend to have higher monthly benefit amounts than previous beneficiary cohorts, because their initial benefits are based on average wages, which tend to rise faster than the cost of living.

The Railroad Retirement Act requires an annual financial interchange between the Railroad Retirement program and the OASDI program. The purpose of the interchange is to put the OASI and DI Trust Funds in the same financial position in which they would have been had railroad employment always been covered directly by Social Security. The Railroad Retirement Board and the Social Security Administration calculated an interchange of \$4.8 billion from the OASI Trust Fund to the Social Security Equivalent Benefit Account for June 2021.

The remaining \$4.0 billion of cost for the OASI Trust Fund was for net administrative expenses. The Social Security Administration charges administrative expenses incurred to administer the OASI program directly to the trust fund on an estimated basis. Periodically, as actual expenses are recorded, adjustments are made to the allocations of administrative expenses for prior periods. These adjustments affect the OASI Trust Fund, the DI Trust Fund, the Hospital Insurance (HI) Trust Fund, the Supplementary Medical Insurance (SMI) Trust Fund, and the General Fund account for the Supplemental Security Income program, and include appropriate interest adjustments. As described earlier, the trust fund accounting records such interest adjustments under investment income.

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<sup>1</sup> As noted in footnote a of table III.A1 and elsewhere in this report, benefit payments shown for 2021 reflect the 12 months of benefits scheduled for payment in 2021 and thus include the benefits scheduled for payment on January 3, 2021, which were actually paid on December 31, 2020, as required by the law.

<sup>2</sup> Vocational rehabilitation services under the OASI program are furnished to disabled widow(er) beneficiaries and to those children of retired or deceased workers who receive benefits based on disabilities that began before age 22. The trust funds reimburse the providers of such services only in those cases where the services contributed to the successful rehabilitation of the beneficiary.

For 2021, the cost incurred by the Social Security Administration to administer the OASI program was 83 percent of OASI net administrative expenses. The Social Security Administration charged such costs to the trust fund in the amount of \$3.3 billion in 2021. In addition, the Department of the Treasury charged the trust fund \$0.7 billion in 2021 for services provided in administering the OASI program. A relatively small offset to administrative expenses of \$2 million in 2021 represents income from miscellaneous receipts due to the trust fund, which may include refunds, penalties, fees, and other receipts.

Finally, the General Fund of the Treasury makes net reimbursements for administrative costs incurred by the Social Security Administration in performing certain legislatively mandated activities that are not directly related to paying OASI benefits. These reimbursements include \$2 million in costs associated with union activities related to administering the OASI program and \$2 million in costs of providing information to participants in certain pension plans in 2021. These miscellaneous reimbursements totaled \$5 million in 2021.

The asset reserves shown for the OASI Trust Fund at the end of calendar year 2021 totaled \$2,752.6 billion, consisting of \$2,752.7 billion in U.S. Government obligations and, as an offset, an extension of credit totaling \$53 million against securities to be redeemed in the first few days of the following year. The effective annual rate of interest earned by the reserves in the OASI Trust Fund during calendar year 2021 was 2.4 percent, somewhat lower than the 2.6 percent earned during calendar year 2020. Table VI.A4, presented in appendix A, shows a detailed listing of OASI Trust Fund holdings by type of security, interest rate, and year of maturity at the end of calendar years 2020 and 2021.

By law, the Department of the Treasury must invest trust fund reserves in interest-bearing securities backed by the full faith and credit of the United States Government. The securities currently held by the OASI Trust Fund are entirely special issue securities sold by the Treasury only to the trust funds. These special issues are of two types: short-term certificates of indebtedness and longer-term bonds. Daily trust fund tax income is invested in the short-term certificates of indebtedness which mature on the next June 30 following the date of issue. The trust fund normally acquires long-term special-issue bonds when special issue securities of either type mature on June 30 and must be reinvested. The amount of long-term bonds acquired on June 30 is equal to the amount of special issue securities maturing (including accrued interest earnings), plus tax income for that day, less amounts required to meet cost on that day.



Section 201(d) of the Social Security Act provides that the obligations issued for purchase by the OASI and DI Trust Funds shall have maturities fixed with due regard for the needs of the funds. The usual practice has been to reinvest the maturing special issue securities, as of each June 30, so that the value of the total portfolio of special issue securities maturing in each of the next 15 years are approximately equal. However, as of June 2021, the Chief Actuary's updated baseline of November 2020, which modified the Trustees most recent projections in the 2020 Trustees Report<sup>1</sup>, indicated that the reserves in the OASI Trust Fund would become depleted within 15 years. Therefore, the Department of the Treasury, in consultation with the Chief Actuary of the Social Security Administration, selected the amounts and maturity dates of the OASI special-issue bonds purchased on June 30, 2021, so that the maturity dates of the total portfolio of special issue securities would be spread evenly to the extent possible over the 12-year period 2022 through 2033. The bonds purchased on that date have an interest rate of 1.500 percent, reflecting the average market yield, as of the last business day of the prior month, on all of the outstanding marketable U.S. obligations that are due or callable more than 4 years in the future. Table III.A7 shows additional details on the investment transactions during 2021, including the amounts of bonds purchased on June 30, 2021.

## **2. DI Trust Fund**

Table III.A2 presents a statement of the income and cost of the Federal Disability Insurance Trust Fund in calendar year 2021, and of the asset reserves in the fund at the beginning and end of the calendar year.

Line entries in the DI statement are similar to those in the OASI statement. The explanations of the OASI entries generally apply to DI as well.

Of the \$145.5 billion in total income, \$142.4 billion was net payroll tax contributions.

Of the \$142.6 billion of total cost, \$140.1 billion was net benefit payments.<sup>2</sup> The total level of net benefit payments in 2021 decreased by 2.4 percent from total net benefit payments paid in 2020, largely due to a decrease in the total amount of retroactive payments paid to newly awarded beneficiaries, as well as a decrease in the average number of total current beneficiaries, partially offset by an increase in average benefit levels. DI non-interest income, and total income, exceeded total cost in 2021.

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<sup>1</sup> This updated baseline reflects the effects of the COVID-19 pandemic and the recession on the intermediate projections of the 2020 Social Security Trustees Report. For more information on this updated baseline, see [www.ssa.gov/OACT/solvency/UpdatedBaseline\\_20201124.pdf](http://www.ssa.gov/OACT/solvency/UpdatedBaseline_20201124.pdf).

<sup>2</sup> As noted in footnote a of table III.A2 and elsewhere in this report, benefit payments shown for 2021 reflect the 12 months of benefits scheduled for payment in 2021 and thus include the benefits scheduled for payment on January 3, 2021, which were actually paid on December 31, 2020, as required by the law.

## Financial Operations and Legislative Changes

**Table III.A2.—Operations of the DI Trust Fund, Calendar Year 2021**

[In millions]

Total asset reserves, December 31, 2020 <sup>a</sup>		\$96,570
Income:		
Net payroll tax contributions:		
Payroll tax contributions <sup>b</sup>	142,900	
Payments from the General Fund of the Treasury for payroll tax contributions subject to refund <sup>b</sup>	-533	
Net payroll tax contributions <sup>b</sup>		142,367
Reimbursements from the General Fund:		
Reduction in payroll tax contributions due to P.L. 111-312, P.L. 112-78, and P.L. 112-96 <sup>b</sup>		<sup>c</sup>
Payroll tax credits due to P.L. 98-21 <sup>b</sup>		<sup>c</sup>
Net General Fund reimbursements <sup>b</sup>		<sup>c</sup>
Income based on taxation of benefit payments:		
Withheld from benefit payments to nonresident aliens	4	
All other, not subject to withholding <sup>b</sup>	455	
Total income from taxation of benefits <sup>b</sup>		459
Investment income and interest adjustments:		
Interest on investments	2,642	
Interest adjustments <sup>d</sup>	2	
Total investment income and interest adjustments		2,644
Gifts		—
Total income		145,470
Cost:		
Benefit payments:		
Monthly benefits <sup>a e</sup>	139,996	
Reimbursement from the General Fund for unnegotiated checks	-27	
Payment for costs of vocational rehabilitation services for disabled beneficiaries	89	
Net benefit payments <sup>a e</sup>		140,058
Financial interchange with the Railroad Retirement "Social Security Equivalent Benefit Account"		107
Administrative expenses:		
Costs incurred by:		
Social Security Administration	2,349	
Department of the Treasury	122	
Demonstration projects	12	
Miscellaneous reimbursements from the General Fund <sup>f</sup>	-2	
Net administrative expenses		2,481
Total cost <sup>a</sup>		142,646
Net increase in asset reserves <sup>a</sup>		2,824
Total invested assets	99,438	
Undisbursed balances <sup>g</sup>	-44	
Total asset reserves, December 31, 2021		99,394

<sup>a</sup> Benefit payments which were scheduled to be paid on January 3, 2021 were actually paid on December 31, 2020 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. The amount of these payments made on an accelerated basis was approximately \$6.1 billion. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment in each year.

<sup>b</sup> Includes adjustments for prior calendar years. In June 2021, an unusually large negative adjustment to payroll tax contributions in the amount of \$5,155 million was made because payroll tax revenue credited to the trust fund in 2020 was based on estimates that did not anticipate effects of the pandemic and recession.

<sup>c</sup> Between -\$0.5 and \$0.5 million.

<sup>d</sup> Includes: (1) interest on adjustments in the allocation of administrative expenses between the trust fund and the General Fund account for the Supplemental Security Income program, (2) interest arising from the revised allocation of administrative expenses among the trust funds, and (3) interest on certain reimbursements to the trust fund.

<sup>e</sup> Includes net reductions for the recovery of overpayments.

<sup>f</sup> Reimbursements for costs incurred in performing legislatively mandated activities not directly related to administering the DI program.

<sup>g</sup> A negative balance represents a situation where the actual cash payments exceeded the amount of invested securities of the DI Trust Fund that were redeemed to make such payments. In this situation, future redemption of additional invested securities will be required to pay for this shortfall.

Note: Components may not sum to totals because of rounding.

During 2021, the reserves in the DI Trust Fund increased by \$2.8 billion, from \$96.6 billion at the end of 2020 to \$99.4 billion at the end of 2021. This \$99.4 billion consisted of \$99.4 billion in U.S. Government obligations and, as an offset, an extension of credit totaling \$44 million against securities to be redeemed in the first few days of the following year.<sup>1</sup> The effective annual rate of interest earned by the asset reserves in the DI Trust Fund during calendar year 2021 was 2.8 percent, slightly lower than the 2.9 percent earned during calendar year 2020. Table VI.A5 shows a detailed listing of DI Trust Fund holdings by type of security, interest rate, and year of maturity at the end of calendar years 2020 and 2021.

Section 201(d) of the Social Security Act provides that the Treasury securities issued for purchase by the OASI and DI Trust Funds shall have maturities fixed with due regard for the needs of the funds. Each year, bond purchases for each trust fund are made on June 30, taking into account the projected reserve depletion date in the most recently issued Trustees Report. The usual practice has been to reinvest the maturing special issue securities, as of each June 30, so that the values of the securities maturing in each of the next 15 years are approximately equal. Accordingly, the Department of the Treasury, in consultation with the Chief Actuary of the Social Security Administration, selected the amounts and maturity dates of the DI special-issue bonds purchased on June 30, 2021, so that the maturity dates of the total portfolio of special issue securities would be evenly spread to the extent possible over the 15-year period 2022-36. The bonds purchased have an interest rate of 1.500 percent, reflecting the average market yield, as of the last business day of the prior month, on the outstanding marketable U.S. obligations that are due or callable more than 4 years in the future. Table III.A7 shows details on investment transactions during 2021.

### **3. OASI and DI Trust Funds, Combined**

Table III.A3 presents a statement of the operations of the OASI and DI Trust Funds on a hypothetical combined basis.<sup>2</sup> The entries in this table represent the sums of the corresponding values from tables III.A1 and III.A2. The two preceding subsections that cover OASI and DI provide a description of the nature of these income and cost transactions.

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<sup>1</sup> As noted in footnote a of table III.A2 and elsewhere in this report, benefit payments and asset reserves shown for 2021 reflect the 12 months of benefits scheduled for payment in 2021 and thus include the benefits scheduled for payment on January 3, 2021, which were actually paid on December 31, 2020, as required by the law.

<sup>2</sup> The OASI and DI Trust Funds are distinct legal entities which operate independently. To illustrate the actuarial status of the program as a whole, the fund operations are often combined on a hypothetical basis.

## Financial Operations and Legislative Changes

**Table III.A3.—Operations of the Combined OASI and DI Trust Funds,  
Calendar Year 2021**  
[In millions]

Total asset reserves, December 31, 2020 <sup>a</sup>		<u>\$2,908,286</u>
Income:		
Net payroll tax contributions:		
Payroll tax contributions <sup>b</sup>	\$984,284	
Payments from the General Fund of the Treasury for payroll tax contributions subject to refund <sup>b</sup>	<u>-3,681</u>	
Net payroll tax contributions <sup>b</sup>		980,602
Reimbursements from the General Fund:		
Reduction in payroll tax contributions due to P.L. 111-312, P.L. 112-78, and P.L. 112-96 <sup>b</sup>		1 <sup>c</sup>
Payroll tax credits due to P.L. 98-21 <sup>b</sup>		
Net General Fund reimbursements <sup>b</sup>		1
Income based on taxation of benefit payments:		
Withheld from benefit payments to nonresident aliens	248	
All other, not subject to withholding <sup>b</sup>	<u>37,362</u>	
Total income from taxation of benefits <sup>b</sup>		37,610
Investment income and interest adjustments:		
Interest on investments	70,110	
Interest adjustments <sup>d</sup>	<u>3</u>	
Total investment income and interest adjustments		70,113 <sup>c</sup>
Gifts		
Total income		<u>1,088,326</u>
Cost:		
Benefit payments:		
Monthly benefits and lump-sum death payments <sup>a e</sup>	1,133,164	
Reimbursement from the General Fund for unnegotiated checks	<u>-76</u>	
Payment for costs of vocational rehabilitation services for disabled beneficiaries	103	
Net benefit payments <sup>a e</sup>		1,133,191
Financial interchange with the Railroad Retirement "Social Security Equivalent Benefit Account"		4,900
Administrative expenses:		
Costs incurred by:		
Social Security Administration	5,669	
Department of the Treasury	819	
Offsetting miscellaneous receipts	<u>-2</u>	
Demonstration projects	12	
Miscellaneous reimbursements from the General Fund <sup>f</sup>	<u>-6</u>	
Net administrative expenses		6,492
Total cost <sup>a</sup>		<u>1,144,582</u>
Net increase in asset reserves <sup>a</sup>		<u>-56,256</u>
Total invested assets	2,852,126	
Undisbursed balances <sup>g</sup>	<u>-96</u>	
Total asset reserves, December 31, 2021		<u>2,852,030</u>

<sup>a</sup> Benefit payments which were scheduled to be paid on January 3, 2021 were actually paid on December 31, 2020 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. The amount of these payments made on an accelerated basis was approximately \$24.8 billion. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment in each year.

<sup>b</sup> Includes adjustments for prior calendar years. In June 2021, unusually large negative adjustments to payroll tax contributions in the amount of \$35,536 million were made because payroll tax revenue credited to the trust funds in 2020 was based on estimates that did not anticipate effects of the pandemic and recession.

<sup>c</sup> Between -\$0.5 and \$0.5 million.

<sup>d</sup> Includes: (1) interest on adjustments in the allocation of administrative expenses between the trust funds and the General Fund account for the Supplemental Security Income program, (2) interest arising from the revised allocation of administrative expenses among the trust funds, and (3) interest on certain reimbursements to the trust funds.

<sup>e</sup> Includes net reductions for the recovery of overpayments.

<sup>f</sup> Reimbursements for costs incurred in performing certain legislatively mandated activities not directly related to administering the OASI and DI programs.

<sup>g</sup> A negative balance represents a situation where the actual cash payments exceeded the amount of invested securities of the DI Trust Fund that were redeemed to make such payments. In this situation, future redemption of additional invested securities will be required to pay for this shortfall.

Note: Components may not sum to totals because of rounding.

Table III.A4 compares estimates of total income and total cost for calendar year 2021 from the intermediate projections in the 2017 through 2021 Trustees Reports to the corresponding actual amounts for 2021.

**Table III.A4.—Comparison of Actual Calendar Year 2021 Trust Fund Operations With Estimates Made in Prior Reports, Based on Intermediate Assumptions<sup>a</sup>**  
[Amounts in billions]

	Total income <sup>b</sup>		Total cost <sup>c</sup>	
	Amount	Difference from actual (percent)	Amount	Difference from actual (percent)
<b>OASI Trust Fund:</b>				
Estimate in 2017 report .....	\$1,065.2	13.0	\$1,053.2	5.1
Estimate in 2018 report .....	1,011.6	7.3	1,036.9	3.5
Estimate in 2019 report .....	1,005.2	6.6	1,025.7	2.4
Estimate in 2020 report .....	995.6	5.6	1,019.2	1.7
Estimate in 2021 report .....	930.1	-1.4	1,005.4	.3
Actual amount .....	942.9	—	1,001.9	—
<b>DI Trust Fund:</b>				
Estimate in 2017 report .....	162.5	11.7	171.3	20.1
Estimate in 2018 report .....	155.4	6.8	163.0	14.3
Estimate in 2019 report .....	155.2	6.7	154.6	8.4
Estimate in 2020 report .....	154.3	6.0	151.8	6.4
Estimate in 2021 report .....	143.7	-1.2	145.7	2.1
Actual amount .....	145.5	—	142.6	—
<b>OASI and DI Trust Funds, combined:</b>				
Estimate in 2017 report .....	1,227.7	12.8	1,224.5	7.0
Estimate in 2018 report .....	1,167.0	7.2	1,199.9	4.8
Estimate in 2019 report .....	1,160.4	6.6	1,180.3	3.1
Estimate in 2020 report .....	1,149.8	5.7	1,170.9	2.3
Estimate in 2021 report .....	1,073.8	-1.3	1,151.0	.6
Actual amount .....	1,088.3	—	1,144.6	—

<sup>a</sup> Percentage differences are calculated prior to rounding.

<sup>b</sup> “Actual” income for 2021 reflects adjustments to payroll tax contributions for prior calendar years (see appendix A for description of these adjustments). “Estimated” income also includes such adjustments, but on an estimated basis.

<sup>c</sup> Benefit payments which were scheduled to be paid on January 3, 2021 were actually paid on December 31, 2020 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. The amount of these payments made on an accelerated basis was approximately \$18.7 billion for the OASI Trust Fund and \$6.1 billion for the DI Trust Fund. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment in each year.

Note: Components may not sum to totals because of rounding.

A number of factors contribute to differences between estimates and subsequent actual amounts, including: (1) actual values for key demographic, economic, and other variables that differ from earlier assumed levels; and (2) legislation that was enacted or other administrative initiatives that were finalized after the Trustees completed their estimates. In addition, estimates for the 2017 through 2020 Trustees Reports did not anticipate the pandemic and recession, while the actual income and cost for 2021 do reflect the pandemic, contributing to these differences as well.

At the end of calendar year 2021, the OASDI program was providing monthly benefits to about 65.2 million people. The OASI Trust Fund was providing benefits to about 56.0 million people and the DI Trust Fund was providing benefits to about 9.2 million people. The number of people receiving benefits from the OASI Trust Fund grew by 1.4 percent while the number of people receiving DI benefits fell by 4.2 percent during calendar year 2021. These changes are in large part due to the gradual aging of the population, with the earliest cohorts of the baby-boom generation now moving above normal retirement age, where DI benefits are no longer applicable. Table III.A5 shows the estimated distributions of benefit payments in calendar years 2020 and 2021, by type of beneficiary, for each trust fund separately.

**Table III.A5.—Distribution of Benefit Payments<sup>a</sup> by Type of Beneficiary or Payment, Calendar Years 2020 and 2021**  
[Amounts in millions]

	Calendar year 2020		Calendar year 2021	
	Amount	Percentage of total	Amount	Percentage of total
Total OASDI benefit payments . . . . .	\$1,095,875	100.0	\$1,133,164	100.0
OASI benefit payments . . . . .	952,388	86.9	993,167	87.6
DI benefit payments . . . . .	143,487	13.1	139,996	12.4
OASI benefit payments, total . . . . .	952,388	100.0	993,167	100.0
Monthly benefits:				
Retired workers and auxiliaries . . . . .	823,868	86.5	861,873	86.8
Retired workers . . . . .	783,504	82.3	822,440	82.8
Spouses . . . . .	34,023	3.6	33,050	3.3
Children . . . . .	6,341	.7	6,384	.6
Survivors of deceased workers . . . . .	128,294	13.5	131,057	13.2
Aged widows and widowers . . . . .	102,669	10.8	104,868	10.6
Disabled widows and widowers . . . . .	2,330	.2	2,233	.2
Parents . . . . .	19	<sup>b</sup>	19	<sup>b</sup>
Children . . . . .	21,795	2.3	22,445	2.3
Widowed mothers and fathers caring for child beneficiaries . . . . .	1,480	.2	1,492	.2
Lump-sum death payments . . . . .	226	<sup>b</sup>	237	<sup>b</sup>
DI benefit payments, total . . . . .	143,487	100.0	139,996	100.0
Disabled workers . . . . .	135,204	94.2	132,401	94.6
Spouses . . . . .	509	.4	465	.3
Children . . . . .	7,774	5.4	7,131	5.1

<sup>a</sup> Benefit payments which were scheduled to be paid on January 3, 2021 were actually paid on December 31, 2020 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. The amount of these payments made on an accelerated basis was approximately \$18.7 billion for the OASI Trust Fund and \$6.1 billion for the DI Trust Fund. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment in each year.

<sup>b</sup> Less than 0.05 percent.

Note: Benefits are monthly benefits and lump-sum death payments. Components may not sum to totals because of rounding.

Net administrative expenses of the OASI and DI Trust Funds in calendar year 2021 totaled \$6.5 billion, equal to 0.6 percent each of total cost and total

income. Table III.A6 shows corresponding percentages for each trust fund separately and for OASDI as a whole for the last 5 years.

**Table III.A6.—Administrative Expenses as a Percentage of Total Income and of Total Cost, Calendar Years 2017-2021**

Calendar year	OASI Trust Fund		DI Trust Fund		OASI and DI Trust Funds, combined	
	Total income	Total cost	Total income	Total cost	Total income	Total cost
2017 .....	0.4	0.5	1.6	1.9	0.6	0.7
2018 .....	.5	.4	1.7	1.9	.7	.7
2019 .....	.4	.4	1.9	1.8	.6	.6
2020 .....	.4	.4	1.7	1.7	.6	.6
2021 .....	.4	.4	1.7	1.7	.6	.6

The acquisition and redemption of securities during calendar year 2021 changed the invested reserves of the OASI and DI Trust Funds. Table III.A7 presents investment transactions for each fund separately and combined.

**Table III.A7.—Trust Fund Investment Transactions, Calendar Year 2021**  
[In millions]

	OASI Trust Fund	DI Trust Fund	OASI and DI Trust Funds, combined
Invested asset reserves, December 31, 2020 <sup>a</sup> .....	\$2,793,146	\$90,703	\$2,883,849
Acquisitions:			
Special issue securities:			
Certificates of indebtedness .....	940,507	150,277	1,090,784
Bonds <sup>b</sup> .....	152,354	7,180	159,534
Total acquisitions .....	1,092,861	157,456	1,250,318
Redemptions:			
Special issue securities:			
Certificates of indebtedness <sup>c</sup> .....	917,972	142,383	1,060,355
Bonds <sup>c</sup> .....	215,347	6,339	221,686
Total redemptions <sup>c</sup> .....	1,133,319	148,722	1,282,041
Net increase in invested asset reserves .....	-40,458	8,734	-31,723
Invested asset reserves, December 31, 2021 <sup>a</sup> .....	2,752,688	99,438	2,852,126

<sup>a</sup> Invested asset reserves differ from total asset reserves by the amount of undisbursed balances. See tables VI.A4 and VI.A5 for details.

<sup>b</sup> Purchased on June 30, 2021. The interest rate on these purchases was 1.500 percent.

<sup>c</sup> Benefit payments which were scheduled to be paid on January 3, 2021 were actually paid on December 31, 2020 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. The amount of these payments made on an accelerated basis was approximately \$18.7 billion for the OASI Trust Fund and \$6.1 billion for the DI Trust Fund. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment in each year.

Note: Investments are shown at par value. Components may not sum to totals because of rounding.

***B. CHANGES IN LAW AND POLICY AFFECTING SOCIAL SECURITY SINCE THE 2021 REPORT***

Since the Trustees submitted the 2021 report to Congress, there has been one change in policy that has a notable effect on OASDI program operations.

On July 16, 2021, pursuant to a United States District Court order, the US Citizenship and Immigration Services stopped approving first time applications under the Deferred Action for Childhood Arrivals (DACA) policy but continues to approve renewal applications. On September 10, 2021, the Administration appealed the District Court ruling. Changes in DACA policy affect OASDI program operations because those who apply for and receive deferred action status are eligible for work authorization, which leads to additional workers covered by the OASDI program and increased payroll tax revenue. The estimates presented in last year's report reflected the assumption that the DACA program would be maintained in full, consistent with the Administration's intent. The estimates presented in this year's report continue to reflect the assumption that DACA will eventually be fully in effect. However, because of the court challenges, the estimates now incorporate a roughly one-year delay in resuming approval of new applications. This change is estimated to have negligible financial effects on the OASDI program over both the short-range and long-range projection periods.

Sections IV.A.4 and IV.B.6 of this report provide further description of the magnitude of effects on the financial status of the OASDI program.



#### **IV. ACTUARIAL ESTIMATES**

This chapter presents actuarial estimates of the future financial condition of the Social Security program. These estimates show the income, cost, and asset reserves or unfunded obligation of the OASI and DI Trust Funds: (1) in dollars over the 10-year short-range period; and (2) as a percentage of taxable payroll, as a percentage of gross domestic product, and in present-value dollars over the 75-year long-range period. In addition, the chapter discusses a variety of measures of the adequacy of current program financing. This report distinguishes between: (1) the cost (obligations) of the program, which includes all past and future benefits scheduled under current law; and (2) expenditures, which include actual payments for the past plus only the portion of projected program cost that would be payable with the financing provisions in current law.

This chapter presents the estimates and measures of trust fund financial adequacy for the short-range period (2022 through 2031) first, followed by estimates and measures of actuarial status for the long-range period (2022 through 2096). Summary measures are also provided for trust fund status over the infinite horizon. As described in chapter II of this report, these estimates depend upon a broad set of demographic, economic, and programmatic factors. This chapter presents estimates under three sets of assumptions to show a wide range of possible outcomes, because assumptions related to these factors are subject to uncertainty. The intermediate set of assumptions, designated as alternative II, reflects the Trustees' best estimate of future experience; the low-cost alternative I is significantly more optimistic and the high-cost alternative III is significantly more pessimistic for the trust funds' future financial outlook. The tables of this report show the intermediate estimates first, followed by the low-cost and high-cost estimates. Chapter V describes these three sets of assumptions, along with the actuarial methods used to produce the estimates. Appendix D and appendix E present two additional methods to illustrate the uncertainty of the projections. Appendix D presents sensitivity analyses of the effects of variation in individual factors and appendix E presents probability distributions generated by a stochastic model.

##### ***A. SHORT-RANGE ESTIMATES***

The Trustees consider the trust funds to be solvent at any point in time if the funds can pay scheduled benefits in full on a timely basis. A standard measure for assessing solvency is the "trust fund ratio," which is the reserves in a fund at the beginning of a year (not including advance tax transfers) expressed as a percentage of the cost during the year. A positive trust fund ratio indicates that the trust fund was solvent at the end of the prior year. The

trust fund ratio represents the proportion of a year's cost which the reserves available at the beginning of that year can cover. The Trustees assume that a trust fund ratio of 100 percent of annual program cost provides a reasonable "contingency reserve." Maintaining a reasonable contingency reserve is important because the trust funds do not have borrowing authority. After reserves are depleted, the trust funds would be unable to pay scheduled benefits in full on a timely basis if annual revenue were less than annual cost. Unexpected events, such as severe economic recessions, can quickly diminish reserves. In such cases, a reasonable contingency reserve can maintain the ability to pay scheduled benefits while giving lawmakers time to address possible changes to the program.

The test of short-range financial adequacy applies to the OASI and DI Trust Funds individually and combined on a hypothetical basis.<sup>1</sup> If the estimated trust fund ratio is at least 100 percent at the beginning of the projection period, the test requires that it remain at or above 100 percent throughout the 10-year period. If the ratio is initially less than 100 percent, then it must reach at least 100 percent within 5 years (without reserve depletion at any time during this period) and then remain at or above 100 percent throughout the remainder of the 10-year period. This test is applied using the estimates based on the intermediate assumptions. If either trust fund fails this test, then program solvency in the next 10 years is in question, and lawmakers should take prompt action to improve short-range financial adequacy.

## **1. Operations of the OASI Trust Fund**

This subsection presents projections, based on the assumptions described in chapter V, of the operations and financial status of the OASI Trust Fund for the period 2022 through 2031. These estimates assume that there are no further changes in the statutory provisions and regulations under which the OASDI program currently operates beyond the changes since last year's report indicated in section III.B.<sup>2</sup>

Estimates of the OASI Trust Fund operations presented in table IV.A1 indicate that the asset reserves of the OASI Trust Fund are projected to decrease in years 2022 through 2031 under all three sets of assumptions. Under the intermediate and low-cost assumptions, asset reserves remain positive through the end of the short-range period, but under the high-cost assumptions, asset reserves become depleted in the fourth quarter of 2031. Trust fund ratios are similarly projected to decline throughout the 10-year projec-

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<sup>1</sup> The OASI and DI Trust Funds are distinct legal entities which operate independently. To illustrate the actuarial status of the program as a whole, the fund operations are often combined on a hypothetical basis.

<sup>2</sup> The estimates shown in this subsection reflect 12 months of scheduled benefits in each year of the short-range projection period. In practice, the actual payment dates have at times shifted over calendar year boundaries as a result of the statutory requirement for early delivery of benefit payments when the normal check delivery date is a Saturday, Sunday, or legal public holiday.

tion period under all three sets of assumptions. Based on the intermediate assumptions, the reserves of the OASI Trust Fund drop below 100 percent of annual cost during 2029, to a trust fund ratio of 87 percent at the beginning of 2030, and remain below 100 percent for the remainder of the short-range period. Consequently, the OASI Trust Fund fails the test of short-range financial adequacy. See figure IV.A1 for an illustration of these results.

**Table IV.A1.—Operations of the OASI Trust Fund, Calendar Years 2017-2031<sup>a</sup>**

[Dollar amounts in billions]												
Calendar year	Income					Cost <sup>b</sup>				Asset Reserves <sup>b</sup>		
	Total	Net pay- roll tax contri- butions <sup>c</sup>	GF reim- burse- ments <sup>d</sup>	Taxa- tion of bene- fits <sup>c,e</sup>	Net interest	Total	Sched- uled benefits	Admin- istra- tive costs	RRB inter- change	Net increase during year	Amount at end of year	Trust fund ratio <sup>f</sup>
Historical data:												
2017 ..	\$825.6	\$706.5	g	\$35.9	\$83.2	\$806.7	\$798.7	\$3.7	\$4.3	\$19.0	\$2,820.3	347
2018 ..	831.0	715.9	g	34.5	80.7	853.5	844.9	3.8	4.8	-22.4	2,797.9	330
2019 ..	917.9	805.1	g	34.9	77.9	911.4	902.8	3.7	4.9	6.5	2,804.3	307
2020 ..	968.3	856.0	g	39.0	73.3	961.0	952.4	3.7	4.8	7.4	2,811.7	292
2021 ..	942.9	838.2	g	37.2	67.5	1,001.9	993.1	4.0	4.8	-59.1	2,752.6	281
Intermediate:												
2022 ..	1,034.4	926.6	g	45.7	62.0	1,096.2	1,087.1	3.8	5.3	-61.9	2,690.8	251
2023 ..	1,100.8	993.5	g	49.9	57.5	1,179.4	1,169.8	4.2	5.4	-78.5	2,612.2	228
2024 ..	1,144.9	1,035.9	g	54.4	54.6	1,254.9	1,244.8	4.3	5.8	-110.0	2,502.2	208
2025 ..	1,195.7	1,083.3	g	59.3	53.1	1,332.9	1,322.7	4.5	5.8	-137.3	2,364.9	188
2026 ..	1,257.7	1,131.7	g	73.0	52.9	1,414.7	1,404.2	4.6	5.9	-157.1	2,207.9	167
2027 ..	1,313.4	1,181.0	g	79.5	52.9	1,499.7	1,489.1	4.7	5.9	-186.4	2,021.5	147
2028 ..	1,370.3	1,232.7	g	86.1	51.4	1,591.1	1,580.2	4.9	6.0	-220.8	1,800.7	127
2029 ..	1,427.0	1,285.6	g	93.3	48.1	1,685.2	1,674.2	5.0	6.0	-258.2	1,542.5	107
2030 ..	1,482.7	1,338.0	g	101.2	43.5	1,781.9	1,770.7	5.1	6.1	-299.2	1,243.3	87
2031 ..	1,539.4	1,393.1	g	109.5	36.8	1,881.0	1,869.5	5.3	6.2	-341.6	901.7	66
Low-cost:												
2022 ..	1,040.6	932.2	g	45.7	62.7	1,095.5	1,086.4	3.8	5.3	-54.8	2,697.8	251
2023 ..	1,134.6	1,024.0	g	50.2	60.5	1,186.4	1,176.9	4.2	5.4	-51.8	2,646.0	227
2024 ..	1,198.1	1,082.4	g	54.9	60.8	1,267.3	1,257.2	4.3	5.7	-69.3	2,576.8	209
2025 ..	1,272.8	1,150.6	g	60.1	62.1	1,352.5	1,342.2	4.5	5.8	-79.7	2,497.1	191
2026 ..	1,361.7	1,222.3	g	74.4	64.9	1,442.0	1,431.3	4.8	5.9	-80.3	2,416.8	173
2027 ..	1,445.3	1,295.2	g	81.4	68.6	1,535.5	1,524.6	5.0	6.0	-90.3	2,326.5	157
2028 ..	1,533.1	1,372.9	g	88.6	71.6	1,636.3	1,625.1	5.2	6.0	-103.2	2,223.3	142
2029 ..	1,624.2	1,454.2	g	96.4	73.7	1,741.0	1,729.5	5.4	6.1	-116.8	2,106.6	128
2030 ..	1,717.8	1,537.4	g	105.0	75.4	1,849.9	1,838.1	5.6	6.2	-132.1	1,974.4	114
2031 ..	1,816.0	1,625.7	g	114.3	76.0	1,962.8	1,950.7	5.8	6.3	-146.8	1,827.6	101

**Table IV.A1.—Operations of the OASI Trust Fund, Calendar Years 2017-2031<sup>a</sup> (Cont.)**

[Dollar amounts in billions]												
Calendar year	Income					Cost <sup>b</sup>				Asset Reserves <sup>b</sup>		
	Total	Net payroll tax contributions <sup>c</sup>	GF reimbursements <sup>d</sup>	Taxation of benefits <sup>c,e</sup>	Net interest	Total	Scheduled benefits	Administrative costs	RRB inter-change	Net increase during year	Amount at end of year	Trust fund ratio <sup>f</sup>
High-cost:												
2022 ..	\$1,011.1	\$904.0	g	\$45.8	\$61.4	\$1,097.1	\$1,088.0	\$3.8	\$5.3	-\$86.1	\$2,666.6	251
2023 ..	1,024.7	920.9	g	49.6	54.2	1,173.9	1,164.3	4.2	5.4	-149.2	2,517.4	227
2024 ..	1,058.7	956.3	g	53.4	49.0	1,233.5	1,223.3	4.3	5.8	-174.8	2,342.6	204
2025 ..	1,091.8	989.3	g	57.9	44.6	1,301.5	1,291.4	4.4	5.8	-209.7	2,132.9	180
2026 ..	1,135.6	1,023.4	g	71.0	41.3	1,375.1	1,364.8	4.4	5.9	-239.4	1,893.5	155
2027 ..	1,168.7	1,054.0	g	77.0	37.8	1,451.2	1,440.8	4.5	5.8	-282.5	1,611.0	130
2028 ..	1,198.9	1,083.8	g	83.0	32.2	1,532.9	1,522.4	4.6	5.9	-333.9	1,277.1	105
2029 ..	1,227.3	1,113.1	g	89.5	24.8	1,616.2	1,605.7	4.6	5.9	-388.9	888.2	79
2030 ..	1,253.6	1,140.5	g	96.6	16.5	1,700.8	1,690.1	4.7	5.9	-447.2	441.0	52
2031 ..	<sup>h</sup>	1,169.0	g	104.0	<sup>h</sup>	1,786.4	1,775.7	4.7	6.0	<sup>h</sup>	<sup>h</sup>	25

<sup>a</sup> The OASI Trust Fund reserves become depleted in the fourth quarter of 2031 under the high-cost assumptions. For any period during which reserves would be depleted, scheduled benefits could not be paid in full on a timely basis, income from taxing benefits would be less than would apply to scheduled benefits, and interest on trust fund reserves would be negligible. Appendix A presents a detailed description of the components of income and cost, along with complete historical values.

<sup>b</sup> Amounts for 2020 and 2021 are adjusted to include in 2021 operations those benefit payments regularly scheduled in the law to be paid on January 3, 2021, which were actually paid on December 31, 2020 as required by the statutory provision for early benefit payments when the normal delivery date is on a weekend or holiday. Such shifts in payments across calendar years have occurred in the past, including in 2016, and will occur periodically in the future whenever January 3rd falls on a Sunday. In order to provide a consistent perspective on trust fund operations over time, all trust fund operations in each year reflect the 12 months of benefits that are regularly scheduled for payment in that year.

<sup>c</sup> Includes adjustments for prior calendar years. For example, in June 2021, an unusually large negative adjustment to payroll tax contributions in the amount of \$30.4 billion was made because payroll tax revenue credited to the trust fund in 2020 was based on estimates that did not anticipate effects of the pandemic and recession.

<sup>d</sup> Includes reimbursements from the General Fund of the Treasury to the OASI Trust Fund for: (1) the cost of payroll tax credits provided to employees in 1984 and self-employed persons in 1984-89 by Public Law 98-21; (2) the cost in 2009-17 of excluding certain self-employment earnings from SECA taxes under Public Law 110-246; and (3) payroll tax revenue forgone under the provisions of Public Laws 111-147, 111-312, 112-78, and 112-96.

<sup>e</sup> Revenue from taxation of benefits is the amount that would be assessed on benefit amounts scheduled in the law.

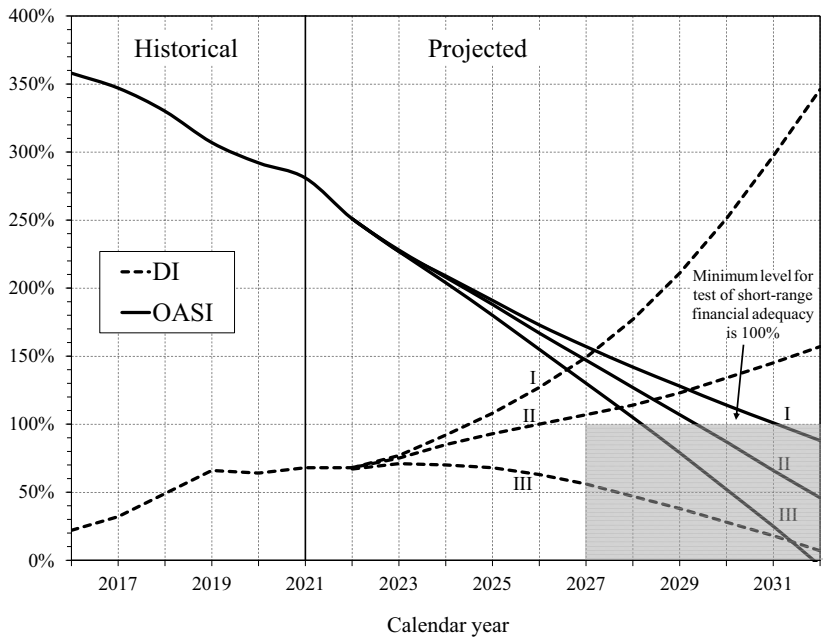
<sup>f</sup> The "Trust fund ratio" column represents reserves at the beginning of a year (which are identical to reserves at the end of the prior year shown in the "Amount at end of year" column) as a percentage of cost for the year. The trust fund ratio at the beginning of 2032 is projected to be 46 percent for the intermediate, and 88 percent for the low-cost assumptions.

<sup>g</sup> Between -\$50 million and \$50 million.

<sup>h</sup> When the fund is depleted, values under current law would reflect permissible expenditures only, which would be less than the cost of scheduled benefits shown in this table.

Note: Components may not sum to totals because of rounding.

**Figure IV.A1.—Short-Range OASI and DI Trust Fund Ratios**  
[Asset reserves as a percentage of annual cost]



The estimated income shown in table IV.A1 increases annually after 2022 under each set of assumptions throughout the short-range projection period. The estimated increases in income result primarily from the projected increases in OASDI taxable payroll. Employment increases in years 2022 through 2031 for all three alternatives, with the exception of small decreases in covered employment in 2022 and 2023 for the high-cost alternative: the number of covered workers increases under alternatives I, II, and III from 179 million during calendar year 2021 to about 191 million, 187 million, and 183 million, respectively, in 2031.<sup>1</sup> The total annual amount of taxable payroll increases in years 2022 through 2031 for each alternative. Total taxable payroll increases from \$8,223 billion in 2021 to \$15,379 billion, \$13,169 billion, and \$11,043 billion in 2031, on the basis of alternatives I, II, and III, respectively.<sup>2</sup> These increases in taxable payroll are due primarily to: (1) projected increases in employment levels as the working-age population increases; (2) trend increases in average earnings in covered employment (reflecting both real growth and price inflation); (3) increases in the contribution and benefit base under the automatic-adjustment provisions; and (4) growth in employment and average earnings.

<sup>1</sup> See table IV.B3.

<sup>2</sup> See table VI.G6.

Interest earnings contribute to the overall projected level of trust fund income during this period. Interest income declines generally at a slow rate under the intermediate assumptions and much faster under the high-cost assumptions, and increases generally under the low-cost assumptions, due to the net effects of changes in reserve levels and the patterns of projected interest rates. Under the intermediate assumptions, interest also declines as a share of total OASI Trust Fund income reaching 2 percent of total trust fund income for 2031, as compared to 7 percent for 2021.

Rising OASI cost from 2021 through 2031 reflects automatic benefit increases each year after initial benefit eligibility and increases each year for those becoming newly eligible based on rising average earnings levels, as well as the upward trend in the number of beneficiaries. The steady growth in the number of OASI beneficiaries in the past and the expected future growth result both from the increase in the aged population and from the increase in the proportion of the population that is insured for benefits.

The Treasury invests OASI income in financial securities, generally special public-debt obligations of the U.S. Government. The revenue used to make these purchases flows to the General Fund of the Treasury. The trust fund earns interest on these securities, and the Treasury invests the proceeds from maturing securities in new securities if not immediately needed to pay program costs. Program expenditures require the redemption of trust fund securities, generally prior to maturity, to cover the payments made by the General Fund of the Treasury on behalf of the trust fund.

## **2. Operations of the DI Trust Fund**

Table IV.A2 shows the projected operations and financial status of the DI Trust Fund during calendar years 2022 through 2031 under the three sets of assumptions, together with values for actual experience during 2017 through 2021. Non-interest income for DI was much lower in 2019 through 2021 than in 2017 and 2018, due to the temporary payroll tax rate reallocation from OASI to DI in 2016 through 2018. For 2021, non-interest income was higher than DI cost. Non-interest income increases throughout the short-range projection period under each alternative, due to most of the same factors described previously for the OASI Trust Fund beginning on page 45. DI cost grows steadily throughout the period under each alternative. Under the intermediate and low-cost assumptions, DI reserves increase through 2031. Under the high-cost assumptions, DI reserves increase through 2024 and then decline through 2031.

**Table IV.A2.—Operations of the DI Trust Fund, Calendar Years 2017-2031<sup>a</sup>**  
[Dollar amounts in billions]

Calendar year	Income					Cost <sup>b</sup>				Asset Reserves <sup>b</sup>		
	Total	Net pay- roll tax contri- butions <sup>c</sup>	GF reim- burse- ments <sup>d</sup>	Taxa- tion of bene- fits <sup>c,e</sup>	Net interest	Total	Sched- uled benefits	Admin- istra- tive costs	RRB inter- change	Net increase during year	Amount at end of year	Trust fund ratio <sup>f</sup>
<b>Historical data:</b>												
2017 ...	\$171.0	\$167.1	g	\$2.0	\$1.9	\$145.8	\$142.8	\$2.8	\$0.2	\$25.1	\$71.5	32
2018 ...	172.3	169.2	g	.5	2.6	146.8	143.7	2.9	.2	25.6	97.1	49
2019 ...	143.9	139.4	g	1.6	2.9	147.9	145.1	2.7	.1	-4.0	93.1	66
2020 ...	149.7	145.3	g	1.7	2.8	146.3	143.6	2.6	.1	3.5	96.6	64
2021 ...	145.5	142.4	g	.5	2.6	142.6	140.1	2.5	.1	2.8	99.4	68
<b>Intermediate:</b>												
2022 ...	161.5	157.4	g	1.5	2.6	146.4	143.4	2.9	.1	15.0	114.4	68
2023 ...	173.1	168.7	g	1.6	2.8	152.7	149.6	3.0	.1	20.4	134.8	75
2024 ...	181.0	175.9	g	1.7	3.3	159.1	155.9	3.1	.1	21.9	156.7	85
2025 ...	190.0	184.0	g	1.9	4.1	168.5	165.1	3.3	.1	21.5	178.2	93
2026 ...	199.6	192.2	g	2.3	5.1	177.7	174.1	3.5	.1	21.9	200.1	100
2027 ...	209.2	200.5	g	2.5	6.1	187.4	183.6	3.7	.1	21.8	221.9	107
2028 ...	219.4	209.3	g	2.7	7.3	194.5	190.6	3.9	.1	24.8	246.7	114
2029 ...	230.0	218.3	g	2.9	8.8	200.6	196.4	4.0	.2	29.3	276.1	123
2030 ...	240.8	227.2	g	3.0	10.5	206.4	202.0	4.2	.2	34.4	310.5	134
2031 ...	252.3	236.6	g	3.2	12.5	213.7	209.1	4.4	.2	38.6	349.0	145
<b>Low-cost:</b>												
2022 ...	162.5	158.3	g	1.5	2.7	145.6	142.6	2.9	.1	17.0	116.4	68
2023 ...	178.9	173.9	g	1.6	3.4	151.6	148.5	3.0	.1	27.3	143.7	77
2024 ...	190.2	183.8	g	1.7	4.7	156.5	153.3	3.1	.1	33.7	177.4	92
2025 ...	203.7	195.4	g	1.9	6.4	164.0	160.6	3.3	.1	39.7	217.1	108
2026 ...	218.5	207.6	g	2.2	8.7	170.8	167.2	3.5	.1	47.7	264.8	127
2027 ...	233.9	219.9	g	2.4	11.6	177.5	173.6	3.8	.1	56.4	321.2	149
2028 ...	250.9	233.1	g	2.5	15.3	181.8	177.7	4.0	.1	69.2	390.3	177
2029 ...	269.5	246.9	g	2.6	19.9	185.3	180.9	4.2	.1	84.2	474.5	211
2030 ...	289.4	261.1	g	2.8	25.6	188.7	184.1	4.5	.2	100.6	575.2	251
2031 ...	311.2	276.1	g	2.9	32.2	193.7	188.8	4.7	.2	117.5	692.6	297

**Table IV.A2.—Operations of the DI Trust Fund, Calendar Years 2017-2031<sup>a</sup> (Cont.)**

[Dollar amounts in billions]												
Calendar year	Income					Cost <sup>b</sup>				Asset Reserves <sup>b</sup>		
	Total	Net payroll tax contributions <sup>c</sup>	GF reimbursement <sup>d</sup>	Taxation of benefits <sup>e</sup>	Net interest	Total	Scheduled benefits	Administrative costs	RRB inter-change	Net increase during year	Amount at end of year	Trust fund ratio <sup>f</sup>
<b>High-cost:</b>												
2022 ...	\$157.5	\$153.5	g	\$1.5	\$2.5	\$147.5	\$144.5	\$2.9	\$0.1	\$10.0	\$109.4	67
2023 ...	160.2	156.4	g	1.6	2.2	155.2	152.1	3.0	.1	5.0	114.4	71
2024 ...	166.4	162.4	g	1.8	2.2	162.8	159.6	3.1	.1	3.5	118.0	70
2025 ...	172.3	168.0	g	2.0	2.3	174.0	170.6	3.3	.1	-1.7	116.3	68
2026 ...	178.5	173.8	g	2.4	2.3	185.3	181.7	3.4	.1	-6.7	109.5	63
2027 ...	183.8	179.0	g	2.7	2.2	197.1	193.4	3.6	.1	-13.3	96.2	56
2028 ...	188.8	184.0	g	2.9	1.9	205.4	201.5	3.7	.1	-16.6	79.6	47
2029 ...	193.6	189.0	g	3.0	1.6	212.3	208.2	3.9	.2	-18.6	61.0	38
2030 ...	198.0	193.7	g	3.2	1.1	218.5	214.2	4.0	.2	-20.4	40.5	28
2031 ...	202.6	198.5	g	3.4	.6	226.2	221.8	4.2	.2	-23.6	16.9	18

<sup>a</sup> Appendix A presents a detailed description of the components of income and cost, along with complete historical values.

<sup>b</sup> Amounts for 2020 and 2021 are adjusted to include in 2021 operations those benefit payments regularly scheduled in the law to be paid on January 3, 2021, which were actually paid on December 31, 2020 as required by the statutory provision for early benefit payments when the normal delivery date is on a weekend or holiday. Such shifts in payments across calendar years have occurred in the past, including in 2016, and will occur periodically in the future whenever January 3rd falls on a Sunday. In order to provide a consistent perspective on trust fund operations over time, all trust fund operations in each year reflect the 12 months of benefits that are regularly scheduled for payment in that year.

<sup>c</sup> Includes adjustments for prior calendar years. For example, in June 2021, an unusually large negative adjustment to payroll tax contributions in the amount of \$5.2 billion was made because payroll tax revenue credited to the trust fund in 2020 was based on estimates that did not anticipate effects of the pandemic and recession.

<sup>d</sup> Includes reimbursements from the General Fund of the Treasury to the DI Trust Fund for: (1) the cost of payroll tax credits provided to employees in 1984 and self-employed persons in 1984-89 by Public Law 98-21; (2) the cost in 2009-17 of excluding certain self-employment earnings from SECA taxes under Public Law 110-246; and (3) payroll tax revenue forgone under the provisions of Public Laws 111-147, 111-312, 112-78, and 112-96.

<sup>e</sup> Revenue from taxation of benefits is the amount that would be assessed on benefit amounts scheduled in the law.

<sup>f</sup> The "Trust fund ratio" column represents reserves at the beginning of a year (which are identical to reserves at the end of the prior year shown in the "Amount at end of year" column) as a percentage of cost for the year. The trust fund ratio at the beginning of 2032 is projected to be 157 percent for the intermediate, 346 percent for the low-cost, and 7 percent for the high-cost assumptions.

<sup>g</sup> Between -\$50 million and \$50 million.

Note: Components may not sum to totals because of rounding.

For the future, DI cost is projected to increase in part due to increases in average benefit levels resulting from: (1) automatic benefit increases and (2) projected increases in the amounts of average monthly earnings on which benefits are based. Future changes in DI cost also reflect changes in the number of DI beneficiaries in current-payment status. In 2021, the number of DI beneficiaries in current-payment status continued the declining trend of the prior seven years. Under the intermediate assumptions, that number of DI beneficiaries is projected to drop further through the end of 2023, then increase through the end of 2031 to a level of about 9 million. The rate of increase after 2023 is much slower than was experienced on average from 1990 to 2010, when the population with the highest disability prevalence rates was growing rapidly due to the aging of the baby-boom generation. See section V.C.5 for further details.



At the beginning of calendar year 2022, the reserves of the DI Trust Fund represented 68 percent of estimated annual cost. Under the intermediate assumptions, DI trust fund reserves and the trust fund ratio increase throughout the short-range projection period. The trust fund ratio is slightly above 100 percent at the beginning of the fifth projected year, 2026, and continues to increase for the remainder of the short-range period.

Because the reserves of the DI Trust Fund at the beginning of 2022 were less than the estimated annual cost for 2022, but are projected to increase to above annual cost within five years, and then remain above annual cost throughout the rest of the short-range period under the intermediate assumptions, the DI Trust Fund satisfies the Trustees' test of short-range financial adequacy.

### 3. Operations of the Combined OASI and DI Trust Funds

Table IV.A3 shows the projected operations and status of the combined OASI and DI Trust Funds for calendar years 2022 through 2031 under the three alternatives, together with actual experience in 2017 through 2021. Income and cost for the OASI Trust Fund represent over 80 percent of the corresponding amounts for the combined OASI and DI Trust Funds. Under the intermediate and low-cost assumptions, the combined OASI and DI Trust Funds would have sufficient financial resources to pay all scheduled benefits through the end of the short-range period, although it is important to note that under current law, one trust fund cannot share financial resources with another trust fund. Under the high-cost assumptions, combined OASI and DI trust fund reserves deplete in the fourth quarter of 2031. The combined OASI and DI Trust Funds do not satisfy the test of short-range financial adequacy because under the intermediate assumptions, trust fund reserves drop below 100 percent of annual cost during 2029, to a trust fund ratio of 91 percent at the beginning of 2030, and remain below 100 percent for the remainder of the short-range period.

**Table IV.A3.—Operations of the Combined OASI and DI Trust Funds,  
Calendar Years 2017-2031<sup>a</sup>**  
[Dollar amounts in billions]

Calendar year	Income					Cost <sup>b</sup>				Asset Reserves <sup>b</sup>		
	Total	Net pay- roll tax contri- butions <sup>c</sup>	GF reim- burse- ments <sup>d</sup>	Taxa- tion of bene- fits <sup>ce</sup>	Net interest	Total	Sched- uled benefits	Admin- istra- tive costs <sup>e</sup>	RRB inter- change	Net increase during year	Amount at end of year	Trust fund ratio <sup>f</sup>
<b>Historical data:</b>												
2017 ..	\$996.6	\$873.6	g	\$37.9	\$85.1	\$952.5	\$941.5	\$6.5	\$4.5	\$44.1	\$2,891.8	299
2018 ..	1,003.4	885.1	g	35.0	83.3	1,000.2	988.6	6.7	4.9	3.1	2,894.9	289
2019 ..	1,061.8	944.5	g	36.5	80.8	1,059.3	1,047.9	6.4	4.9	2.5	2,897.4	273
2020 ..	1,118.1	1,001.3	g	40.7	76.1	1,107.2	1,095.9	6.3	5.0	10.9	2,908.3	262
2021 ..	1,088.3	980.6	g	37.6	70.1	1,144.6	1,133.2	6.5	4.9	-56.3	2,852.0	254
<b>Intermediate:</b>												
2022 ..	1,195.8	1,084.0	g	47.2	64.6	1,242.7	1,230.6	6.7	5.4	-46.8	2,805.2	230
2023 ..	1,273.9	1,162.2	g	51.5	60.2	1,332.1	1,319.4	7.2	5.5	-58.2	2,747.0	211
2024 ..	1,325.8	1,211.8	g	56.1	57.9	1,413.9	1,400.7	7.4	5.8	-88.1	2,658.9	194
2025 ..	1,385.7	1,267.3	g	61.2	57.2	1,501.5	1,487.8	7.8	5.9	-115.8	2,543.1	177
2026 ..	1,457.3	1,323.9	g	75.4	58.0	1,592.4	1,578.3	8.1	6.0	-135.1	2,408.0	160

**Table IV.A3.—Operations of the Combined OASI and DI Trust Funds,  
Calendar Years 2017-2031<sup>a</sup> (Cont.)**  
[Dollar amounts in billions]

Calendar year	Income				Cost <sup>b</sup>				Asset Reserves <sup>b</sup>			
	Total	Net pay- roll tax contri- butions <sup>c</sup>	GF reim- burse- ments <sup>d</sup>	Taxa- tion of bene- fits <sup>e</sup>	Net interest	Total	Sched- uled benefits	Admin- istra- tive costs	RRB inter- change	Net increase during year	Amount at end of year	Trust fund ratio <sup>f</sup>
Intermediate (Cont.):												
2027 ..	\$1,522.6	\$1,381.5	g	\$82.1	\$59.0	\$1,687.1	\$1,672.7	\$8.4	\$6.0	-\$164.6	\$2,243.4	143
2028 ..	1,589.6	1,442.1	g	88.9	58.7	1,785.6	1,770.8	8.7	6.1	-196.0	2,047.4	126
2029 ..	1,656.9	1,503.9	g	96.2	56.9	1,885.8	1,870.6	9.1	6.2	-228.9	1,818.6	109
2030 ..	1,723.4	1,565.2	g	104.2	54.0	1,988.3	1,972.6	9.4	6.3	-264.8	1,553.7	91
2031 ..	1,791.7	1,629.7	g	112.7	49.3	2,094.7	2,078.6	9.7	6.4	-303.0	1,250.8	74
Low-cost:												
2022 ..	1,203.2	1,090.5	g	47.2	65.4	1,241.0	1,228.9	6.7	5.4	-37.9	2,814.2	230
2023 ..	1,313.5	1,197.9	g	51.8	63.9	1,338.0	1,325.3	7.2	5.4	-24.5	2,789.7	210
2024 ..	1,388.3	1,266.2	g	56.6	65.5	1,423.8	1,410.5	7.5	5.8	-35.6	2,754.2	196
2025 ..	1,476.5	1,346.0	g	62.0	68.5	1,516.5	1,502.7	7.9	5.9	-40.0	2,714.1	182
2026 ..	1,580.2	1,429.9	g	76.7	73.6	1,612.8	1,598.5	8.3	6.0	-32.6	2,681.5	168
2027 ..	1,679.2	1,515.2	g	83.8	80.2	1,713.0	1,698.2	8.7	6.1	-33.8	2,647.7	157
2028 ..	1,784.0	1,606.0	g	91.1	86.9	1,818.1	1,802.7	9.2	6.2	-34.0	2,613.7	146
2029 ..	1,893.7	1,701.1	g	99.0	93.6	1,926.3	1,910.4	9.6	6.3	-32.6	2,581.1	136
2030 ..	2,007.2	1,798.4	g	107.8	100.9	2,038.6	2,022.2	10.1	6.4	-31.5	2,549.6	127
2031 ..	2,127.2	1,901.8	g	117.2	108.2	2,156.5	2,139.5	10.6	6.5	-29.4	2,520.2	118
High-cost:												
2022 ..	1,168.6	1,057.5	g	47.3	63.8	1,244.6	1,232.5	6.7	5.4	-76.0	2,776.0	229
2023 ..	1,184.9	1,077.2	g	51.3	56.4	1,329.1	1,316.4	7.2	5.5	-144.2	2,631.8	209
2024 ..	1,225.0	1,118.7	g	55.2	51.2	1,396.3	1,382.9	7.4	6.0	-171.3	2,460.6	188
2025 ..	1,264.1	1,157.4	g	59.8	46.9	1,475.5	1,462.0	7.6	5.9	-211.4	2,249.2	167
2026 ..	1,314.2	1,197.2	g	73.4	43.6	1,560.4	1,546.5	7.9	6.0	-246.2	2,003.0	144
2027 ..	1,352.5	1,232.9	g	79.6	40.0	1,648.3	1,634.3	8.1	6.0	-295.8	1,707.2	122
2028 ..	1,387.8	1,267.8	g	85.9	34.1	1,738.3	1,724.0	8.3	6.0	-350.5	1,356.7	98
2029 ..	1,420.9	1,302.1	g	92.5	26.3	1,828.5	1,813.9	8.5	6.1	-407.5	949.2	74
2030 ..	1,451.6	1,334.2	g	99.8	17.6	1,919.2	1,904.4	8.7	6.1	-467.6	481.5	49
2031 ..	<sup>h</sup> 1,367.5		g	107.4	<sup>h</sup>	2,012.6	1,997.5	8.9	6.2	<sup>h</sup>	<sup>h</sup>	24

<sup>a</sup> The OASDI Trust Fund reserves become depleted in the fourth quarter of 2031 under the high-cost assumptions. For any period during which reserves would be depleted, scheduled benefits could not be paid in full on a timely basis, income from taxing benefits would be less than would apply to scheduled benefits, and interest on trust fund reserves would be negligible. Appendix A presents a detailed description of the components of income and cost, along with complete historical values.

<sup>b</sup> Amounts for 2020 and 2021 are adjusted to include in 2021 operations those benefit payments regularly scheduled in the law to be paid on January 3, 2021, which were actually paid on December 31, 2020 as required by the statutory provision for early benefit payments when the normal delivery date is on a weekend or holiday. Such shifts in payments across calendar years have occurred in the past, including in 2016, and will occur periodically in the future whenever January 3rd falls on a Sunday. In order to provide a consistent perspective on trust fund operations over time, all trust fund operations in each year reflect the 12 months of benefits that are regularly scheduled for payment in that year.

<sup>c</sup> Includes adjustments for prior calendar years. For example, in June 2021, an unusually large negative adjustment to payroll tax contributions in the amount of \$35.5 billion was made because payroll tax revenue credited to the trust funds in 2020 was based on estimates that did not anticipate effects of the pandemic and recession.

<sup>d</sup> Includes reimbursements from the General Fund of the Treasury to the OASI and DI Trust Funds for: (1) the cost of payroll tax credits provided to employees in 1984 and self-employed persons in 1984-89 by Public Law 98-21; (2) the cost in 2009-17 of excluding certain self-employment earnings from SECA taxes under Public Law 110-246; and (3) payroll tax revenue forgone under the provisions of Public Laws 111-147, 111-312, 112-78, and 112-96.

<sup>e</sup> Revenue from taxation of benefits is the amount that would be assessed on benefit amounts scheduled in the law.

<sup>f</sup> The "Trust fund ratio" column represents reserves at the beginning of a year (which are identical to reserves at the end of the prior year shown in the "Amount at end of year" column) as a percentage of cost for the year. The trust fund ratio at the beginning of 2032 is projected to be 57 percent for the intermediate, and 111 percent for the low-cost assumptions.

<sup>g</sup> Between -\$50 million and \$50 million.

<sup>h</sup> When the fund is depleted, values under current law would reflect permissible expenditures only, which would be less than the cost of scheduled benefits shown in this table.

Note: Components may not sum to totals because of rounding.

#### **4. Factors Underlying Changes in 10-Year Trust Fund Ratio Estimates From Last Year's Report**

Table IV.A4 presents an analysis of the factors underlying the changes in the intermediate estimates over the short-range projection period for the OASI, DI, and the combined funds from last year's report to this report.

In the 2021 report under the intermediate assumptions, the trust fund ratio for OASI reached 85 percent at the beginning of 2030—the tenth projection year for that report. The change in the short-range valuation period alone, from 2021 through 2030 to 2022 through 2031, lowered the estimated trust fund ratio for the tenth year by 22 percentage points, to 63 percent. All other changes to reflect modifications in law and regulations since last year's report, the most recent data, adjustments to the assumptions for future years, and changes in projection methods combined for a net increase in the ratio for the tenth projection year of 3 percentage points. Therefore, the total change in the tenth year projected trust fund ratio from last year's report to this year's report is a reduction of 19 percentage points to 66 percent.

The change in policy for the Deferred Actions for Childhood Arrivals program discussed in III.B did not significantly affect the tenth year OASI trust fund ratio. Changes in demographic assumptions over the short-range period also did not significantly affect the projected tenth year trust fund ratio for OASI. Several changes in economic data and assumptions combined to cause a net reduction in the OASI trust fund ratio of 5 percentage points by the beginning of 2031. Incorporating recent programmatic data and assumptions, including actual average benefits and beneficiary counts for 2021 and higher estimated near-term revenue from taxation of benefits income, resulted in an increase of 8 percentage points in the tenth year OASI trust fund ratio. Finally, the tenth year trust fund ratio was not affected significantly by changes in the short-range methodology for this report.

Table IV.A4 also shows corresponding estimates of the factors underlying the changes in the financial projections for the DI Trust Fund and for the combined OASI and DI Trust Funds. The 64-percentage-point increase in the DI trust fund ratio from the beginning of 2030 in last year's report to the beginning of 2031 in this year's report is the net effect of increases and decreases from the factors described above for the OASI Trust Fund, combined with other changes that are significant for DI but not OASI. The large increase of 57 points due to programmatic data and assumptions reflects: (1) lower recent disabled-worker application and incidence rates, (2) a more gradual return of initial disability application rates to their ultimate levels from recent lows, and (3) lowering the ultimate disabled worker incidence rate from 5.0 to 4.8 in this report.

**Table IV.A4.—Reasons for Change in Trust Fund (Unfunded Obligation) Ratios  
at the Beginning of the Tenth Year of Projection Under Intermediate Assumptions**  
[In percent]

Item	OASI Trust Fund	DI Trust Fund	OASI and DI Trust Funds, combined
Trust fund ratio shown in last year's report for calendar year 2030 .	85	81	85
Change in trust fund ratio due to changes in:			
Legislation and regulations . . . . .	a	a	a
Valuation period . . . . .	-22	5	-19
Demographic data and assumptions. . . . .	a	a	a
Economic data and assumptions . . . . .	-5	2	-4
Programmatic data and assumptions . . . . .	8	57	13
Projection methods and data . . . . .	a	a	a
Total change in trust fund ratio	-19	64	-11
Trust fund ratio shown in this report for calendar year 2031. . . . .	66	145	74

<sup>a</sup> Between -0.5 and 0.5 percent.

Note: Components may not sum to totals because of rounding.

## **B. LONG-RANGE ESTIMATES**

The Trustees use three types of financial measures to assess the actuarial status of the Social Security trust funds under the financing approach specified in current law: (1) annual cash-flow measures, including income rates, cost rates, and balances; (2) trust fund ratios; and (3) summary measures such as actuarial balances and unfunded obligations.

The difference between the annual income rate and annual cost rate, both expressed as percentages of taxable payroll, is the annual balance. The level and trend of the annual balances at the end of the 75-year projection period are factors that the Trustees use to assess the financial condition of the program.

The trust fund ratio for a year is the proportion of the year's projected cost that could be paid with fund reserves available at the beginning of the year. Critical factors considered by the Trustees in assessing actuarial status include: (1) the level and year of maximum trust fund ratio, (2) the year of depletion of the fund reserves and the percent of scheduled benefits that is still payable after reserves are depleted, and (3) the stability of the trust fund ratio at the end of the long-range period.

Solvency at any point in time requires that sufficient financial resources are available to pay all scheduled benefits at that time. Solvency is generally indicated by a positive trust fund ratio. "Sustainable solvency" for the financing of the program under a specified set of assumptions is achieved when the projected trust fund ratio is positive throughout the 75-year projection period and is either stable or rising at the end of the period.

The Trustees summarize the total income and cost over valuation periods that extend through 75 years and over the infinite horizon.<sup>1</sup> This section presents several summarized measures, including the actuarial balance and the open-group unfunded obligation. The actuarial balance indicates the size of any surplus or shortfall as a percentage of the taxable payroll over the period. The open-group unfunded obligation indicates the size of any shortfall in present-value dollars.

This section also includes additional information that the Trustees use to assess the financial status of the Social Security program, including: (1) a comparison of the number of beneficiaries to the number of covered workers, (2) the test of long-range close actuarial balance, and (3) the reasons for the change in the actuarial balance from the last report.

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<sup>1</sup> See appendix F.

## **1. Annual Income Rates, Cost Rates, and Balances**

The concepts of income rate and cost rate, expressed as percentages of taxable payroll, are important in the consideration of the long-range actuarial status of the trust funds. The annual income rate is the ratio of all non-interest income to the OASDI taxable payroll for the year. Non-interest income includes payroll taxes, taxes on scheduled benefits, and any General Fund transfers or reimbursements. The OASDI taxable payroll consists of the total earnings subject to OASDI taxes with some relatively small adjustments.<sup>1</sup> The annual cost rate is the ratio of the cost of the program to the taxable payroll for the year. The cost includes scheduled benefits, administrative expenses, net interchange with the Railroad Retirement program, and payments for vocational rehabilitation services for disabled beneficiaries. For any year, the annual income rate minus the annual cost rate is the annual “balance” for the year.

Table IV.B1 presents a comparison of the estimated annual income rates and cost rates by trust fund and alternative. Table IV.B2 shows the separate components of the annual income rates.

Under the intermediate assumptions, the Trustees project that the OASI income rate will increase from 10.65 percent of payroll for 2021 to 11.00 percent of payroll for 2022 and 11.21 percent of payroll for 2023. The income rate in 2021 is relatively low because an unusually large negative adjustment to payroll tax contributions was made in June 2021 reflecting the excess amounts credited in 2020. The OASI income rate then decreases to 11.14 percent in 2024 and generally gradually rises thereafter, reaching 11.55 percent of taxable payroll for 2096. Income from taxation of benefits causes this gradual increase in the OASI income rate for two main reasons: (1) total scheduled benefits are rising faster than payroll; and (2) the ratio of total income tax on benefits to total benefits increases over time for reasons discussed in detail on page 152.

The OASI cost rate rises rapidly from 2021<sup>2</sup> to 2038. During this period, the retirement of the baby-boom generation will continue to increase the number of beneficiaries much faster than the number of workers increases, as subse-

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<sup>1</sup> Adjustments include adding deemed wage credits based on military service for 1983-2001 and reflecting the lower effective tax rates (as compared to the combined employee-employer rate) that apply to multiple-employer “excess wages.” Lower rates also applied to net earnings from self-employment before 1984 and to income from tips before 1988.

<sup>2</sup> Amounts for 2020 and 2021 are adjusted to include in 2021 operations those benefit payments regularly scheduled in the law to be paid on January 3, 2021, which were actually paid on December 31, 2020 as required by the statutory provision for early benefit payments when the normal delivery date is on a weekend or holiday. Such shifts in payments across calendar years have occurred in the past and will occur periodically in the future whenever January 3rd falls on a Sunday. In order to provide a consistent perspective on trust fund operations over time, all trust fund operations in each year reflect the 12 months of benefits that are regularly scheduled for payment in that year.

quent lower-birth-rate generations replace the baby-boom generation at working ages. From 2040 to 2046, the cost rate declines because the aging baby-boom generation is gradually replaced at retirement ages by the lower-birth-rate generations that followed. The OASI cost rate then rises from 14.95 percent in 2046 to 16.45 percent in 2078, largely because of the period of reduced birth rates starting with the recession of 2007-09, and then declines to 15.69 percent in 2096.

Projections of income rates under the low-cost and high-cost sets of assumptions are similar to those projected for the intermediate assumptions, because income rates are largely a reflection of the payroll tax rates specified in the law, with the changes from taxation of benefits noted above. In contrast, OASI cost rates for the low-cost and high-cost assumptions are significantly different from those projected for the intermediate assumptions. For the low-cost assumptions, the OASI cost rate rises from 12.28 percent in 2022 until it peaks in 2034 at 12.85 percent of payroll. The cost rate then declines to 12.01 percent for 2055, rises to 12.14 percent for 2070, and then mostly declines to 10.98 percent in 2096, at which point the income rate reaches 11.26 percent. For the high-cost assumptions, the OASI cost rate rises from 12.81 percent in 2022 to 24.67 percent in 2088 and then declines gradually to 24.45 percent in 2096, at which point the income rate reaches 12.10 percent.

The pattern of the projected OASI annual balance is important in the analysis of the financial condition of the program. Under the intermediate assumptions, the annual balance is negative throughout the projection period. The annual deficit decreases from 1.54 percent in 2021 to 1.40 percent in 2022, mainly because of the 2021 adjustment for lower-than-expected payroll tax revenue in 2020 mentioned earlier. After 2022, the annual deficit rises to 3.50 percent for 2040. It then declines to 3.47 percent of payroll for 2046, rises to 4.85 percent for 2078, and declines thereafter, reaching 4.14 percent of taxable payroll for 2096.

Under the low-cost assumptions, the OASI annual deficit decreases from 1.32 percent of payroll for 2022 to 1.17 percent in 2023, and then mostly rises to 1.52 percent of payroll for 2034. After 2034, the annual deficit declines to 0.70 percent of payroll for 2055, and rises to 0.82 percent for 2070. After 2070, the OASI annual balance mostly improves, turning positive in 2088, and reaching 0.27 percent of payroll for 2096. Under the high-cost assumptions, the OASI annual deficit rises from 1.72 percent for 2022 to 12.56 percent for 2088, and then declines relatively modestly to 12.36 percent for 2096.

Table IV.B1.—Annual Income Rates, Cost Rates, and Balances,  
Calendar Years 1990-2100  
[As a percentage of taxable payroll]

Calendar year	OASI			DI			OASDI		
	Income rate <sup>a</sup>	Cost rate <sup>b</sup>	Balance <sup>b</sup>	Income rate <sup>a</sup>	Cost rate <sup>b</sup>	Balance <sup>b</sup>	Income rate <sup>a</sup>	Cost rate <sup>b</sup>	Balance <sup>b</sup>
<b>Historical data:</b>									
1990.....	11.47	9.65	1.82	1.18	1.09	0.10	12.65	10.74	1.91
1995.....	10.65	10.23	.42	1.87	1.44	.43	12.52	11.67	.85
2000.....	10.85	8.98	1.87	1.78	1.42	.36	12.62	10.40	2.23
2005.....	10.96	9.31	1.65	1.84	1.85	-.02	12.80	11.16	1.63
2010.....	10.75	11.06	-.30	1.79	2.41	-.62	12.54	13.47	-.92
1995.....	10.83	11.04	-.21	1.80	2.42	-.62	12.63	13.46	-.83
2012.....	11.05	11.35	-.30	1.81	2.47	-.66	12.85	13.82	-.96
2013.....	10.96	11.53	-.57	1.81	2.43	-.63	12.77	13.97	-1.20
2014.....	10.95	11.59	-.64	1.81	2.35	-.55	12.76	13.95	-1.19
2015.....	11.02	11.64	-.62	1.81	2.27	-.47	12.82	13.91	-1.09
2016.....	10.70	11.70	-.99	2.39	2.20	.19	13.09	13.89	-.80
2017.....	10.64	11.56	-.92	2.42	2.09	.33	13.06	13.65	-.59
2018.....	10.27	11.69	-1.41	2.32	2.01	.31	12.60	13.69	-1.10
2019.....	10.97	11.90	-.93	1.84	1.93	-.09	12.81	13.83	-1.02
2020.....	11.59	12.44	-.85	1.90	1.89	.01	13.49	14.33	-.84
2021.....	10.65	12.19	-1.54	1.74	1.73	<sup>c</sup>	12.38	13.92	-1.54
<b>Intermediate:</b>									
2022.....	11.00	12.40	-1.40	1.80	1.66	.14	12.79	14.05	-1.26
2023.....	11.21	12.67	-1.46	1.83	1.64	.19	13.04	14.31	-1.27
2024.....	11.14	12.82	-1.68	1.82	1.63	.19	12.95	14.45	-1.49
2025.....	11.15	13.01	-1.86	1.81	1.64	.17	12.97	14.66	-1.69
2026.....	11.26	13.22	-1.96	1.82	1.66	.16	13.08	14.88	-1.80
2027.....	11.28	13.43	-2.14	1.82	1.68	.14	13.10	15.10	-2.00
2028.....	11.32	13.66	-2.34	1.82	1.67	.15	13.14	15.33	-2.19
2029.....	11.35	13.88	-2.52	1.82	1.65	.17	13.17	15.53	-2.35
2030.....	11.38	14.09	-2.71	1.82	1.63	.19	13.20	15.72	-2.52
2031.....	11.41	14.28	-2.87	1.82	1.62	.20	13.23	15.91	-2.67
2035.....	11.45	14.76	-3.31	1.82	1.66	.17	13.27	16.42	-3.15
2040.....	11.47	14.98	-3.50	1.83	1.74	.08	13.30	16.72	-3.42
2045.....	11.48	14.95	-3.47	1.83	1.87	-.04	13.31	16.82	-3.51
2050.....	11.49	15.01	-3.52	1.83	1.94	-.11	13.32	16.95	-3.63
2055.....	11.50	15.17	-3.67	1.83	1.98	-.14	13.34	17.15	-3.81
2060.....	11.53	15.50	-3.98	1.83	1.95	-.11	13.36	17.45	-4.09
2065.....	11.55	15.80	-4.25	1.83	1.93	-.10	13.38	17.73	-4.35
2070.....	11.57	16.08	-4.51	1.83	1.93	-.09	13.40	18.00	-4.60
2075.....	11.59	16.36	-4.77	1.83	1.89	-.06	13.42	18.25	-4.83
2080.....	11.59	16.43	-4.84	1.83	1.87	-.04	13.43	18.30	-4.87
2085.....	11.58	16.24	-4.65	1.83	1.87	-.03	13.42	18.11	-4.69
2090.....	11.56	15.88	-4.32	1.83	1.91	-.08	13.40	17.79	-4.39
2095.....	11.55	15.69	-4.14	1.84	1.95	-.11	13.39	17.64	-4.25
2100.....	11.56	15.77	-4.21	1.84	1.96	-.12	13.39	17.73	-4.33
First year balance becomes negative and remains negative throughout the 75-year projection period.....									
			2010.....				2044.....		



Table IV.B1.—Annual Income Rates, Cost Rates, and Balances,  
Calendar Years 1990-2100 (Cont.)  
[As a percentage of taxable payroll]

Calendar year	OASI			DI			OASDI		
	Income rate <sup>a</sup>	Cost rate <sup>b</sup>	Balance <sup>b</sup>	Income rate <sup>a</sup>	Cost rate <sup>b</sup>	Balance <sup>b</sup>	Income rate <sup>a</sup>	Cost rate <sup>b</sup>	Balance <sup>b</sup>
<b>Low-cost:</b>									
2022.....	10.96	12.28	-1.32	1.79	1.63	0.16	12.75	13.91	-1.16
2023.....	11.21	12.38	-1.17	1.83	1.58	.25	13.04	13.96	-.92
2024.....	11.12	12.39	-1.27	1.81	1.53	.28	12.93	13.92	-.99
2025.....	11.12	12.42	-1.30	1.81	1.51	.31	12.93	13.93	-1.00
2026.....	11.21	12.47	-1.26	1.81	1.48	.34	13.03	13.95	-.92
2027.....	11.23	12.53	-1.30	1.81	1.45	.37	13.04	13.97	-.93
2028.....	11.26	12.60	-1.35	1.82	1.40	.42	13.07	14.00	-.93
2029.....	11.28	12.66	-1.39	1.82	1.35	.47	13.09	14.01	-.92
2030.....	11.29	12.72	-1.43	1.81	1.30	.52	13.11	14.02	-.91
2031.....	11.31	12.76	-1.45	1.81	1.26	.55	13.13	14.02	-.89
2035.....	11.33	12.84	-1.51	1.82	1.21	.60	13.15	14.06	-.91
2040.....	11.33	12.67	-1.33	1.82	1.24	.58	13.15	13.91	-.76
2045.....	11.32	12.31	-1.00	1.82	1.31	.51	13.14	13.62	-.49
2050.....	11.31	12.09	-.78	1.82	1.33	.49	13.13	13.42	-.29
2055.....	11.31	12.01	-.70	1.82	1.34	.48	13.13	13.35	-.22
2060.....	11.32	12.09	-.78	1.82	1.30	.52	13.14	13.40	-.26
2065.....	11.32	12.14	-.81	1.82	1.28	.54	13.14	13.42	-.28
2070.....	11.32	12.14	-.82	1.82	1.27	.55	13.14	13.42	-.27
2075.....	11.32	12.13	-.80	1.82	1.25	.57	13.14	13.37	-.23
2080.....	11.31	11.91	-.60	1.82	1.24	.58	13.13	13.15	-.02
2085.....	11.29	11.51	-.22	1.82	1.24	.58	13.11	12.75	.36
2090.....	11.26	11.08	.18	1.82	1.28	.54	13.08	12.36	.72
2095.....	11.25	10.97	.29	1.82	1.31	.52	13.08	12.27	.80
2100.....	11.26	11.12	.14	1.82	1.31	.52	13.09	12.43	.66
First year balance becomes									
negative and remains negative									
throughout the 75-year									
projection period.....									
			d			e			d
<b>High-cost:</b>									
2022.....	11.09	12.81	-1.72	1.81	1.72	.09	12.90	14.53	-1.63
2023.....	11.20	13.55	-2.35	1.82	1.79	.03	13.02	15.34	-2.31
2024.....	11.17	13.65	-2.48	1.82	1.80	.01	12.99	15.45	-2.46
2025.....	11.20	13.92	-2.72	1.82	1.86	-.04	13.02	15.78	-2.76
2026.....	11.32	14.22	-2.90	1.82	1.92	-.09	13.14	16.14	-3.00
2027.....	11.35	14.57	-3.21	1.82	1.98	-.16	13.17	16.54	-3.37
2028.....	11.40	14.98	-3.58	1.83	2.01	-.18	13.22	16.98	-3.76
2029.....	11.44	15.38	-3.94	1.83	2.02	-.19	13.27	17.40	-4.13
2030.....	11.48	15.79	-4.30	1.83	2.03	-.20	13.31	17.82	-4.50
2031.....	11.53	16.18	-4.65	1.83	2.05	-.22	13.36	18.22	-4.87

**Table IV.B1.—Annual Income Rates, Cost Rates, and Balances,  
Calendar Years 1990-2100 (Cont.)**  
[As a percentage of taxable payroll]

Calendar year	OASI			DI			OASDI		
	Income rate <sup>a</sup>	Cost rate <sup>b</sup>	Balance <sup>b</sup>	Income rate <sup>a</sup>	Cost rate <sup>b</sup>	Balance <sup>b</sup>	Income rate <sup>a</sup>	Cost rate <sup>b</sup>	Balance <sup>b</sup>
<b>High-cost (Cont.):</b>									
2035 . . . . .	11.59	17.15	-5.56	1.83	2.19	-0.35	13.43	19.34	-5.91
2040 . . . . .	11.65	17.92	-6.27	1.84	2.36	-.53	13.48	20.28	-6.80
2045 . . . . .	11.69	18.47	-6.78	1.84	2.59	-.75	13.53	21.06	-7.53
2050 . . . . .	11.73	19.11	-7.38	1.84	2.74	-.89	13.58	21.85	-8.27
2055 . . . . .	11.78	19.82	-8.03	1.85	2.84	-.99	13.63	22.65	-9.02
2060 . . . . .	11.84	20.66	-8.82	1.85	2.83	-.98	13.69	23.49	-9.80
2065 . . . . .	11.89	21.47	-9.58	1.85	2.84	-.99	13.74	24.32	-10.57
2070 . . . . .	11.95	22.35	-10.40	1.85	2.85	-1.00	13.80	25.21	-11.40
2075 . . . . .	12.02	23.32	-11.31	1.85	2.81	-.96	13.87	26.13	-12.27
2080 . . . . .	12.07	24.12	-12.05	1.85	2.76	-.91	13.92	26.89	-12.97
2085 . . . . .	12.10	24.60	-12.50	1.85	2.72	-.87	13.95	27.31	-13.36
2090 . . . . .	12.10	24.63	-12.53	1.85	2.73	-.88	13.96	27.36	-13.41
2095 . . . . .	12.10	24.48	-12.38	1.85	2.78	-.93	13.95	27.26	-13.31
2100 . . . . .	12.10	24.44	-12.35	1.85	2.81	-.96	13.95	27.25	-13.30
First year balance becomes negative and remains negative throughout the 75-year projection period . . . . .			2010 . . . . .	2025 . . . . .	2010				

<sup>a</sup> Income rates include certain reimbursements from the General Fund of the Treasury.  
<sup>b</sup> Benefit payments scheduled to be paid on January 3 are actually paid on December 31 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment each year.  
<sup>c</sup> Between 0 and 0.005 percent of taxable payroll.  
<sup>d</sup> The annual balance is projected to be negative for a temporary period and then return to positive levels before the end of the projection period.  
<sup>e</sup> The annual balance is projected to be positive throughout the entire 75-year projection period.

Notes:  
1. The income rate excludes interest income.  
2. Revisions of taxable payroll may change some historical values.  
3. Components may not sum to totals because of rounding.

Under the intermediate assumptions, the projected DI cost rate declines from 1.73 percent for 2021 to 1.66 percent for 2022 due primarily to changes in assumed near-term disability incidence rates. After 2022, the cost rate fluctuates, reaching 1.62 percent for 2031. Then the DI cost rate increases gradually to 1.98 percent for 2055. Thereafter, the cost rate remains relatively stable, decreasing slowly to 1.86 percent for 2083, and then increasing to 1.95 percent for 2096. The DI income rate in 2021 is relatively low, mainly from the decline in payroll tax contributions in 2021 reflecting the adjustment from lower-than-expected 2020 payroll tax contributions mentioned earlier. The DI income rate increases from 1.74 percent for 2021 to 1.83 percent for 2023, and is relatively stable thereafter, reaching 1.84 percent for 2096. The annual balance is between 0 and 0.005 percent of payroll in 2021, increases to 0.19 percent in 2024, and then fluctuates through 2032. After 2032, the annual balance declines and becomes negative in 2044. After 2044, the annual deficit increases to 0.14 percent in 2055,

decreases to 0.03 percent in 2083, and then increases to 0.12 percent of payroll for 2096.

Under the low-cost assumptions, the projected DI cost rate declines from 1.63 percent of payroll for 2022 to 1.21 percent for 2035 and then increases to 1.34 percent for 2053. The cost rate then declines through 2081 and increases slowly thereafter, reaching 1.31 percent for 2096. The annual balance is positive throughout the long-range period, reaching 0.52 percent of payroll for 2096. Under the high-cost assumptions, the DI cost rate rises from 1.72 percent of payroll in 2022 to 2.85 percent in 2057 and fluctuates thereafter, reaching 2.79 percent for 2096. The DI annual balance declines from 0.09 percent of payroll in 2022 and becomes negative in 2025, with a 0.04 percent annual deficit in 2025. After 2025, annual deficits increase to 1.00 percent of payroll in 2057 and fluctuate thereafter, reaching 0.94 percent for 2096.

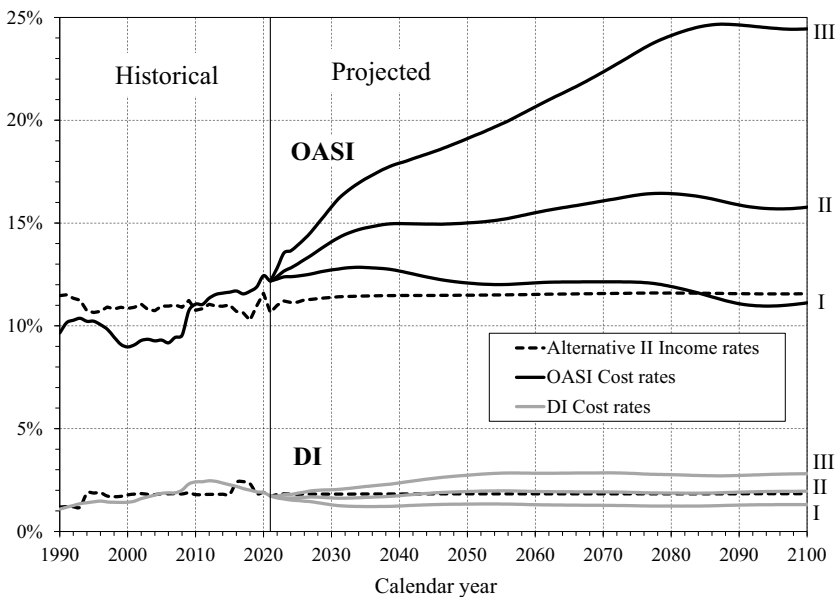
Figure IV.B1 shows the patterns of the historical and projected OASI and DI annual cost rates. The patterns in projected OASI and DI cost rates are described earlier in this chapter. Historical annual OASI cost rates shifted upward starting in 2008 and have remained at relatively high levels since then, primarily due to the retirement of the baby-boom generation. Historical annual DI cost rates rose substantially between 1990 and 2010 in large part due to: (1) aging of the working population as the baby-boom generation moved from ages 25-44 in 1990, where disability prevalence is low, to ages 45-64 in 2010, where disability prevalence is much higher; (2) a substantial increase in the percentage of women insured for DI benefits as a result of increased and more consistent rates of employment; and (3) increased disability incidence rates for women to a level similar to those for men by 2010. As of 2010, these three factors have largely stabilized. Other factors that are not yet fully understood, including the changing nature of work, have caused age-sex-adjusted incidence rates and cost rates to decline from 2010 to 2021. Figure IV.B1 shows only the income rates for alternative II because the variation in income rates by alternative is very small. Income rates generally increase slowly for each of the alternatives over the long-range period. Taxation of benefits, which is a small portion of income, is the main source of the increases in the income rate and the variation among the alternatives.

Table IV.B1 shows the annual balances for OASI, DI, and OASDI. The pattern of the annual balances is important to the analysis of the financial condition of the Social Security program as a whole. As seen in figure IV.B1, the magnitude of each of the positive balances is the distance between the appropriate cost-rate curve and the income-rate curve above it. The magnitude of each of the deficits is the distance between the appropriate cost-rate curve and the income-rate curve below it. Annual balances follow closely the pat-

tern of annual cost rates after 1990 because the payroll tax rate does not change for the OASDI program, with only small variations in the allocation between DI and OASI except for changes due to the 1994 and the 2016 through 2018 payroll tax rate reallocations.

In the future, the costs of OASI, DI, and the combined OASDI programs as a percentage of taxable payroll are unlikely to fall outside the range encompassed by alternatives I and III because alternatives I and III define a wide range of demographic and economic conditions.

**Figure IV.B1.—Long-Range OASI and DI Annual Income Rates and Cost Rates**  
[As a percentage of taxable payroll]



Long-range OASDI cost and income are most often expressed as percentages of taxable payroll. However, the Trustees also present cost and income as shares of gross domestic product (GDP), the value of goods and services produced during the year in the United States. Under alternative II, the Trustees project OASDI cost to increase from about 5.0 percent of GDP for 2022 to about 6.0 percent for 2039. After 2039, OASDI cost as a percentage of GDP declines slightly through 2049, increases to a peak of 6.2 percent for 2077, and thereafter decreases slowly, reaching about 5.9 percent by 2096. Appendix G presents full estimates of income and cost relative to GDP.

Table IV.B2 contains historical and projected annual income rates and their components by trust fund and alternative. The annual income rates consist of the scheduled payroll tax rates, the rates of income from taxation of sched-

uled benefits, and the rates of income from General Fund reimbursements. Projected income from taxation of benefits increases over time for reasons discussed on page 152.

**Table IV.B2.—Components of Annual Income Rates, Calendar Years 1990-2100**  
[As a percentage of taxable payroll]

Calendar year	OASI				DI				OASDI			
	Payroll tax	Tax-ation of bene-fits <sup>a</sup>	General Fund Reim-burse-ments <sup>b</sup>	Total <sup>c</sup>	Payroll tax	Tax-ation of bene-fits <sup>a</sup>	General Fund Reim-burse-ments <sup>b</sup>	Total <sup>c</sup>	Payroll tax	Tax-ation of bene-fits <sup>a</sup>	General Fund Reim-burse-ments <sup>b</sup>	Total <sup>c</sup>
<b>Historical data:</b>												
1990 ..	11.29	.21	-.03	11.47	1.21	.01	-.03	1.18	12.50	.21	-.06	12.65
1995 ..	10.46	.19	-.01	10.65	1.87	.01	-.01	1.87	12.33	.20	-.01	12.52
2000 ..	10.56	.29	<sup>d</sup>	10.85	1.78	.02	-.02	1.78	12.34	.31	-.02	12.62
2005 ..	10.68	.29	-.01	10.96	1.81	.02	<sup>d</sup>	1.84	12.49	.31	-.01	12.80
2010 ..	10.30	.42	.04	10.75	1.75	.04	.01	1.79	12.05	.45	.05	12.54
2011 ..	8.82	.41	1.61	10.83	1.50	.03	.27	1.80	10.32	.44	1.88	12.63
2012 ..	8.86	.47	1.72	11.05	1.51	.01	.29	1.81	10.36	.48	2.01	12.85
2013 ..	10.54	.35	.07	10.96	1.79	.01	.01	1.81	12.33	.36	.08	12.77
2014 ..	10.49	.45	.01	10.95	1.78	.03	<sup>d</sup>	1.81	12.27	.48	.01	12.76
2015 ..	10.54	.47	<sup>d</sup>	11.02	1.79	.02	<sup>d</sup>	1.81	12.33	.49	.01	12.82
2016 ..	10.23	.48	<sup>d</sup>	10.70	2.37	.02	<sup>d</sup>	2.39	12.60	.49	<sup>d</sup>	13.09
2017 ..	10.12	.51	<sup>d</sup>	10.64	2.39	.03	<sup>d</sup>	2.42	12.52	.54	<sup>d</sup>	13.06
2018 ..	9.80	.47	<sup>d</sup>	10.27	2.32	.01	<sup>d</sup>	2.32	12.12	.48	<sup>d</sup>	12.60
2019 ..	10.51	.46	<sup>d</sup>	10.97	1.82	.02	<sup>d</sup>	1.84	12.33	.48	<sup>d</sup>	12.81
2020 ..	11.08	.51	<sup>d</sup>	11.59	1.88	.02	<sup>d</sup>	1.90	12.96	.53	<sup>d</sup>	13.49
2021 ..	10.19	.45	<sup>d</sup>	10.65	1.73	.01	<sup>d</sup>	1.74	11.93	.46	<sup>d</sup>	12.38
<b>Intermediate:</b>												
2022 ..	10.48	.52	<sup>d</sup>	11.00	1.78	.02	<sup>d</sup>	1.80	12.26	.53	<sup>d</sup>	12.79
2023 ..	10.67	.54	<sup>d</sup>	11.21	1.81	.02	<sup>d</sup>	1.83	12.48	.55	<sup>d</sup>	13.04
2024 ..	10.58	.56	<sup>d</sup>	11.14	1.80	.02	<sup>d</sup>	1.82	12.38	.57	<sup>d</sup>	12.95
2025 ..	10.58	.58	<sup>d</sup>	11.15	1.80	.02	<sup>d</sup>	1.81	12.37	.60	<sup>d</sup>	12.97
2026 ..	10.58	.68	<sup>d</sup>	11.26	1.80	.02	<sup>d</sup>	1.82	12.38	.70	<sup>d</sup>	13.08
2027 ..	10.57	.71	<sup>d</sup>	11.28	1.80	.02	<sup>d</sup>	1.82	12.37	.73	<sup>d</sup>	13.10
2028 ..	10.58	.74	<sup>d</sup>	11.32	1.80	.02	<sup>d</sup>	1.82	12.38	.76	<sup>d</sup>	13.14
2029 ..	10.59	.77	<sup>d</sup>	11.35	1.80	.02	<sup>d</sup>	1.82	12.38	.79	<sup>d</sup>	13.17
2030 ..	10.58	.80	<sup>d</sup>	11.38	1.80	.02	<sup>d</sup>	1.82	12.38	.82	<sup>d</sup>	13.20
2031 ..	10.58	.83	<sup>d</sup>	11.41	1.80	.02	<sup>d</sup>	1.82	12.37	.86	<sup>d</sup>	13.23
2035 ..	10.58	.87	<sup>d</sup>	11.45	1.80	.03	<sup>d</sup>	1.82	12.38	.90	<sup>d</sup>	13.27
2040 ..	10.58	.89	<sup>d</sup>	11.47	1.80	.03	<sup>d</sup>	1.83	12.38	.92	<sup>d</sup>	13.30
2045 ..	10.58	.90	<sup>d</sup>	11.48	1.80	.03	<sup>d</sup>	1.83	12.38	.93	<sup>d</sup>	13.31
2050 ..	10.58	.91	<sup>d</sup>	11.49	1.80	.03	<sup>d</sup>	1.83	12.38	.94	<sup>d</sup>	13.32
2055 ..	10.58	.92	<sup>d</sup>	11.50	1.80	.04	<sup>d</sup>	1.83	12.38	.96	<sup>d</sup>	13.34
2060 ..	10.58	.95	<sup>d</sup>	11.53	1.80	.04	<sup>d</sup>	1.83	12.38	.98	<sup>d</sup>	13.36
2065 ..	10.58	.97	<sup>d</sup>	11.55	1.80	.04	<sup>d</sup>	1.83	12.38	1.01	<sup>d</sup>	13.38
2070 ..	10.58	.99	<sup>d</sup>	11.57	1.80	.04	<sup>d</sup>	1.83	12.38	1.03	<sup>d</sup>	13.40
2075 ..	10.58	1.01	<sup>d</sup>	11.59	1.80	.04	<sup>d</sup>	1.83	12.38	1.05	<sup>d</sup>	13.42
2080 ..	10.58	1.02	<sup>d</sup>	11.59	1.80	.04	<sup>d</sup>	1.83	12.38	1.05	<sup>d</sup>	13.43
2085 ..	10.58	1.01	<sup>d</sup>	11.58	1.80	.04	<sup>d</sup>	1.83	12.38	1.04	<sup>d</sup>	13.42
2090 ..	10.58	.98	<sup>d</sup>	11.56	1.80	.04	<sup>d</sup>	1.83	12.37	1.02	<sup>d</sup>	13.40
2095 ..	10.58	.97	<sup>d</sup>	11.55	1.80	.04	<sup>d</sup>	1.84	12.37	1.01	<sup>d</sup>	13.39
2100 ..	10.58	.98	<sup>d</sup>	11.56	1.80	.04	<sup>d</sup>	1.84	12.38	1.02	<sup>d</sup>	13.39
<b>Low-cost:</b>												
2022 ..	10.45	.51	<sup>d</sup>	10.96	1.77	.02	<sup>d</sup>	1.79	12.22	.53	<sup>d</sup>	12.75
2023 ..	10.69	.52	<sup>d</sup>	11.21	1.81	.02	<sup>d</sup>	1.83	12.50	.54	<sup>d</sup>	13.04
2024 ..	10.58	.54	<sup>d</sup>	11.12	1.80	.02	<sup>d</sup>	1.81	12.38	.55	<sup>d</sup>	12.93
2025 ..	10.57	.55	<sup>d</sup>	11.12	1.79	.02	<sup>d</sup>	1.81	12.36	.57	<sup>d</sup>	12.93

**Table IV.B2.—Components of Annual Income Rates, Calendar Years 1990-2100 (Cont.)**  
[As a percentage of taxable payroll]

Calendar year	OASI				DI				OASDI			
	Payroll tax	Tax-ation of benefits <sup>a</sup>	General Fund Reimburse-ments <sup>b</sup>	Total <sup>c</sup>	Payroll tax	Tax-ation of benefits <sup>a</sup>	General Fund Reimburse-ments <sup>b</sup>	Total <sup>c</sup>	Payroll tax	Tax-ation of benefits <sup>a</sup>	General Fund Reimburse-ments <sup>b</sup>	Total <sup>c</sup>
<b>Low-cost (Cont.):</b>												
2026 ..	10.57	0.64	d	11.21	1.80	0.02	d	1.81	12.37	0.66	d	13.03
2027 ..	10.57	.66	d	11.23	1.79	.02	d	1.81	12.36	.68	d	13.04
2028 ..	10.57	.68	d	11.26	1.80	.02	d	1.82	12.37	.70	d	13.07
2029 ..	10.58	.70	d	11.28	1.80	.02	d	1.82	12.37	.72	d	13.09
2030 ..	10.57	.72	d	11.29	1.80	.02	d	1.81	12.37	.74	d	13.11
2031 ..	10.57	.74	d	11.31	1.80	.02	d	1.81	12.37	.76	d	13.13
2035 ..	10.57	.76	d	11.33	1.80	.02	d	1.82	12.37	.78	d	13.15
2040 ..	10.57	.76	d	11.33	1.80	.02	d	1.82	12.37	.78	d	13.15
2045 ..	10.57	.75	d	11.32	1.80	.02	d	1.82	12.37	.77	d	13.14
2050 ..	10.57	.74	d	11.31	1.80	.02	d	1.82	12.37	.76	d	13.13
2055 ..	10.57	.74	d	11.31	1.80	.03	d	1.82	12.37	.76	d	13.13
2060 ..	10.57	.74	d	11.32	1.80	.03	d	1.82	12.37	.77	d	13.14
2065 ..	10.57	.75	d	11.32	1.80	.03	d	1.82	12.37	.77	d	13.14
2070 ..	10.57	.75	d	11.32	1.80	.03	d	1.82	12.37	.78	d	13.14
2075 ..	10.57	.75	d	11.32	1.80	.02	d	1.82	12.37	.78	d	13.14
2080 ..	10.57	.74	d	11.31	1.80	.02	d	1.82	12.37	.76	d	13.13
2085 ..	10.57	.71	d	11.29	1.80	.03	d	1.82	12.37	.74	d	13.11
2090 ..	10.57	.69	d	11.26	1.80	.03	d	1.82	12.37	.71	d	13.08
2095 ..	10.57	.68	d	11.25	1.80	.03	d	1.82	12.37	.71	d	13.08
2100 ..	10.57	.69	d	11.26	1.80	.03	d	1.82	12.37	.72	d	13.09
<b>High-cost:</b>												
2022 ..	10.55	.53	d	11.09	1.79	.02	d	1.81	12.35	.55	d	12.90
2023 ..	10.63	.57	d	11.20	1.80	.02	d	1.82	12.43	.59	d	13.02
2024 ..	10.58	.59	d	11.17	1.80	.02	d	1.82	12.38	.61	d	12.99
2025 ..	10.58	.62	d	11.20	1.80	.02	d	1.82	12.38	.64	d	13.02
2026 ..	10.58	.73	d	11.32	1.80	.03	d	1.82	12.38	.76	d	13.14
2027 ..	10.58	.77	d	11.35	1.80	.03	d	1.82	12.38	.80	d	13.17
2028 ..	10.59	.81	d	11.40	1.80	.03	d	1.83	12.39	.84	d	13.22
2029 ..	10.59	.85	d	11.44	1.80	.03	d	1.83	12.39	.88	d	13.27
2030 ..	10.59	.90	d	11.48	1.80	.03	d	1.83	12.38	.93	d	13.31
2031 ..	10.59	.94	d	11.53	1.80	.03	d	1.83	12.38	.97	d	13.36
2035 ..	10.59	1.01	d	11.59	1.80	.03	d	1.83	12.38	1.04	d	13.43
2040 ..	10.59	1.06	d	11.65	1.80	.04	d	1.84	12.38	1.10	d	13.48
2045 ..	10.59	1.10	d	11.69	1.80	.04	d	1.84	12.38	1.15	d	13.53
2050 ..	10.59	1.15	d	11.73	1.80	.05	d	1.84	12.38	1.19	d	13.58
2055 ..	10.59	1.20	d	11.78	1.80	.05	d	1.85	12.38	1.25	d	13.63
2060 ..	10.59	1.25	d	11.84	1.80	.05	d	1.85	12.38	1.30	d	13.69
2065 ..	10.59	1.31	d	11.89	1.80	.05	d	1.85	12.38	1.36	d	13.74
2070 ..	10.59	1.36	d	11.95	1.80	.05	d	1.85	12.38	1.42	d	13.80
2075 ..	10.59	1.43	d	12.02	1.80	.05	d	1.85	12.39	1.48	d	13.87
2080 ..	10.59	1.48	d	12.07	1.80	.05	d	1.85	12.39	1.53	d	13.92
2085 ..	10.59	1.51	d	12.10	1.80	.05	d	1.85	12.38	1.56	d	13.95
2090 ..	10.59	1.52	d	12.10	1.80	.05	d	1.85	12.38	1.57	d	13.96
2095 ..	10.59	1.51	d	12.10	1.80	.05	d	1.85	12.38	1.57	d	13.95
2100 ..	10.59	1.51	d	12.10	1.80	.06	d	1.85	12.38	1.57	d	13.95

<sup>a</sup> Revenue from taxation of benefits is the amount that would be assessed on benefit amounts scheduled in the law.

<sup>b</sup> Includes payroll tax revenue forgone under the provisions of Public Laws 111-147, 111-312, 112-78, and 112-96, and other miscellaneous reimbursements.

<sup>c</sup> Values exclude interest income.

<sup>d</sup> Between 0 and 0.005 percent of taxable payroll.

Note: Components may not sum to totals because of rounding.

## 2. Comparison of Workers to Beneficiaries

Under the intermediate assumptions, the Trustees project that the OASDI cost rate will rise rapidly between 2022 and 2038, primarily because the number of beneficiaries rises much more rapidly than the number of covered workers as the baby-boom generation retires. The ratio of OASDI beneficiaries to workers is dominated by the OASI program because all workers eventually die or retire, but only a relatively small minority become disabled. The trends described below are primarily due to demographic changes and thus affect the DI program roughly 20 years earlier than the OASI and OASDI programs. The baby-boom generation had lower fertility rates than their parents, and the Trustees expect that lower fertility rates will persist for all future generations; therefore, the ratio of OASDI beneficiaries to workers will rise rapidly and reach a permanently higher level after all of the baby-boom generation has retired. Due to increasing longevity, the ratio of beneficiaries to workers will generally rise slowly thereafter. Table IV.B3 provides a comparison of the numbers of covered workers and beneficiaries.

**Table IV.B3.—Covered Workers and Beneficiaries, Calendar Years 1945-2100**

		Beneficiaries <sup>b</sup> (in thousands)			Covered workers per OASDI beneficiary	OASDI beneficiaries per 100 covered workers
Calendar year	Covered workers <sup>a</sup> (in thousands)	OASI	DI	OASDI <sup>c</sup>		
<b>Historical data:</b>						
1945 .....	46,390	1,106	-	1,106	41.9	2
1950 .....	48,280	2,930	-	2,930	16.5	6
1955 .....	65,066	7,564	-	7,564	8.6	12
1960 .....	72,371	13,740	522	14,262	5.1	20
1965 .....	80,539	18,509	1,648	20,157	4.0	25
1970 .....	92,963	22,618	2,568	25,186	3.7	27
1975 .....	100,193	26,998	4,125	31,123	3.2	31
1980 .....	112,651	30,384	4,734	35,117	3.2	31
1985 .....	120,437	32,763	3,874	36,636	3.3	30
1990 .....	133,004	35,255	4,204	39,459	3.4	30
1995 .....	140,798	37,364	5,731	43,096	3.3	31
2000 .....	154,703	38,556	6,606	45,162	3.4	29
2005 .....	159,034	39,961	8,172	48,133	3.3	30
2010 .....	157,063	43,440	9,958	53,398	2.9	34
2011 .....	158,604	44,388	10,428	54,816	2.9	35
2012 .....	160,763	45,377	10,799	56,176	2.9	35
2013 .....	163,086	46,517	10,954	57,471	2.8	35
2014 .....	165,461	47,603	10,971	58,574	2.8	35
2015 .....	168,169	48,663	10,881	59,543	2.8	35
2016 .....	170,687	49,811	10,728	60,539	2.8	35
2017 .....	172,744	50,962	10,517	61,480	2.8	36
2018 .....	175,215	52,168	10,296	62,464	2.8	36
2019 .....	176,506	53,508	10,063	63,570	2.8	36
2020 .....	174,479	54,843	9,844	64,686	2.7	37
2021 .....	179,256	55,546	9,486	65,032	2.8	36
<b>Intermediate:</b>						
2022 .....	182,300	56,586	9,103	65,689	2.8	36
2025 .....	183,809	60,687	8,926	69,613	2.6	38
2030 .....	186,359	67,361	9,465	76,826	2.4	41
2035 .....	188,698	71,872	9,810	81,682	2.3	43
2040 .....	190,509	74,163	10,425	84,588	2.3	44

**Table IV.B3.—Covered Workers and Beneficiaries, Calendar Years 1945-2100 (Cont.)**

		Beneficiaries <sup>b</sup> (in thousands)			Covered workers per OASDI beneficiary	OASDI beneficiaries per 100 covered workers
Calendar year	Covered workers <sup>a</sup> (in thousands)	OASI	DI	OASDI <sup>c</sup>		
Intermediate (Cont.):						
2045 .....	192,949	75,112	11,354	86,465	2.2	45
2050 .....	196,372	76,576	12,009	88,585	2.2	45
2055 .....	200,215	78,811	12,489	91,300	2.2	46
2060 .....	204,245	82,062	12,613	94,675	2.2	46
2065 .....	208,016	85,175	12,784	97,959	2.1	47
2070 .....	211,599	88,268	12,976	101,245	2.1	48
2075 .....	215,301	91,422	13,037	104,458	2.1	49
2080 .....	219,668	93,560	13,193	106,753	2.1	49
2085 .....	224,955	94,554	13,503	108,057	2.1	48
2090 .....	230,862	94,908	14,150	109,058	2.1	47
2095 .....	236,829	96,295	14,749	111,043	2.1	47
2100 .....	242,393	98,979	15,168	114,147	2.1	47
Low-cost:						
2022 .....	182,867	56,577	9,093	65,671	2.8	36
2025 .....	185,650	60,600	8,683	69,282	2.7	37
2030 .....	189,850	67,017	8,369	75,386	2.5	40
2035 .....	193,237	70,871	8,178	79,049	2.4	41
2040 .....	196,352	72,490	8,407	80,897	2.4	41
2045 .....	201,229	72,732	9,018	81,751	2.5	41
2050 .....	207,756	73,526	9,463	82,989	2.5	40
2055 .....	214,885	75,209	9,810	85,018	2.5	40
2060 .....	222,174	77,899	9,919	87,818	2.5	40
2065 .....	229,252	80,457	10,105	90,562	2.5	40
2070 .....	236,460	82,969	10,350	93,319	2.5	39
2075 .....	244,398	85,468	10,557	96,025	2.5	39
2080 .....	253,726	86,966	10,880	97,846	2.6	39
2085 .....	264,612	87,403	11,410	98,812	2.7	37
2090 .....	276,253	87,847	12,237	100,084	2.8	36
2095 .....	287,594	90,396	12,920	103,316	2.8	36
2100 .....	298,332	94,717	13,434	108,152	2.8	36
High-cost:						
2022 .....	178,934	56,598	9,116	65,714	2.7	37
2025 .....	180,423	60,807	9,266	70,073	2.6	39
2030 .....	183,166	67,830	10,496	78,325	2.3	43
2035 .....	184,640	73,199	11,483	84,681	2.2	46
2040 .....	185,211	76,475	12,445	88,920	2.1	48
2045 .....	184,997	78,534	13,662	92,195	2.0	50
2050 .....	184,913	81,103	14,504	95,607	1.9	52
2055 .....	184,922	84,294	15,092	99,385	1.9	54
2060 .....	185,121	88,285	15,172	103,457	1.8	56
2065 .....	184,940	92,074	15,246	107,320	1.7	58
2070 .....	184,252	95,887	15,247	111,134	1.7	60
2075 .....	183,085	99,703	14,978	114,681	1.6	63
2080 .....	181,859	102,501	14,675	117,176	1.6	64
2085 .....	180,977	103,916	14,393	118,309	1.5	65
2090 .....	180,511	103,807	14,417	118,224	1.5	65
2095 .....	180,311	103,167	14,655	117,822	1.5	65
2100 .....	180,102	103,022	14,778	117,799	1.5	65

<sup>a</sup> Workers who are paid at some time during the year for employment on which OASDI taxes are due.

<sup>b</sup> Beneficiaries with monthly benefits in current-payment status as of June 30.

<sup>c</sup> This column is the sum of OASI and DI beneficiaries. A small number of beneficiaries receive benefits from both funds.

Notes:

1. The number of beneficiaries does not include uninsured individuals who received benefits under section 228 of the Social Security Act. The General Fund of the Treasury reimbursed the trust funds for the costs of most of these individuals.

2. Historical covered worker and beneficiary data are subject to revision.

3. Components may not sum to totals because of rounding.



The effect of the demographic shift under the three alternatives on the OASDI cost rates is clear when one considers the projected number of OASDI beneficiaries per 100 covered workers. Compared to the 2021 level of 36 beneficiaries per 100 covered workers, the Trustees project that this ratio rises to 44 by 2038 under the intermediate assumptions because the growth in beneficiaries greatly exceeds the growth in workers. This projected ratio continues to rise through 2078 and then generally declines, reaching 47 under the intermediate assumptions by 2100. Under the high-cost assumptions, this ratio generally rises to 65 by 2100. Under the low-cost assumptions, this ratio rises to 41 by 2038 and then generally declines, reaching 36 by 2100. Figure IV.B2 shows beneficiaries per 100 covered workers.

For each alternative, the curve in figure IV.B2 is strikingly similar to the corresponding cost-rate curve in figure IV.B1. This similarity emphasizes the extent to which the cost rate is determined by the age distribution of the population. The cost rate is essentially the product of the number of beneficiaries and their average benefit, divided by the product of the number of covered workers and their average taxable earnings. For this reason, the pattern of the annual cost rates is similar to that of the annual ratios of beneficiaries to workers.

Figure IV.B2.—Number of OASDI Beneficiaries Per 100 Covered Workers

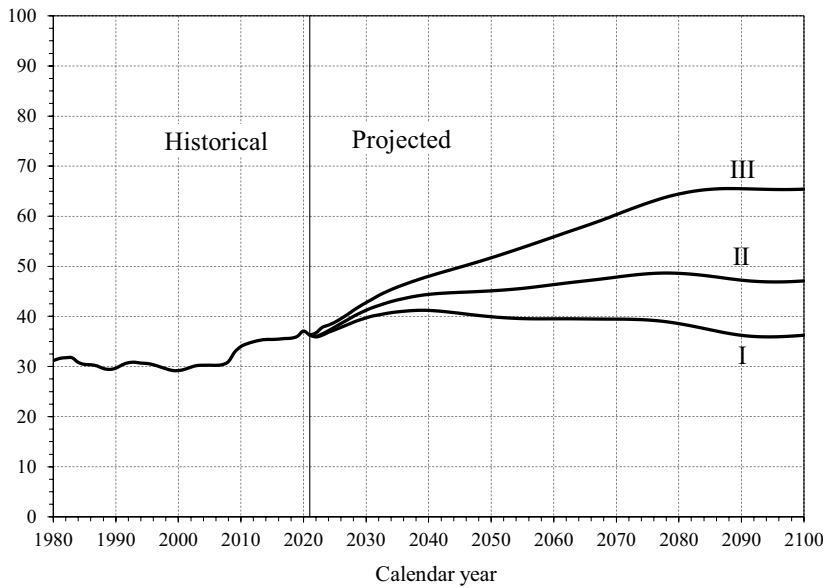


Table IV.B3 also shows the number of covered workers per OASDI beneficiary, which was about 2.8 for 2021. Under the intermediate assumptions,

this ratio declines generally throughout the long-range period, reaching 2.3 for 2038 and 2.1 by 2100. Under the low-cost assumptions, this ratio declines to 2.4 for 2038, then generally rises to 2.8 by 2100. Under the high-cost assumptions, this ratio decreases to 1.5 by 2100.

### **3. Trust Fund Ratios and Test of Long-Range Close Actuarial Balance**

Trust fund ratios are critical indicators of the adequacy of the financial resources of the Social Security program. The trust fund ratio for a year is the amount of asset reserves in a fund at the beginning of a year expressed as a percentage of the cost for the year. Under present law, the OASI and DI Trust Funds do not have the authority to borrow other than in the form of advance tax transfers, which are limited to expected taxes for the current calendar month. If reserves held in either trust fund become depleted during a year, and continuing revenue falls short of the cost of scheduled benefits, then full scheduled benefits would not be payable on a timely basis. For this reason, the trust fund ratio is a critical financial measure.

The trust fund ratio serves an additional important purpose in assessing the actuarial status of the program. If the projected trust fund ratio is positive throughout the period and is either level or increasing at the end of the period, then projected adequacy for the long-range period is likely to continue for subsequent reports. Under these conditions, the program has achieved sustainable solvency.

Table IV.B4 shows the Trustees' projections of trust fund ratios by alternative, without regard to advance tax transfers that would be effected, for the separate and combined OASI and DI Trust Funds. The table also shows the years of trust fund reserve depletion and the percentage of scheduled benefits that would be payable thereafter, by alternative.

Under the intermediate assumptions, the OASI trust fund ratio is projected to decline from 251 percent at the beginning of 2022 until the trust fund reserves become depleted in 2034 (one year later than projected in last year's report), at which time 77 percent of scheduled benefits would be payable. The DI Trust Fund remains solvent throughout the long-range period, compared to a depletion date of 2057 in last year's report. The DI trust fund ratio increases from 68 percent at the beginning of 2022 to a peak of 231 percent in 2043. After 2043, the DI trust fund ratio declines throughout the remainder of the long-range period, reaching 47 percent in 2097. The change in reserve depletion year for the OASI Trust Fund to 2034, compared to 2033 in last year's report, is due primarily to (1) lower cost as a percentage of taxable payroll over several years in the near-term, and (2) higher projected revenue from taxation of benefits. The change from the DI reserve depletion year of 2057 projected in last year's report to 75-year solvency of the DI program in

this year's report occurs primarily because of (1) the reduction in the assumed ultimate disability incidence rate, from 5.0 to 4.8 per 1,000 exposed, and (2) changes in the near-term assumed disability incidence rates.

Under the intermediate assumptions, the trust fund ratio for the combined OASI and DI Trust Funds declines from 230 percent at the beginning of 2022 until the combined fund reserves become depleted early in 2035 (one year later than projected in last year's report), at which time 80 percent of scheduled benefits would be payable.

Under the low-cost assumptions, the trust fund ratio for the DI program increases from 2022 throughout the remainder of the projection period, from 68 percent at the beginning of 2022 to the extremely high level of 3,359 percent for 2097. For the OASI program, the trust fund ratio declines steadily, from 251 percent for 2022 until the reserves become depleted in 2039, at which time 88 percent of scheduled benefits would be payable. For the combined OASDI program, the trust fund ratio declines from 230 percent for 2022 until the combined fund reserves become depleted in 2069. However, the trust funds would have sufficient income by the end of 2088 to permit full payment of scheduled benefits thereafter and also to pay in arrears the temporary shortfalls between 2069 and 2088. By 2089, trust fund reserves become positive and the trust fund ratio increases thereafter, to a ratio of 55 percent in 2097. Because the DI trust fund ratio is positive throughout the projection period and increasing at the end of the period, under the low-cost assumptions, only the DI program achieves sustainable solvency.

Under the high-cost assumptions, the OASI trust fund ratio declines from 251 percent for 2022 until reserves become depleted in 2031, at which time 69 percent of scheduled benefits would still be payable. The DI trust fund ratio declines from 71 percent for 2023 until the reserves become depleted in 2032. At that time, 88 percent of scheduled benefits would still be payable. The combined OASI and DI trust fund ratio declines from 229 percent for 2022 until reserves become depleted in 2031, at which time 72 percent of scheduled benefits would still be payable.

The Trustees project trust fund reserve depletion within the 75-year projection period for the OASI Trust Fund under the low-cost, intermediate, and high-cost assumptions, and for the DI Trust Fund under the high-cost assumptions. It is therefore very likely that lawmakers will need to increase income, reduce program costs, or both, in order to maintain solvency for the OASI Trust Fund. The stochastic projections discussed in appendix E suggest that OASI and combined OASI and DI Trust Fund reserve depletion is highly probable before mid-century.

In the 2021 report, the Trustees projected that the combined trust fund reserves would become depleted in 2031 and 2034 under the high-cost and intermediate assumptions, respectively, and would become temporarily depleted between 2061 and 2092 under the low-cost assumptions.

**Table IV.B4.—Trust Fund Ratios, Calendar Years 2022-2100<sup>a</sup>**  
[In percent]

Calendar year	Intermediate			Low-cost			High-cost		
	OASI	DI	OASDI	OASI	DI	OASDI	OASI	DI	OASDI
2022	251	68	230	251	68	230	251	67	229
2023	228	75	211	227	77	210	227	71	209
2024	208	85	194	209	92	196	204	70	188
2025	188	93	177	191	108	182	180	68	167
2026	167	100	160	173	127	168	155	63	144
2027	147	107	143	157	149	157	130	56	122
2028	127	114	126	142	177	146	105	47	98
2029	107	123	109	128	211	136	79	38	74
2030	87	134	91	114	251	127	52	28	49
2031	66	145	74	101	297	118	25	18	24
2035	b	189	3	52	497	91	b	b	b
2040	b	227	b	b	738	64	b	b	b
2045	b	228	b	b	929	44	b	b	b
2050	b	210	b	b	1,118	32	b	b	b
2055	b	183	b	b	1,316	25	b	b	b
2060	b	158	b	b	1,563	17	b	b	b
2065	b	138	b	b	1,821	8	b	b	b
2070	b	120	b	b	2,086	b	b	b	b
2075	b	105	b	b	2,387	b	b	b	b
2080	b	98	b	b	2,684	b	b	b	b
2085	b	93	b	b	2,930	b	b	b	b
2090	b	81	b	b	3,080	10	b	b	b
2095	b	58	b	b	3,267	42	b	b	b
2100	b	30	b	b	3,511	73	b	b	b
Trust fund reserves permanently become depleted in . . . . .	2034	c	2035	2039	c	d	2031	2032	2031
Payable benefits as percent of scheduled benefits:									
At the time of permanent reserve depletion . . . . .	77	c	80	88	c	d	69	88	72
For 2096 . . . . .	72	c	74	100	c	d	46	66	48

<sup>a</sup> Benefit payments scheduled to be paid on January 3 are actually paid on December 31 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. For comparability with the values for historical years and the projections in this report, all trust fund ratios reflect the 12 months of benefits scheduled for payment each year.

<sup>b</sup> Trust fund reserves would be depleted at the beginning of this year.

<sup>c</sup> Trust fund reserves would not be depleted within the projection period.

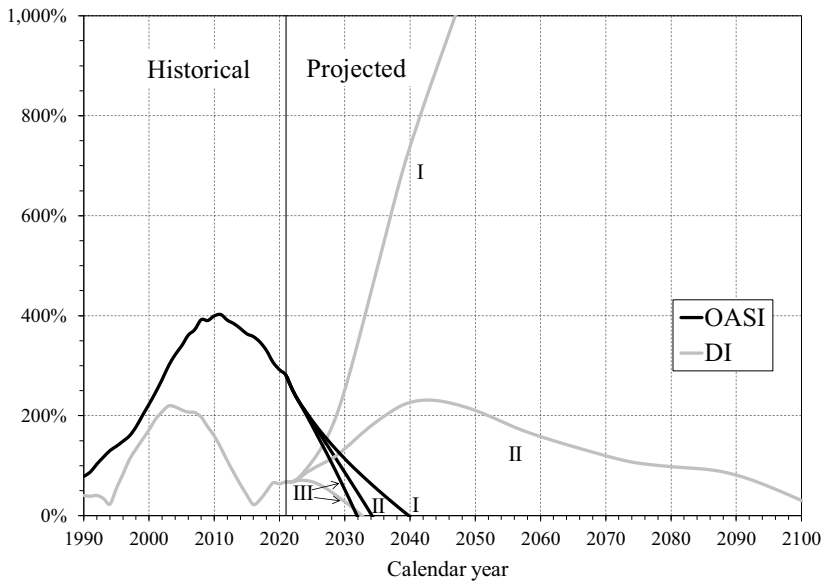
<sup>d</sup> Trust fund reserves would be depleted for a temporary period, and return to positive levels before the end of the period.

Note: The definition of trust fund ratio appears in the Glossary. The ratios shown for the combined trust funds for years after reserve depletion of either the DI or OASI Trust Fund are hypothetical.

Since 2013, when the Trustees modified the test of long-range close actuarial balance, the standard for each trust fund requires meeting two conditions: (1) the test of short-range financial adequacy is satisfied; and (2) the trust fund ratios stay above zero throughout the 75-year projection period, allowing scheduled benefits to be paid in a timely manner throughout the period. Both the long-range test and the short-range test are applied based on the intermediate set of assumptions. As discussed in section IV.A, the DI Trust Fund passes the test of short-range financial adequacy because the trust fund ratio, while below 100 percent at the beginning of the projection period, reaches 100 percent within 5 years and stays above 100 percent throughout the remainder of the 10-year period. The OASI and combined OASI and DI Trust Funds fail the test of short-range financial adequacy because the trust fund ratios drop below 100 percent by the end of the 10-year period. Under the intermediate assumptions, the OASI Trust Fund reserves become depleted in 2034, DI Trust Fund reserves stay positive throughout the 75-year period, and the combined OASI and DI Trust Fund reserves become depleted in 2035. Therefore, the OASI and combined OASI and DI Trust Funds fail the test of long-range close actuarial balance, and the DI program passes the test of long-range close actuarial balance.

Figure IV.B3 illustrates the trust fund ratios for the separate OASI and DI Trust Funds for each of the alternative sets of assumptions. DI Trust Fund status is more uncertain than OASI Trust Fund status because there is a high degree of uncertainty associated with future disability prevalence. A graph of the trust fund ratios for the combined trust funds appears in figure II.D6.

**Figure IV.B3.—Long-Range OASI and DI Trust Fund Ratios**  
[Asset reserves as a percentage of annual cost]



#### 4. Summarized Income Rates, Summarized Cost Rates, and Actuarial Balances

Summarized values for the full 75-year period are useful in analyzing the program’s long-range financial adequacy over the period as a whole, both under present law and under proposed modifications to the law. All annual amounts included in a summarized value are present-value discounted to the valuation date. It is important to note that the actuarial balance indicates the solvency status of the fund only for the very end of the period.

Table IV.B5 presents summarized income rates, summarized cost rates, and actuarial balances for 25-year, 50-year, and 75-year valuation periods. Summarized income rates are the sum of the present value of non-interest income for a period (which includes scheduled payroll taxes, the projected income from the taxation of scheduled benefits, and reimbursements from the General Fund of the Treasury) and the starting trust fund asset reserves, expressed as a percentage of the present value of taxable payroll over the period. Under current law, the total OASDI payroll tax rate will remain at 12.4 percent in the future. In contrast, the Trustees expect income from taxation of benefits, expressed as a percentage of taxable payroll, to increase in most years of the long-range period for the reasons discussed on page 152. Summarized cost rates are the sum of the present value of cost for a period

(which includes scheduled benefits, administrative expenses, net interchange with the Railroad Retirement program, and payments for vocational rehabilitation services for disabled beneficiaries) and the present value of the cost of reaching a target trust fund of 100 percent of annual cost at the end of the period, expressed as a percentage of the present value of taxable payroll over the period.

The actuarial balance for a valuation period is equal to the difference between the summarized income rate and the summarized cost rate for the period. An actuarial balance of zero for any period indicates that cost for the period could be met for the period as a whole (but not necessarily at all points within the period), with a remaining trust fund reserve at the end of the period equal to 100 percent of the following year's cost. A negative actuarial balance for a period indicates that the present value of income to the program plus the existing trust fund is less than the present value of the cost of the program plus the cost of reaching a target trust fund reserve of one year's cost by the end of the period. Generally, a trust fund is deemed to be adequately financed for a period if the actuarial balance is zero or positive, meaning that the reserves at the end of the period are at least equal to annual cost. Note that solvency is possible with a small negative actuarial balance where reserves are still positive.<sup>1</sup>

Table IV.B5 contains summarized rates for the intermediate, low-cost, and high-cost assumptions. The low-cost and high-cost assumptions define a wide range of possibilities. Financial outcomes as good as the low-cost scenario or as bad as the high-cost scenario are unlikely to occur.

For the 25-year valuation period, the OASDI program has an actuarial balance of -0.34 percent of taxable payroll under the low-cost assumptions, -2.24 percent under the intermediate assumptions, and -4.61 percent under the high-cost assumptions. These balances indicate that the program is not adequately financed for the 25-year valuation period under any of these three sets of assumptions.

For the 50-year valuation period, the OASDI program has actuarial balances of -0.27 percent under the low-cost assumptions, -3.02 percent under the intermediate assumptions, and -6.68 percent under the high-cost assump-

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<sup>1</sup> A program is solvent over any period for which the trust fund maintains a positive level of asset reserves. In contrast, the actuarial balance for a period includes the cost of having a target fund equal to 100 percent of the following year's cost at the end of the period. Therefore, if a program ends the period with reserves that are positive but not sufficient to cover the following year's costs, it will be solvent at the end of the period and yet still have a small negative actuarial balance for that period.

tions. These actuarial balances mean that the OASDI program is not adequately financed for the 50-year valuation period under any of these three sets of assumptions.

For the entire 75-year valuation period, the combined OASDI program has actuarial balances of -0.07 percent of taxable payroll under the low-cost assumptions, -3.42 percent under the intermediate assumptions, and -8.09 percent under the high-cost assumptions. These balances indicate that the combined OASDI program is not adequately financed for the 75-year valuation period under any of these three sets of assumptions.

Assuming the intermediate assumptions accurately capture future demographic and economic trends, solvency for the program over the next 75 years could be restored using a variety of approaches. For example, revenue could be increased in a manner equivalent to an immediate and permanent increase in the combined Social Security payroll tax rate from 12.40 percent to 15.64 percent (a relative increase of 26.1 percent),<sup>1</sup> cost could be reduced in a manner equivalent to an immediate and permanent reduction in scheduled benefits of 20.3 percent, or some combination of approaches could be used.

However, eliminating the actuarial deficit for the next 75-year valuation period requires raising payroll taxes or lowering benefits by more than is required just to achieve solvency, because the actuarial deficit includes the cost of attaining a target trust fund equal to 100 percent of annual program cost by the end of the period. The actuarial deficit could be eliminated for the 75-year period by increasing revenue in a manner equivalent to an immediate and permanent increase in the combined payroll tax from 12.40 percent to 15.83 percent (a relative increase of 27.7 percent),<sup>2</sup> reducing cost in a manner equivalent to an immediate reduction in scheduled benefits of 21.2 percent, or some combination of approaches could be used.

Under the intermediate assumptions, the OASDI program has large annual deficits toward the end of the long-range period that reach 4.25 percent of payroll for 2096 (see table IV.B1). These large deficits indicate that annual cost continues to exceed non-interest income after 2096, so continued adequate financing would require larger changes than those needed to maintain solvency for the 75-year period. Over the period extending through the

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<sup>1</sup> The 3.24 percentage point increase in the payroll tax rate required to achieve 75-year solvency differs somewhat from the 3.42 percent actuarial deficit. This is primarily because the rate increase required to achieve 75-year solvency reflects a zero trust fund reserve at the end of the period, whereas the 3.42 percent actuarial deficit incorporates an ending trust fund reserve equal to one year's cost. While such an increase in the payroll tax rate would cause some behavioral changes in earnings and ensuing changes in benefit levels, such changes are not included in these calculations because they are assumed to have roughly offsetting effects on OASDI actuarial status over the 75-year long-range period as a whole.

<sup>2</sup> The calculation of the payroll tax rate increase required to eliminate the actuarial deficit also does not include the effects of behavioral changes, because they are assumed to have roughly offsetting effects.



infinite horizon, the actuarial deficit is 4.5 percent of payroll under the intermediate assumptions.

**Table IV.B5.—Components of Summarized Income Rates and Cost Rates,  
Calendar Years 2022-2096**  
[As a percentage of taxable payroll]

Valuation period	Summarized income rate			Summarized cost rate			Actuarial balance
	Non-interest income	Beginning asset reserves <sup>a</sup>	Total	Cost <sup>a</sup>	Ending target fund <sup>a</sup>	Total	
<b>OASI:</b>							
<b>Intermediate:</b>							
2022-46.....	11.39	1.12	12.51	14.27	0.58	14.84	-2.33
2022-71.....	11.46	.60	12.06	14.81	.28	15.08	-3.02
2022-96.....	11.50	.44	11.93	15.18	.16	15.34	-3.41
<b>Low-cost:</b>							
2022-46.....	11.30	.99	12.29	12.60	.50	13.11	-.82
2022-71.....	11.31	.51	11.82	12.36	.23	12.59	-.77
2022-96.....	11.31	.35	11.66	12.11	.14	12.25	-.59
<b>High-cost:</b>							
2022-46.....	11.51	1.30	12.81	16.36	.67	17.03	-4.23
2022-71.....	11.65	.74	12.39	18.11	.34	18.45	-6.06
2022-96.....	11.75	.56	12.32	19.53	.20	19.73	-7.41
<b>DI:</b>							
<b>Intermediate:</b>							
2022-46.....	1.82	.04	1.86	1.70	.07	1.78	.09
2022-71.....	1.83	.02	1.85	1.81	.03	1.85	<sup>b</sup>
2022-96.....	1.83	.02	1.85	1.84	.02	1.86	-.01
<b>Low-cost:</b>							
2022-46.....	1.82	.04	1.85	1.32	.05	1.38	.48
2022-71.....	1.82	.02	1.84	1.32	.02	1.34	.50
2022-96.....	1.82	.01	1.83	1.30	.02	1.32	.52
<b>High-cost:</b>							
2022-46.....	1.83	.05	1.88	2.16	.10	2.26	-.38
2022-71.....	1.84	.03	1.87	2.44	.04	2.48	-.62
2022-96.....	1.84	.02	1.86	2.52	.02	2.54	-.68
<b>OASDI:</b>							
<b>Intermediate:</b>							
2022-46.....	13.22	1.16	14.38	15.97	.65	16.62	-2.24
2022-71.....	13.29	.62	13.91	16.62	.31	16.93	-3.02
2022-96.....	13.33	.45	13.78	17.02	.18	17.20	-3.42
<b>Low-cost:</b>							
2022-46.....	13.11	1.03	14.14	13.93	.56	14.48	-.34
2022-71.....	13.13	.53	13.66	13.67	.25	13.93	-.27
2022-96.....	13.13	.36	13.50	13.41	.15	13.56	-.07
<b>High-cost:</b>							
2022-46.....	13.34	1.34	14.69	18.52	.77	19.29	-4.61
2022-71.....	13.49	.76	14.25	20.56	.38	20.93	-6.68
2022-96.....	13.60	.58	14.18	22.05	.22	22.27	-8.09

<sup>a</sup> Benefit payments scheduled to be paid on January 3 are actually paid on December 31 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment each year.

<sup>b</sup> Between 0 and 0.005 percent of taxable payroll.

Note: Components may not sum to totals because of rounding.

## **5. Open-Group Unfunded Obligation**

Consistent with practice since 1965, this report focuses on a 75-year open-group valuation to evaluate the long-run financial status of the OASDI program. The open-group valuation includes non-interest income and cost for past, current, and future participants through the year 2096. The open-group unfunded obligation measures the adequacy of financing over the period as a whole for a program financed on a pay-as-you-go basis. On this basis, payroll taxes and scheduled benefits for all participants are included through 2096.

The open-group unfunded obligation increased from \$19.8 trillion shown in last year's report to \$20.4 trillion in this report. If there had been no changes in starting values, assumptions, laws, or methods for this report, then the open-group unfunded obligation would have increased to \$20.6 trillion solely due to the change in the valuation period. This expected increase in the unfunded obligation occurs because: (1) the unfunded obligation is now discounted to January 1, 2022, rather than to January 1, 2021, which tends to increase the unfunded obligation by the annual nominal interest rate; and (2) the unfunded obligation now includes an additional year (2096). However, changes in the law, assumptions, methods, and starting values resulted in a net \$0.1 trillion decrease in the unfunded obligation.

The 75-year unfunded obligation is equivalent to 3.24 percent of OASDI taxable payroll and 1.1 percent of GDP for 2022-96.<sup>1</sup> These percentages were 3.35 and 1.2, respectively, for last year's report. The 75-year unfunded obligation as a percentage of taxable payroll is less than the actuarial deficit, because the unfunded obligation excludes the cost of having an ending target trust fund value.

The actuarial deficit was 3.54 percent of payroll in last year's report, and was expected to increase to a deficit of 3.59 percent of payroll solely due to the change in the valuation period. Changes in the law, assumptions, methods, and starting values combined to account for a 0.17 percentage point decrease (improvement) in the actuarial deficit to 3.42 percent of payroll. The actuarial deficit is 1.2 percent of GDP in this year's report, the same as in last year's report.

As mentioned above, the open-group unfunded obligation expressed in dollars is less than it would have been if only the valuation period had been

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<sup>1</sup> The present value of taxable payroll for 2022-96 is \$631.6 trillion. The present value of GDP for 2022-96 is \$1,817.7 trillion. In last year's report, the present value of taxable payroll for 2021-95 was \$591.5 trillion and the present value of GDP was \$1,698.0 trillion.

changed. This net decrease occurred for a variety of reasons described in the next section, including a reduction in near-term and ultimate assumed disability incidence rates and changes in economic data and assumptions.

Table IV.B6 presents the components and the calculation of the long-range (75-year) actuarial balance under the intermediate assumptions. The present value of future cost less future non-interest income over the long-range period, minus the amount of trust fund asset reserves at the beginning of the projection period, is \$20.4 trillion for the OASDI program. This amount is the 75-year “open-group unfunded obligation” (see row H). The actuarial deficit (which is the negative of the actuarial balance) combines this unfunded obligation with the present value of the ending target trust fund and expresses the total as a percentage of the present value of the taxable payroll for the period. The present value of future non-interest income minus cost, plus starting trust fund reserves, minus the present value of the ending target trust fund, is -\$21.6 trillion for the OASDI program.

**Table IV.B6.—Components of 75-Year Actuarial Balance and Unfunded Obligation Under Intermediate Assumptions**

Item	OASI	DI	OASDI
<b>Present value as of January 1, 2022 (in billions):</b>			
A. Payroll tax revenue . . . . .	\$66,872	\$11,356	\$78,227
B. Reimbursements from general revenue . . . . .	<sup>a</sup>	<sup>a</sup>	<sup>a</sup>
C. Taxation of benefits revenue . . . . .	5,738	206	5,944
D. Non-interest income (A + B + C) . . . . .	72,610	11,562	84,172
E. Cost . . . . .	95,868	11,605	107,473
F. Cost minus non-interest income (E - D) . . . . .	23,258	43	23,301
G. Trust fund asset reserves at start of period . . . . .	2,753	99	2,852
H. Open-group unfunded obligation (F - G) . . . . .	20,505	-56	20,449
I. Ending target trust fund <sup>b</sup> . . . . .	1,026	128	1,154
J. Income minus cost, plus reserves at start of period, minus ending target trust fund (D - E + G - I = - H - I) . . . . .	-21,531	-72	-21,603
K. Taxable payroll . . . . .	631,589	631,589	631,589
<b>Percent of taxable payroll:</b>			
Actuarial balance (100 × J ÷ K) . . . . .	-3.41	-.01	-3.42

<sup>a</sup> Less than \$0.5 billion.

<sup>b</sup> The calculation of the actuarial balance includes the cost of accumulating a target trust fund reserve equal to 100 percent of annual cost at the end of the period.

Note: Components may not sum to totals because of rounding.

Consideration of summary measures alone (such as the actuarial balance and open-group unfunded obligation) for a 75-year period can lead to incorrect perceptions and to policy prescriptions that do not achieve sustainable solvency. These concerns can be addressed by considering the trend in trust fund ratios toward the end of the period. (See the discussion of “sustainable solvency” beginning on page 53.)

Another measure of trust fund finances, discussed in appendix F, is the infinite horizon unfunded obligation, which takes account of all annual balances, even those after 75 years. The extension of the time period past

75 years assumes that the current-law OASDI program and the demographic and economic trends used for the 75-year projection continue indefinitely. This infinite horizon unfunded obligation is estimated to be 4.5 percent of taxable payroll or 1.4 percent of GDP. These percentages were 4.6 and 1.4, respectively, for last year’s report. Of course, the degree of uncertainty associated with estimates increases substantially for years further in the future.

6. Reasons for Change in Actuarial Balance From Last Report

Table IV.B7 shows the effects of changes on the long-range actuarial balance under the intermediate assumptions, by category, between last year’s report and this report.

Table IV.B7.—Reasons for Change in the 75-Year Actuarial Balance, Based on Intermediate Assumptions  
[As a percentage of taxable payroll]

Item	OASI	DI	OASDI
<b>Shown in last year’s report:</b>			
Income rate . . . . .	11.93	1.85	13.78
Cost rate . . . . .	15.39	1.92	17.31
Actuarial balance . . . . .	-3.46	-.08	-3.54
<b>Changes in actuarial balance due to changes in:</b>			
Legislation / Regulation . . . . .	.00	.00	.00
Valuation period <sup>a</sup> . . . . .	-.05	-.01	-.06
Demographic data and assumptions . . . . .	-.04	.00	-.04
Economic data and assumptions . . . . .	.13	.00	.13
Disability data and assumptions . . . . .	.00	.08	.07
Methods and programmatic data . . . . .	.01	.00	.01
Total change in actuarial balance . . . . .	.05	.07	.12
<b>Shown in this report:</b>			
Actuarial balance . . . . .	-3.41	-.01	-3.42
Income rate . . . . .	11.93	1.85	13.78
Cost rate . . . . .	15.34	1.86	17.20

<sup>a</sup> The change in the 75-year valuation period from last year’s report to this report means that the 75-year actuarial balance now includes the relatively large negative annual balance for 2096. This change in the valuation period results in a larger long-range actuarial deficit. The actuarial deficit includes the trust fund reserve at the beginning of the projection period.

Note: Components may not sum to totals because of rounding.

If the law, data, assumptions, and methods had all remained unchanged from last year’s Trustees Report, the long-range OASDI actuarial balance would have decreased (worsened) by 0.06 percent of taxable payroll solely due to the change in the valuation period. However, as described below, projections in this report also reflect new data and changes in law, assumptions, and methods. These changes, including the change in the valuation period, combine to increase (improve) the long-range OASDI actuarial balance by 0.12 percentage point, from -3.54 percent of taxable payroll in last year’s report to -3.42 percent in this report.

### ***Legislation/Regulation***

Changes in law, regulations, and policy have a negligible effect on the long-range OASDI actuarial balance.

Since the last report, there has been one change in policy that has a notable effect on program operations but has a negligible effect on the long-range actuarial balance. On July 16, 2021, pursuant to a United States District Court order, the Department of Homeland Security stopped approving first-time applications under the Deferred Action for Childhood Arrivals (DACA) policy but continues to approve renewal applications. On September 10, 2021, the Administration appealed the District Court ruling. Changes in DACA policy affect OASDI program operations because those who apply for and receive deferred action status are eligible for work authorization, which leads to additional workers covered by the OASDI program and increased payroll tax revenue. The estimates presented in last year's report reflected the assumption that the DACA program would be maintained in full, consistent with the Administration's intent. The estimates presented in this year's report continue to reflect the assumption that DACA will eventually be fully in effect. However, because of the court challenges, the estimates now incorporate a roughly one-year delay in resuming approval of new applications.

### ***Valuation Period***

As mentioned above, changing the 75-year valuation period from 2021 through 2095 for last year's report to 2022 through 2096 for this report decreases the projected long-range OASDI actuarial balance by 0.06 percent of taxable payroll. This decrease occurs because (1) the negative annual balances after trust fund reserve depletion are now discounted to January 1, 2022, rather than to January 1, 2021, and (2) the relatively large negative annual balance for 2096 is now included in this year's 75-year projection period. Note that the actuarial balance calculation includes trust fund reserves at the beginning of the projection period. These reserves reflect the program's net financial flows for all past years, including 2021, up to the start of the valuation period.

### ***Demographic Data and Assumptions***

New demographic data and changes in demographic assumptions combine to decrease (worsen) the long-range OASDI actuarial balance by 0.04 percent of taxable payroll.

The ultimate demographic assumptions are unchanged for this year's report. However, updates to near-term demographic data and assumptions result in significant changes in the long-range actuarial balance.

First, final birth data for calendar year 2020, the base year for the fertility rate projections, indicate slightly lower rates than were assumed in last year's report for 2020. These updated data for the base year, when considered alone, result in slightly lower projected birth rates during the transition period to the ultimate level, decreasing the actuarial balance by 0.01 percent of taxable payroll.

Second, updates to lawful permanent resident (LPR) immigration data and a small revision to near-term LPR immigration assumptions to better reflect the expected effects of the recovery from the pandemic combine to decrease the actuarial balance by 0.01 percent of taxable payroll.

Finally, updates to historical population data and other-than-LPR immigration data combine to decrease the actuarial balance by 0.02 percent of taxable payroll.

### ***Economic Data and Assumptions***

New economic data and changes in economic assumptions, in combination, increase the long-range OASDI actuarial balance by 0.13 percent of taxable payroll.

The ultimate economic assumptions are unchanged for this year's report. However, updates to near-term economic data and assumptions result in significant changes in the long-range actuarial balance.

An update to educational attainment data caused an increase in the long-range actuarial balance of 0.01 percent of taxable payroll. The level of educational attainment affects the modeled labor force participation rates for ages 55 and older for men and 50 and older for women; as the level of educational attainment rises, participation rates tend to increase.

The ultimate real interest rate assumption remains at 2.3 percent for this year's report. The real interest rates for calendar years 2021 through 2024 are assumed to be negative in this year's report, with a gradual rise to the ultimate real interest rate after the economy has fully recovered. These real interest rates are on average slightly higher for the short-range projection period 2022-31 than they were in last year's report for 2021-30, which increases the actuarial balance by 0.02 percent of payroll.

The level of potential GDP is assumed to be about 1.1 percent higher than the level projected in last year's report for 2021 and later, reflecting the stronger-than-expected recovery from the pandemic-induced recession and

the expectation of a permanent level shift in total economy labor productivity, compared to the assumption for last year's report. This change increases the actuarial balance by roughly 0.03 percent of taxable payroll.

Other changes to historical data and near-term economic assumptions combine for a net increase in the actuarial balance of about 0.06 percent of taxable payroll. The pandemic and ensuing recession had a dramatic effect on the economy in 2020. However, employment, earnings, and GDP recovered much faster late in 2020, 2021, and early 2022 than had been assumed in last year's report.

### ***Disability Data and Assumptions***

New disability data and changes in disability assumptions combine to increase the long-range OASDI actuarial balance by 0.07 percent of taxable payroll.

Disabled-worker application and incidence rates dropped substantially from 2010 through 2019 before the pandemic and have fallen even further in 2020 and 2021 during the pandemic. Applications and incidence rates since 2013 have been well below expectations and are not consistent with an assumption of a full rise back to longer-term past historical averages. Based on this experience, the Trustees reduced the ultimate disability incidence rate for this report from 5.0 to 4.8 per thousand exposed. In addition, recent disability data and changes to the near-term disability incidence assumptions have been incorporated. These changes have direct effects on the number of disability beneficiaries, increasing the actuarial balance by 0.06 percent of payroll.

These changes to the ultimate and near-term disability incidence assumptions were incorporated into the labor force participation model, leading to an additional increase in the long-range actuarial balance of 0.01 percent of taxable payroll. More specifically, the labor force model now uses this year's lower disability incidence assumptions and resulting lower disability prevalence projections. A decrease in disability prevalence increases the modeled labor force participation and employment rates.

These new disability data and changes in assumptions are almost entirely responsible for the change in the DI Trust Fund reserve depletion date, from 2057 in last year's report to not becoming depleted over the next 75 years in this year's report.

### ***Methods and Programmatic Data***

The projections in this report also reflect several methodological improvements and updates based on new program-specific data. These methodological changes, programmatic data updates, and interactions combine to

increase the long-range OASDI actuarial balance by 0.01 percent of taxable payroll. Descriptions of four significant methodological changes and programmatic data updates follow.

First, a methodological improvement was made to put more emphasis on recent mortality data. To accomplish this, the weights for the most recent years (2018 and 2019 for this report) in the regressions used to calculate the starting rates of improvement and starting death rates were increased. This change in methodology decreases the actuarial balance by 0.02 percent of taxable payroll.

The second significant set of changes is related to the sample used for the long-range model for projecting average benefit levels of retired-worker and disabled-worker beneficiaries who become newly entitled for benefits. This model uses a large sample of 10 percent of all newly entitled retired-worker beneficiaries in a recent year. The sample used in last year's report was for worker beneficiaries newly entitled in 2017, while this year's report uses the results from worker beneficiaries newly entitled in 2018. This update to the sample year by itself decreases the actuarial balance slightly. Other data updates more than offset the effect of the change in sample year, resulting in a combined increase in the actuarial balance of 0.01 percent of payroll.

Third, recent data and estimates provided by the Office of Tax Analysis at the Department of the Treasury indicate higher near-term and ultimate levels of revenue from income taxation of OASDI benefits than projected in last year's report. The increase in projected ratios of income tax on benefits to benefit amounts increases the actuarial balance by 0.04 percent of taxable payroll.

The fourth significant change is updating the post-entitlement benefit adjustment factors based on new programmatic data. Post-entitlement factors are used to account for changes in benefit levels, primarily due to differential mortality by benefit level and earnings after benefit entitlement. This data update decreases the actuarial balance by 0.02 percent of payroll.

In addition to these four significant methodological changes and programmatic data updates, changes in starting levels and projected levels of OASI and DI beneficiaries and benefit amounts over the first 10 years of the projection period, updating other programmatic data, other small methodological improvements, and interactions among the various method changes and updates to programmatic experience combine to have a negligible effect on the long-range actuarial balance.



**Figure IV.B4.—OASDI Annual Balances: 2021 and 2022 Trustees Reports**  
[As a percentage of taxable payroll, under intermediate assumptions]

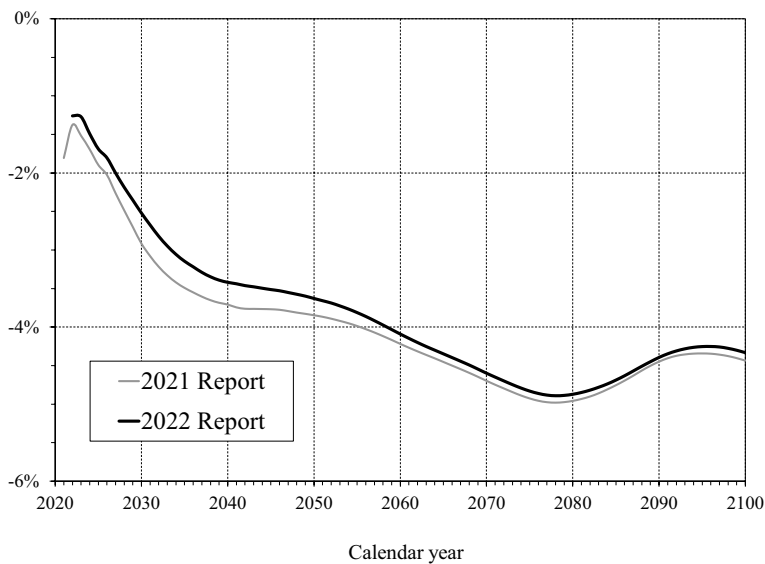


Figure IV.B4 compares the annual balances for this report and the prior year's report for the combined OASDI program over the long-range (75-year) projection period. The figure illustrates the annual effects of the changes described earlier in this section.

The annual balances in this year's report are higher (less negative) in all 75 years of the long-range projection period, primarily due to the changes in economic factors and disability incidence rates described above. For the full 75-year projection period, the annual balances average 0.18 percentage point higher in this year's report. For 2096, the projected annual deficit is 4.25 percent of taxable payroll in this report, compared to 4.35 percent in last year's report.

## **V. ASSUMPTIONS AND METHODS UNDERLYING ACTUARIAL ESTIMATES**

The future income and cost of the OASDI program will depend on many demographic, economic, and program-specific factors. Trust fund income will depend on how these factors affect the size and composition of the working population as well as the level and distribution of earnings. Similarly, program cost will depend on how these factors affect the size and composition of the beneficiary population as well as the general level of benefits.

The Trustees make basic assumptions for several of these factors based on analysis of historical trends, historical conditions, and expected future conditions. These factors include fertility, mortality, immigration, marriage, divorce, productivity, inflation, average earnings, unemployment, real interest rates, and disability incidence and termination. Other factors depend on these basic assumptions. These other, often interdependent, factors include total population, life expectancy, labor force participation, gross domestic product, and program-specific factors. Each year, the Trustees reexamine these assumptions and methods in light of new information and make appropriate revisions. The assumptions for this report were set by the middle of February 2022.

Future levels of these factors and their interrelationships are inherently uncertain. To address these uncertainties, this report uses three sets of assumptions, designated as intermediate (alternative II), low-cost (alternative I), and high-cost (alternative III). The intermediate set represents the Trustees' best estimate of the future course of the population and the economy. With regard to the net effect on the actuarial status of the OASDI program, the low-cost set is more optimistic and the high-cost set is more pessimistic. The low-cost and high-cost sets of assumptions reflect significant potential changes in the interrelationships among factors, as well as changes in the values for individual factors.

While it is unlikely that all of the factors and interactions will differ in the specified directions from the intermediate values, many combinations of individual differences in the factors could have a similar overall effect. Outcomes with overall long-range cost as low as the low-cost scenario or as high as the high-cost scenario are very unlikely. This report also includes a section on sensitivity analysis, where factors are changed one at a time (see appendix D), and a section on stochastic projections, which provides a probability distribution of possible future outcomes, with most of the key factors being varied around the intermediate alternative (see appendix E).

Readers should interpret the estimates based on the three sets of alternative assumptions with care. These estimates are not specific predictions of the future financial status of the OASDI program. Rather, they provide a reasonable range of future income and cost.

All of the key demographic, economic, and program-specific assumptions reach their long-range ultimate values within the next 25 years. For extrapolations beyond the 75-year long-range period, the ultimate levels or trends reached by the end of the 75-year period remain unchanged. The assumed ultimate values represent average annual experience or growth rates. Actual future values will exhibit fluctuations or cyclical patterns, as in the past.

At this time, there is no consensus on what the lasting effects of the COVID-19 pandemic on long-term experience might be, if any. Given the unprecedented level of uncertainty, the Trustees have assumed that the pandemic will have no net effect on the individual long-range ultimate assumptions. However, pandemic effects are reflected in the short-range (first 10-year) period, as described in the remainder of this chapter.

The following sections briefly discuss the various assumptions and methods used in making the estimates of trust fund actuarial status, which are the focus of this report.<sup>1</sup> There are, of course, many interrelationships among these factors that are important but are beyond the scope of this discussion.

## ***A. DEMOGRAPHIC ASSUMPTIONS AND METHODS***

This section of the report provides a brief overview of the demographic historical data and the assumptions used for the projections.

### **1. Fertility Assumptions**

Birth rates by single year of age, for girls and women aged 14 to 49,<sup>2</sup> are the basis for the fertility assumptions. These rates apply to the total number of women, across all marital statuses, in the midyear population at each age. Table V.A1 displays the historical and projected total fertility rates.<sup>3</sup>

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<sup>1</sup> Actuarial Studies published by the Office of the Chief Actuary, Social Security Administration, contain further details about the assumptions, methods, and actuarial estimates. A complete list of available studies may be found at [www.ssa.gov/OACT/NOTES/actstud.html](http://www.ssa.gov/OACT/NOTES/actstud.html). This entire report, along with supplemental year-by-year tables and additional documentation on assumptions and methods, may be found at [www.ssa.gov/OACT/TR/2022/](http://www.ssa.gov/OACT/TR/2022/).

<sup>2</sup> Birth rates at age 14 include births to girls aged 14 and under, and birth rates at age 49 include births to women aged 49 and over.

<sup>3</sup> The total fertility rate may be interpreted as the average number of children that would be born to a woman if she were to experience, at each age of her life, the birth rate observed in, or assumed for, a specified year, and if she were to survive the entire childbearing period. A rate of about 2.1 would ultimately result in a nearly constant population if immigration and emigration were both zero, and if death rates were to remain at current levels.

Historically, birth rates in the United States have fluctuated widely. The total fertility rate decreased from 3.31 children per woman at the end of World War I (1918) to 2.15 during the Great Depression (1936). After 1936, the total fertility rate rose to 3.68 in 1957 and then fell to 1.74 by 1976. After 1976, the total fertility rate rose above 2.00 by 1990, where it generally remained through 2009, but it dropped below 1.90 for 2011 and has been at relatively low levels since then. It reached an all-time low of 1.64 for 2020.

In last year's report, the Trustees assumed that the COVID-19 pandemic would affect birth rates in years 2021 through 2026, with a drop in fertility rates in 2021 and 2022 that would be fully made up with elevated rates in 2024 through 2026. However, preliminary data indicate that, overall, fertility rates for 2021 increased somewhat from 2020. For this year's report, the Trustees have assumed that the pandemic will not have any significant net effect on fertility rates in either the near term or the long term.

The variations in the historical total fertility rate resulted from changes in many factors, including social attitudes, economic conditions, birth-control practices, and the racial/ethnic composition of the population. Since the baby-boom era (1946-65), women have had higher educational attainment, higher labor force participation, an older average age at first marriage, a higher propensity to remain unmarried, and higher rates of divorce. All of these factors are consistent with continued lower total fertility rates than those experienced during the baby-boom era. Based on consideration of these factors, the Trustees expect the ultimate total fertility rate to be relatively close to the average level since the end of the baby-boom era. The assumed ultimate total fertility rates are 2.20, 2.00, and 1.70 children per woman for the low-cost, intermediate, and high-cost assumptions, respectively. These are the same ultimate rates as those assumed for last year's report.

The 2022 Trustees Report continues the use of the cohort-based projection approach that was first implemented in the 2021 Trustees Report. This cohort-based approach results in a much longer transition to ultimate birth rates from the current low birth rates than the period-based approach that was used in the 2020 and prior Trustees Reports. The cohort-based approach also assumes a more gradual shift to older ages of childbearing for birth cohorts who have not yet reached age 49. For the intermediate assumptions, the projected total fertility rate gradually increases through the year the ultimate value is reached (2056). The assumed low-cost and high-cost total fertility rates trend away from the intermediate path, also reaching their ultimate levels in 2056.

## 2. Mortality Assumptions

Mortality projections are developed by assuming ultimate average annual percentage reductions in future mortality rates by age group and cause of death. The assumptions are used to estimate future central death rates by age group, sex, and cause of death. Adjustments were made to the death rates for 2020, 2021, 2022, and 2023 to account for the effects of the COVID-19 pandemic. Preliminary data for 2020 show that while the effects of the pandemic led to significantly higher death rates for those aged 15 and older, the death rates for those aged 1-14 were generally unaffected, and death rates for those age 0 (children in their first year of life) were significantly lower. The table below shows the multiplicative factors that were applied to the probabilities of death that would have been projected in the absence of the pandemic. Compared to the death rates used for last year's report, these factors result in higher total death rates in 2021 and 2022 and slightly lower total death rates in 2023.

Year	age 0	ages 1-14	ages 15-64	ages 65 and older
2020	0.890	1.000	1.161	1.161
2021	.960	1.040	1.195	1.175
2022	.990	1.010	1.059	1.047
2023	1.000	1.000	1.012	1.009

From the estimated central death rates, probabilities of death by single year of age and sex were calculated. Projected death rates for years after 2023 are unchanged from the levels that would have been projected in the absence of the pandemic, under the assumption that increased deaths from the residual effects of living through the pandemic (both physiological and psychological) will be roughly offset by decreased deaths that instead happened sooner (during the pandemic).

Historical death rates were calculated for years 1900 through 2019 for ages below 65 (and for all ages for years prior to 1968) using data from the National Center for Health Statistics (NCHS).<sup>1</sup> For ages 65 and over, final Medicare data on deaths for years 1968 through 2018 and preliminary data for 2019 were used.<sup>2</sup> Death rates by cause of death were produced for all ages for years 1979-2019 using data from the NCHS.

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<sup>1</sup> These rates reflect NCHS data on deaths and Census estimates of population.

<sup>2</sup> These rates reflect Medicare data on deaths and enrollments.

The total age-sex-adjusted death rate<sup>1</sup> declined at an average annual rate of 1.02 percent between 1900 and 2019. Between 1979 and 2019, the period for which death rates were analyzed by cause, the total age-sex-adjusted death rate, for all causes combined, declined at an average rate of 0.85 percent per year.

Death rates have declined substantially in the U.S. since 1900, with rapid declines over some periods and slow or no improvement over the other periods. Many factors are responsible for historical reductions in death rates, including medical advances, increased availability of health-care services, and improvements in sanitation and nutrition. Historical death rates generally declined more slowly for older ages and more rapidly for children and infants than for the rest of the population. Between 1900 and 2019, the age-sex-adjusted death rate declined at an average rate of 0.78 percent per year for ages 65 and over, and 2.97 percent per year for ages under 15.

Mortality assumptions differ for the low-cost, intermediate, and high-cost scenarios. Throughout the projection period, the low-cost scenario contains annual percentage reductions that are smaller than those in the intermediate scenario, while those in the high-cost scenario are larger. The ultimate annual percentage reductions for each of the three alternatives are unchanged from last year's report.

The trends in the annual reductions in central death rates were calculated for the period from 2008 to 2019 for both the NCHS and Medicare data, by age group, sex, and cause of death.<sup>2</sup> These trends are the starting reductions for alternative II. For alternatives I and III, 50 and 150 percent of the starting reductions are used, respectively. These annual reductions, by alternative, are assumed to transition rapidly from the starting reductions until they reach the ultimate annual percentage reductions assumed for 2046 and later.

Table V.A1 contains historical and projected age-sex-adjusted death rates for the total population (all ages), for ages under 65, and for ages 65 and over. Age-sex adjustment eliminates the effect of a changing distribution of population by age and sex, allowing the pure effects of changes in death rates to be observed. Under the intermediate assumptions, projected age-sex-adjusted death rates are slightly lower than the rates in last year's report after 2023. These changes primarily result from increasing the weights for the most recent years in the regressions used to calculate the starting rates of improvement and starting death rates.

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<sup>1</sup> Based on the enumerated total population as of April 1, 2010, if that population were to experience the death rates by age and sex for the selected year.

<sup>2</sup> Cause of death is only available for the NCHS data.

The projected average annual rate of decline for the total age-sex-adjusted death rate is about 0.49 percent, 0.97 percent, and 1.51 percent between 2021 and 2096 for alternatives I, II, and III, respectively. In keeping with the patterns observed in the historical data, the assumed future rates of decline are greater for younger ages than for older ages, but to a substantially lesser degree than in the past. Accordingly, the projected age-sex-adjusted death rates for ages 65 and over decline at average annual rates of about 0.48 percent, 0.90 percent, and 1.36 percent between 2021 and 2096 for alternatives I, II, and III, respectively. The projected age-sex-adjusted death rates for ages under 15 decline at average annual rates of about 0.49 percent, 1.50 percent, and 2.92 percent between 2021 and 2096 for alternatives I, II, and III, respectively. It should be noted that these average annual rates of decline between 2021 and 2096 are not directly comparable with the rates of decline between 2020 and 2095 in last year's report, because the 75-year period used for last year's report included the pandemic year of 2020, and the death rate assumptions for 2021-23 were revised for this year's report to better reflect the current expected course of the pandemic.

Demographers express a wide range of views on the likely rate of future decline in death rates. For example, some believe that the long-standing historical tendency for mortality to decline more slowly at the oldest ages will cease in the future. Others believe that biological factors, social factors, and limitations on health care spending may slow future rates of decline in mortality.

**Table V.A1.—Fertility and Mortality Assumptions,<sup>a</sup>  
Calendar Years 1940-2100**

Calendar year	Total fertility rate <sup>b</sup>	Age-sex-adjusted death rate <sup>c</sup> per 100,000		
		Total	Under 65	65 and over
<b>Historical data:</b>				
1940 .....	2.23	1,919.8	750.1	9,718.8
1945 .....	2.42	1,716.6	674.8	8,662.9
1950 .....	3.03	1,561.9	570.2	8,173.7
1955 .....	3.50	1,453.8	508.2	7,758.4
1960 .....	3.61	1,454.3	503.2	7,795.6
1965 .....	2.88	1,428.8	495.2	7,653.9
1970 .....	2.43	1,340.0	485.7	7,036.3
1975 .....	1.77	1,204.8	426.6	6,393.6
1980 .....	1.82	1,136.9	384.3	6,154.3
1985 .....	1.83	1,081.0	353.3	5,932.9
1990 .....	2.07	1,022.9	333.6	5,618.9
1995 .....	1.98	1,002.7	317.9	5,568.6
2000 .....	2.05	961.5	281.0	5,498.9
2005 .....	2.06	901.9	270.7	5,110.3
2010 .....	1.93	820.8	248.5	4,636.1
2011 .....	1.89	820.7	249.2	4,631.3
2012 .....	1.87	811.8	248.8	4,565.6
2013 .....	1.85	812.4	249.6	4,564.6
2014 .....	1.86	805.2	251.7	4,495.1
2015 .....	1.85	815.4	255.3	4,549.7
2016 .....	1.82	808.7	260.9	4,461.0
2017 .....	1.76	812.8	261.6	4,487.7
2018 .....	1.73	803.7	258.7	4,437.4
2019 .....	1.70	<sup>d</sup> 792.8	257.7	<sup>d</sup> 4,360.2
2020 .....	1.64	<sup>e</sup> 924.4	<sup>e</sup> 298.7	<sup>e</sup> 5,096.0
2021 .....	<sup>e</sup> 1.66	<sup>e</sup> 935.6	<sup>e</sup> 307.4	<sup>e</sup> 5,123.7
<b>Intermediate:</b>				
2025 .....	1.75	768.2	254.0	4,196.3
2030 .....	1.87	738.4	243.8	4,035.5
2035 .....	1.93	708.5	232.6	3,881.3
2040 .....	1.98	679.8	221.5	3,735.8
2045 .....	2.00	652.7	210.8	3,599.1
2050 .....	2.00	627.2	200.7	3,470.8
2055 .....	2.00	603.2	191.2	3,350.4
2060 .....	2.00	580.6	182.2	3,237.3
2065 .....	2.00	559.4	173.7	3,131.1
2070 .....	2.00	539.3	165.6	3,031.1
2075 .....	2.00	520.5	158.0	2,936.9
2080 .....	2.00	502.6	150.9	2,848.0
2085 .....	2.00	485.8	144.1	2,764.2
2090 .....	2.00	469.9	137.6	2,685.0
2095 .....	2.00	454.8	131.6	2,610.1
2100 .....	2.00	440.6	125.8	2,539.2



**Table V.A1.—Fertility and Mortality Assumptions,<sup>a</sup>  
Calendar Years 1940-2100 (Cont.)**

Calendar year	Total fertility rate <sup>b</sup>	Age-sex-adjusted death rate <sup>c</sup> per 100,000		
		Total	Under 65	65 and over
<b>Low-cost:</b>				
2025 .....	1.89	794.3	263.4	4,333.3
2030 .....	2.06	785.4	261.4	4,279.2
2035 .....	2.13	774.9	257.7	4,223.1
2040 .....	2.18	764.1	253.7	4,167.1
2045 .....	2.20	753.3	249.5	4,112.1
2050 .....	2.20	742.6	245.3	4,058.0
2055 .....	2.20	732.1	241.2	4,005.1
2060 .....	2.20	721.9	237.2	3,953.4
2065 .....	2.20	711.9	233.3	3,902.8
2070 .....	2.20	702.1	229.5	3,853.3
2075 .....	2.20	692.5	225.7	3,804.9
2080 .....	2.20	683.1	222.0	3,757.5
2085 .....	2.20	673.9	218.4	3,711.2
2090 .....	2.20	664.9	214.8	3,665.8
2095 .....	2.20	656.1	211.3	3,621.4
2100 .....	2.20	647.4	207.9	3,577.9
<b>High-cost:</b>				
2025 .....	1.54	736.4	242.3	4,030.4
2030 .....	1.59	680.4	221.9	3,737.1
2035 .....	1.63	628.1	201.7	3,471.1
2040 .....	1.68	581.2	183.2	3,234.7
2045 .....	1.70	539.4	166.5	3,025.5
2050 .....	1.70	502.1	151.5	2,840.0
2055 .....	1.70	469.0	138.1	2,675.0
2060 .....	1.70	439.3	126.1	2,527.8
2065 .....	1.70	412.7	115.3	2,395.7
2070 .....	1.70	388.8	105.6	2,276.9
2075 .....	1.70	367.2	96.9	2,169.4
2080 .....	1.70	347.7	89.1	2,071.8
2085 .....	1.70	329.9	82.0	1,982.9
2090 .....	1.70	313.7	75.6	1,901.4
2095 .....	1.70	298.9	69.7	1,826.6
2100 .....	1.70	285.3	64.4	1,757.6

<sup>a</sup> This table contains basic assumptions along with key summary values that are derived from basic assumptions.

<sup>b</sup> The total fertility rate for any year is the average number of children that would be born to a woman if she were to experience, at each age of her life, the birth rate observed in, or assumed for, the selected year, and if she were to survive the entire childbearing period.

<sup>c</sup> Based on the enumerated total population as of April 1, 2010, if that population were to experience the death rates by age and sex observed in, or assumed for, the selected year.

<sup>d</sup> Estimated using final data for ages below 65 and preliminary data for ages 65 and older.

<sup>e</sup> Estimated, intermediate alternative.

### 3. Immigration Assumptions

Projections of the total Social Security area population reflect assumptions for the following four annual immigration flows:

- Lawful permanent resident (LPR) immigration: Persons who enter the Social Security area and are granted LPR status, or who are already in the Social Security area and adjust their status to become LPRs.<sup>1</sup>
- Legal emigration: LPRs and citizens who leave the Social Security area population.
- Other-than-LPR immigration: Persons who enter the Social Security area and stay to the end of the year without being granted LPR status, such as undocumented immigrants, and foreign workers and students entering with temporary visas.
- Other-than-LPR emigration: Other-than-LPR immigrants who leave the Social Security area population or who adjust their status to become LPRs.

Net LPR immigration is the difference between LPR immigration and legal emigration. Net other-than-LPR immigration is the difference between other-than-LPR immigration and other-than-LPR emigration. Total net immigration refers to the sum of net LPR immigration and net other-than-LPR immigration.

Immigration assumptions differ for the low-cost, intermediate, and high-cost scenarios. The low-cost scenario includes higher annual net immigration and the high-cost scenario includes lower annual net immigration. Table V.A2 contains historical and projected levels of various immigration flows.

LPR immigration has increased significantly since World War II, due to various factors and legislative changes, including the Immigration Act of 1965 and the Immigration Act of 1990.

The data show that LPR immigration dropped significantly in 2020. LPR immigration levels in 2020 are estimated to be about 354,000 lower than would have been expected in the absence of the pandemic. For all three alternatives, the Trustees assume that the COVID-19 pandemic will continue to affect LPR immigration in years 2021 through 2024. The estimated LPR immigration levels for 2021 are 118,000 lower than would have been expected in the absence of the pandemic. The LPR immigration levels for 2022 are assumed to be the same as would have been assumed in the absence of the pandemic. LPR immigration levels for 2023 and 2024 are assumed to be higher than would have been assumed in the absence of the pandemic, fully making up for the lower levels in 2020 and 2021. These pandemic

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<sup>1</sup> Persons who enter the country with legal visas but without LPR status, such as temporary foreign workers and students, are not included in the “LPR immigration” category.

effects on LPR immigration levels are all smaller than the assumed pandemic effects in last year's report.

For the intermediate alternative, the ultimate level of annual LPR immigration, which includes residents who adjust their status to become LPRs, is assumed to be 1,050,000 persons for 2025 and later. For alternative I, ultimate annual LPR immigration is assumed to be 1,250,000 persons for 2025 and later, and for alternative III, ultimate annual LPR immigration is assumed to be 850,000 persons for 2025 and later. The ultimate levels of LPR immigration are unchanged from last year's report.

The assumed ratios of annual legal emigration to LPR immigration are 20, 25, and 30 percent for alternatives I, II, and III, respectively. This range is consistent with the limited historical data for legal emigration from the Social Security area. These ratios are unchanged from last year's report. Under the intermediate alternative, by combining the ultimate annual LPR immigration and legal emigration assumptions, ultimate annual net LPR immigration is about 788,000 persons. For the low-cost and high-cost scenarios, ultimate annual net LPR immigration is 1,000,000 persons and 595,000 persons, respectively.

The estimated number of other-than-LPR immigrants residing in the Social Security area and the annual level of other-than-LPR immigration were affected significantly by the economic recession of 2007-09. Although other-than-LPR immigration was greatly reduced during the economic downturn and immediate years thereafter, it returned to higher levels for 2014 through 2018, and is estimated to remain at a higher level in 2019, reflecting a recovery from levels experienced during the recession.

For all three alternatives, the Trustees assume that the COVID-19 pandemic affects other-than-LPR immigration in years 2020 through 2024. The estimated other-than-LPR immigration levels for 2020 and 2021 are 660,000 and 350,000 lower, respectively, than would have been estimated in the absence of the pandemic. The other-than-LPR immigration levels for 2022 are assumed to be the same as would have been assumed in the absence of the pandemic. Other-than-LPR immigration levels for 2023 and 2024 are assumed to be higher than would have been assumed in the absence of the pandemic, fully making up for the lower levels in 2020 and 2021. These pandemic effects on other-than-LPR immigration levels are all smaller than the assumed pandemic effects in last year's report.

The ultimate annual levels of other-than-LPR immigration are 1,350,000 persons for alternative II, 1,850,000 persons for alternative I, and 850,000 persons for alternative III. These ultimate levels are unchanged from those used

in last year's report. The ultimate levels are attained in 2025 for all three alternatives.

Emigration from the other-than-LPR immigrant population includes those who leave the Social Security area and those who adjust their status to become LPRs. This other-than-LPR immigrant population is highly mobile and far more likely to leave the Social Security area than is the citizen or LPR population. However, as other-than-LPR immigrants stay in the country for longer periods of time, they generally become less likely to leave the country.

Under the intermediate assumptions, the total annual number of other-than-LPR immigrants who leave the Social Security area averages about 425,000 through the 75-year projection period. The ultimate annual number of other-than-LPR immigrants who adjust status to become LPRs is assumed to be 450,000 for the intermediate assumptions, and is unchanged from last year's report. For the low-cost and high-cost scenarios, the total annual number of other-than-LPR emigrants averages about 583,000 and 266,000, respectively, through the 75-year projection period. The ultimate annual number of people adjusting status to LPR status is assumed to be 550,000 persons and 350,000 persons, for the low-cost and high-cost scenarios, respectively, and is unchanged from last year's report.

Under the assumptions described above, the projected size of the other-than-LPR immigrant population grows substantially, from about 15.4 million by the end of 2022 to about 35.5 million by the end of 2096. This growth reflects the excess of annual immigration over the combined annual numbers of emigrants (including adjustments of status) and deaths that occur within the other-than-LPR immigrant population.

Under the intermediate assumptions, projected net other-than-LPR immigration gradually decreases over time. Because the projected number of other-than-LPR immigrants leaving the Social Security area is based on rates of departure, an increase in the number of other-than-LPR immigrants residing in the Social Security area results in an increase in the number who emigrate out of the area. All other components of net other-than-LPR immigration are assumed to be stable after 2024, and thus do not contribute toward any change in annual net other-than-LPR immigration. Under the intermediate assumptions, the projected average annual level of net other-than-LPR immigration over the 75-year projection period is about 489,000 persons. For the low-cost and high-cost assumptions, projected average annual net other-than-LPR immigration is about 731,000 persons and 248,000 persons, respectively.

The projected average annual level of total net immigration (LPR and other-than-LPR, combined) is about 1,281,000 persons per year during the 75-year projection period under the intermediate assumptions. For the low-cost and high-cost assumptions, projected average annual total net immigration is about 1,736,000 persons and 847,000 persons, respectively.

Demographers express a wide range of views about the future course of immigration for the United States. Some believe that net immigration will increase substantially in the future. Others believe that potential immigrants may be increasingly attracted to other countries, that the number of potential immigrants may be lower due to lower birth rates in many countries, or that changes in the law or enforcement of the law will reduce immigration.

**Table V.A2.—Immigration Assumptions,<sup>a</sup> Calendar Years 1940-2100**  
[In thousands]

Calendar year	LPR immigration				Other-than-LPR immigration <sup>b</sup>				Total net immigration
	LPR in	Legal out	Adjustments of status <sup>c d</sup>	Net LPR	Other-than-LPR in	Other-than-LPR out	Adjustments of status <sup>c d</sup>	Net other-than-LPR	
Historical data:									
1940 . . .	61	15	-	46	-	-	-	-	-
1945 . . .	73	18	-	55	-	-	-	-	-
1950 . . .	227	57	-	171	-	-	-	-	-
1955 . . .	280	70	-	210	-	-	-	-	-
1960 . . .	268	67	-	201	-	-	-	-	-
1965 . . .	261	77	49	232	-	-	49	-	-
1970 . . .	307	93	65	279	-	-	65	-	-
1975 . . .	340	98	53	294	-	-	53	-	-
1980 . . .	430	135	112	406	-	-	112	203	610
1985 . . .	458	144	118	432	-	-	118	261	693
1990 . . .	548	166	114	497	-	-	114	629	1,125
1995 . . .	511	192	255	575	-	-	255	563	1,137
2000 . . .	482	224	413	671	1,412	308	413	691	1,362
2005 . . .	561	290	597	869	1,823	79	597	1,147	2,015
2010 . . .	622	262	426	786	669	195	426	48	834
2011 . . .	646	264	408	791	583	245	408	-70	721
2012 . . .	621	255	401	766	777	506	401	-130	636
2013 . . .	588	249	409	748	826	327	409	91	839
2014 . . .	627	256	398	769	1,425	114	398	912	1,681
2015 . . .	689	271	395	813	1,383	312	395	677	1,490
2016 . . .	763	292	407	877	1,120	692	407	21	898
2017 . . .	722	280	398	840	938	288	398	252	1,092
2018 . . .	678	270	403	810	915	238	403	274	1,084
2019 . . .	508	238	443	713	<sup>e</sup> 1,100	<sup>e</sup> 940	443	<sup>e</sup> -283	<sup>e</sup> 430
2020 . . .	<sup>e</sup> 332	<sup>e</sup> 177	<sup>e</sup> 375	<sup>e</sup> 531	<sup>f</sup> 540	<sup>e</sup> 243	<sup>e</sup> 375	<sup>f</sup> -79	<sup>f</sup> 452
2021 . . .	<sup>f</sup> 482	<sup>f</sup> 233	<sup>f</sup> 450	<sup>f</sup> 699	<sup>f</sup> 950	<sup>f</sup> 241	<sup>f</sup> 450	<sup>f</sup> 259	<sup>f</sup> 958
Intermediate:									
2025 . . .	600	263	450	788	1,350	314	450	586	1,374
2030 . . .	600	263	450	788	1,350	347	450	553	1,341
2035 . . .	600	263	450	788	1,350	374	450	526	1,313
2040 . . .	600	263	450	788	1,350	400	450	500	1,288
2045 . . .	600	263	450	788	1,350	419	450	481	1,268
2050 . . .	600	263	450	788	1,350	432	450	468	1,256
2055 . . .	600	263	450	788	1,350	440	450	460	1,247
2060 . . .	600	263	450	788	1,350	447	450	453	1,240
2065 . . .	600	263	450	788	1,350	454	450	446	1,234
2070 . . .	600	263	450	788	1,350	459	450	441	1,228
2075 . . .	600	263	450	788	1,350	463	450	437	1,224
2080 . . .	600	263	450	788	1,350	467	450	433	1,221
2085 . . .	600	263	450	788	1,350	469	450	431	1,219
2090 . . .	600	263	450	788	1,350	471	450	429	1,217
2095 . . .	600	263	450	788	1,350	472	450	428	1,216
2100 . . .	600	263	450	788	1,350	472	450	428	1,215

**Table V.A2.—Immigration Assumptions,<sup>a</sup> Calendar Years 1940-2100 (Cont.)**  
[In thousands]

Calendar year	LPR immigration				Other-than-LPR immigration <sup>b</sup>				Total net immigration
	LPR in	Legal out	Adjustments of status <sup>c d</sup>	Net LPR	Other-than-LPR in	Other-than-LPR out	Adjustments of status <sup>c d</sup>	Net other-than-LPR	
<b>Low-cost:</b>									
2025 . . . .	700	250	550	1,000	1,850	361	550	939	1,939
2030 . . . .	700	250	550	1,000	1,850	425	550	875	1,875
2035 . . . .	700	250	550	1,000	1,850	479	550	821	1,821
2040 . . . .	700	250	550	1,000	1,850	529	550	771	1,771
2045 . . . .	700	250	550	1,000	1,850	567	550	733	1,733
2050 . . . .	700	250	550	1,000	1,850	595	550	705	1,705
2055 . . . .	700	250	550	1,000	1,850	615	550	685	1,685
2060 . . . .	700	250	550	1,000	1,850	631	550	669	1,669
2065 . . . .	700	250	550	1,000	1,850	643	550	657	1,657
2070 . . . .	700	250	550	1,000	1,850	653	550	647	1,647
2075 . . . .	700	250	550	1,000	1,850	660	550	640	1,640
2080 . . . .	700	250	550	1,000	1,850	665	550	635	1,635
2085 . . . .	700	250	550	1,000	1,850	669	550	631	1,631
2090 . . . .	700	250	550	1,000	1,850	671	550	629	1,629
2095 . . . .	700	250	550	1,000	1,850	672	550	628	1,628
2100 . . . .	700	250	550	1,000	1,850	673	550	627	1,627
<b>High-cost:</b>									
2025 . . . .	500	255	350	595	850	269	350	231	826
2030 . . . .	500	255	350	595	850	271	350	229	824
2035 . . . .	500	255	350	595	850	271	350	229	824
2040 . . . .	500	255	350	595	850	273	350	227	822
2045 . . . .	500	255	350	595	850	272	350	228	823
2050 . . . .	500	255	350	595	850	269	350	231	826
2055 . . . .	500	255	350	595	850	265	350	235	830
2060 . . . .	500	255	350	595	850	263	350	237	832
2065 . . . .	500	255	350	595	850	262	350	238	833
2070 . . . .	500	255	350	595	850	263	350	237	832
2075 . . . .	500	255	350	595	850	263	350	237	832
2080 . . . .	500	255	350	595	850	264	350	236	831
2085 . . . .	500	255	350	595	850	264	350	236	831
2090 . . . .	500	255	350	595	850	265	350	235	830
2095 . . . .	500	255	350	595	850	265	350	235	830
2100 . . . .	500	255	350	595	850	266	350	234	829

<sup>a</sup> This table contains basic assumptions along with key summary values that are derived from basic assumptions.

<sup>b</sup> Historical other-than-LPR immigration and emigration estimates depend on a residual method. The Office of the Chief Actuary developed these estimates, as well as the resulting other-than-LPR January 1 stock estimates, for years through 2000. For years 2001 and later, the residual method uses stock estimates. For 2001 through 2004, the stock is set to values that linearly grade from the 2000 stock estimate to the DHS 2005 stock estimate. For 2005 through 2012, stock estimates come from DHS. For 2013 through 2020, stock estimates are developed by the Office of the Chief Actuary, based on the same methods used by DHS.

<sup>c</sup> Estimates do not include persons who attained LPR status under the special one-time provisions of the Immigration Reform and Control Act of 1986.

<sup>d</sup> Adjustments of status are a positive for net LPR immigration and a negative for net other-than-LPR immigration.

<sup>e</sup> Estimated.

<sup>f</sup> Estimated, intermediate alternative.

Note: Components may not sum to totals because of rounding.

#### **4. Total Population Estimates**

The starting Social Security area population for December 31, 2019, is derived from the Census Bureau's estimate of the residents of the 50 States and D.C. and U.S. Armed Forces overseas. Adjustments are made to reflect mortality assumptions for the aged population since 2010 that are consistent with Medicare and Social Security data, net immigration assumptions for the aged population since 2010, estimates of the net undercount in the 2010 census, inclusion of U.S. citizens living abroad (including residents of U.S. territories), and inclusion of non-citizens living abroad who are insured for Social Security benefits. The Office of the Chief Actuary projects the population in the Social Security area by age, sex, and marital status for December 31 of each year from 2020 through 2096 by combining the assumptions for future fertility, mortality, and immigration with assumptions for marriage and divorce. Previous sections of this chapter present the assumptions for future fertility, mortality, and immigration. Assumptions for future rates of marriage and divorce reflect historical data from the National Center for Health Statistics, the Census Bureau, and selected individual States.

This report presents a July 1 (i.e., midyear) population for each year, which is derived from surrounding December populations. Table V.A3 shows the historical and projected population for July 1 by broad age group, for the three alternatives. It also shows the aged and total dependency ratios (see table footnotes for definitions).



**Table V.A3.—Social Security Area Population on July 1 and Dependency Ratios,  
Calendar Years 1945-2100**

Calendar year	Population (in thousands)				Dependency ratio	
	Under 20	20-64	65 and over	Total	Aged <sup>a</sup>	Total <sup>b</sup>
<b>Historical data:</b>						
1945 .....	49,107	87,891	10,886	147,883	0.124	0.683
1950 .....	53,918	92,190	12,789	158,897	.139	.724
1955 .....	63,337	96,003	15,161	174,501	.158	.818
1960 .....	72,915	99,752	17,323	189,990	.174	.905
1965 .....	80,002	104,864	19,153	204,019	.183	.946
1970 .....	80,856	112,953	21,007	214,816	.186	.902
1975 .....	78,574	122,598	23,370	224,542	.191	.832
1980 .....	74,841	134,029	26,314	235,184	.196	.755
1985 .....	72,892	144,585	29,131	246,608	.201	.706
1990 .....	74,791	152,731	31,926	259,449	.209	.699
1995 .....	79,286	160,737	34,298	274,321	.213	.707
2000 .....	81,980	170,164	35,501	287,646	.209	.690
2005 .....	83,942	181,084	37,135	302,161	.205	.669
2010 .....	85,678	188,270	41,021	314,969	.218	.673
2011 .....	85,296	189,898	41,739	316,933	.220	.669
2012 .....	84,906	190,397	43,421	318,724	.228	.674
2013 .....	84,608	191,129	44,803	320,539	.234	.677
2014 .....	84,486	192,183	46,198	322,867	.240	.680
2015 .....	84,519	193,385	47,604	325,508	.246	.683
2016 .....	84,520	194,081	49,088	327,690	.253	.688
2017 .....	84,394	194,553	50,602	329,550	.260	.694
2018 .....	84,185	195,043	52,182	331,410	.268	.699
2019 <sup>c</sup> .....	83,898	195,131	53,815	332,844	.276	.706
2020 <sup>d</sup> .....	83,463	194,942	55,304	333,710	.284	.712
2021 <sup>d</sup> .....	82,952	194,947	56,615	334,514	.290	.716
<b>Intermediate:</b>						
2025 .....	82,961	197,402	63,453	343,816	.321	.742
2030 .....	82,994	200,496	71,153	354,643	.355	.769
2035 .....	85,401	204,083	75,644	365,128	.371	.789
2040 .....	89,130	207,586	78,089	374,805	.376	.806
2045 .....	93,271	210,406	79,745	383,422	.379	.822
2050 .....	95,545	213,527	82,062	391,135	.384	.832
2055 .....	96,630	216,933	85,132	398,696	.392	.838
2060 .....	97,639	220,448	88,907	406,994	.403	.846
2065 .....	99,458	224,412	92,425	416,294	.412	.855
2070 .....	102,228	227,722	96,165	426,115	.422	.871
2075 .....	105,314	230,304	100,216	435,833	.435	.892
2080 .....	107,882	234,607	102,671	445,160	.438	.897
2085 .....	109,683	240,463	104,117	454,263	.433	.889
2090 .....	111,192	247,291	105,067	463,550	.425	.875
2095 .....	112,997	252,895	107,421	473,313	.425	.872
2100 .....	115,310	257,469	110,829	483,608	.430	.878

**Table V.A3.—Social Security Area Population on July 1 and Dependency Ratios, Calendar Years 1945-2100 (Cont.)**

Calendar year	Population (in thousands)			Dependency ratio		
	Under 20	20-64	65 and over	Total	Aged <sup>a</sup>	Total <sup>b</sup>
<b>Low-cost:</b>						
2025 .....	84,987	199,402	63,321	347,710	0.318	0.744
2030 .....	88,022	204,416	70,642	363,081	.346	.776
2035 .....	93,861	209,879	74,529	378,269	.355	.802
2040 .....	101,136	215,187	76,224	392,547	.354	.824
2045 .....	107,867	220,744	77,098	405,709	.349	.838
2050 .....	111,843	227,686	78,698	418,227	.346	.837
2055 .....	114,762	235,291	81,181	431,234	.345	.833
2060 .....	118,358	243,005	84,497	445,860	.348	.835
2065 .....	123,462	251,085	87,630	462,178	.349	.841
2070 .....	129,693	258,716	90,947	479,356	.352	.853
2075 .....	135,913	266,236	94,485	496,634	.355	.865
2080 .....	141,102	276,318	96,428	513,849	.349	.860
2085 .....	145,347	288,663	97,386	531,396	.337	.841
2090 .....	149,623	301,448	98,770	549,841	.328	.824
2095 .....	154,699	312,268	102,492	569,459	.328	.824
2100 .....	160,575	322,006	107,546	590,128	.334	.833
<b>High-cost:</b>						
2025 .....	80,623	195,542	63,633	339,798	.325	.738
2030 .....	76,949	196,812	71,844	345,605	.365	.756
2035 .....	75,133	198,632	77,156	350,920	.388	.767
2040 .....	74,482	200,435	80,622	355,539	.402	.774
2045 .....	75,575	200,239	83,347	359,160	.416	.794
2050 .....	76,071	198,878	86,646	361,595	.436	.818
2055 .....	75,338	197,308	90,512	363,158	.459	.841
2060 .....	73,800	195,769	94,871	364,441	.485	.862
2065 .....	72,356	194,731	98,805	365,893	.507	.879
2070 .....	71,678	192,827	102,922	367,428	.534	.905
2075 .....	71,681	189,550	107,371	368,603	.566	.945
2080 .....	71,798	187,090	110,170	369,058	.589	.973
2085 .....	71,488	185,395	111,864	368,747	.603	.989
2090 .....	70,716	185,557	111,647	367,921	.602	.983
2095 .....	69,841	185,658	111,379	366,878	.600	.976
2100 .....	69,223	184,967	111,654	365,844	.604	.978

<sup>a</sup> Ratio of the population at ages 65 and over to the population at ages 20-64.

<sup>b</sup> Ratio of the population at ages 65 and over and the population under age 20 to the population at ages 20-64.

<sup>c</sup> Estimated.

<sup>d</sup> Estimated, intermediate alternative.

Notes:

1. Historical data are subject to revision.

2. Components may not sum to totals because of rounding.

## 5. Life Expectancy Estimates

Life expectancy, or the average remaining number of years expected prior to death, is an additional way to summarize the Trustees' mortality assumptions. This report includes life expectancy in two different forms (period and cohort), which are useful for two separate purposes.

- Period life expectancy for a given year incorporates the actual or expected death rates at each age for that year. It is a useful summary statistic for illustrating the overall level of the death rates experienced in a single year. Period life expectancy for a particular year provides an individual's expected average remaining lifetime at a selected age, assuming no change in death rates after that year. Table V.A4 presents historical and projected life expectancy calculated on a period basis.
- Cohort life expectancy does not incorporate death rates for a single year, but for the series of years in which the individual will actually reach each succeeding age if he or she survives. Cohort life expectancy provides an individual's expected average remaining lifetime at a selected age in a given year, using actual or expected future death rates. Table V.A5 presents historical and projected life expectancy calculated on a cohort basis. Cohort life expectancy is somewhat greater than period life expectancy for a given year because: (1) death rates at any age tend to decline over time; and (2) cohort life expectancy uses death rates from future years, while period life expectancy uses death rates only from the given year.

Life expectancy at a given age reflects death rates at that and all older ages. Period life expectancy is somewhat related to the age-sex-adjusted death rate discussed in section V.A.2. However, life expectancy places far greater weight on death rates at relatively younger ages than those at relatively older ages. Therefore, changes in death rates at younger ages have far greater effects in changing life expectancy over time. It is important to keep this concept in mind when considering trends in life expectancy.

Table V.A4.—Period Life Expectancy<sup>a</sup>

Calendar year	Historical data											
	At birth		At age 65									
	Male	Female	Male	Female								
1940 . . . .	61.4	65.7	11.9	13.4								
1945 . . . .	62.9	68.4	12.6	14.4								
1950 . . . .	65.6	71.1	12.8	15.1								
1955 . . . .	66.7	72.8	13.1	15.6								
1960 . . . .	66.7	73.2	12.9	15.9								
1965 . . . .	66.8	73.8	12.9	16.3								
1970 . . . .	67.1	74.9	13.1	17.1								
1975 . . . .	68.7	76.6	13.7	18.0								
1980 . . . .	69.9	77.5	14.0	18.4								
1985 . . . .	71.1	78.2	14.4	18.6								
1990 . . . .	71.8	78.9	15.0	19.0								
1995 . . . .	72.5	79.1	15.4	19.0								
2000 . . . .	74.0	79.4	15.9	19.0								
2005 . . . .	74.8	80.0	16.7	19.5								
2010 . . . .	76.1	80.9	17.6	20.2								
2011 . . . .	76.2	80.9	17.6	20.2								
2012 . . . .	76.3	81.0	17.7	20.3								
2013 . . . .	76.3	81.0	17.7	20.3								
2014 . . . .	76.3	81.1	17.8	20.4								
2015 . . . .	76.1	80.9	17.8	20.3								
2016 . . . .	76.0	81.0	17.9	20.5								
2017 . . . .	76.0	81.0	17.9	20.5								
2018 . . . .	76.1	81.1	18.0	20.6								
2019 <sup>b</sup> . . .	76.2	81.3	18.1	20.7								
2020 <sup>c</sup> . . .	74.5	79.7	17.0	19.6								
2021 <sup>c</sup> . . .	74.2	79.5	16.9	19.5								
Calendar year	Intermediate				Low-cost				High-cost			
	At birth		At age 65		At birth		At age 65		At birth		At age 65	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
2025 . . . .	76.6	81.6	18.5	21.0	76.1	81.3	18.2	20.8	77.1	82.1	18.8	21.3
2030 . . . .	77.1	82.1	18.8	21.3	76.2	81.4	18.3	20.9	78.2	83.0	19.4	21.9
2035 . . . .	77.6	82.5	19.1	21.6	76.4	81.5	18.4	21.0	79.2	83.8	20.0	22.5
2040 . . . .	78.2	83.0	19.4	21.9	76.6	81.7	18.5	21.1	80.2	84.7	20.6	23.0
2045 . . . .	78.7	83.4	19.7	22.2	76.8	81.9	18.6	21.2	81.2	85.4	21.2	23.5
2050 . . . .	79.2	83.9	20.0	22.4	77.0	82.0	18.7	21.3	82.1	86.2	21.7	24.0
2055 . . . .	79.7	84.3	20.3	22.7	77.2	82.2	18.8	21.4	82.9	86.8	22.3	24.4
2060 . . . .	80.2	84.7	20.6	23.0	77.4	82.3	19.0	21.5	83.7	87.5	22.7	24.9
2065 . . . .	80.7	85.1	20.9	23.2	77.5	82.5	19.1	21.6	84.4	88.1	23.2	25.3
2070 . . . .	81.2	85.4	21.2	23.5	77.7	82.6	19.2	21.7	85.1	88.6	23.6	25.7
2075 . . . .	81.6	85.8	21.5	23.7	77.9	82.8	19.3	21.7	85.8	89.2	24.1	26.0
2080 . . . .	82.0	86.2	21.7	23.9	78.1	82.9	19.4	21.8	86.4	89.6	24.5	26.4
2085 . . . .	82.5	86.5	22.0	24.2	78.3	83.1	19.5	21.9	87.0	90.1	24.9	26.7
2090 . . . .	82.9	86.8	22.2	24.4	78.5	83.2	19.6	22.0	87.6	90.6	25.2	27.0
2095 . . . .	83.3	87.1	22.5	24.6	78.6	83.4	19.7	22.1	88.1	91.0	25.6	27.3
2100 . . . .	83.7	87.5	22.7	24.8	78.8	83.5	19.8	22.2	88.6	91.4	25.9	27.6

<sup>a</sup> The period life expectancy at a given age for a given year is the average remaining number of years expected prior to death for a person at that exact age, born on January 1, using the mortality rates for that year over the course of his or her remaining life.

<sup>b</sup> Estimated using final data for ages below 65 and preliminary data for ages 65 and older.

<sup>c</sup> Estimated using the intermediate assumptions for all ages.

Table V.A5.—Cohort Life Expectancy<sup>a</sup>

Calendar year	Intermediate				Low-cost				High-cost			
	At birth <sup>b</sup>		At age 65 <sup>c</sup>		At birth <sup>b</sup>		At age 65 <sup>c</sup>		At birth <sup>b</sup>		At age 65 <sup>c</sup>	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
1940 . . . .	70.2	76.4	12.7	14.7	70.1	76.3	12.7	14.7	70.3	76.6	12.7	14.7
1945 . . . .	72.0	78.1	13.0	15.4	71.8	77.8	13.0	15.4	72.2	78.4	13.0	15.4
1950 . . . .	73.1	79.4	13.1	16.2	72.8	79.0	13.1	16.2	73.5	79.9	13.1	16.2
1955 . . . .	73.6	79.9	13.1	16.7	73.1	79.4	13.1	16.7	74.2	80.7	13.1	16.7
1960 . . . .	74.2	80.2	13.2	17.4	73.6	79.5	13.2	17.4	75.1	81.3	13.2	17.4
1965 . . . .	75.1	80.8	13.5	18.0	74.2	79.9	13.5	18.0	76.4	82.1	13.5	18.0
1970 . . . .	76.3	81.7	13.8	18.5	75.1	80.5	13.8	18.5	77.9	83.2	13.8	18.5
1975 . . . .	77.1	82.4	14.2	18.7	75.7	81.0	14.2	18.7	79.0	84.2	14.2	18.7
1980 . . . .	77.8	83.0	14.7	18.8	76.1	81.3	14.7	18.8	80.1	85.1	14.7	18.8
1985 . . . .	78.3	83.5	15.4	19.0	76.3	81.6	15.4	19.0	81.0	85.9	15.4	19.1
1990 . . . .	78.9	84.0	16.0	19.3	76.6	81.8	16.0	19.3	81.9	86.6	16.0	19.3
1995 . . . .	79.5	84.5	16.6	19.6	77.0	82.1	16.6	19.6	82.9	87.4	16.7	19.6
2000 . . . .	80.1	84.9	17.3	20.0	77.2	82.3	17.3	19.9	83.7	88.0	17.4	20.1
2005 . . . .	80.5	85.3	17.8	20.4	77.4	82.5	17.7	20.3	84.4	88.6	18.0	20.7
2010 . . . .	81.1	85.7	18.2	20.8	77.6	82.7	18.0	20.5	85.2	89.2	18.6	21.2
2011 . . . .	81.2	85.8	18.3	20.9	77.7	82.7	18.1	20.6	85.4	89.3	18.7	21.3
2012 . . . .	81.3	85.8	18.4	21.0	77.7	82.7	18.1	20.6	85.5	89.4	18.8	21.5
2013 . . . .	81.3	85.9	18.4	21.0	77.7	82.8	18.1	20.7	85.6	89.5	18.9	21.6
2014 . . . .	81.4	86.0	18.5	21.1	77.8	82.8	18.1	20.7	85.8	89.6	19.0	21.7
2015 . . . .	81.5	86.1	18.6	21.2	77.8	82.8	18.2	20.7	85.9	89.7	19.1	21.8
2016 . . . .	81.6	86.1	18.6	21.3	77.9	82.9	18.2	20.8	86.1	89.8	19.2	21.9
2017 . . . .	81.7	86.2	18.7	21.3	77.9	82.9	18.2	20.8	86.2	89.9	19.3	22.1
2018 . . . .	81.8	86.3	18.7	21.4	77.9	82.9	18.2	20.8	86.3	90.0	19.5	22.2
2019 . . . .	81.9	86.4	18.8	21.5	78.0	83.0	18.2	20.9	86.5	90.1	19.6	22.3
2020 . . . .	82.0	86.5	18.9	21.5	78.1	83.1	18.2	20.9	86.7	90.3	19.7	22.4
2021 . . . .	82.1	86.5	19.0	21.6	78.1	83.1	18.3	20.9	86.8	90.4	19.9	22.6
2025 . . . .	82.5	86.8	19.3	21.9	78.2	83.2	18.5	21.1	87.3	90.8	20.5	23.1
2030 . . . .	82.9	87.1	19.6	22.2	78.4	83.3	18.6	21.2	88.0	91.2	21.1	23.6
2035 . . . .	83.3	87.5	19.9	22.5	78.6	83.5	18.7	21.3	88.6	91.7	21.7	24.1
2040 . . . .	83.8	87.8	20.3	22.8	78.8	83.6	18.8	21.4	89.2	92.1	22.3	24.6
2045 . . . .	84.2	88.1	20.6	23.0	78.9	83.8	18.9	21.5	89.7	92.6	22.8	25.1
2050 . . . .	84.5	88.4	20.9	23.3	79.1	83.9	19.0	21.6	90.2	92.9	23.3	25.5
2055 . . . .	84.9	88.7	21.2	23.6	79.3	84.0	19.1	21.7	90.7	93.3	23.8	25.9
2060 . . . .	85.3	89.0	21.4	23.8	79.5	84.2	19.2	21.8	91.2	93.6	24.2	26.3
2065 . . . .	85.6	89.3	21.7	24.0	79.6	84.3	19.3	21.9	91.6	94.0	24.6	26.6
2070 . . . .	86.0	89.5	22.0	24.3	79.8	84.5	19.4	21.9	92.0	94.3	25.1	27.0
2075 . . . .	86.3	89.8	22.2	24.5	80.0	84.6	19.6	22.0	92.5	94.6	25.4	27.3
2080 . . . .	86.7	90.0	22.5	24.7	80.1	84.7	19.7	22.1	92.8	94.9	25.8	27.6
2085 . . . .	87.0	90.3	22.7	24.9	80.3	84.9	19.8	22.2	93.2	95.2	26.2	27.9
2090 . . . .	87.3	90.5	23.0	25.1	80.5	85.0	19.9	22.3	93.6	95.4	26.5	28.2
2095 . . . .	87.6	90.7	23.2	25.3	80.6	85.1	20.0	22.4	93.9	95.7	26.8	28.5
2100 . . . .	87.9	91.0	23.5	25.5	80.8	85.3	20.1	22.5	94.3	96.0	27.2	28.8

<sup>a</sup> The cohort life expectancy at a given age for a given year is the average remaining number of years expected prior to death for a person at that exact age, born on January 1, using the mortality rates for the series of years in which the individual will actually reach each succeeding age if he or she survives.

<sup>b</sup> Cohort life expectancy at birth for those born in the calendar year is based on a combination of actual, estimated, and projected death rates for birth years 1940 through 2019. For birth years after 2019, these values depend on estimated and projected death rates.

<sup>c</sup> Age 65 cohort life expectancy for those attaining age 65 in calendar years 1940 through 2018 depends on actual death rates or on a combination of actual, estimated, and projected death rates. After 2018, these values depend on estimated and projected death rates.

## **B. ECONOMIC ASSUMPTIONS AND METHODS**

The three alternative sets of economic assumptions provide a reasonable range for estimating the financial status of the trust funds. The intermediate assumptions reflect the Trustees' consensus expectation of sustained moderate economic growth after completion of the recovery from the pandemic-induced recession that started in the first quarter of 2020, and their best estimate for other economic parameters. The low-cost assumptions represent a more optimistic outlook with a faster recovery to a higher level of economic output, stronger long-term economic growth, and relatively optimistic levels for other parameters. The high-cost assumptions represent a more pessimistic scenario with a recession in 2022, slower economic growth in the long term, and relatively pessimistic levels for other parameters.

Actual economic data were generally available through the end of 2021 at the time the assumptions for this report were set; some values for the fourth quarter of 2021 are preliminary estimates. The data indicate that economic activity reached a peak in the fourth quarter of 2019.<sup>1</sup> The recession started in the first quarter of 2020 due to the precipitous decline in economic activity in March of 2020, continuing in April of 2020, leading to the gross domestic product (GDP) in the second quarter of 2020 being more than 10 percent below the peak in the fourth quarter of 2019, expressed in constant 2012 dollars. GDP recovered rapidly and in the fourth quarter of 2021 exceeded the fourth quarter 2019 peak by about 3 percent.

Under the intermediate assumptions, the economy is projected to reach its sustainable trend level of output in the third quarter of 2023. Under the low-cost assumptions, the economy is projected to recover at a faster rate and return to a higher sustainable trend level of output, also in the third quarter of 2023. Under the high-cost assumptions, the sustainable trend level is lower, and the GDP was already above it in the second half of 2021. GDP falls to 3 percent below that lower sustainable trend level in the fourth quarter of 2022, and then recovers fully by the first quarter of 2027. Complete economic cycles have little effect on the long-range estimates of financial status of the trust funds, so the assumptions do not include cycles beyond the short-range period (2022 through 2031).

The key economic assumptions underlying the three sets of projections of the future financial status of the OASI and DI Trust Funds are discussed in the remainder of this section.

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<sup>1</sup> On a monthly basis, economic activity peaked in February 2020, but the decline in March was sharp enough that the output in the first quarter of 2020 was substantially below the output in the fourth quarter of 2019. See [www.nber.org/news/business-cycle-dating-committee-announcement-june-8-2020](https://www.nber.org/news/business-cycle-dating-committee-announcement-june-8-2020).

## **1. Productivity Assumptions**

Total U.S. economy productivity is defined as the ratio of real GDP to hours worked by all workers.<sup>1</sup> The rate of change in total-economy productivity is a major determinant of the growth of average earnings. Over the last six complete economic cycles (1969-73, 1973-79, 1979-90, 1990-2001, 2001-07, and 2007-19, measured peak to peak), the annual increases in total-economy productivity averaged 2.66, 1.07, 1.41, 1.85, 2.18, and 1.08 percent, respectively. For the period from 1969 to 2019, covering those last six complete economic cycles, the annual increase in total-economy productivity averaged 1.58 percent.

The assumed ultimate annual increases in total-economy productivity are 1.93, 1.63, and 1.33 percent for the low-cost, intermediate, and high-cost assumptions, respectively.<sup>2</sup> These rates of increase are unchanged from the 2021 report.

The annual change in total-economy productivity was 2.63 percent for 2020, because employment declined more than GDP during the recession, and is estimated to be 0.98 percent for 2021 under the intermediate assumptions, because employment and hours worked recovered substantially. For the intermediate assumptions, the annual rate of change in productivity is 0.69 percent for 2022, averages 1.98 percent for 2023 through 2025, 1.65 percent for 2026 through 2029, and reaches its ultimate value of 1.63 percent for 2030 and thereafter. For the low-cost assumptions, the annual rate of change in productivity is 0.85 percent for 2022, averages 2.22 percent for 2023 through 2025, and reaches its ultimate value of 1.93 percent for 2026 and thereafter. For the high-cost assumptions, the assumed recession lowers the annual rate of change in productivity to 0.03 percent for 2022. The growth rate rebounds to 2.16 percent for 2023, averages 1.28 percent for 2024 through 2029, and stabilizes at its ultimate value of 1.33 percent thereafter.

## **2. Price Inflation Assumptions**

Changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI) directly affect the OASDI program through the automatic cost-of-living benefit increases. Changes in the GDP price index (GDP defla-

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<sup>1</sup> Historical levels of real GDP are from the National Income and Product Accounts (NIPA) produced by the Bureau of Economic Analysis (BEA). Historical total hours worked are provided by the Bureau of Labor Statistics (BLS) and cover all U.S. Armed Forces and civilian employment.

<sup>2</sup> These assumptions for total-economy productivity are consistent with ultimate annual increases in private nonfarm business productivity of 2.36, 2.00, and 1.63 percent. Private nonfarm business productivity excludes the farm, government, nonprofit institution, and private household sectors.

tor) affect the nominal levels of GDP, wages, self-employment income, average earnings, and taxable payroll. For a given real rate of growth in average earnings, a higher price inflation rate immediately results in a higher nominal rate of growth in both earnings and revenues, while the resulting added growth in nominal benefit levels occurs with a delay, causing an overall increase (improvement) in the actuarial balance. Similarly, a lower price inflation rate causes an overall decrease in the actuarial balance.

The annual increases in the CPI averaged 4.91, 8.54, 5.30, 2.73, 2.63, and 1.73 percent over the economic cycles 1969-73, 1973-79, 1979-90, 1990-2001, 2001-07, and 2007-19, respectively.<sup>1</sup> The annual increases in the GDP deflator averaged 5.04, 7.54, 4.61, 2.08, 2.52, and 1.61 percent for the respective economic cycles. For the period from 1969 to 2019, covering the last six complete economic cycles, the annual increases in the CPI and the GDP deflator averaged 3.89 and 3.45 percent, respectively. The annual rate of change for 2020, which was affected by the recession, was 1.21 percent for the CPI and 1.30 percent for the GDP deflator. During the subsequent recovery, demand for goods increased while supply has been constrained, leading to 2021 growth rates of 5.26 percent for the CPI and 4.16 percent for the GDP deflator.

The assumed ultimate annual increases in the CPI are 3.00, 2.40, and 1.80 percent for the low-cost, intermediate, and high-cost assumptions, respectively. These values are unchanged from the 2021 report.

For the intermediate assumptions, the annual rate of change in the CPI is 4.54 percent for 2022, 2.33 percent for 2023, and reaches the ultimate growth rate of 2.40 percent for 2024 and thereafter. For the low-cost assumptions, the annual rate of change in the CPI is 5.14 percent for 2022, and reaches its ultimate growth rate of 3.00 percent for 2023 and thereafter. For the high-cost assumptions, the annual rate of change in the CPI is 3.92 percent for 2022, averages 1.45 percent for 2023 through 2025, and reaches its ultimate growth rate of 1.80 percent for 2026 and thereafter.

The annual increase in the GDP deflator differs from the annual increase in the CPI because the two indices are constructed using different computational methods and coverage (the set of goods and services used in the measurement). The difference between the rate of change in the CPI and the rate

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<sup>1</sup> BLS produces a series called the Consumer Price Index Research Series Using Current Methods (CPI-U-RS) that approximates the measured rate of inflation since 1978 had the method currently used been in effect since then. BLS does not revise the CPI values published in earlier years, for which different methods were used. These CPI published values are shown in table V.B1. The Trustees use an adjusted CPI series based on the CPI-U-RS when setting the ultimate price inflation assumption because it provides a time series that is consistent with the current method for computing the CPI.



of change in the GDP deflator is called the price differential in this report. For the period including 1969 through 2019, covering the last six complete economic cycles, the average annual price differential was 0.46 percentage point. For 2020, the annual price differential was -0.09 percentage point, and for 2021 it is estimated to be 1.10 percentage points.

The fluctuations in the price differential for 2020-21 primarily reflect a decline and subsequent rebound in oil prices, as well as price increases concentrated in consumer goods categories during the economic recovery. Changes in oil prices affect the CPI much more than the GDP deflator because oil represents a much larger share of U.S. consumption than of U.S. production. Oil prices are assumed to grow at a relatively stable rate after 2022. For the intermediate assumptions, the price differential is 0.05 percentage point for 2022, 0.22 percentage point for 2023, and 0.35 percentage point for 2024 and later.

The assumed ultimate price differentials are 0.25, 0.35, and 0.45 percentage point for the low-cost, intermediate, and high-cost alternatives, respectively. Varying the ultimate projected price differential across alternatives recognizes the historical variation in this measure. Accordingly, the assumed ultimate annual increases in the GDP deflator are 2.75 (3.00 less 0.25), 2.05 (2.40 less 0.35), and 1.35 (1.80 less 0.45) percent for the low-cost, intermediate, and high-cost alternatives, respectively. The ultimate price differentials for the three alternatives are unchanged from the 2021 report.

### **3. Average Earnings Assumptions**

The average level of nominal earnings in OASDI covered employment for each year has a direct effect on the size of the taxable payroll and on the future level of average benefits. In addition, under the automatic adjustment provisions in the law, growth in the average wage in the U.S. economy directly affects certain parameters used in the OASDI benefit formulas, as well as the contribution and benefit base, the exempt amounts under the retirement earnings test, the amount of earnings required for a quarter of coverage, and in certain circumstances, the automatic cost-of-living benefit increases.

Projected growth rates in average covered earnings are derived from projections of average U.S. earnings. Average U.S. earnings is defined as the ratio of the sum of total U.S. wages and net proprietors' income to the sum of total U.S. civilian employment and Armed Forces. The growth rate in average U.S. earnings for any period is equal to the combined growth rates for total U.S. economy productivity, average hours worked, the ratio of earnings to

total labor compensation (which includes fringe benefits), the ratio of total labor compensation to GDP, and the GDP deflator.

The average annual change in average hours worked was -0.21 percent over the last six complete economic cycles covering the period from 1969 to 2019. The annual change in average hours worked averaged -0.89, -0.55, -0.11, 0.10, -0.50, and -0.05 percent over the economic cycles 1969-73, 1973-79, 1979-90, 1990-2001, 2001-07, and 2007-19, respectively. From 2019 to 2021, the first two years after the peak of the last complete cycle, the average annual change in average hours worked per week is estimated to be an increase of 0.84 percent, as a result of unusual effects on employment during the pandemic period.

The assumed ultimate annual rates of change for average hours worked are 0.05, -0.05, and -0.15 percent for the low-cost, intermediate, and high-cost assumptions, respectively. These values are unchanged from the 2021 report.

The average annual change in the ratio of earnings to total labor compensation was -0.14 percent from 1969 to 2019. Most of this decrease was due to the relative increase in the cost of employer-sponsored group health insurance (ESGHI) for wage workers. Assuming that the level of total employee compensation is not affected by the amount of ESGHI, any increase or decrease in the cost of ESGHI leads to a commensurate decrease or increase in other components of employee compensation, including wages. Projections of future ratios of earnings to total labor compensation follow this principle. The Trustees assume that the total amount of future ESGHI premiums will be affected by provisions of the Affordable Care Act of 2010 (ACA). A key provision of ACA affecting the projected growth in ESGHI premiums, the excise tax on ESGHI premiums (commonly referred to as the “Cadillac Tax”), was repealed in December 2019. As a result, the Trustees have assumed starting with the 2020 Trustees Report that ESGHI premiums will increase faster, and wages therefore more slowly, than was assumed in the 2010 through 2019 reports. Data from BEA indicate that the other significant component of non-wage employee compensation is employer contributions to retirement plans. This component is assumed to grow faster than employee compensation in the future as life expectancy and potential time in retirement increase.

The average annual rate of change in the ratio of wages to employee compensation was -0.17 percent from 1969 to 2019. It increased sharply to 0.35 percent from 2019 to 2021 due to the unusual effects during the pandemic period. The average rates from 2021 to 2031 are about 0.02, -0.03, and -0.09 percent for the low-cost, intermediate, and high-cost assumptions, respectively. For the long-range period, from 2031 to 2096, the average rates

are about -0.02, -0.12, and -0.22 percent for the low-cost, intermediate, and high-cost assumptions, respectively. These long-range rates are unchanged from those assumed for the 2021 report. Under the intermediate assumptions, the ratio of wages to employee compensation declines from 0.820 for 2021 to 0.758 for 2096.

Because earnings and compensation are the same for self-employed workers, the ratio of earnings to total labor compensation includes self-employment income both in the numerator and in the denominator. As a result, the rate of change in the ratio of earnings to total labor compensation (which, under the intermediate assumptions, averages -0.10 percent from 2031 to 2096) is higher (less negative) than the rate of change in the ratio of wages to employee compensation.

The ratio of total labor compensation (i.e., employee compensation and net proprietors' income) to GDP varies over the economic cycle and with changes in the relative sizes of different sectors of the economy. Over the last six complete economic cycles from 1969 to 2019, this ratio has averaged 0.622. The ratio declined from a recent high of 0.649 for 2001 to 0.600 in 2010, increased to 0.610 in 2012, and averaged 0.611 for 2014 through 2019. This ratio increased to 0.633 for 2020 and 0.626 for 2021 and is assumed to reach 0.630 by 2031. For years after 2031, the relative sizes of different sectors of the economy are assumed to remain about constant,<sup>1</sup> and therefore the ratio of total labor compensation to GDP remains at about the 2031 level for each set of assumptions.

The projected average annual growth rate in average nominal U.S. earnings from 2031 to 2096 is 3.56 percent for the intermediate assumptions. This growth rate reflects the projected average annual growth rate of -0.10 percent for the ratio of earnings to total labor compensation, and also reflects the assumed ultimate annual growth rates of 1.63 percent for productivity, -0.05 percent for average hours worked, and 2.05 percent for the GDP deflator. Similarly, the projected average annual growth rates in average nominal U.S. earnings are 4.77 percent for the low-cost assumptions and 2.36 percent for the high-cost assumptions.

Over long periods, the average annual growth rate in the average wage in OASDI covered employment (henceforth the "average covered wage") is expected to be very close to the average annual growth rate in average U.S. earnings. The estimated annual rate of change in the average covered wage is

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<sup>1</sup> The sole exception is the employment in the U.S. Armed Forces, which has declined in size over the last 40 years, and is assumed to remain at its 2020 level throughout the 75-year projection period.

5.54 percent for 2021 under the intermediate assumptions. From 2021 to 2031, the annual rate of change in the average covered wage averages 5.46, 4.22, and 2.78 percent for the low-cost, intermediate, and high-cost assumptions, respectively. The projected average annual growth rates in the average covered wage from 2031 to 2096 are 4.77, 3.55, and 2.33 percent for the low-cost, intermediate, and high-cost assumptions, respectively.

#### **4. Assumed Real Wage Differential**

The real increase in the average covered wage has traditionally been expressed in the form of a real wage differential—the annual percentage change in the average covered wage minus the annual percentage change in the CPI. For the period from 1969 to 2019, covering the last six complete economic cycles, the real wage differential averaged 0.79 percentage point, the result of averages of 1.03, 0.04, 0.44, 1.47, 0.83, and 0.76 percentage points over the economic cycles 1969-73, 1973-79, 1979-90, 1990-2001, 2001-07, and 2007-19, respectively.

For the years 2032 through 2096, the projected average annual real wage differentials for OASDI covered employment are 1.77, 1.15, and 0.53 percentage points for the low-cost, intermediate, and high-cost assumptions, respectively. The rounded average annual real wage differentials are unchanged from the 2021 report.

The real wage differential was 1.61 percentage points for 2020 and is estimated to be 0.28 percentage point for 2021 under the intermediate assumptions. For the intermediate assumptions, the real wage differential is projected to increase to 1.98 percentage points in 2022, and then generally decline to its long-run average of 1.15 percentage points for 2032 through 2096. For the low-cost assumptions, the real wage differential is 1.86 percentage points for 2022, 3.87 percentage points in 2023, and reaches its long-run average of 1.77 percentage points for 2032 through 2096. For the high-cost assumptions, the real wage differential is 0.58 percentage point for 2021 and 0.57 percentage point for 2023. It then averages 1.27 percentage points for 2024 through 2027, and gradually reaches its long-run average of 0.53 percentage point for 2032 through 2096.

**Table V.B1.—Principal Economic Assumptions**

Calendar year	Annual percentage change <sup>a</sup> in—						Real- wage differ- ential <sup>b</sup>
	Productivity (Total U.S. economy)	Earnings as a percent of total labor compensation	Average hours worked	GDP price index	Average annual wage in covered employment	Consumer Price Index	
<b>Historical data:</b>							
<b>5-year periods:</b>							
1960 to 1965 ...	3.27	-0.18	0.16	1.36	3.22	1.24	1.98
1965 to 1970 ...	2.06	-.30	-.68	4.02	5.84	4.23	1.61
1970 to 1975 ...	2.09	-.49	-.89	6.61	6.58	6.76	-.22
1975 to 1980 ...	.95	-.33	-.18	7.21	8.88	8.91	-.04
1980 to 1985 ...	1.73	-.36	.01	5.24	6.52	5.22	1.29
1985 to 1990 ...	1.34	-.20	-.07	3.14	4.79	3.83	.96
1990 to 1995 ...	1.31	-.11	.33	2.45	3.54	3.03	.51
1995 to 2000 ...	2.33	.28	.14	1.67	5.31	2.43	2.88
2000 to 2005 ...	2.63	-.38	-.79	2.32	2.69	2.49	.20
2005 to 2010 ...	1.86	-.03	-.49	1.91	2.51	2.30	.22
2010 to 2015 ...	.43	.16	.37	1.71	2.94	1.61	1.32
2015 to 2020 ...	1.27	.11	.01	1.68	2.93	1.70	1.23
<b>Economic cycles:<sup>c</sup></b>							
1969 to 1973 ...	2.66	-.34	-.89	5.04	5.94	4.91	1.03
1973 to 1979 ...	1.07	-.43	-.55	7.54	8.58	8.54	.04
1979 to 1990 ...	1.41	-.29	-.11	4.61	5.78	5.30	.44
1990 to 2001 ...	1.85	.05	.10	2.08	4.19	2.73	1.47
2001 to 2007 ...	2.18	-.18	-.50	2.52	3.45	2.63	.83
2007 to 2019 ...	1.08	.04	-.05	1.61	2.49	1.73	.76
2019 to 2021 ...	<sup>d</sup> 1.80	<sup>d</sup> .35	.84	2.72	<sup>d</sup> 4.17	3.22	<sup>d</sup> .95
<b>Single years:</b>							
2011 .....	.05	.32	.93	2.07	3.15	3.56	-.41
2012 .....	.48	.47	-.01	1.88	3.33	2.10	1.23
2013 .....	.61	-.33	.24	1.77	1.22	1.37	-.15
2014 .....	.39	.27	.29	1.86	3.60	1.50	2.09
2015 .....	.60	.05	.41	.96	3.42	-.41	3.83
2016 .....	.38	.10	-.43	1.00	1.23	.98	.26
2017 .....	.91	.13	.11	1.93	3.46	2.13	1.33
2018 .....	.98	-.08	.34	2.40	3.58	2.55	1.03
2019 .....	1.45	.17	-.30	1.77	3.60	1.66	1.94
2020 .....	2.63	.22	.33	1.30	2.82	1.21	1.61
2021 .....	<sup>d</sup> .98	<sup>d</sup> .47	1.36	4.16	<sup>d</sup> 5.54	5.26	<sup>d</sup> .28
<b>Intermediate:</b>							
2022 .....	.69	.08	.03	4.49	6.52	4.54	1.98
2023 .....	1.83	.04	-.58	2.11	4.77	2.33	2.44
2024 .....	2.00	<sup>e</sup>	-.58	2.05	4.31	2.40	1.91
2025 .....	2.12	-.03	-.32	2.05	4.07	2.40	1.67
2026 .....	1.73	-.03	-.05	2.05	3.96	2.40	1.56
2027 .....	1.62	-.05	-.05	2.05	3.86	2.40	1.46
2028 .....	1.61	-.05	-.05	2.05	3.77	2.40	1.37
2029 .....	1.62	-.05	-.05	2.05	3.69	2.40	1.29
2030 .....	1.63	-.09	-.05	2.05	3.65	2.40	1.25
2031 .....	1.63	-.09	-.05	2.05	3.64	2.40	1.24
2031 to 2096 ...	1.63	-.10	-.05	2.05	3.55	2.40	1.15

**Table V.B1.—Principal Economic Assumptions (Cont.)**

Calendar year	Annual percentage change <sup>a</sup> in—						Real-wage differential <sup>b</sup>
	Productivity (Total U.S. economy)	Earnings as a percent of total labor compensation	Average hours worked	GDP price index	Average annual wage in covered employment	Consumer Price Index	
<b>Low-cost:</b>							
2022.....	0.85	0.10	0.03	4.90	6.99	5.14	1.86
2023.....	2.46	.06	-.58	2.80	6.87	3.00	3.87
2024.....	2.33	.01	-.38	2.75	5.82	3.00	2.82
2025.....	1.89	<sup>e</sup>	.04	2.75	5.01	3.00	2.01
2026.....	1.93	.01	.05	2.75	5.04	3.00	2.04
2027.....	1.93	<sup>e</sup>	.05	2.75	5.07	3.00	2.07
2028.....	1.93	.01	.05	2.75	5.02	3.00	2.02
2029.....	1.93	.02	.05	2.75	4.95	3.00	1.95
2030.....	1.93	-.01	.05	2.75	4.90	3.00	1.90
2031.....	1.93	-.01	.05	2.75	4.91	3.00	1.91
2031 to 2096 ...	1.93	-.01	.05	2.75	4.77	3.00	1.77
<b>High-cost:</b>							
2022.....	.03	.04	-.33	4.03	4.50	3.92	.58
2023.....	2.16	.06	-1.16	.83	1.59	1.02	.57
2024.....	1.50	-.02	-.44	1.08	3.23	1.53	1.70
2025.....	1.10	-.07	<sup>e</sup>	1.34	2.98	1.79	1.19
2026.....	1.29	-.08	-.05	1.35	3.04	1.80	1.24
2027.....	1.24	-.11	-.15	1.35	2.74	1.80	.94
2028.....	1.24	-.11	-.15	1.35	2.50	1.80	.70
2029.....	1.30	-.12	-.15	1.35	2.43	1.80	.63
2030.....	1.33	-.17	-.15	1.35	2.39	1.80	.59
2031.....	1.33	-.18	-.15	1.35	2.38	1.80	.58
2031 to 2096 ...	1.33	-.18	-.15	1.35	2.33	1.80	.53

<sup>a</sup> For rows with a single year listed, the value is the annual percentage change from the prior year. For rows with a range of years listed, the value is the compound average annual percentage change.

<sup>b</sup> For rows with a single year listed, the value is the annual percentage change in the average annual wage in covered employment less the annual percentage change in the Consumer Price Index. For rows with a range of years listed, the value is the average of annual values of the real wage differential, beginning with the year following the first year of the range. Values are rounded after all computations.

<sup>c</sup> Economic cycles are shown from peak to peak, except for the last cycle, which is not yet complete.

<sup>d</sup> Estimated values for 2021 vary slightly by alternative and are shown for the intermediate assumptions.

<sup>e</sup> Greater than -0.005 and less than 0.005 percent.

## 5. Labor Force, Employment, and Unemployment Projections

Employment is a fundamental component of economic output (GDP), taxable payroll, and the determination of OASDI benefit eligibility and benefit levels. U.S. employment is projected in two components: the size of the labor force (those employed or seeking employment) and the unemployment rate (the proportion of those in the labor force who are not employed). Table V.B2 provides the historical and projected rates of change in employment, which follow from the rates of change in the labor force, adjusted for the varying unemployment rates from year to year.

The model used by the Office of the Chief Actuary projects the civilian labor force by age, sex, marital status, and presence of children. Projections of the labor force participation rates reflect changes in disability prevalence, educa-

tional attainment, marriage patterns, the average level of Social Security retirement benefits, the state of the economy, and life expectancy.

The annual rate of growth in the size of the labor force decreased from an average of about 2.6 percent during the 1969-73 economic cycle and 2.7 percent during the 1973-79 cycle to 1.7 percent during the 1979-90 cycle, 1.2 percent during the 1990-2001 cycle, 1.1 percent during the 2001-07 cycle, and 0.5 percent during the 2007-19 cycle. From 2019 to 2021, during the current (incomplete) economic cycle, labor force growth averaged -0.7 percent per year, reflecting the shrinking of the labor force during the pandemic-induced recession of 2020 and its aftermath. Going forward, labor force growth is expected to remain subdued due to a slowing of growth in the working-age population—a consequence of the baby-boom generation reaching retirement ages and succeeding lower-birth-rate cohorts reaching working ages. Under the intermediate assumptions, the labor force is projected to increase by an average of 0.8 percent per year from 2021 to 2031 and 0.4 percent per year from 2031 to 2096.

Labor force participation rates are projected with a model that uses demographic and economic assumptions specific to each alternative. More optimistic economic assumptions in the low-cost alternative are consistent with higher labor force participation rates, while demographic assumptions in the low-cost alternative (such as slower improvement in longevity) are consistent with lower labor force participation rates. These economic and demographic influences have largely offsetting effects. Therefore, the projected labor force participation rates do not vary substantially across alternatives.

Historically, labor force participation rates reflect trends in demographics and pensions. Between the mid-1960s and the mid-1980s, labor force participation rates at ages 50 and over declined for men but were fairly stable for women. During this period, the baby-boom generation reached working age and more women entered the labor force. This increasing supply of labor allowed employers to offer attractive early retirement options. Between the mid-1980s and the mid-1990s, participation rates at ages 55 and older roughly stabilized for men and increased for women. Since the mid-1990s, however, participation rates for both sexes at ages 50 and over have generally risen.

Many economic and demographic factors, including longevity, disability prevalence, the business cycle, incentives for retirement in Social Security and private pensions, education, and marriage patterns, will influence future labor force participation rates. The Office of the Chief Actuary models some of these factors explicitly. In particular for this year's report, future disability prevalence is assumed to be lower than in the 2021 report due to the change

in the ultimate disability incidence assumption from 5.0 to 4.8 per thousand exposed. This change increases the projected total labor force by 0.2 percent for 2096. To model the effects of other factors related to increases in life expectancy, projected participation rates are adjusted upward for mid-career and older ages to reflect projected increases in life expectancy. For the intermediate projections, this adjustment increases the total labor force by 2.9 percent for 2096.

For men age 16 and over, the projected age-adjusted labor force participation rates<sup>1</sup> for 2096 are 72.8, 72.5, and 71.9 percent for the low-cost, intermediate, and high-cost assumptions, respectively. For women age 16 and over, the projected age-adjusted labor force participation rates for 2096 are 62.5, 62.1, and 61.7 percent for the low-cost, intermediate, and high-cost assumptions, respectively. These age-adjusted labor force participation rates for 2096 are higher under all three alternatives than the age-adjusted rates for 2020 of 70.1 percent for men and 58.6 percent for women (based on actual age-specific rates published by the Bureau of Labor Statistics), primarily due to the projected continued recovery from the latest recession and the Trustees' projected increases in life expectancy.

The total civilian unemployment rates are presented in table V.B2. For years through 2031, the table presents total civilian rates without adjustment for the changing age-sex distribution of the population. For years after 2031, the table presents age-sex-adjusted rates, using the age-sex distribution of the 2011 civilian labor force. Age-sex-adjusted rates allow for more meaningful comparisons across longer time periods.

The total civilian unemployment rate reflects the projected levels of unemployment for various age-sex groups of the population. Each group's unemployment rate gradually approaches an assumed stable value within the first ten years of the projection period for all alternatives, and thus the total age-sex-adjusted civilian unemployment rate reaches its ultimate assumed value within the first ten years of the projection period.

The assumed ultimate age-sex-adjusted unemployment rates are 3.5, 4.5, and 5.5 percent for the low-cost, intermediate, and high-cost assumptions, respectively. These values are unchanged from the 2021 report. The Trustees assume that, as the economy continues to recover from the most recent recession, the unemployment rate will decrease from 5.4 percent for 2021 to the assumed 4.5 percent for 2026 under the intermediate assumptions. Under the low-cost assumptions, the ultimate unemployment rate is reached in 2023.

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<sup>1</sup> The Office of the Chief Actuary adjusts the labor force participation rates to the 2011 age distribution of the civilian noninstitutional U.S. population.



Under the high-cost assumptions, the unemployment rate declines to 5.3 percent in 2022, then rises to 6.7 percent in 2023, and then gradually decreases to the ultimate unemployment rate in 2028.<sup>1</sup>

## **6. Gross Domestic Product Projections**

The value of real GDP is equal to the product of three components: (1) productivity (i.e., output per hour worked), (2) average weekly total employment,<sup>2</sup> and (3) average hours worked per week, times 52. Consequently, the growth rate in real GDP is equal to the combined growth rates for productivity, total employment, and average hours worked. For the period from 1969 to 2019, which covers the last six complete economic cycles, the average annual growth in real GDP was 2.7 percent, combining average growth rates of 1.6 percent for productivity, 1.3 percent for total employment, and -0.2 percent for average hours worked ( $1.027 = 1.016 \times 1.013 \times 0.998$ ). The real GDP growth rate was -3.4 percent for 2020 and is estimated to be 5.7 percent for 2021.

For the intermediate assumptions, the average annual growth in real GDP is 2.3 percent from 2021 to 2031, combining the average growth rates of 1.65 percent for productivity, 0.86 percent for total employment, and -0.18 percent for average hours worked. The projected average annual growth in real GDP of 2.3 percent from 2021 to 2031 is higher than the underlying sustainable trend rate of 2.1 percent, due to the assumed recovery from the recession. After 2031, the annual growth in real GDP follows the sustainable trend rate and averages 2.0 percent, which combines the projected ultimate annual growth rate of 1.63 percent for productivity, average annual growth rate of 0.40 percent for total employment, and the ultimate annual growth rate of -0.05 percent for average hours worked per week. The projected growth rate of real GDP is lower than the past average growth rate mainly because the working-age population is expected to grow more slowly than in the past.

For the low-cost assumptions, the annual growth in real GDP averages 3.1 percent from 2021 to 2031 and 2.7 percent from 2031 to 2096. For the high-cost assumptions, the annual growth in real GDP averages 1.5 percent from 2021 to 2031 and 1.2 percent from 2031 to 2096.

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<sup>1</sup> The assumed ultimate unemployment rates are age-sex-adjusted rates. For the intermediate and high-cost assumptions, the age-sex-adjusted unemployment rate in 2028 through 2031 is 4.5 and 5.5 percent, respectively, while the unadjusted rate is 4.4 and 5.4 percent, respectively, as shown in table V.B2.

<sup>2</sup> Total employment is the sum of the U.S. Armed Forces and total civilian employment, which can be expressed as a product of the total civilian labor force and the complement of the unemployment rate.

## **7. Interest Rates**

Table V.B2 presents average annual nominal and real interest rates for newly issued trust fund securities. The nominal rate is the average of the nominal interest rates for special U.S. Government obligations issuable to the trust funds in each of the 12 months of the year. Interest for these securities is compounded semiannually, or at redemption if sooner. The real interest rate is defined as the annual yield rate for investments in these securities divided by the annual rate of growth in the CPI for the first year after issuance. The real rate shown for each year reflects the actual realized (historical) or expected (future) real yield on securities issuable in the prior year.

To develop a reasonable range of assumed ultimate future real interest rates for the three alternatives, the Office of the Chief Actuary examined historical experience for the last six complete economic cycles. For the period from 1969 to 2019, the real interest rate averaged 2.4 percent per year. The real interest rates averaged 1.6, -1.0, 5.1, 4.1, 2.0, and 0.8 percent per year over the economic cycles 1969-73, 1973-79, 1979-90, 1990-2001, 2001-07, and 2007-19, respectively. The assumed ultimate real interest rates are 2.8 percent, 2.3 percent, and 1.8 percent for the low-cost, intermediate, and high-cost assumptions, respectively. These rates are unchanged from the 2021 report.

The average annual nominal interest rate was approximately 1.0 percent for securities newly issuable in 2020, implying an effective annual yield of 1.0 percent for securities held one year. The CPI rose from 2020 to 2021 by approximately 5.3 percent. The annual real interest rate for 2021 was therefore -4.1 percent ( $1.010/1.053 = 0.959 = 1 - 0.041$ ). From 2021 to 2031, projected nominal interest rates depend on changes in the economic cycle and in the CPI. When combined with the ultimate CPI assumptions of 3.0, 2.4, and 1.8 percent, the assumed ultimate real interest rates produce ultimate nominal interest rates of 5.8 percent for the low-cost assumptions, 4.7 percent for the intermediate assumptions, and 3.6 percent for the high-cost assumptions. These nominal rates for newly issued trust fund securities reach their ultimate levels by 2031.

**Table V.B2.—Additional Economic Factors**

	Average annual unemployment rate <sup>a</sup>	Annual percentage change <sup>b</sup> in—			Average annual interest rate	
Calendar year		Labor force <sup>c</sup>	Total employment <sup>d</sup>	Real GDP <sup>e</sup>	Nominal <sup>f</sup>	Real <sup>g</sup>
<b>Historical data:</b>						
<b>5-year periods:</b>						
1960 to 1965.....	5.5	1.3	1.6	5.1	4.0	2.5
1965 to 1970.....	3.9	2.2	2.1	3.5	5.9	1.0
1970 to 1975.....	6.1	2.5	1.5	2.7	6.7	h
1975 to 1980.....	6.8	2.7	2.9	3.7	8.5	-9
1980 to 1985.....	8.3	1.5	1.5	3.3	12.1	6.9
1985 to 1990.....	5.9	1.7	2.0	3.3	8.5	5.1
1990 to 1995.....	6.6	1.0	.9	2.6	7.0	4.3
1995 to 2000.....	4.6	1.5	1.8	4.3	6.2	3.9
2000 to 2005.....	5.4	.9	.7	2.6	4.6	2.4
2005 to 2010.....	6.8	.6	-.4	1.0	3.8	1.8
2010 to 2015.....	7.2	.4	1.3	2.1	2.0	.5
2015 to 2020.....	5.0	.5	-.2	1.1	2.0	.5
<b>Economic cycles:<sup>i</sup></b>						
1969 to 1973.....	5.3	2.6	1.8	3.6	6.5	1.6
1973 to 1979.....	6.8	2.7	2.4	3.0	7.7	-1.0
1979 to 1990.....	7.1	1.7	1.7	3.0	10.3	5.1
1990 to 2001.....	5.5	1.2	1.2	3.2	6.5	4.1
2001 to 2007.....	5.3	1.1	1.1	2.8	4.5	2.0
2007 to 2019.....	6.4	.5	.6	1.7	2.4	.8
2019 to 2021.....	6.7	j-.7	j-1.6	j1.0	1.2	-1.6
<b>Single years:</b>						
2011.....	8.9	-.2	.6	1.5	2.4	-.7
2012.....	8.1	.9	1.8	2.3	1.5	.3
2013.....	7.4	.3	1.0	1.8	1.9	.1
2014.....	6.2	.3	1.6	2.3	2.3	.4
2015.....	5.3	.8	1.7	2.7	2.0	2.7
2016.....	4.9	1.3	1.7	1.7	1.8	1.0
2017.....	4.4	.7	1.2	2.3	2.3	-.3
2018.....	3.9	1.1	1.6	2.9	2.9	-.2
2019.....	3.7	.9	1.1	2.3	2.2	1.2
2020.....	8.1	-1.7	-6.2	-3.4	1.0	1.0
2021.....	5.4	j3	j3.2	j5.7	1.4	-4.1

**Table V.B2.—Additional Economic Factors (Cont.)**

Calendar year	Average annual unemployment rate <sup>a</sup>	Annual percentage change <sup>b</sup> in—			Average annual interest rate	
		Labor force <sup>c</sup>	Total employment <sup>d</sup>	Real GDP <sup>e</sup>	Nominal <sup>f</sup>	Real <sup>g</sup>
<b>Intermediate:</b>						
2022 .....	4.0	1.7	3.1	3.9	1.8	-3.0
2023 .....	4.0	1.6	1.6	2.8	2.3	-.5
2024 .....	4.2	1.2	1.0	2.4	2.9	-.1
2025 .....	4.4	.6	.4	2.2	3.3	.5
2026 .....	4.5	.4	.4	2.0	3.7	.9
2027 .....	4.5	.4	.5	2.0	4.1	1.3
2028 .....	4.4	.4	.4	2.0	4.3	1.7
2029 .....	4.4	.5	.5	2.0	4.5	1.9
2030 .....	4.4	.4	.4	2.0	4.6	2.1
2031 .....	4.4	.4	.4	2.0	4.7	2.2
2035 .....	4.5	.4	.4	2.0	4.7	2.3
2040 .....	4.5	.3	.3	1.9	4.7	2.3
2045 .....	4.5	.3	.3	1.9	4.7	2.3
2050 .....	4.5	.4	.4	2.0	4.7	2.3
2055 .....	4.5	.4	.4	2.0	4.7	2.3
2060 .....	4.5	.4	.4	2.0	4.7	2.3
2065 .....	4.5	.4	.4	2.0	4.7	2.3
2070 .....	4.5	.3	.3	1.9	4.7	2.3
2075 .....	4.5	.4	.4	2.0	4.7	2.3
2080 .....	4.5	.4	.4	2.0	4.7	2.3
2085 .....	4.5	.5	.5	2.1	4.7	2.3
2090 .....	4.5	.5	.5	2.1	4.7	2.3
2095 .....	4.5	.5	.5	2.1	4.7	2.3
2100 .....	4.5	.4	.4	2.0	4.7	2.3
<b>Low-cost:</b>						
2022 .....	3.8	2.0	3.7	4.6	2.4	-3.6
2023 .....	3.5	2.0	2.3	4.2	3.4	-.5
2024 .....	3.5	1.1	1.1	3.1	3.9	.5
2025 .....	3.5	.8	.8	2.8	4.4	.9
2026 .....	3.5	.7	.7	2.7	4.8	1.4
2027 .....	3.5	.7	.7	2.7	5.1	1.8
2028 .....	3.5	.6	.6	2.6	5.4	2.1
2029 .....	3.5	.7	.7	2.7	5.6	2.4
2030 .....	3.5	.6	.6	2.6	5.7	2.6
2031 .....	3.5	.6	.6	2.6	5.8	2.7
2035 .....	3.5	.6	.6	2.5	5.8	2.8
2040 .....	3.5	.5	.5	2.5	5.8	2.8
2045 .....	3.5	.6	.6	2.6	5.8	2.8
2050 .....	3.5	.7	.7	2.7	5.8	2.8
2055 .....	3.5	.7	.7	2.7	5.8	2.8
2060 .....	3.5	.7	.7	2.7	5.8	2.8
2065 .....	3.5	.6	.6	2.6	5.8	2.8
2070 .....	3.5	.6	.6	2.6	5.8	2.8
2075 .....	3.5	.7	.7	2.7	5.8	2.8
2080 .....	3.5	.8	.7	2.7	5.8	2.8
2085 .....	3.5	.8	.8	2.8	5.8	2.8
2090 .....	3.5	.8	.8	2.8	5.8	2.8
2095 .....	3.5	.7	.7	2.7	5.8	2.8
2100 .....	3.5	.7	.7	2.7	5.8	2.8

**Table V.B2.—Additional Economic Factors (Cont.)**

Calendar year	Average annual unemployment rate <sup>a</sup>	Annual percentage change <sup>b</sup> in—			Average annual interest rate	
		Labor force <sup>c</sup>	Total employment <sup>d</sup>	Real GDP <sup>e</sup>	Nominal <sup>f</sup>	Real <sup>g</sup>
<b>High-cost:</b>						
2022 .....	5.3	0.6	0.7	0.4	1.1	-2.4
2023 .....	6.7	1.2	-.4	.6	1.2	.1
2024 .....	6.2	1.1	1.7	2.8	2.2	-.3
2025 .....	5.8	.7	1.1	2.2	2.6	.4
2026 .....	5.6	.4	.7	1.9	2.9	.8
2027 .....	5.4	.4	.5	1.6	3.1	1.1
2028 .....	5.4	.3	.3	1.4	3.2	1.3
2029 .....	5.4	.3	.3	1.5	3.4	1.4
2030 .....	5.4	.3	.3	1.4	3.6	1.6
2031 .....	5.4	.2	.2	1.4	3.6	1.8
2035 .....	5.5	.2	.2	1.4	3.6	1.8
2040 .....	5.5	.1	.1	1.3	3.6	1.8
2045 .....	5.5	<sup>h</sup>	<sup>h</sup>	1.2	3.6	1.8
2050 .....	5.5	<sup>h</sup>	<sup>h</sup>	1.2	3.6	1.8
2055 .....	5.5	<sup>h</sup>	<sup>h</sup>	1.2	3.6	1.8
2060 .....	5.5	<sup>h</sup>	<sup>h</sup>	1.2	3.6	1.8
2065 .....	5.5	<sup>h</sup>	<sup>h</sup>	1.2	3.6	1.8
2070 .....	5.5	-.1	-.1	1.1	3.6	1.8
2075 .....	5.5	-.1	-.1	1.1	3.6	1.8
2080 .....	5.5	-.1	-.1	1.1	3.6	1.8
2085 .....	5.5	-.1	-.1	1.1	3.6	1.8
2090 .....	5.5	<sup>h</sup>	<sup>h</sup>	1.2	3.6	1.8
2095 .....	5.5	<sup>h</sup>	<sup>h</sup>	1.2	3.6	1.8
2100 .....	5.5	<sup>h</sup>	<sup>h</sup>	1.2	3.6	1.8

<sup>a</sup> The Office of the Chief Actuary adjusts the civilian unemployment rates for 2032 and later to the age-sex distribution of the civilian labor force in 2011. For years through 2031, the values are the total rates without adjustment for the changing age-sex distribution.

<sup>b</sup> For rows with a single year listed, the value is the annual percentage change from the prior year. For rows with a range of years listed, the value is the compounded average annual percentage change.

<sup>c</sup> The U.S. civilian labor force.

<sup>d</sup> Total U.S. military and civilian employment.

<sup>e</sup> The value of the total output of goods and services in 2012 dollars.

<sup>f</sup> The average of the nominal interest rates, compounded semiannually, for special public-debt obligations issuable to the trust funds in each of the 12 months of the year.

<sup>g</sup> The realized or expected annual real yield for each year on securities issuable in the prior year.

<sup>h</sup> Greater than -0.05 and less than 0.05 percent.

<sup>i</sup> Economic cycles are shown from peak to peak, except for the last cycle, which is not yet complete.

<sup>j</sup> Historical data are not available for the full year. Estimated values vary slightly by alternative and are shown for the intermediate assumptions.

### **C. PROGRAM-SPECIFIC ASSUMPTIONS AND METHODS**

The Office of the Chief Actuary at the Social Security Administration uses a set of models to project future income and cost under the OASDI program. These models rely not only on the demographic and economic assumptions described in the previous sections, but also on a number of program-specific assumptions and methods. Values of many program parameters change from year to year as prescribed by formulas set out in the Social Security Act. These program parameters affect the level of payroll taxes collected and the level of benefits paid. The office uses complex models to project the numbers of future workers covered under OASDI and the levels of their covered earnings, as well as the numbers of future beneficiaries and the expected levels of their benefits. The following subsections provide descriptions of these program-specific assumptions and methods.

#### **1. Automatically Adjusted Program Parameters**

The Social Security Act requires that certain parameters affecting the determination of OASDI benefits and taxes be adjusted annually to reflect changes in particular economic measures. Formulas prescribed in the law, applied to reported statistics, change these program parameters annually. The law bases these automatic adjustments on measured changes in the national average wage index (AWI) and the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI).<sup>1</sup> This section shows values for program parameters adjusted using these indices from the time that these adjustments became effective through 2031. Projected values for future years depend on the economic assumptions described in the preceding section of this report.

Tables V.C1 and V.C2 present the historical and projected values of the CPI-based benefit increases, the AWI series, and the values of many of the wage-indexed program parameters. Each table shows projections under the three alternative sets of assumptions. Table V.C1 includes:

- *The annual cost-of-living benefit increase percentages.* The automatic cost-of-living adjustment provisions in the Social Security Act specify increases in OASDI monthly benefits based on increases in the CPI. Volatility in oil prices has resulted in substantial volatility in cost-of-living adjustments over the last two decades. A large cost-of-living adjustment for December 2008 was followed by no cost-of-living adjustments for December 2009 and December 2010. More recent volatility in oil

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<sup>1</sup> The *Federal Register* publishes details of these indexation procedures annually. Also see [www.ssa.gov/OACT/COLA/](http://www.ssa.gov/OACT/COLA/).

prices again affected the CPI, resulting in no cost-of-living adjustment for December 2015. Cost-of-living adjustments resumed in December 2016. All three sets of assumptions include annual cost-of-living adjustments for all future years.

- *The annual levels of and percentage increases in the AWI.* Under section 215(b)(3) of the Social Security Act, Social Security benefit computations index taxable earnings (for most workers first becoming eligible for benefits in 1979 or later) using the AWI for each year after 1950. This procedure converts a worker's past earnings to approximately average-wage-indexed equivalent values near the time of his or her benefit eligibility. Other program parameters presented in this section that are subject to the automatic-adjustment provisions also rely on the AWI.
- *The wage-indexed contribution and benefit base.* For any year, the contribution and benefit base is the maximum amount of earnings subject to the OASDI payroll tax and creditable toward benefit computation. The Social Security Act defers any increase in the contribution and benefit base if there is no cost-of-living adjustment effective for December of the preceding year. There was no increase in the contribution and benefit base for 2010, 2011, or 2016 because there was no cost-of-living adjustment for the immediate prior December in each case. Under all three sets of assumptions, the contribution and benefit base is projected to increase for all future years.
- *The wage-indexed retirement earnings test exempt amounts.* The exempt amounts are the annual amount of earnings below which beneficiaries do not have benefits withheld. A lower exempt amount applies for years prior to the year of attaining normal retirement age. A higher exempt amount applies beginning with the year in which a beneficiary attains normal retirement age. Starting in 2000, the retirement earnings test no longer applies beginning with the month of attaining normal retirement age. The Social Security Act defers any increase in these exempt amounts if there is no cost-of-living adjustment effective for December of the preceding year. There was no increase in these exempt amounts for 2010, 2011, or 2016 because there was no cost-of-living adjustment for the immediate prior December. Under all three sets of assumptions, the exempt amounts increase for all future years.

**Table V.C1.—Cost-of-Living Benefit Increases, Average Wage Index, Contribution and Benefit Bases, and Retirement Earnings Test Exempt Amounts, 1975-2031**

Calendar year	Cost-of-living benefit increase <sup>a</sup> (percent)	Average wage index (AWI) <sup>b</sup>		Contribution and benefit base <sup>c</sup>	Retirement earnings test exempt amount	
	Amount	Increase (percent)	Under NRA <sup>d</sup>		At NRA <sup>e</sup>	
<b>Historical data:</b>						
1975 .....	8.0	\$8,630.92	7.5	\$14,100	\$2,520	\$2,520
1976 .....	6.4	9,226.48	6.9	15,300	2,760	2,760
1977 .....	5.9	9,779.44	6.0	16,500	3,000	3,000
1978 .....	6.5	10,556.03	7.9	17,700	3,240	4,000
1979 .....	9.9	11,479.46	8.7	22,900	3,480	4,500
1980 .....	14.3	12,513.46	9.0	25,900	3,720	5,000
1981 .....	11.2	13,773.10	10.1	29,700	4,080	5,500
1982 .....	7.4	14,531.34	5.5	32,400	4,440	6,000
1983 .....	3.5	15,239.24	4.9	35,700	4,920	6,600
1984 .....	3.5	16,135.07	5.9	37,800	5,160	6,960
1985 .....	3.1	16,822.51	4.3	39,600	5,400	7,320
1986 .....	1.3	17,321.82	3.0	42,000	5,760	7,800
1987 .....	4.2	18,426.51	6.4	43,800	6,000	8,160
1988 .....	4.0	19,334.04	4.9	45,000	6,120	8,400
1989 .....	4.7	20,099.55	4.0	48,000	6,480	8,880
1990 .....	5.4	21,027.98	4.6	51,300	6,840	9,360
1991 .....	3.7	21,811.60	3.7	53,400	7,080	9,720
1992 .....	3.0	22,935.42	5.2	55,500	7,440	10,200
1993 .....	2.6	23,132.67	.9	57,600	7,680	10,560
1994 .....	2.8	23,753.53	2.7	60,600	8,040	11,160
1995 .....	2.6	24,705.66	4.0	61,200	8,160	11,280
1996 .....	2.9	25,913.90	4.9	62,700	8,280	12,500
1997 .....	2.1	27,426.00	5.8	65,400	8,640	13,500
1998 .....	1.3	28,861.44	5.2	68,400	9,120	14,500
1999 .....	<sup>f</sup> 2.5	30,469.84	5.6	72,600	9,600	15,500
2000 .....	3.5	32,154.82	5.5	76,200	10,080	17,000
2001 .....	2.6	32,921.92	2.4	80,400	10,680	25,000
2002 .....	1.4	33,252.09	1.0	84,900	11,280	30,000
2003 .....	2.1	34,064.95	2.4	87,000	11,520	30,720
2004 .....	2.7	35,648.55	4.6	87,900	11,640	31,080
2005 .....	4.1	36,952.94	3.7	90,000	12,000	31,800
2006 .....	3.3	38,651.41	4.6	94,200	12,480	33,240
2007 .....	2.3	40,405.48	4.5	97,500	12,960	34,440
2008 .....	5.8	41,334.97	2.3	102,000	13,560	36,120
2009 .....	.0	40,711.61	-1.5	106,800	14,160	37,680
2010 .....	.0	41,673.83	2.4	106,800	14,160	37,680
2011 .....	3.6	42,979.61	3.1	106,800	14,160	37,680
2012 .....	1.7	44,321.67	3.1	110,100	14,640	38,880
2013 .....	1.5	44,888.16	1.3	113,700	15,120	40,080
2014 .....	1.7	46,481.52	3.5	117,000	15,480	41,400
2015 .....	.0	48,098.63	3.5	118,500	15,720	41,880
2016 .....	.3	48,642.15	1.1	118,500	15,720	41,880
2017 .....	2.0	50,321.89	3.5	127,200	16,920	44,880
2018 .....	2.8	52,145.80	3.6	128,400	17,040	45,360
2019 .....	1.6	54,099.99	3.7	132,900	17,640	46,920
2020 .....	1.3	55,628.60	2.8	137,700	18,240	48,600



**Table V.C1.—Cost-of-Living Benefit Increases, Average Wage Index, Contribution and Benefit Bases, and Retirement Earnings Test Exempt Amounts, 1975-2031 (Cont.)**

Calendar year	Cost-of-living benefit increase <sup>a</sup> (percent)	Average wage index (AWI) <sup>b</sup>		Contribution and benefit base <sup>c</sup>	Retirement earnings test exempt amount	
		Amount	Increase (percent)		Under NRA <sup>d</sup>	At NRA <sup>e</sup>
<b>Intermediate:</b>						
2021 .....	§5.9	\$58,743.07	5.6	§142,800	§18,960	§50,520
2022 .....	3.8	62,583.15	6.5	§147,000	§19,560	§51,960
2023 .....	2.5	65,571.72	4.8	155,100	20,640	54,840
2024 .....	2.4	68,371.79	4.3	165,300	21,960	58,440
2025 .....	2.4	71,147.65	4.1	173,400	23,040	61,200
2026 .....	2.4	73,980.60	4.0	180,600	24,000	63,840
2027 .....	2.4	76,857.74	3.9	188,100	24,960	66,360
2028 .....	2.4	79,761.29	3.8	195,600	25,920	69,000
2029 .....	2.4	82,702.63	3.7	203,100	27,000	71,760
2030 .....	2.4	85,713.03	3.6	210,600	27,960	74,400
2031 .....	2.4	88,836.46	3.6	218,400	29,040	77,160
<b>Low-cost:</b>						
2021 .....	§5.9	58,757.18	5.6	§142,800	§18,960	§50,520
2022 .....	4.6	62,852.52	7.0	§147,000	§19,560	§51,960
2023 .....	3.0	67,130.25	6.8	155,100	20,640	54,840
2024 .....	3.0	70,999.01	5.8	166,200	22,080	58,680
2025 .....	3.0	74,558.14	5.0	177,300	23,520	62,640
2026 .....	3.0	78,330.86	5.1	187,500	24,840	66,240
2027 .....	3.0	82,316.43	5.1	197,100	26,160	69,600
2028 .....	3.0	86,451.88	5.0	207,000	27,480	73,080
2029 .....	3.0	90,722.28	4.9	217,500	28,800	76,800
2030 .....	3.0	95,162.12	4.9	228,300	30,360	80,640
2031 .....	3.0	99,831.80	4.9	239,700	31,800	84,600
<b>High-cost:</b>						
2021 .....	§5.9	58,728.91	5.6	§142,800	§18,960	§50,520
2022 .....	3.1	61,441.05	4.6	§147,000	§19,560	§51,960
2023 .....	1.1	62,461.55	1.7	155,100	20,640	54,840
2024 .....	1.6	64,422.99	3.1	162,300	21,480	57,360
2025 .....	1.8	66,330.90	3.0	165,000	21,840	58,320
2026 .....	1.8	68,361.44	3.1	170,100	22,560	60,120
2027 .....	1.8	70,254.36	2.8	175,200	23,280	61,920
2028 .....	1.8	72,021.11	2.5	180,600	24,000	63,840
2029 .....	1.8	73,775.14	2.4	185,700	24,600	65,520
2030 .....	1.8	75,544.17	2.4	190,200	25,200	67,200
2031 .....	1.8	77,352.07	2.4	195,000	25,920	68,880

<sup>a</sup> Effective with benefits payable for June in each year 1975-82, and for December in each year after 1982.

<sup>b</sup> See table VI.G6 for projected dollar amounts of the AWI for years beyond the last year of this table.

<sup>c</sup> Public Law 95-216 specified amounts for 1978-81. Public Law 101-239 changed the indexing procedure and caused slightly higher bases after 1989.

<sup>d</sup> Normal retirement age. See table V.C3 for specific values.

<sup>e</sup> In 1955-82, the retirement earnings test did not apply at ages 72 and over. In 1983-99, the test did not apply at ages 70 and over. Beginning in 2000, the test does not apply beginning with the month of normal retirement age attainment. In the year of normal retirement age attainment, the higher exempt amount applies to earnings prior to the month of normal retirement age attainment. Public Law 95-216 specified amounts for 1978-82. Public Law 104-121 specified amounts for 1996-2002.

<sup>f</sup> Originally determined as 2.4 percent. Pursuant to Public Law 106-554, effectively 2.5 percent.

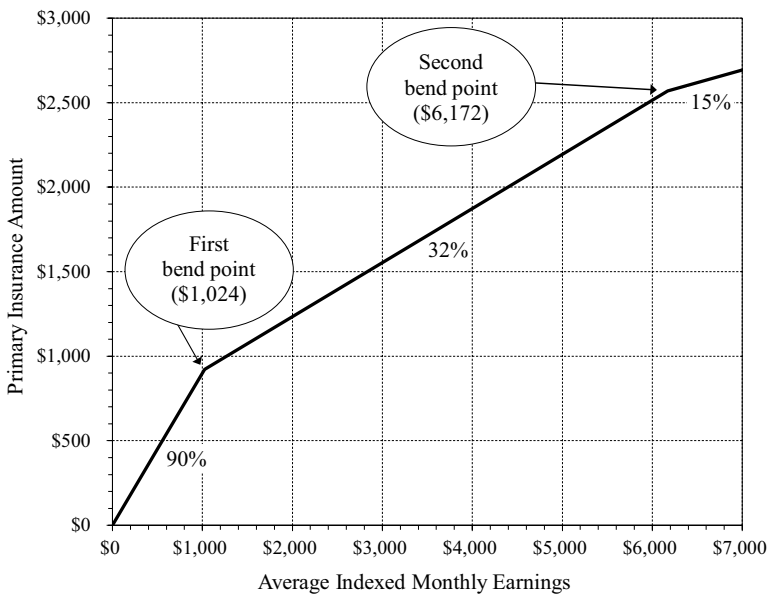
<sup>g</sup> Actual amount, as determined under automatic-adjustment provisions.

Table V.C2 shows values for other wage-indexed parameters. The table provides historical values from 1978, when indexing of the amount of earnings required for a quarter of coverage first began, through 2022, and also shows

projected values through 2031. These other wage-indexed program parameters are:

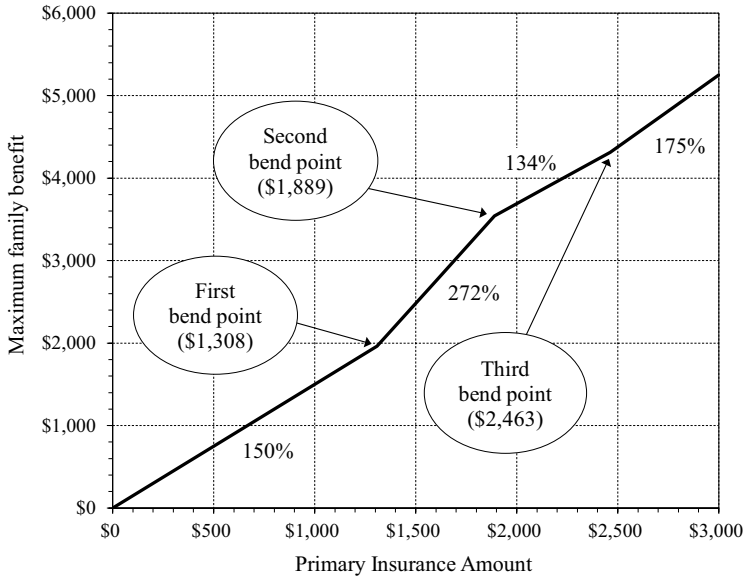
- *The bend points in the formula for computing the primary insurance amount (PIA) for workers who reach age 62, become disabled, or die in a given year:* As figure V.C1 illustrates, these two bend points define three ranges in a worker's average indexed monthly earnings (AIME). The formula for the worker's PIA multiplies a 90, 32, or 15 percent factor by the portion of the worker's AIME that falls within the three respective ranges, and then adds the resulting products together.

**Figure V.C1.—Primary-Insurance-Amount Formula for Those Newly Eligible in 2022**



- *The bend points in the formula for computing the maximum total amount of monthly benefits payable based on the earnings record of a retired or deceased worker (maximum family benefit).* As figure V.C2 illustrates, these three bend points define four ranges in a worker's PIA. The formula for the maximum family benefit multiplies a 150, 272, 134, or 175 percent factor by the portion of the worker's PIA that falls within the four respective ranges, and then adds the resulting products together.

**Figure V.C2.—OASI Maximum-Family-Benefit Formula for Those Newly Eligible in 2022**



- *The amount of earnings required in a year to earn a quarter of coverage (QC).* The number and timing of QCs earned determines an individual's insured status—the basic requirement for benefit eligibility under OASDI.
- *The old-law contribution and benefit base—the contribution and benefit base that would have been in effect without enactment of the 1977 amendments.* This old-law base is used in determining special-minimum benefits for certain workers who have many years of low earnings in covered employment. Since 1986, the calculation of OASDI benefits for certain workers who are eligible to receive pensions based on non-covered employment uses the old-law base. In addition, the Railroad Retirement program and the Employee Retirement Income Security Act of 1974 use the old-law base for certain purposes.

**Table V.C2.—Values for Selected Wage-Indexed Program Parameters,  
Calendar Years 1978-2031**

Calendar year	AIME bend points in PIA formula <sup>a</sup>		PIA bend points in OASI maximum-family-benefit formula <sup>b</sup>			Earnings required for a quarter of coverage	Old-law contribution and benefit base <sup>c</sup>
	First	Second	First	Second	Third		
<b>Historical data:</b>							
1978 .....	d	d	d	d	d	<sup>e</sup> \$250	<sup>e</sup> \$17,700
1979 .....	<sup>e</sup> \$180	<sup>e</sup> \$1,085	<sup>e</sup> \$230	<sup>e</sup> \$332	<sup>e</sup> \$433	260	18,900
1980 .....	194	1,171	248	358	467	290	20,400
1981 .....	211	1,274	270	390	508	310	22,200
1982 .....	230	1,388	294	425	554	340	24,300
1983 .....	254	1,528	324	468	610	370	26,700
1984 .....	267	1,612	342	493	643	390	28,200
1985 .....	280	1,691	358	517	675	410	29,700
1986 .....	297	1,790	379	548	714	440	31,500
1987 .....	310	1,866	396	571	745	460	32,700
1988 .....	319	1,922	407	588	767	470	33,600
1989 .....	339	2,044	433	626	816	500	35,700
1990 .....	356	2,145	455	656	856	520	38,100
1991 .....	370	2,230	473	682	890	540	39,600
1992 .....	387	2,333	495	714	931	570	41,400
1993 .....	401	2,420	513	740	966	590	42,900
1994 .....	422	2,545	539	779	1,016	620	45,000
1995 .....	426	2,567	544	785	1,024	630	45,300
1996 .....	437	2,635	559	806	1,052	640	46,500
1997 .....	455	2,741	581	839	1,094	670	48,600
1998 .....	477	2,875	609	880	1,147	700	50,700
1999 .....	505	3,043	645	931	1,214	740	53,700
2000 .....	531	3,202	679	980	1,278	780	56,700
2001 .....	561	3,381	717	1,034	1,349	830	59,700
2002 .....	592	3,567	756	1,092	1,424	870	63,000
2003 .....	606	3,653	774	1,118	1,458	890	64,500
2004 .....	612	3,689	782	1,129	1,472	900	65,100
2005 .....	627	3,779	801	1,156	1,508	920	66,900
2006 .....	656	3,955	838	1,210	1,578	970	69,900
2007 .....	680	4,100	869	1,255	1,636	1,000	72,600
2008 .....	711	4,288	909	1,312	1,711	1,050	75,900
2009 .....	744	4,483	950	1,372	1,789	1,090	79,200
2010 .....	761	4,586	972	1,403	1,830	1,120	79,200
2011 .....	749	4,517	957	1,382	1,803	1,120	79,200
2012 .....	767	4,624	980	1,415	1,845	1,130	81,900
2013 .....	791	4,768	1,011	1,459	1,903	1,160	84,300
2014 .....	816	4,917	1,042	1,505	1,962	1,200	87,000
2015 .....	826	4,980	1,056	1,524	1,987	1,220	88,200
2016 .....	856	5,157	1,093	1,578	2,058	1,260	88,200
2017 .....	885	5,336	1,131	1,633	2,130	1,300	94,500
2018 .....	895	5,397	1,144	1,651	2,154	1,320	95,400
2019 .....	926	5,583	1,184	1,708	2,228	1,360	98,700
2020 .....	960	5,785	1,226	1,770	2,309	1,410	102,300
2021 .....	996	6,002	1,272	1,837	2,395	1,470	106,200
2022 .....	1,024	6,172	1,308	1,889	2,463	1,510	109,200
<b>Intermediate:</b>							
2023 .....	1,081	6,517	1,382	1,994	2,601	1,590	115,200
2024 .....	1,152	6,943	1,472	2,125	2,771	1,700	122,700
2025 .....	1,207	7,275	1,542	2,226	2,903	1,780	128,700
2026 .....	1,258	7,586	1,608	2,321	3,027	1,850	134,100
2027 .....	1,310	7,894	1,673	2,415	3,150	1,930	139,500
2028 .....	1,362	8,208	1,740	2,512	3,276	2,000	145,200
2029 .....	1,415	8,527	1,808	2,609	3,403	2,080	150,900
2030 .....	1,468	8,849	1,876	2,708	3,532	2,160	156,600
2031 .....	1,522	9,176	1,945	2,808	3,662	2,240	162,300

**Table V.C2.—Values for Selected Wage-Indexed Program Parameters,  
Calendar Years 1978-2031 (Cont.)**

Calendar year	AIME bend points in PIA formula <sup>a</sup>		PIA bend points in OASI maximum-family-benefit formula <sup>b</sup>			Earnings required for a quarter of coverage	Old-law contribution and benefit base <sup>c</sup>
	First	Second	First	Second	Third		
<b>Low-cost:</b>							
2023 .....	\$1,081	\$6,519	\$1,382	\$1,995	\$2,602	\$1,590	\$115,200
2024 .....	1,157	6,973	1,478	2,134	2,783	1,700	123,300
2025 .....	1,236	7,448	1,579	2,279	2,972	1,820	131,700
2026 .....	1,307	7,877	1,670	2,410	3,144	1,920	139,200
2027 .....	1,372	8,272	1,754	2,531	3,301	2,020	146,400
2028 .....	1,442	8,691	1,842	2,659	3,468	2,120	153,600
2029 .....	1,515	9,133	1,936	2,795	3,645	2,230	161,400
2030 .....	1,591	9,592	2,033	2,935	3,828	2,340	169,500
2031 .....	1,670	10,065	2,134	3,080	4,017	2,460	177,900
<b>High-cost:</b>							
2023 .....	1,081	6,516	1,381	1,994	2,600	1,590	115,200
2024 .....	1,131	6,817	1,445	2,086	2,720	1,660	120,600
2025 .....	1,150	6,930	1,469	2,120	2,766	1,690	122,700
2026 .....	1,186	7,148	1,515	2,187	2,852	1,750	126,300
2027 .....	1,221	7,359	1,560	2,252	2,937	1,800	130,200
2028 .....	1,258	7,584	1,608	2,321	3,027	1,850	134,100
2029 .....	1,293	7,795	1,652	2,385	3,111	1,900	137,700
2030 .....	1,326	7,991	1,694	2,445	3,189	1,950	141,300
2031 .....	1,358	8,185	1,735	2,505	3,267	2,000	144,600

<sup>a</sup> The formula to compute a PIA is: (1) 90% of AIME below the first bend point, plus (2) 32% of AIME in excess of the first bend point but not in excess of the second, plus (3) 15% of AIME in excess of the second bend point. The bend points are determined based on the first year a beneficiary becomes eligible for benefits.

<sup>b</sup> The formula to compute an OASI family maximum is: (1) 150% of PIA below the first bend point, plus (2) 272% of PIA in excess of the first bend point but not in excess of the second, plus (3) 134% of PIA in excess of the second bend point but not in excess of the third, plus (4) 175% of PIA in excess of the third bend point. This formula also determines family maximums for disabled workers first eligible after 1978 and entitled before July 1980.

<sup>c</sup> Contribution and benefit base that would have been in effect without enactment of the Social Security Amendments of 1977. Public Law 101-239 changed the indexing procedure and caused slightly higher bases after 1989.

<sup>d</sup> No provision in law for this amount in this year.

<sup>e</sup> Amount specified by Social Security Amendments of 1977.

In addition to the economic factors that affect the determination of OASDI benefits, there are certain legislated changes that affect current and future benefit amounts. Two such changes are the scheduled increases in the normal retirement age and in the delayed retirement credits. Table V.C3 shows the scheduled changes in these parameters and the resulting effects on benefit levels expressed as a percentage of PIA.

**Table V.C3.—Legislated Changes in Normal Retirement Age and Delayed Retirement Credits for Persons Attaining Age 62 in Each Year 1986 and Later**

Year of birth	Year of attainment of age 62	Normal retirement age (NRA)	Credit for each year of delayed retirement after NRA (percent)	Benefit, as a percentage of PIA, beginning at age —				
				62	65	66	67	70
1924	1986	65	3	80	100	103	106	115
1925	1987	65	3 1/2	80	100	103 1/2	107	117 1/2
1926	1988	65	3 1/2	80	100	103 1/2	107	117 1/2
1927	1989	65	4	80	100	104	108	120
1928	1990	65	4	80	100	104	108	120
1929	1991	65	4 1/2	80	100	104 1/2	109	122 1/2
1930	1992	65	4 1/2	80	100	104 1/2	109	122 1/2
1931	1993	65	5	80	100	105	110	125
1932	1994	65	5	80	100	105	110	125
1933	1995	65	5 1/2	80	100	105 1/2	111	127 1/2
1934	1996	65	5 1/2	80	100	105 1/2	111	127 1/2
1935	1997	65	6	80	100	106	112	130
1936	1998	65	6	80	100	106	112	130
1937	1999	65	6 1/2	80	100	106 1/2	113	132 1/2
1938	2000	65, 2 mo	6 1/2	79 1/6	98 8/9	105 5/12	111 11/12	131 5/12
1939	2001	65, 4 mo	7	78 1/3	97 7/9	104 2/3	111 2/3	132 2/3
1940	2002	65, 6 mo	7	77 1/2	96 2/3	103 1/2	110 1/2	131 1/2
1941	2003	65, 8 mo	7 1/2	76 2/3	95 5/9	102 1/2	110	132 1/2
1942	2004	65, 10 mo	7 1/2	75 5/6	94 4/9	101 1/4	108 3/4	131 1/4
1943-54	2005-16	66	8	75	93 1/3	100	108	132
1955	2017	66, 2 mo	8	74 1/6	92 2/9	98 8/9	106 2/3	130 2/3
1956	2018	66, 4 mo	8	73 1/3	91 1/9	97 7/9	105 1/3	129 1/3
1957	2019	66, 6 mo	8	72 1/2	90	96 2/3	104	128
1958	2020	66, 8 mo	8	71 2/3	88 8/9	95 5/9	102 2/3	126 2/3
1959	2021	66, 10 mo	8	70 5/6	87 7/9	94 4/9	101 1/3	125 1/3
1960 & later	2022 & later	67	8	70	86 2/3	93 1/3	100	124

## 2. Covered Employment

Projections of the total U.S. civilian labor force and unemployment rate (see table V.B2) are based on Bureau of Labor Statistics definitions from the Current Population Survey (CPS). These projections represent the average weekly number of employed and unemployed persons, age 16 and over, in the U.S. in a calendar year. Covered employment for a calendar year is defined as the total number of persons who have any OASDI covered earnings (that is, earnings subject to the OASDI payroll tax) at any time during that year. For those age 16 and over, projected covered employment is the sum of age-sex groups, each reflecting the growth projected for the group's total U.S. employment and average weeks worked per year.<sup>1</sup> For the short-range period, the age-sex-adjusted average weeks worked rises slightly as the age-sex-adjusted unemployment rate declines to its ultimate assumed value of 4.5 percent. After 2031, the average weeks worked for each age-sex group

<sup>1</sup> For those under age 16, projected covered employment is the sum of age-sex components, each of which is projected as a ratio to the Social Security area population.

is assumed to remain constant. The projection method also accounts for changes in non-OASDI-covered employment and the increase in coverage of Federal civilian employment as a result of the 1983 Social Security Amendments. It also reflects changes in the number and employment status of other-than-LPR immigrants residing within the Social Security coverage area, such as undocumented immigrants and foreign workers and students with temporary visas.

The covered-worker rate is the ratio of OASDI covered workers to the Social Security area population. For men age 16 and over, the projected age-adjusted covered-worker rates<sup>1</sup> for 2096 are 69.1, 69.3, and 69.5 percent for the low-cost, intermediate, and high-cost assumptions, respectively. For women age 16 and over, the projected age-adjusted covered-worker rates for 2096 are 66.8, 66.4, and 66.1 percent for the low-cost, intermediate, and high-cost assumptions, respectively. An important factor in the variation among the projected rates for the three alternatives is the portion of the men and women in the population that is projected to be other-than-LPR immigrants. For men, the intermediate projected rate for 2096 is lower than the 2020 age-adjusted rate of 70.7 percent primarily due to the projected increase in the portion of the Social Security area population that consists of other-than-LPR immigrants. For women, the intermediate projected rate for 2096 is higher than the 2020 age-adjusted rate of 63.7 percent because the projected increase in the age-adjusted labor force participation rate more than offsets the projected increase in the portion of the population that will be other-than-LPR immigrants.

### **3. Insured Population**

Eligibility for worker benefits under the OASDI program requires some threshold level of work in covered employment. A worker satisfies this requirement by his or her accumulation of quarters of coverage (QCs). Prior to 1978, a worker earned one QC for each calendar quarter in which he or she earned at least \$50. In 1978, when annual earnings reporting replaced quarterly reporting, the amount required to earn a QC (up to a maximum of four per year) was set at \$250. As specified in the law, the Social Security Administration has adjusted this amount each year since then according to changes in the AWI. Its value in 2022 is \$1,510.

There are three types of insured status that a worker can earn under the OASDI program. The number and recency of QCs earned determine each

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<sup>1</sup> Age-adjusted covered-worker rates are adjusted to the 2011 age distribution of the Social Security area population.

status. A worker is fully insured when his or her total number of QCs is greater than or equal to the number of years elapsed after the year of attainment of age 21 (but not less than six). After a worker has accumulated 40 QCs, he or she remains permanently fully insured. A worker is disability insured if he or she is: (1) a fully insured worker who has accumulated 20 QCs during the 40-quarter period ending with the current quarter, (2) a fully insured worker aged 24-30 who has accumulated QCs during one-half of the quarters elapsed after the quarter of attainment of age 21 and up to and including the current quarter, or (3) a fully insured worker under age 24 who has accumulated six QCs during the 12-quarter period ending with the current quarter. A worker is currently insured when he or she has accumulated six QCs during the 13-quarter period ending with the current quarter. Periods of disability reduce the number of quarters required for insured status, but not below the minimum of six QCs.

There are many types of benefits payable to workers and their family members under the OASDI program. A worker must be fully insured to be eligible for a primary retirement benefit and for his or her spouse or children to be eligible for auxiliary retirement benefits. A deceased worker must have been either currently insured or fully insured at the time of death for his or her children (and their mother or father) to be eligible for benefits. If there are no eligible surviving children, the deceased worker must have been fully insured at the time of death for his or her surviving spouse to be eligible. A worker must be disability insured to be eligible for a primary disability benefit and for his or her spouse or children to be eligible for auxiliary disability benefits.

The Office of the Chief Actuary estimates the fully insured population, as a percentage of the Social Security area population, by single year of age and sex starting in 1969. The short-range model extrapolates the historical trend in these rates from data in the Continuous Work History Sample (CWHs). The model uses information on quarters of coverage earned due to employment covered by Social Security derived from tabulations of the CWHs. The model also uses historical administrative data on beneficiaries in force and estimated historical mortality rates. The model combines this information to estimate the proportion of individuals who were alive and fully insured as of the end of each historical year. Using projected mortality rates and covered workers, the model extrapolates these rates into the future and applies them to the historical and projected population to arrive at the fully insured population by age and sex through the end of the short-range period.

The long-range fully insured model uses 30,000 simulated work histories for each sex and birth cohort, representing everyone except the other-than-LPR



immigrant population.<sup>1</sup> For the other-than-LPR immigrant population, the model generates substantially lower percentages attaining fully insured status. The model constructs simulated work histories using past coverage rates, earnings distributions, and amounts required for crediting QCs, and develops them in a manner that replicates historical individual variations in work patterns. The probability of covered employment in any year is assumed to be higher for those who have worked more consistently in the recent past. Model parameters are selected so that simulated fully insured percentages are consistent with the fully insured percentages estimated by the short-range model for the recent historical period.

The Office of the Chief Actuary estimates the disability insured population, as a percentage of the fully insured population, by age and sex starting in 1969. The office bases historical values on a tabulation of the disability insured population from the CWS and estimates of the fully insured population. The short-range model projects these percentages by using the relationship between the historical percentages and covered-worker rates. The long-range model projects these percentages by using the same simulated work histories used to project the fully insured percentages. The long-range model makes additional adjustments to the model simulations in order to bring the disability insured percentages in the historical and short-range periods into close agreement with those estimated from the CWS and the short-range model.

The office does not project the currently insured population because the number of beneficiaries who are entitled to benefits based solely on currently insured status has been very small recently and is likely to remain small in the future.

Using these insured models, the percentage of the Social Security area population aged 62 and over that is fully insured is projected to change from its estimated level of 88.4 for December 31, 2019, to 86.6, 88.5, and 90.9 for December 31, 2100, under the low-cost, intermediate, and high-cost alternatives, respectively. Over the projection period, the percentages for both men and women change significantly. The percentage for men declines, reflecting, in part, increases in the percent of the population that is classified as other-than-LPR immigrants and is thus less likely to have earnings reported and credited to them. The percentage for women increases, reflecting the past substantial growth in the employment of younger cohorts of women. Under the intermediate assumptions, for example, the percentage for men

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<sup>1</sup> Those granted legal work authorization through the 2012 Deferred Action for Childhood Arrivals program are included in the simulations.

decreases from 94.1 to 87.5, and the percentage for women increases from 83.6 to 89.4.

#### **4. Old-Age and Survivors Insurance Beneficiaries**

The Office of the Chief Actuary projects the number of OASI beneficiaries for each type of benefit separately by the sex of the worker on whose earnings the benefits are based and by the age of the beneficiary. For the long-range period, the office also projects the number of beneficiaries by marital status for several types of benefits. The office uses two separate models in making these projections. The short-range model makes projections during the first 10 years of the projection period and the long-range model makes projections thereafter.

The short-range model develops the number of retired-worker beneficiaries by applying award rates to the aged fully insured population, excluding those already receiving retired-worker, disabled-worker, aged-widow(er), or aged-spouse benefits, and by applying termination rates to the number of retired-worker beneficiaries.

The long-range model projects the number of retired-worker beneficiaries who were not previously converted from disabled-worker beneficiary status as a percentage of the exposed population.<sup>1</sup> For age 62, the model projects this percentage by using a linear regression based on the historical relationship between this percentage, the employment rate<sup>2</sup> at age 62, and the number of months from age 62 to normal retirement age. The percentage for ages 70 and over is nearly 100 because delayed retirement credits cannot be earned after age 70. The long-range model projects the percentage for each age 63 through 69 based on historical experience with an adjustment for changes in the portion of the primary insurance amount that is payable at each age of entitlement. The model adjusts these percentages for ages 62 through 69 to reflect changes in the normal retirement age.

The long-range model calculates the number of retired-worker beneficiaries previously converted from disabled-worker beneficiary status using an extension of disabled-worker death rates by age, sex, and duration.

The Office of the Chief Actuary estimates the number of aged-spouse beneficiaries, excluding those who are also receiving a retired-worker benefit, from the population projected by age and sex. Benefits of aged-spouse beneficia-

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<sup>1</sup> The exposed population is the fully insured population age 62 and over, excluding persons entitled to or converted from disabled-worker benefits and fully insured persons entitled only to widow(er) benefits.

<sup>2</sup> The employment rate is the ratio of U.S. civilian employment to the civilian noninstitutional population.

ries depend on the earnings records of their husbands or wives, who are referred to as “earners.” The short-range model projects insured aged-spouse beneficiaries in conjunction with the retired-worker beneficiaries. This model projects uninsured aged-spouse beneficiaries by applying award rates to the aged uninsured male or female population and by applying termination rates to the population already receiving such benefits.

The long-range model estimates aged-spouse beneficiaries separately for those married and divorced. The model projects the number of married aged-spouse beneficiaries, by age and sex, by applying a series of factors to the number of spouses, aged 62 and over, in the population. These factors are the probabilities that the spouse and the earner meet all of the conditions of eligibility—that is, the probabilities that: (1) the earner is 62 or over, (2) the earner is insured, (3) the earner is receiving benefits, (4) the spouse is not receiving a benefit for the care of an entitled child, (5) the spouse is either not insured or is insured but not receiving benefits, and (6) the spouse is not eligible to receive a significant government pension based on earnings from noncovered employment. To calculate the estimated number of aged-spouse beneficiaries, the model applies a projected prevalence rate to the resulting number of spouses. Due to the Bipartisan Budget Act of 2015, for those turning age 62 in 2016 and later, deemed filing now applies to all retired workers and spouses even after initial entitlement, regardless of age. Thus, spouses who are insured are no longer eligible to delay their retired-worker benefit while receiving an aged-spouse benefit.

The long-range model estimates the number of divorced aged-spouse beneficiaries, by age and sex, by applying the same factors to the number of divorced persons aged 62 and over in the population, with three differences. First, the model applies a factor to reflect the probability that the earner (former spouse) is still alive. If the former spouse is not alive, the person may be entitled to a divorced widow(er) benefit. Second, the model applies a factor to reflect the probability that the marriage to the former spouse lasted at least 10 years. Third, the model does not apply factor (3) in the previous paragraph because, effective January 1985, a divorced person is generally no longer required to wait for the former spouse to receive benefits.

The Office of the Chief Actuary bases the projected numbers of children under age 18, and students aged 18 and 19, who are eligible for benefits as children of retired-worker beneficiaries, on the projected number of children in the population. The short-range model develops the number of entitled children by applying award rates to the number of children in the population who have two living parents and by applying termination rates to the number of children already receiving benefits.

The long-range model projects separately the number of entitled children by sex of the earner parent. For each age under 18, the model multiplies the projected number of children with a parent aged 62 and over by the ratio of the number of retired workers aged 62 to 71 to the number of members of the population aged 62 to 71. For student beneficiaries, the model multiplies the number of children aged 18 and 19 in the population by the probabilities that: (1) the parent is alive, aged 62 or over, insured, and receiving a retired-worker benefit; and (2) the child is attending high school.

The Office of the Chief Actuary projects the number of disabled children, aged 18 and over, of retired-worker beneficiaries from the adult population. The short-range model applies award rates to the population and applies termination rates to the number of disabled children already receiving benefits. The long-range model projects the number of disabled children in a manner similar to that used for student children except for a factor that reflects the probability of being disabled before age 22.

The short-range model develops the number of spouses of retired workers, who are entitled to spouse benefits because they are caring for a child who is under age 16 or disabled, by applying award rates to the number of awards to children of retired workers and by applying termination rates to the number of young spouses with a child in their care who are already receiving benefits. The long-range model projects the number of young-spouse beneficiaries with a child in their care as a proportion of the number of child beneficiaries of retired workers, including projected changes in average family size.

The Office of the Chief Actuary projects the number of aged-widow(er) beneficiaries, excluding those who are also receiving a retired-worker benefit, from the population by age and sex. The short-range model projects fully insured aged-widow(er) beneficiaries in conjunction with the retired-worker beneficiaries. The model projects the number of uninsured aged-widow(er) beneficiaries by applying award rates to the aged uninsured male or female population and by applying termination rates to the population already receiving such benefits. The long-range model projects uninsured aged-widow(er) beneficiaries by marital status. The model multiplies the number of widow(er)s in the population aged 60 and over by the probabilities that: (1) the deceased earner is fully insured at death, (2) the widow(er) is not receiving a benefit for the care of an entitled child, (3) the widow(er) is not fully insured, and (4) the widow(er) benefits are not withheld because of receipt of a significant government pension based on earnings in noncovered employment. In addition, the model applies the same factors to the number of divorced persons aged 60 and over in the population and includes addi-

tional factors representing the probability that the person's former earner spouse has died and that the marriage lasted at least 10 years. The model projects the number of insured aged-widow(er) beneficiaries who are ages 60 through 70 in a manner similar to that for uninsured aged-widow(er) beneficiaries. In addition, the model assumes that some insured widow(er)s who had not applied for their retired-worker benefits will receive widow(er) benefits. The model projects insured aged-widow(er) beneficiaries over age 70 by applying termination rates to the population that started receiving such benefits prior to age 70.

The short-range model develops the number of disabled-widow(er) beneficiaries by applying award rates to the uninsured male or female population and by applying termination rates to the population already receiving a disabled-widow(er) benefit. The long-range model projects the number for each cohort by age from 50 to normal retirement age as percentages of the widowed and divorced populations, adjusted for the insured status of the deceased spouse, the prevalence of disability, and the probability that the disabled spouse is not receiving another type of benefit.

The Office of the Chief Actuary bases the projected number of children under age 18, and students aged 18 and 19, who are entitled to benefits as survivors of deceased workers, on the number of children in the population whose mothers or fathers are deceased. The short-range model develops the number of entitled children by applying award rates to the number of orphaned children and by applying termination rates to the number of children already receiving benefits.

The long-range model projects the number of surviving-child beneficiaries in a manner similar to that for student beneficiaries of retired workers, except that the model replaces the probability that the parent is aged 62 or over with the probability that the parent is deceased.

The Office of the Chief Actuary projects the number of surviving-disabled-child beneficiaries, aged 18 and over, from the adult population. The short-range model applies award rates to the population and applies termination rates to the number of surviving-disabled-child beneficiaries already receiving benefits. The long-range model projects the number of surviving-disabled-child beneficiaries in a manner similar to that for surviving-student-child beneficiaries, except for including an additional factor to reflect the probability of being disabled before age 22.

The short-range model develops the numbers of entitled surviving-mother and surviving-father beneficiaries by applying award rates to the number of awards to surviving-child beneficiaries, in cases where the children are either

## Assumptions and Methods

under age 16 or disabled, and by applying termination rates to the number of surviving-mother and surviving-father beneficiaries already receiving benefits. The long-range model estimates the numbers of surviving-mother and surviving-father beneficiaries, assuming they are not remarried, from the number of surviving-child beneficiaries.

The Office of the Chief Actuary projects the number of surviving-parent beneficiaries based on the historical pattern of the number of such beneficiaries.

Table V.C4 shows the projected number of beneficiaries under the OASI program by type of benefit. The retired-worker beneficiary counts include those persons who receive a residual auxiliary benefit in addition to their retired-worker benefit. The office makes estimates of the number and amount of residual payments separately for spouses and widow(er)s.

**Table V.C4.—OASI Beneficiaries With Benefits in Current-Payment Status  
at the End of Calendar Years 1945-2100**  
[In thousands]

Calendar year	Retired workers and auxiliaries			Survivors				Total
	Worker <sup>a</sup>	Spouse	Child	Widow-widower	Mother-father	Child	Parent	
<b>Historical data:</b>								
1945 .....	518	159	13	94	121	377	6	1,288
1950 .....	1,771	508	46	314	169	653	15	3,477
1955 .....	4,474	1,192	122	701	292	1,154	25	7,961
1960 .....	8,061	2,269	268	1,544	401	1,577	36	14,157
1965 .....	11,101	2,614	461	2,371	472	2,074	35	19,128
1970 .....	13,349	2,668	546	3,227	523	2,688	29	23,030
1975 .....	16,589	2,867	643	3,888	582	2,919	21	27,509
1980 .....	19,564	3,018	639	4,415	563	2,610	15	30,823
1985 .....	22,435	3,069	456	4,862	372	1,918	10	33,122
1990 .....	24,841	3,104	421	5,098	304	1,777	6	35,551
1995 .....	26,679	3,027	441	5,213	275	1,884	4	37,522
2000 .....	28,505	2,798	459	4,901	203	1,878	3	38,747
2005 .....	30,461	2,524	488	4,569	178	1,903	2	40,126
2010 .....	34,593	2,316	580	4,285	159	1,913	2	43,847
2011 .....	35,600	2,291	594	4,239	158	1,907	2	44,791
2012 .....	36,720	2,280	612	4,193	154	1,907	1	45,868
2013 .....	37,893	2,285	625	4,139	150	1,899	1	46,992
2014 .....	39,009	2,303	635	4,092	143	1,892	1	48,075
2015 .....	40,089	2,335	648	4,050	140	1,893	1	49,155
2016 .....	41,233	2,370	661	4,004	133	1,893	1	50,296
2017 .....	42,447	2,375	675	3,961	128	1,904	1	51,491
2018 .....	43,721	2,391	690	3,908	121	1,911	1	52,743
2019 .....	45,094	2,430	701	3,878	117	1,916	1	54,137
2020 .....	46,330	2,323	704	3,823	115	1,936	1	55,231
2021 .....	47,293	2,165	687	3,773	114	1,976	1	56,009
<b>Intermediate:</b>								
2022 .....	48,604	2,009	712	3,728	112	2,005	1	57,171
2025 .....	52,821	1,768	763	3,682	108	2,061	1	61,204
2030 .....	59,571	1,661	855	3,626	99	2,098	1	67,910
2035 .....	63,979	1,606	946	3,405	112	2,136	1	72,185
2040 .....	66,331	1,464	1,025	3,150	128	2,186	1	74,284

**Table V.C4.—OASI Beneficiaries With Benefits in Current-Payment Status at the End of Calendar Years 1945-2100 (Cont.)**

[In thousands]

Retired workers and auxiliaries					Survivors			
Calendar year	Worker <sup>a</sup>	Spouse	Child	Widow-widower	Mother-father	Child	Parent	Total
<b>Intermediate (Cont.):</b>								
2045 .....	67,460	1,351	1,068	2,989	129	2,214	1	75,212
2050 .....	69,155	1,295	1,115	2,863	126	2,200	1	76,755
2055 .....	71,607	1,276	1,164	2,766	122	2,157	1	79,092
2060 .....	75,017	1,271	1,215	2,685	117	2,088	1	82,393
2065 .....	78,172	1,289	1,227	2,646	113	2,030	1	85,479
2070 .....	81,273	1,319	1,243	2,633	111	2,009	1	88,589
2075 .....	84,359	1,341	1,273	2,618	111	2,013	1	91,716
2080 .....	86,359	1,351	1,294	2,577	110	2,014	1	93,705
2085 .....	87,320	1,353	1,305	2,520	107	1,995	1	94,602
2090 .....	87,738	1,373	1,310	2,480	105	1,966	1	94,972
2095 .....	89,252	1,410	1,344	2,457	102	1,939	1	96,505
2100 .....	91,997	1,446	1,382	2,454	100	1,917	1	99,296
<b>Low-cost:</b>								
2022 .....	48,582	2,009	714	3,725	112	2,010	1	57,154
2025 .....	52,693	1,770	770	3,676	110	2,085	1	61,106
2030 .....	59,091	1,672	878	3,611	104	2,183	1	67,539
2035 .....	62,634	1,601	980	3,446	111	2,348	1	71,121
2040 .....	64,125	1,455	1,083	3,216	130	2,530	1	72,540
2045 .....	64,436	1,326	1,141	3,073	133	2,655	1	72,765
2050 .....	65,378	1,256	1,203	2,962	134	2,714	1	73,648
2055 .....	67,207	1,221	1,270	2,872	133	2,731	1	75,434
2060 .....	69,987	1,195	1,344	2,791	133	2,726	1	78,176
2065 .....	72,509	1,186	1,371	2,746	135	2,754	1	80,703
2070 .....	74,921	1,188	1,404	2,729	140	2,845	1	83,228
2075 .....	77,227	1,181	1,460	2,709	146	2,971	1	85,695
2080 .....	78,487	1,161	1,501	2,669	151	3,077	1	87,047
2085 .....	78,818	1,139	1,525	2,631	155	3,145	1	87,414
2090 .....	79,283	1,155	1,545	2,640	157	3,198	1	87,978
2095 .....	81,829	1,194	1,625	2,687	160	3,260	1	90,757
2100 .....	86,000	1,235	1,706	2,757	165	3,341	1	95,205
<b>High-cost:</b>								
2022 .....	48,630	2,009	711	3,730	112	2,001	1	57,195
2025 .....	52,978	1,767	759	3,690	107	2,038	1	61,339
2030 .....	60,183	1,654	835	3,650	93	2,008	1	68,423
2035 .....	65,705	1,645	905	3,345	106	1,891	1	73,599
2040 .....	69,275	1,512	952	3,053	116	1,796	1	76,705
2045 .....	71,647	1,417	979	2,859	113	1,732	1	78,747
2050 .....	74,522	1,386	1,008	2,707	106	1,661	1	81,391
2055 .....	77,957	1,397	1,034	2,589	97	1,578	1	84,653
2060 .....	82,171	1,415	1,050	2,491	87	1,475	1	88,689
2065 .....	86,059	1,451	1,034	2,444	78	1,375	1	92,443
2070 .....	89,970	1,495	1,023	2,419	72	1,298	1	96,278
2075 .....	93,814	1,531	1,017	2,399	66	1,243	1	100,071
2080 .....	96,526	1,557	1,010	2,349	62	1,198	1	102,702
2085 .....	97,956	1,558	1,002	2,259	57	1,150	1	103,983
2090 .....	97,875	1,563	984	2,166	52	1,099	1	103,740
2095 .....	97,398	1,577	973	2,073	48	1,049	1	103,119
2100 .....	97,390	1,610	969	2,021	44	1,002	1	103,037

<sup>a</sup> Retired-worker beneficiaries include persons who also receive a residual benefit consisting of the excess of an auxiliary benefit over their retired-worker benefit.

Notes:

1. The number of beneficiaries does not include uninsured individuals who receive benefits under section 228 of the Social Security Act. Transfers from the General Fund of the Treasury reimburse the OASI Trust Fund for the cost of most of these individuals.
2. Components may not sum to totals because of rounding.

## **5. Disability Insurance Beneficiaries**

The DI Trust Fund pays for benefits to disabled workers who: (1) satisfy the disability insured requirements, (2) are unable to engage in any substantial gainful activity due to a medically determinable physical or mental impairment severe enough to satisfy the requirements of the program, and (3) have not yet attained normal retirement age. Spouses and children of such disabled workers may also receive DI benefits provided they satisfy certain criteria, primarily age and earnings requirements.

The Office of the Chief Actuary projects the number of disabled-worker beneficiaries in current-payment status (disability prevalence) for each future year. The projections start with the number in current-payment status as of December 2021. Projections of the number of new beneficiaries awarded benefits each year (disability incidence) and the number of beneficiaries leaving the disability rolls each year then determine the number in current-payment status in later years. Beneficiaries leave the rolls due to death and recovery (disability terminations) and due to conversion from disabled-worker to retired-worker beneficiary status at normal retirement age, after which the OASI Trust Fund pays for benefits. The remainder of this section describes the concepts of disability incidence, termination, and prevalence.

### ***a. Disability Incidence***

The disability incidence rate is the ratio of the number of new beneficiaries awarded benefits each year to the number of individuals who meet insured requirements but are not yet receiving benefits (the disability-exposed population<sup>1</sup>). The Office of the Chief Actuary projects the number of newly awarded beneficiaries for each future year by multiplying assumed age-sex-specific disability incidence rates and the projected disability-exposed population by age and sex.

Figure V.C3 illustrates the projected incidence rates under the three alternatives along with historical rates. Incidence rates have varied substantially during the historical period since 1970 due to a variety of demographic and economic factors, along with changes in legislation and program administration. The solid lines in figure V.C3 show the age-sex-adjusted incidence rate consistent with the age-sex distribution of the disability-exposed population for 2000. This adjustment allows a meaningful comparison of incidence rates over time by focusing on the likelihood of being awarded disabled worker

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<sup>1</sup> The disability-exposed population excludes those receiving benefits, while the disability insured population includes them. Section V.C.3 of this report describes the projection of the disability insured population.



benefits, excluding the effects of a changing distribution of the population toward ages where disability is more or less likely.

The dashed lines in figure V.C3 represent the gross (unadjusted) incidence rates. The changing age-sex distribution of the exposed population over time influences these unadjusted rates. The gross incidence rate fell below the age-sex-adjusted rate between 1975 and 2000 as the baby-boom generation increased the size of the younger working-age population, where disability incidence is lower than in older populations. After 1990, the gross rate generally increased relative to the age-sex-adjusted rate as the baby-boom generation moved into an age range where disability incidence peaks. The projected gross incidence rate generally declines relative to the age-sex-adjusted rate as the baby-boom generation moves above the normal retirement age and the lower-birth-rate cohorts of the 1970s enter prime disability ages (50 to normal retirement age). As these smaller cohorts age beyond normal retirement age, by about 2050, the gross incidence rate returns to a higher relative level under the intermediate assumptions. Thereafter, the gross rate remains higher than the age-sex-adjusted rate, and reflects the persistently higher average age of the working-age population, which is largely due to lower birth rates since 1965, and to the increase in the normal retirement age.

For the first 10 years of the projection period (through 2031), incidence rates reflect several factors following on the experience since the recession of 2007-09. At the beginning of the period of high unemployment that began in 2007, disability incidence rates were well above the general trend level, with rates reaching a peak in 2010. Over the period through 2019, incidence rates subsided as the economy recovered, and have persisted at levels well below those expected over the long-term. A portion of the elevation of disability incidence rates experienced during the recession that began in 2007 and the lowering of incidence rates experienced during the recovery were likely due to many individuals applying for disability benefits earlier than they would have otherwise. However, the continuing decline in disability incidence since 2010 far exceeds the effect of individuals having filed earlier due to the 2007-09 recession.

For 2021, the actual incidence rate (3.0 per thousand) was below the level projected in last year's report (4.1 per thousand). In this year's report, incidence rates under the intermediate alternative are projected to rise more slowly early in the projection period than in last year's report, consistent with the low levels experienced recently and the lower assumed ultimate incidence rate. Incidence rates are projected to rise to a temporary peak level for 2027 as some of the reduced levels of applications in the pandemic period are realized in the next few years. After 2027, incidence rates gradually

decline through the rest of the short-range period to the ultimate assumed level of incidence.

This projected pattern of incidence over the next several years is based on the expectation that disability applications will increase to pre-pandemic levels as the COVID-19 pandemic recedes and the economy fully recovers from the 2020 recession. In 2031, at the end of the short-range period, age-sex-specific incidence rates are assumed to reach the ultimate rates assumed for the long-range projections. These ultimate age-sex-specific disability incidence rates were selected based on careful analysis of historical levels and patterns and expected future conditions, including the impact of scheduled increases in the normal retirement age.<sup>1</sup> The ultimate incidence rates represent the expected average rates of incidence for the future.

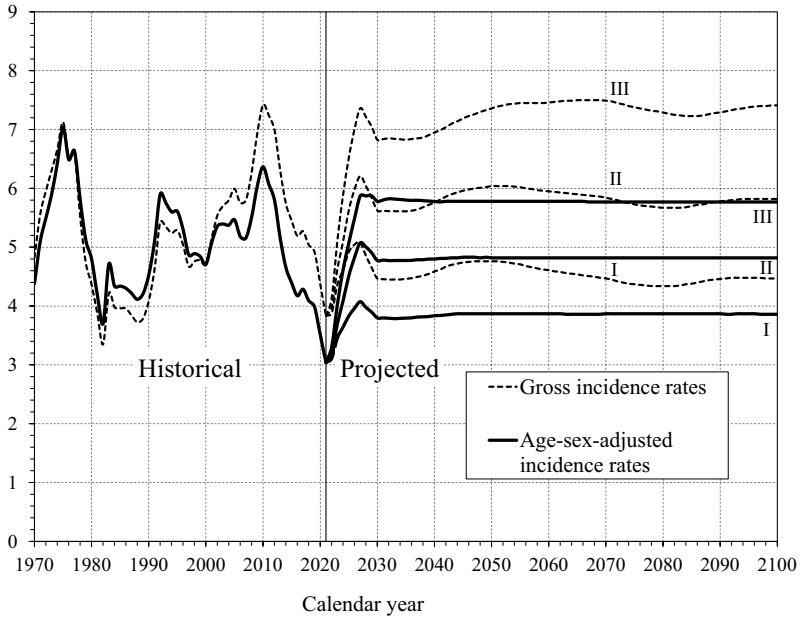
For the intermediate alternative, the Trustees assume that the ultimate age-sex-adjusted incidence rate (adjusted to the disability-exposed population for the year 2000) will be 4.8 awards per thousand exposed, which is 0.2 per thousand lower than was assumed in last year's report. Figure V.C3 illustrates that the age-sex-adjusted incidence rate averaged 5.0 per thousand over the historical period 1970 through 2021, but has dropped substantially below that level since 2013. The rates seen in recent years are not consistent with an assumption of a full rise back to longer-term past historical averages, and, as a result, the Trustees reduced the ultimate disability incidence rate for this report from 5.0 to 4.8 per thousand exposed.

The Trustees assume that the ultimate age-sex-adjusted incidence rates for the low-cost and high-cost alternatives will be 3.9 and 5.8 awards per thousand exposed, or about 20 percent lower and higher, respectively, than the ultimate incidence rate for the intermediate alternative. These ultimate low-cost and high-cost incidence rates are lower than those in last year's report by roughly 0.1 and 0.2 awards per thousand exposed, respectively.

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<sup>1</sup> Projected incidence rates are adjusted upward to account for additional workers who are expected to file for disability benefits (rather than retirement benefits) in response to reductions in retirement benefits as the normal retirement age rises.

**Figure V.C3.—DI Disability Incidence Rates, 1970-2100**  
[Awards per thousand disability-exposed]



### ***b. Disability Termination***

Beneficiaries stop receiving disability benefits when they die, experience an improvement in their medically-determinable impairment such that they are deemed able to engage in substantial gainful activity, or return to substantial work. Disabled-worker beneficiaries who return to substantial work for an extended period are deemed to have recovered, and their benefits are then terminated. The termination rate is the ratio of the number of terminations for these reasons to the average number of disabled-worker beneficiaries during the year.

The Office of the Chief Actuary projects termination rates by age, sex, and reason for termination. In addition, the office projects termination rates by duration of entitlement to disabled-worker benefits in the long-range period (post-2031).

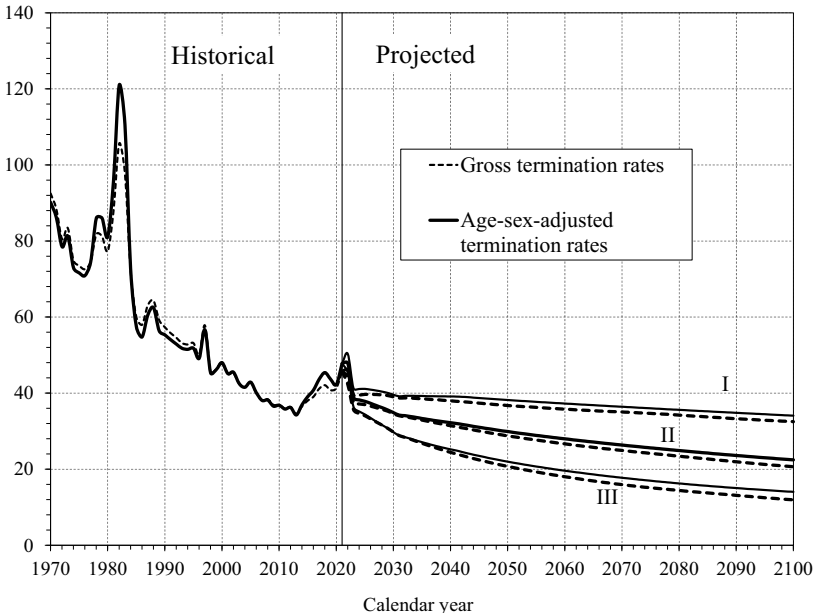
In the short-range period (through 2031), the projected age-sex-adjusted death rate (adjusted to the 2000 disabled-worker beneficiary population) under the intermediate assumptions declines from the temporarily elevated rate of 30.0 deaths per thousand beneficiaries for 2021 to about 23.8 per thousand for 2031. These rates are assumed to remain elevated through 2023

due to the COVID-19 pandemic, and then return to follow the underlying declining trend in general population mortality. The projected age-sex-adjusted recovery rate (medical improvement and return to substantial work) under the intermediate assumptions decreases from the relatively high level of 17.7 per thousand beneficiaries for 2021 to 10.4 per thousand beneficiaries for 2031. The recovery rate has been high in recent years due to an ongoing administrative effort to eliminate a backlog of medical continuing disability reviews. The recovery rate is expected to increase temporarily through 2022 as these reviews are completed and the backlog is eliminated over the next several years. Thereafter, the rate decreases as the backlog is reduced. Under the low-cost and high-cost assumptions, total age-sex-adjusted termination rates due to death and recovery are roughly 10 to 20 percent higher or lower, respectively, than under the intermediate assumptions.

For the long-range period (post-2031), the Office of the Chief Actuary projects death and recovery rates by age, sex, and duration of entitlement relative to the average level of rates experienced over the base period 2011 through 2015. The assumed ultimate age-sex-adjusted recovery rate for disabled workers is about 10.4 per thousand beneficiaries. The assumed ultimate age-sex-adjusted recovery rates for the low-cost and high-cost alternatives are about 12.5 and 8.3 recoveries per thousand beneficiaries, respectively. Death rates by age and sex change throughout the long-range period at the same rate as death rates in the general population. The age-sex-adjusted death rate decreases from 30.0 per thousand beneficiaries in 2021 to 21.9, 12.5, and 6.2 per thousand disabled-worker beneficiaries for 2096 under the low-cost, intermediate, and high-cost assumptions, respectively.

Figure V.C4 illustrates gross and age-sex-adjusted total termination rates (including both recoveries and deaths) for disabled-worker beneficiaries for the historical period since 1970, and for the projection period through 2100. As with incidence rates, the age-sex-adjusted termination rate illustrates the real change in the tendency to terminate benefits. Changes in the age-sex distribution of the beneficiary population influence the gross termination rate. A shift in the disabled-worker beneficiary population to older ages, as occurred over the past 20 years when the baby-boom generation moved into pre-retirement ages, increases gross death termination rates relative to the age-sex-adjusted rates.

**Figure V.C4.—DI Disability Termination Rates, 1970-2100**  
[Terminations per thousand disabled-worker beneficiaries]



### c. Comparison of Incidence, Termination, and Conversion

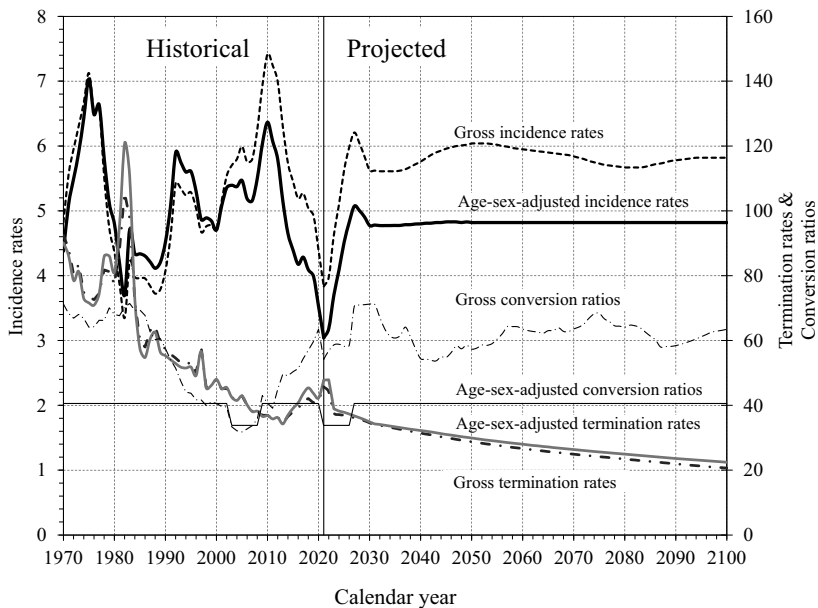
Incidence and termination rates are the foundation for projecting the number of disabled-worker beneficiaries in current-payment status. At normal retirement age, all disabled-worker beneficiaries convert to retired-worker status and leave the DI rolls.

Figure V.C5 compares the historical and projected (intermediate) levels of incidence, termination, and conversion on both a gross basis and an age-sex-adjusted basis. Incidence rates have varied widely, and the Trustees expect the age-sex adjusted rates under the intermediate assumptions to remain near the middle of the high and low extremes experienced since 1970. Termination rates have declined and the Trustees expect them to continue to decline, largely because of declining death rates.

Conversions are a transfer of beneficiaries at normal retirement age from the DI program to the OASI program. Therefore, the disability “conversion” rate is 100 percent for disabled-worker beneficiaries reaching normal retirement age in a given year and zero at all other ages. After conversion, recovery from the disabling condition is no longer relevant for benefit eligibility. The conversion ratio is the number of conversions in a given year (that is, benefi-

ciaries who reach normal retirement age) divided by the average number of disabled-worker beneficiaries at all ages in that year. The ratio is constant on an age-sex-adjusted basis, except for the two periods during which normal retirement age increases under current law. On a gross basis, however, the conversion ratio rises and falls with the changing proportion of all disabled-worker beneficiaries who attain normal retirement age in a given year. The gross conversion ratio generally increases from 2005 to 2030 due to aging of the beneficiary population.

**Figure V.C5.—Comparison of DI Disability Incidence Rates, Termination Rates and Conversion Ratios Under Intermediate Assumptions, 1970-2100**  
[Awards per thousand disability-exposed; terminations and conversions per thousand disabled-worker beneficiaries]



#### d. DI Beneficiaries and Disability Prevalence Rates

The Office of the Chief Actuary makes detailed projections of disabled-worker awards, terminations, and conversions and combines these to project the number of disabled workers receiving benefits over the next 75 years. Table V.C5 presents the projected numbers of disabled workers in current-payment status. The number of disabled workers in current-payment status grows from 7.9 million at the end of 2021, to 11.0 million, 12.6 million, and 12.7 million at the end of 2100, under the low-cost, intermediate, and high-cost assumptions, respectively. Of course, much of this growth results from

the growth and aging of the population described earlier in this chapter. Table V.C5 also presents projected numbers of auxiliary beneficiaries and disability prevalence rates on both a gross basis and an age-sex-adjusted basis.

**Table V.C5.—DI Beneficiaries With Benefits in Current-Payment Status  
at the End of Calendar Years 1960-2100**

[Beneficiaries in thousands; prevalence rates per thousand persons insured for disability benefits]

Calendar year	Disabled- worker beneficiaries	Auxiliary beneficiaries		Total beneficiaries	Disability prevalence rates	
		Spouse	Child		Gross	Age-sex- adjusted <sup>a</sup>
<b>Historical data:</b>						
1960.....	455	77	155	687		
1965.....	988	193	558	1,739		
1970.....	1,493	283	889	2,665	20	18
1975.....	2,488	453	1,411	4,351	29	28
1980.....	2,856	462	1,359	4,677	28	31
1985.....	2,653	306	945	3,904	24	26
1990.....	3,007	266	989	4,261	25	28
1995.....	4,179	264	1,409	5,852	33	35
2000.....	5,036	165	1,466	6,667	36	36
2005.....	6,519	157	1,633	8,309	45	40
2010.....	8,204	161	1,820	10,185	55	44
2011.....	8,576	164	1,874	10,614	58	45
2012.....	8,827	163	1,900	10,890	59	46
2013.....	8,941	157	1,889	10,987	60	46
2014.....	8,955	150	1,828	10,932	59	46
2015.....	8,909	143	1,756	10,808	59	45
2016.....	8,809	136	1,667	10,612	58	44
2017.....	8,695	127	1,590	10,412	57	43
2018.....	8,537	119	1,507	10,164	55	41
2019.....	8,378	114	1,434	9,927	54	40
2020.....	8,151	105	1,364	9,620	52	39
2021.....	7,877	97	1,245	9,219	50	36
<b>Intermediate:</b>						
2022.....	7,663	96	1,201	8,960	48	35
2025.....	7,729	99	1,219	9,048	48	34
2030.....	8,004	95	1,371	9,469	49	36
2035.....	8,295	94	1,475	9,863	50	38
2040.....	8,786	97	1,635	10,518	52	39
2045.....	9,522	108	1,810	11,439	55	40
2050.....	10,030	111	1,929	12,070	58	41
2055.....	10,411	114	1,996	12,521	59	42
2060.....	10,501	111	2,012	12,624	59	42
2065.....	10,670	114	2,018	12,802	59	42
2070.....	10,824	118	2,054	12,995	59	42
2075.....	10,788	117	2,127	13,032	58	42
2080.....	10,884	118	2,217	13,219	57	43
2085.....	11,139	120	2,293	13,552	57	43
2090.....	11,740	128	2,350	14,218	58	43
2095.....	12,270	132	2,396	14,799	59	43
2100.....	12,626	134	2,446	15,206	60	43

**Table V.C5.—DI Beneficiaries With Benefits in Current-Payment Status  
at the End of Calendar Years 1960-2100 (Cont.)**

[Beneficiaries in thousands; prevalence rates per thousand persons insured for disability benefits]

Calendar year	Disabled- worker beneficiaries	Auxiliary beneficiaries		Total beneficiaries	Disability prevalence rates	
		Spouse	Child		Gross	Age-sex- adjusted <sup>a</sup>
<b>Low-cost:</b>						
2022.....	7,635	96	1,198	8,929	48	34
2025.....	7,460	99	1,175	8,734	46	32
2030.....	6,984	93	1,221	8,299	43	31
2035.....	6,839	76	1,267	8,182	40	30
2040.....	6,987	74	1,403	8,463	41	31
2045.....	7,446	79	1,551	9,076	42	31
2050.....	7,775	79	1,648	9,502	43	31
2055.....	8,051	80	1,703	9,835	43	32
2060.....	8,127	77	1,726	9,930	42	32
2065.....	8,291	78	1,759	10,128	42	32
2070.....	8,462	81	1,834	10,377	41	32
2075.....	8,543	80	1,947	10,571	41	32
2080.....	8,777	81	2,067	10,925	40	32
2085.....	9,228	84	2,167	11,479	40	32
2090.....	9,974	92	2,251	12,317	41	32
2095.....	10,552	96	2,329	12,978	42	32
2100.....	10,962	98	2,422	13,482	42	33
<b>High-cost:</b>						
2022.....	7,697	96	1,205	8,998	49	35
2025.....	8,081	100	1,282	9,463	51	36
2030.....	8,955	96	1,502	10,553	56	41
2035.....	9,839	114	1,630	11,583	60	45
2040.....	10,699	124	1,745	12,569	64	47
2045.....	11,728	143	1,902	13,773	70	50
2050.....	12,408	150	2,017	14,575	74	51
2055.....	12,894	156	2,080	15,130	78	52
2060.....	12,950	151	2,073	15,174	79	53
2065.....	13,075	151	2,027	15,253	80	53
2070.....	13,103	156	1,983	15,242	81	53
2075.....	12,806	152	1,969	14,927	81	53
2080.....	12,515	151	1,984	14,651	80	54
2085.....	12,223	146	2,004	14,373	79	54
2090.....	12,281	149	2,008	14,439	80	54
2095.....	12,527	154	1,995	14,676	81	54
2100.....	12,655	156	1,973	14,784	82	54

<sup>a</sup> Adjusted to the age-sex distribution of the disability insured population for the year 2000.

Note: Components may not sum to totals because of rounding.

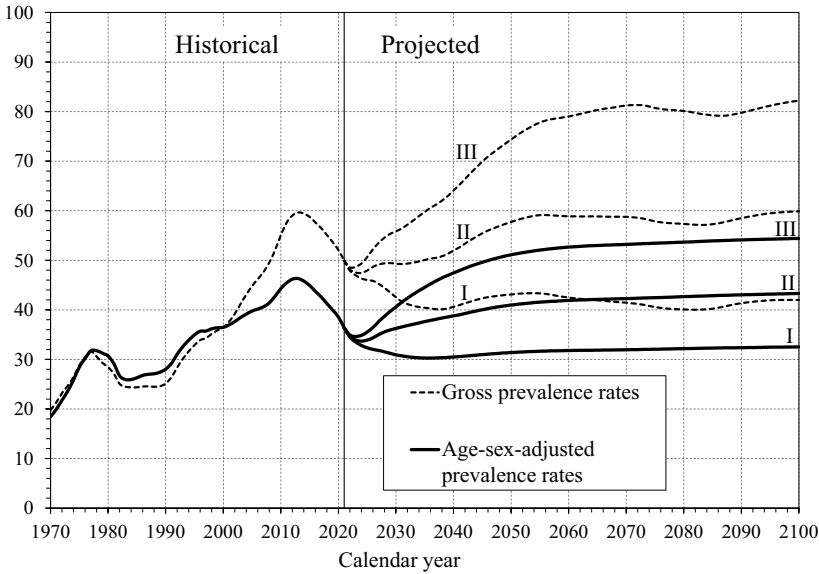
The disability prevalence rate is the ratio of the number of disabled-worker beneficiaries in current-payment status to the number of persons insured for disability benefits. Figure V.C6 illustrates the historical and projected disability prevalence rates on both a gross basis and on an age-sex-adjusted basis (adjusted to the age-sex distribution of the disability insured population for the year 2000).

Changes in prevalence rates are a direct result of changes in incidence rates and termination rates. Figure V.C5 depicts patterns for incidence and termi-



nation rates, which are helpful for understanding the trend in prevalence rates. Annual incidence and termination rates are not directly comparable or combinable because their denominators differ.

**Figure V.C6.—DI Disability Prevalence Rates, 1970-2100**  
[Rate per thousand persons insured for disability benefits]



Age-sex-adjusted prevalence rates have increased primarily because: (1) termination rates, in particular death termination rates, have declined; (2) incidence rates at younger ages have increased relative to rates at older ages (new beneficiaries at younger ages have more potential years on the disability rolls); (3) incidence rates have increased substantially for women to parity with men; and (4) the maturation of the DI program (disabled worker benefits became available to those over age 50 at the start of the program in 1957 and to younger workers in 1960, and disability insured status requirements were eased for those under age 31 in 1968). Gross prevalence rates have increased more than age-sex-adjusted prevalence rates since the baby-boom generation began to reach ages 45 through normal retirement age, a time of life when disability incidence rates are relatively high. The Office of the Chief Actuary projects both gross and age-sex adjusted prevalence rates to grow at a slower pace based on assumed stabilization in these four factors: (1) the age distribution of the general population, (2) the age distribution of the disability insured population, (3) incidence rates by age and sex, and

(4) DI program age and insured requirements. As these factors gradually stabilize, the declining death termination rate continues to have a small influence toward higher disability prevalence rates.

As mentioned above in the discussion of incidence and termination rates, the age-sex-adjusted prevalence rate isolates the changing trend in the underlying likelihood of receiving benefits for the insured population, without reflecting changes in the age distribution of the population. As with incidence rates, gross disability prevalence rates declined relative to the age-sex-adjusted rate when the baby-boom generation reached working age between 1970 and 1990; this trend reflects the lower disability prevalence rates associated with younger ages. Conversely, the gross rate of disability prevalence has increased relative to the age-sex-adjusted rate after 1990 due to the aging of the baby-boom generation into ages with higher disability prevalence rates.

Under the intermediate assumptions, the projected age-sex-adjusted disability prevalence rate grows from 36.3 per thousand disability insured workers at the end of 2021 to 43.3 per thousand at the end of 2100. The projected age-sex-adjusted disability prevalence rate at the end of 2100 is 32.5 per thousand under the low-cost assumptions and 54.4 per thousand under the high-cost assumptions.

Table V.C5 presents projections of the numbers of auxiliary beneficiaries paid from the DI Trust Fund. As indicated at the beginning of this subsection, auxiliary beneficiaries are qualifying spouses and children of disabled workers. A spouse must either be at least age 62 or have an eligible child beneficiary in his or her care who is either under age 16 or disabled prior to age 22. A child must be: (1) under age 18, (2) age 18 or 19 and still a student in high school, or (3) age 18 or older and disabled prior to age 22.

The projection of the number of auxiliary beneficiaries relies on the projected number of disabled-worker beneficiaries. In the short-range period (2022 through 2031), the Office of the Chief Actuary projects incidence and termination rates for each category of auxiliary beneficiary. After 2031, the office projects child beneficiaries at ages 18 and under in relation to the projected number of children in the population using the probability that either of their parents is a disabled-worker beneficiary. The office projects the remaining categories of children and spouses in a similar manner.

## **6. Covered and Taxable Earnings, Taxable Payroll, and Payroll Tax Contributions**

Covered earnings include both covered wages and covered self-employment net earnings. The Office of the Chief Actuary projects covered wages for component sectors of the economy (i.e., private, State and local government, Federal civilian, and military) based on the projected overall growth of sectoral and total wages in the U.S. economy. The projections of covered wages also reflect changes in covered employment due to a relative increase in non-covered undocumented immigrants and to the mandatory coverage of new hires in the Federal civilian sector. The office projects covered self-employment net earnings based on the growth in net proprietors' income in the U.S. economy.

Taxable earnings are the portion of covered earnings subject to the Social Security payroll tax. Taxable wages for an employee are total covered wages from all wage employment up to the contribution and benefit base. Taxable wages for an employer are the sum of all covered wages paid to each employee up to the base. Employees with multiple jobs whose total wages exceed the base are eligible for a refund of excess employee taxes withheld; employers are not eligible for a refund on this basis. For self-employed workers with no taxable wages, taxable earnings are the amount of covered self-employment net earnings up to the base. For self-employed workers with taxable wages less than the base, covered self-employment net earnings are taxable up to the difference between the base and their taxable wages. For projection purposes, the Office of the Chief Actuary computes taxable earnings based on a proportion of covered earnings that is at or below the base.

The OASDI taxable payroll (see table VI.G6) for a year is computed as the amount of earnings which, when multiplied by the combined OASDI employee-employer payroll tax rate for that year, yields the total amount of payroll taxes due from wages paid and self-employment net earnings for the year. The Trustees use taxable payroll to determine income rates, cost rates, and actuarial balances. Taxable payroll is derived by adjusting total taxable earnings to account for categories of earnings that are taxed at rates other than the combined employee-employer rate and to take into account amounts credited as wages that were not included in normally reported wages. For 1951 and later, taxable earnings are reduced by one-half of the amount of wages paid to employees with multiple jobs that exceed the contribution and benefit base. For 1983 through 2001, deemed wage credits for military service after 1956 are added to taxable earnings. The self-employment tax rates for 1951 through 1983 were less than the combined employee-employer

rates; therefore, the self-employment component of taxable payroll for those years is reduced by multiplying the ratio of the self-employment rate to the combined employee-employer rate times the taxable self-employment net earnings. Finally, for 1966 through 1979, employers were exempt from paying their share of payroll tax on their employees' tips and, for 1980 through 1987, employers paid tax on only part of their employees' tips. For those years, the taxable payroll is reduced by half of the amount of tips for which the employer owed no payroll tax.

The ratio of taxable payroll to covered earnings (the taxable ratio) fell from 88.6 percent for 1984 to 82.6 percent for 2000, mostly due to much larger increases in wage levels for very high earners than for all other earners. From 2000 to 2010, the taxable ratio varied with the business cycle, rising during economic downturns and falling during recoveries. Specifically, the taxable ratio rose to 85.7 percent for 2002, declined to 82.4 percent for 2007, rose to 85.2 percent for 2009, and averaged 83.0 percent for the period 2010 to 2019. The ratio fell to 82.4 percent for 2020 from the previous year's 83.1 percent. Unlike previous economic downturns, the pandemic-induced recession led to a much greater decrease in wage levels for earners at the low end of the earnings distribution than for those at the high end. This resulted in a relatively higher proportion of total wages being above the contribution and benefit base than has typically been the case in other economic downturns.

The effect of the pandemic-induced recession on the taxable ratio is projected to continue through 2022. By 2022, the taxable ratio declines to 80.5, 80.4, and 80.9 percent for the low-cost, intermediate, and high-cost alternatives, respectively. After 2022, the taxable ratios for each alternative gradually converge to the levels assumed for the end of the short-range period.

For this report, the Trustees assume a level for the taxable ratio at the end of the short-range period (2031) of 84.0 percent for the low-cost assumptions, 82.5 percent for the intermediate assumptions, and 81.0 percent for the high-cost assumptions.<sup>1</sup> These are the same assumptions that the Trustees used for the end of the short-range period (2030) for the 2021 report.

The Office of the Chief Actuary projects payroll tax contributions using the patterns of tax collection required by Federal laws and regulations. The office determines payroll tax liabilities by multiplying the scheduled tax rates for each year by the amount of taxable wages and self-employment net earn-

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<sup>1</sup> The taxable ratio drifts down slightly after 2031, to 84.0, 82.3, and 80.6 percent for 2096 for the low-cost, intermediate, and high-cost assumptions, respectively, as self-employment income becomes an increasing share of total earnings.

ings for that year. The office then splits these liabilities into amounts by collection period. For wages, Federal law requires that employers withhold OASDI and HI payroll taxes and Federal individual income taxes from employees' pay. As an employer's accumulation of such taxes (including the employer share of payroll taxes) meets certain thresholds, which the Department of the Treasury determines, the employer must deposit these taxes with the U.S. Treasury by a specific day, depending on the amount of money involved.<sup>1</sup> For projection purposes, the office splits the payroll tax contributions related to wages into amounts paid in the same quarter as incurred and in the following quarter. Self-employed workers must make estimated tax payments on their earnings four times during the year and make up any underestimate on their individual income tax returns. The projection splits the self-employed tax liabilities by collection quarter to reflect this pattern.

The projected tax contributions also reflect the method used to ensure that money transferred to the trust funds is adjusted, over time, to equal the actual liability owed. Because payers generally make tax payments without identifying the separate OASDI contribution amounts, Treasury makes daily transfers of money from the General Fund to the trust funds on an initial estimated basis. The Social Security Administration periodically certifies the amounts of wages and self-employment net earnings on which tax contributions are owed for each year, at which time Treasury determines adjustments to appropriations to reconcile tax liabilities with deposits in the trust funds. This process also includes periodic transfers from the trust funds to the General Fund for contributions on wages in excess of the contribution and benefit base.

Table V.C6 shows the payroll tax contribution rates applicable under current law in each calendar year and the allocation of these rates between the OASI and DI Trust Funds.<sup>2</sup> It also shows the contribution and benefit base for each year through 2022.

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<sup>1</sup> Generally, the higher the amount of liability, the sooner the taxes must be paid. For smaller employers, payment is due by the middle of the month following when the liability was incurred. Medium-size employers have three banking days in which to make their deposits. Larger employers must make payment on the next business day after paying their employees.

<sup>2</sup> Table VI.G1 shows the payroll tax contribution rates for the Hospital Insurance (HI) program.

**Table V.C6.—Contribution and Benefit Base and Payroll Tax Contribution Rates**

Calendar years	Contribution and benefit base	Payroll tax contribution rates (percent)					
		Employees and employers, combined <sup>a</sup>			Self-employed <sup>b</sup>		
		OASDI	OASI	DI	OASDI	OASI	DI
1937-49 .....	\$3,000	2.00	2.00	—	—	—	—
1950.....	3,000	3.00	3.00	—	—	—	—
1951-53.....	3,600	3.00	3.00	—	2.2500	2.2500	—
1954.....	3,600	4.00	4.00	—	3.0000	3.0000	—
1955-56.....	4,200	4.00	4.00	—	3.0000	3.0000	—
1957-58.....	4,200	4.50	4.00	0.50	3.3750	3.0000	0.3750
1959.....	4,800	5.00	4.50	.50	3.7500	3.3750	.3750
1960-61.....	4,800	6.00	5.50	.50	4.5000	4.1250	.3750
1962.....	4,800	6.25	5.75	.50	4.7000	4.3250	.3750
1963-65.....	4,800	7.25	6.75	.50	5.4000	5.0250	.3750
1966.....	6,600	7.70	7.00	.70	5.8000	5.2750	.5250
1967.....	6,600	7.80	7.10	.70	5.9000	5.3750	.5250
1968.....	7,800	7.60	6.65	.95	5.8000	5.0875	.7125
1969.....	7,800	8.40	7.45	.95	6.3000	5.5875	.7125
1970.....	7,800	8.40	7.30	1.10	6.3000	5.4750	.8250
1971.....	7,800	9.20	8.10	1.10	6.9000	6.0750	.8250
1972.....	9,000	9.20	8.10	1.10	6.9000	6.0750	.8250
1973.....	10,800	9.70	8.60	1.10	7.0000	6.2050	.7950
1974.....	13,200	9.90	8.75	1.15	7.0000	6.1850	.8150
1975.....	14,100	9.90	8.75	1.15	7.0000	6.1850	.8150
1976.....	15,300	9.90	8.75	1.15	7.0000	6.1850	.8150
1977.....	16,500	9.90	8.75	1.15	7.0000	6.1850	.8150
1978.....	17,700	10.10	8.55	1.55	7.1000	6.0100	1.0900
1979.....	22,900	10.16	8.66	1.50	7.0500	6.0100	1.0400
1980.....	25,900	10.16	9.04	1.12	7.0500	6.2725	.7775
1981.....	29,700	10.70	9.40	1.30	8.0000	7.0250	.9750
1982.....	32,400	10.80	9.15	1.65	8.0500	6.8125	1.2375
1983.....	35,700	10.80	9.55	1.25	8.0500	7.1125	.9375
1984 <sup>c</sup> .....	37,800	11.40	10.40	1.00	11.4000	10.4000	1.0000
1985 <sup>c</sup> .....	39,600	11.40	10.40	1.00	11.4000	10.4000	1.0000
1986 <sup>c</sup> .....	42,000	11.40	10.40	1.00	11.4000	10.4000	1.0000
1987 <sup>c</sup> .....	43,800	11.40	10.40	1.00	11.4000	10.4000	1.0000
1988 <sup>c</sup> .....	45,000	12.12	11.06	1.06	12.1200	11.0600	1.0600
1989 <sup>c</sup> .....	48,000	12.12	11.06	1.06	12.1200	11.0600	1.0600
1990.....	51,300	12.40	11.20	1.20	12.4000	11.2000	1.2000
1991.....	53,400	12.40	11.20	1.20	12.4000	11.2000	1.2000
1992.....	55,500	12.40	11.20	1.20	12.4000	11.2000	1.2000
1993.....	57,600	12.40	11.20	1.20	12.4000	11.2000	1.2000
1994.....	60,600	12.40	10.52	1.88	12.4000	10.5200	1.8800
1995.....	61,200	12.40	10.52	1.88	12.4000	10.5200	1.8800
1996.....	62,700	12.40	10.52	1.88	12.4000	10.5200	1.8800
1997.....	65,400	12.40	10.70	1.70	12.4000	10.7000	1.7000
1998.....	68,400	12.40	10.70	1.70	12.4000	10.7000	1.7000
1999.....	72,600	12.40	10.70	1.70	12.4000	10.7000	1.7000
2000.....	76,200	12.40	10.60	1.80	12.4000	10.6000	1.8000
2001.....	80,400	12.40	10.60	1.80	12.4000	10.6000	1.8000
2002.....	84,900	12.40	10.60	1.80	12.4000	10.6000	1.8000
2003.....	87,000	12.40	10.60	1.80	12.4000	10.6000	1.8000
2004.....	87,900	12.40	10.60	1.80	12.4000	10.6000	1.8000
2005.....	90,000	12.40	10.60	1.80	12.4000	10.6000	1.8000

**Table V.C6.—Contribution and Benefit Base and Payroll Tax Contribution Rates (Cont.)**

Calendar years	Contribution and benefit base	Payroll tax contribution rates (percent)					
		Employees and employers, combined <sup>a</sup>			Self-employed <sup>b</sup>		
		OASDI	OASI	DI	OASDI	OASI	DI
2006.....	\$94,200	12.40	10.60	1.80	12.4000	10.6000	1.8000
2007.....	97,500	12.40	10.60	1.80	12.4000	10.6000	1.8000
2008.....	102,000	12.40	10.60	1.80	12.4000	10.6000	1.8000
2009.....	106,800	12.40	10.60	1.80	12.4000	10.6000	1.8000
2010 <sup>d</sup> .....	106,800	12.40	10.60	1.80	12.4000	10.6000	1.8000
2011 <sup>d</sup> .....	106,800	10.40	8.89	1.51	10.4000	8.8900	1.5100
2012 <sup>d</sup> .....	110,100	10.40	8.89	1.51	10.4000	8.8900	1.5100
2013.....	113,700	12.40	10.60	1.80	12.4000	10.6000	1.8000
2014.....	117,000	12.40	10.60	1.80	12.4000	10.6000	1.8000
2015.....	118,500	12.40	10.60	1.80	12.4000	10.6000	1.8000
2016.....	118,500	12.40	10.03	2.37	12.4000	10.0300	2.3700
2017.....	127,200	12.40	10.03	2.37	12.4000	10.0300	2.3700
2018.....	128,400	12.40	10.03	2.37	12.4000	10.0300	2.3700
2019.....	132,900	12.40	10.60	1.80	12.4000	10.6000	1.8000
2020.....	137,700	12.40	10.60	1.80	12.4000	10.6000	1.8000
2021.....	142,800	12.40	10.60	1.80	12.4000	10.6000	1.8000
2022.....	147,000	12.40	10.60	1.80	12.4000	10.6000	1.8000
2023 and later . . . .	<sup>e</sup>	12.40	10.60	1.80	12.4000	10.6000	1.8000

<sup>a</sup> Except as noted below, the combined employee/employer rate is divided equally between employees and employers.

<sup>b</sup> Beginning in 1990, self-employed persons receive a deduction, for purposes of computing their net earnings, equal to half of the combined OASDI and HI contributions that would be payable without regard to the contribution and benefit base. The OASDI contribution rate then applies to net earnings after this deduction, but subject to the OASDI base.

<sup>c</sup> In 1984 only, employees received an immediate credit of 0.3 percent of taxable wages against their OASDI payroll tax contributions. The self-employed received similar credits of 2.7 percent, 2.3 percent, and 2.0 percent against their combined OASDI and Hospital Insurance (HI) contributions on net earnings from self-employment in 1984, 1985, and 1986-89, respectively. The General Fund of the Treasury reimbursed the trust funds for these credits.

<sup>d</sup> Public Law 111-147 exempted most employers from paying the employer share of OASDI payroll tax on wages paid during the period March 19, 2010 through December 31, 2010 to certain qualified individuals hired after February 3, 2010. Public Law 111-312 reduced the OASDI payroll tax rate for 2011 by 2 percentage points for employees and for self-employed workers. Public Law 112-96 extended the 2011 rate reduction through 2012. These laws require that the General Fund of the Treasury reimburse the OASI and DI Trust Funds for these temporary reductions in 2010 through 2012 payroll tax revenue, in order to “replicate to the extent possible” revenue that would have been received if the combined employee/employer payroll tax rates had remained at 12.4 percent for OASDI (10.6 percent for OASI and 1.8 percent for DI).

<sup>e</sup> Subject to automatic adjustment based on increases in average wages.

## 7. Income From Taxation of Benefits

Under current law, the OASI and DI Trust Funds are credited with income tax revenue from the taxation of up to the first 50 percent of taxpayers’ OASI and DI benefit payments. (The HI Trust Fund receives the remainder of the income tax revenue from the taxation of up to 85 percent of taxpayers’ OASI and DI benefit payments.) Benefits are partially subject to federal income tax for beneficiaries with income (defined for this purpose as adjusted gross income excluding Social Security benefits, plus half of their Social Security benefits and all of their non-taxable interest income) in excess of specified

threshold amounts. The threshold amounts are \$25,000 for single filers, \$32,000 for joint filers, and \$0 for those married individuals filing separately.

For the short-range period, the Office of the Chief Actuary estimates the income to the OASI and DI Trust Funds from taxation of benefits by applying the following two factors (projected by the Office of Tax Analysis, Department of the Treasury) to total OASI and DI scheduled benefits: (1) the percentage of taxpayers' scheduled benefits (limited to 50 percent) that is taxable and (2) the average marginal tax rate applicable to those benefits. Up to 85 percent of benefits may be subject to federal income tax, with any tax on more than 50 percent of a taxpayer's benefits credited to the Medicare Hospital Insurance Trust Fund.

For the long-range period, the office estimates the income to the trust funds from taxation of benefits by applying projected ratios of taxation of OASI and DI benefits to total OASI and DI scheduled benefits. These tax ratios rely on estimates from the Office of Tax Analysis in the Department of the Treasury. The Office of the Chief Actuary's estimates reflect the following assumptions: (1) The income thresholds used for benefit taxation are specified in the Internal Revenue Code to be constant in the future, and have never been changed, while income and benefit levels continue to rise. Accordingly, projected ratios of income from taxation of benefits to the amount of benefits increase gradually. (2) A permanent level shift upward in the ratios is projected for 2026 and beyond due to the expiration of the personal income tax provisions in Public Law 115-97, the Tax Cuts and Jobs Act of 2017. (3) Because indexation of income tax brackets is not specified in the Social Security Act, and because periodic changes have been made in the past to avoid indefinite compression of the income tax brackets relative to income levels (bracket creep), the Trustees assume that such periodic changes will occur in the future. As a result, after the tenth year of the projection period, income tax brackets are assumed to rise with average wages, rather than with the C-CPI-U as specified under current law. Thus, the income tax brackets are projected to roughly maintain their levels relative to the income distribution.

## **8. Average Benefits**

Projections of average benefits for each benefit type reflect recent historical averages, projected average primary insurance amounts (PIAs), and projected ratios of average benefits to average PIAs. Calculations of average PIAs are based on projected distributions of beneficiaries by duration from year of initial entitlement, average PIAs at initial entitlement, and increases in PIAs after initial entitlement. Projected increases in average PIAs after ini-



tial entitlement depend on automatic benefit increases, recomputations to reflect additional covered earnings, and differences in mortality by level of lifetime earnings. Calculations of future average PIAs at initial entitlement are based on projected earnings histories, which in turn reflect a combination of the actual earnings histories associated with a sample of 2018 initial entitlements and more recent actual earnings levels by age and sex for covered workers.

For retired-worker, aged-spouse, and aged-widow(er) benefits, the percentage of the PIA that is payable depends on the age at initial entitlement to benefits. Projected ratios of average benefits to average PIAs for these types of benefits are based on projections of age distributions at initial entitlement.

## **9. Scheduled Benefits**

For each type of benefit, scheduled benefits are the product of the number of beneficiaries and the corresponding average monthly benefit. The short-range model calculates scheduled benefits on a quarterly basis. The long-range model calculates all scheduled benefits on an annual basis, using the number of beneficiaries at the beginning and end of the year. Adjustments to these annual scheduled benefits include retroactive payments to newly awarded beneficiaries and other amounts not reflected in the regular monthly scheduled benefits.

Scheduled lump-sum death benefits are estimated as the product of: (1) the number of lump-sum death payments projected on the basis of the assumed death rates, the projected fully insured population, and the estimated percentage of the fully insured population that will qualify for lump-sum death payments; and (2) the amount of the lump-sum death payment, which is \$255 (unindexed since 1973).

## **10. Illustrative Scheduled Benefit Amounts**

Table V.C7 shows, under the intermediate assumptions, future benefit amounts payable upon retirement at the normal retirement age and at age 65, for various hypothetical workers attaining age 65 in 2022 and subsequent years. The illustrative benefit amounts in table V.C7 are presented in CPI-indexed 2022 dollars—that is, adjusted to 2022 levels by the CPI indexing series shown in table VI.G6. As a point of comparison, table V.C7 also shows the national average wage index (AWI) for 2022 and subsequent years in CPI-indexed 2022 dollars.

The normal retirement age was 65 for individuals who reached age 62 before 2000. It increased to age 66 during the period 2000 through 2005, at a rate of 2 months per year as workers attained age 62. Under current law, the normal

retirement age increases to age 67 during the period 2017 through 2022, also by 2 months per year as workers attain age 62. The illustrative benefit amounts shown in table V.C7 for retirees at age 65 are lower than the amounts shown for retirees at normal retirement age because the statute requires an actuarial reduction for monthly benefits taken before normal retirement age to reflect the expected additional years benefits will be collected. For example, those who collect benefits starting in 2027 at age 65 will receive benefits for two more years than if they instead claim benefits at the normal retirement age (age 67) unless they die between the ages of 65 and 67.

Table V.C7 shows five different pre-retirement earnings patterns. Four of these patterns assume the earnings history of workers with scaled-earnings patterns<sup>1</sup> and reflect very low, low, medium, and high career-average levels of pre-retirement earnings starting at age 21. The fifth pattern assumes the earnings history of a steady maximum earner starting at age 22. The four scaled-earnings patterns derive from earnings experienced by insured workers during calendar years 1999 through 2018. These earnings levels differ by age. The career-average level of earnings for each scaled case targets a percent of the AWI.

For the scaled medium earner, the career-average earnings level is about equal to the AWI (estimated to be \$62,583 for 2022). For the scaled very low, low, and high earners, the career-average earnings level, wage-indexed to the year before starting benefits, is about 25 percent, 45 percent, and 160 percent of the AWI, respectively (estimated to be \$15,646, \$28,162, and \$100,133, respectively, for 2022). The steady maximum earner has earnings at or above the contribution and benefit base (\$147,000 for 2022) for each year starting at age 22 through the year prior to retirement.

**Table V.C7.—Annual Scheduled Benefit Amounts for Retired Workers  
With Various Pre-Retirement Earnings Patterns  
Based on Intermediate Assumptions, Calendar Years 2022-2100**

Year attain age 65 <sup>a</sup>	Age at retirement	Scaled very low earnings <sup>b</sup>	Scaled low earnings <sup>c</sup>	Scaled medium earnings <sup>d</sup>	Scaled high earnings <sup>e</sup>	Steady maximum earnings <sup>f</sup>	National Average Wage Index in 2022 dollars <sup>g</sup>
Benefits in 2022 dollars <sup>h</sup> with retirement at normal retirement age							
2022 . . . .	66:6	\$11,781	\$15,429	\$25,465	\$33,685	\$41,206	\$62,583
2025 . . . .	67:0	11,851	15,539	25,680	33,878	41,680	66,308
2030 . . . .	67:0	13,231	17,332	28,599	37,816	46,549	70,950
2035 . . . .	67:0	14,155	18,538	30,578	40,450	49,825	75,381
2040 . . . .	67:0	15,035	19,685	32,490	42,973	52,902	79,937

<sup>1</sup> Actuarial Note 2022.3 has more details on scaled-earnings patterns.  
See [www.ssa.gov/OACT/NOTES/ran3/](http://www.ssa.gov/OACT/NOTES/ran3/).

**Table V.C7.—Annual Scheduled Benefit Amounts for Retired Workers  
With Various Pre-Retirement Earnings Patterns  
Based on Intermediate Assumptions, Calendar Years 2022-2100 (Cont.)**

Year attain age 65 <sup>a</sup>	Age at retirement	Scaled very low earnings <sup>b</sup>	Scaled low earnings <sup>c</sup>	Scaled medium earnings <sup>d</sup>	Scaled high earnings <sup>e</sup>	Steady maximum earnings <sup>f</sup>	National Average Wage Index in 2022 dollars <sup>g</sup>
2045 . . . .	67:0	\$15,948	\$20,876	\$34,443	\$45,563	\$56,131	\$84,434
2050 . . . .	67:0	16,841	22,050	36,375	48,129	59,234	89,058
2055 . . . .	67:0	17,764	23,262	38,372	50,764	62,385	94,081
2060 . . . .	67:0	18,769	24,575	40,544	53,633	65,860	99,505
2065 . . . .	67:0	19,853	25,995	42,881	56,724	69,633	105,304
2070 . . . .	67:0	21,011	27,506	45,378	60,030	73,701	111,411
2075 . . . .	67:0	22,230	29,106	48,012	63,514	77,980	117,829
2080 . . . .	67:0	23,508	30,780	50,774	67,169	82,471	124,514
2085 . . . .	67:0	24,843	32,526	53,652	70,980	87,152	131,500
2090 . . . .	67:0	26,237	34,351	56,666	74,963	92,042	138,963
2095 . . . .	67:0	27,729	36,304	59,886	79,224	97,265	147,006
2100 . . . .	67:0	29,334	38,407	63,354	83,810	102,895	155,515
Benefits in 2022 dollars <sup>h</sup> with retirement at age 65							
2022 . . . .	65:0	10,328	13,519	22,306	29,517	36,030	62,583
2025 . . . .	65:0	10,253	13,425	22,166	29,293	35,792	66,308
2030 . . . .	65:0	11,456	15,000	24,743	32,745	40,051	70,950
2035 . . . .	65:0	12,261	16,053	26,467	35,033	42,892	75,381
2040 . . . .	65:0	13,025	17,046	28,116	37,217	45,547	79,937
2045 . . . .	65:0	13,808	18,076	29,819	39,464	48,334	84,434
2050 . . . .	65:0	14,592	19,095	31,495	41,684	51,018	89,058
2055 . . . .	65:0	15,387	20,145	33,222	43,971	53,735	94,081
2060 . . . .	65:0	16,260	21,279	35,097	46,451	56,727	99,505
2065 . . . .	65:0	17,194	22,510	37,121	49,130	59,974	105,304
2070 . . . .	65:0	18,197	23,820	39,284	51,996	63,478	111,411
2075 . . . .	65:0	19,253	25,203	41,563	55,011	67,167	117,829
2080 . . . .	65:0	20,363	26,654	43,958	58,179	71,037	124,514
2085 . . . .	65:0	21,518	28,167	46,450	61,479	75,071	131,500
2090 . . . .	65:0	22,727	29,748	49,056	64,928	79,283	138,963
2095 . . . .	65:0	24,018	31,438	51,845	68,615	83,782	147,006
2100 . . . .	65:0	25,408	33,259	54,846	72,589	88,629	155,515

<sup>a</sup> Attains age 65 on January 1 of the year.

<sup>b</sup> Career-average earnings at about 25 percent of the AWI.

<sup>c</sup> Career-average earnings at about 45 percent of the AWI.

<sup>d</sup> Career-average earnings at about 100 percent of the AWI. Such a worker would have career-average earnings at approximately the 56th percentile of all new retired-worker beneficiaries.

<sup>e</sup> Career-average earnings at about 160 percent of the AWI.

<sup>f</sup> Earnings for each year at or above the contribution and benefit base.

<sup>g</sup> Average Wage Index from table VI.G6, adjusted to be in 2022 dollars by using the CPI indexing series from table VI.G6.

<sup>h</sup> Annual amounts are the total for the 12-month period starting with the month of retirement, adjusted to be in 2022 dollars by using the CPI indexing series from table VI.G6.

Note: Benefits shown at age 65 reflect adjustments for early retirement. For early retirement as early as age 62, the benefit amount is reduced 5/9 of one percent for each month before normal retirement age, up to 36 months. If the number of months exceeds 36, then the benefit is further reduced 5/12 of one percent per month. For example, if the number of reduction months is 60 (the maximum number for retirement at 62 when normal retirement age is 67), then the benefit is reduced by 30 percent. *Delayed retirement credit* is generally given for retirement after the normal retirement age. The delayed retirement credit is 2/3 of one percent per month for persons born in 1943 and later. No credit is given for delaying benefits after attaining age 70. See table V.C3 for additional details, including adjustments applying to other birth years.

## **11. Administrative Expenses**

The projection of administrative expenses through the short-range period is based on historical experience and the projected growth in average wages. The Office of Budget of the Social Security Administration provides estimates for the first several years of the projection. For years after the short-range period, projected administrative expenses reflect increases in the number of beneficiaries in current-payment status, and increases in the average wage. However, the increases in average wage are partially offset by assumed administrative productivity gains.

## **12. Railroad Retirement Financial Interchange**

Railroad workers are covered under a separate multi-tiered benefit plan, with a first tier of coverage similar to OASDI coverage. An annual financial interchange between the Railroad Retirement fund and the OASI and DI Trust Funds is made to resolve the difference between: (1) the amount of OASDI benefits that would be paid to railroad workers and their families if railroad employment had been covered under the OASDI program, plus administrative expenses associated with these benefits; and (2) the amount of OASDI payroll tax and income tax that would be received with allowances for interest from railroad workers.

The Office of the Chief Actuary's projection of future amounts for the financial interchange with the Railroad Retirement fund reflects trends similar to those used in estimating the cost of OASDI benefits. The annual short-range net cost for the OASI and DI Trust Funds is about \$5 to \$6 billion and the long-range summarized net cost for the OASI and DI Trust Funds is 0.05 percent of taxable payroll.

## **VI. APPENDICES**

### ***A. HISTORY OF OASI AND DI TRUST FUND OPERATIONS***

The Federal Old-Age and Survivors Insurance (OASI) Trust Fund was established on January 1, 1940 as a separate account in the United States Treasury. The Federal Disability Insurance (DI) Trust Fund, another separate account in the United States Treasury, was established on August 1, 1956. These funds conduct the financial operations of the OASI and DI programs. The Board of Trustees is responsible for overseeing the financial operations of these funds. The following paragraphs describe the various components of trust fund income and cost. Following this description, tables VI.A1 and VI.A2 present the historical operations of the separate trust funds since their inception, and table VI.A3 presents the operations of the hypothetical combined trust funds<sup>1</sup> during the period when they have co-existed.

The primary income of these two funds comes from appropriations under permanent authority on the basis of payroll tax contributions. Federal law requires that all employees who work in OASDI covered employment, and their employers, make payroll tax contributions on their wages up to a specified annual maximum amount (the contribution and benefit base). Employees and their employers must also make payroll tax contributions on monthly cash tips if such tips are at least \$20. Self-employed persons must make payroll tax contributions on their covered net earnings from self-employment subject to the annual contribution and benefit base. The Federal Government pays amounts equivalent to the combined employer and employee contributions that would be paid on deemed wage credits attributable to military service performed between 1957 and 2001, if such wage credits were covered wages. Treasury initially deposits payroll tax contributions to the trust funds each day on an estimated basis. Subsequently, Treasury makes adjustments based on the certified amount of wages and self-employment earnings in the records of the Social Security Administration.

Income also includes various reimbursements from the General Fund of the Treasury, such as: (1) the cost of noncontributory wage credits for military service before 1957, and periodic adjustments to previous determinations of this cost; (2) the cost in 1971 through 1982 of deemed wage credits for military service performed after 1956; (3) the cost of benefits to certain uninsured persons who attained age 72 before 1968; (4) the cost of payroll tax credits provided to employees in 1984 and self-employed persons in 1984 through 1989 by Public Law 98-21; (5) the cost in 2009 through 2017 of excluding certain self-employment earnings from SECA taxes under Public

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<sup>1</sup> The OASI and DI Trust Funds are distinct legal entities which operate independently. To illustrate the actuarial status of the program as a whole, the fund operations are often combined on a hypothetical basis.

Law 110-246; and (6) payroll tax revenue forgone under the provisions of Public Laws 111-147, 111-312, 112-78, and 112-96.

Beginning in 1984, Federal law subjected up to 50 percent of an individual's or couple's OASDI benefits to Federal income taxation under certain circumstances. Effective for taxable years beginning after 1993, the law increased the maximum percentage from 50 percent to 85 percent. Treasury credits the proceeds from this taxation of up to 50 percent of benefits to the OASI and DI Trust Funds in advance, on an estimated basis, at the beginning of each calendar quarter, with no reimbursement to the General Fund for interest costs attributable to the advance transfers.<sup>1</sup> Treasury makes subsequent adjustments based on the actual amounts shown on annual income tax records. Each of the OASI and DI Trust Funds receives the income taxes paid on the benefits from that trust fund.<sup>2</sup>

Another source of income to the trust funds is interest received on investments held by the trust funds. On a daily basis, Treasury invests trust fund income in interest-bearing obligations of the U.S. Government. These investments include the special public-debt obligations described in the next paragraph. The Social Security Act also authorizes the trust funds to hold obligations guaranteed as to both principal and interest by the United States. The act therefore permits the trust funds to hold certain Federally sponsored agency obligations and marketable obligations.<sup>3</sup> The trust funds may acquire any of these obligations on original issue at the issue price or by purchase of outstanding obligations at their market price.

The Social Security Act authorizes the issuance of special public-debt obligations for purchase exclusively by the trust funds. The act provides that the interest rate for special obligations newly issued in any month is the average market yield, as of the last business day of the prior month, on all of the outstanding marketable U.S. obligations that are due or callable more than 4 years in the future. This rate is rounded to the nearest one-eighth of one percent. Beginning January 1999, in calculating the average market yield rate for this purpose, the Treasury incorporates the yield to the call date when a callable bond's market price is above par.

Although the Social Security Act does not authorize the purchase or sale of special issue securities in the open market, Treasury redeems special issue securities prior to maturity at par value when needed to meet current operat-

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<sup>1</sup> The HI Trust Fund receives the additional tax revenue resulting from the increase to 85 percent.

<sup>2</sup> A special provision applies to benefits paid to nonresident aliens. Effective for taxable years beginning after 1994, Public Law 103-465 subjects benefits to a flat-rate tax, usually 25.5 percent, before they are paid. Therefore, this tax remains in the trust funds. From 1984 to 1994, the flat-rate tax was usually 15 percent.

<sup>3</sup> The Social Security Act requires the trust funds to acquire special-issue obligations unless the Managing Trustee determines that the purchase of marketable obligations is in the public interest. The purchase of marketable obligations has been quite limited and has not occurred since 1980.

ing expenses. As a result, changes in market yield rates after issuance of special issue securities do not cause fluctuations in the value of these securities. As is true for marketable Treasury securities held by the public, the full faith and credit of the U.S. Government backs all of the investments held by the trust funds.

Annual cost for the OASI and DI Trust Funds primarily consists of: (1) OASDI benefit payments<sup>1</sup>, net of any reimbursements from the General Fund of the Treasury for unnegotiated benefit checks; and (2) expenses incurred by the Social Security Administration and the Department of the Treasury in administering the OASDI program and the provisions of the Internal Revenue Code relating to the collection of contributions. Such administrative expenses include, among other items, the cost of (1) payroll; (2) construction, rental, lease, or purchase of office buildings and related facilities for the Social Security Administration; and (3) information technology systems. The Social Security Act prohibits payments from the OASI and DI Trust Funds for any purpose not related to the payment of benefits or administrative costs for the OASDI program.

Annual cost also includes: (1) the costs of vocational rehabilitation services furnished to disabled persons receiving cash benefits because of their disabilities, where such services contributed to their successful rehabilitation; and (2) net costs of the provisions of the Railroad Retirement Act that provide for a system of coordination and financial interchange between the Railroad Retirement program and the Social Security program. Under the financial interchange provisions, the Railroad Retirement program's Social Security Equivalent Benefit Account and the trust funds interchange amounts on an annual basis so that each trust fund is in the same position it would have been had railroad employment always been covered under Social Security.

The statements of the operations of the trust funds in this report do not include the net worth of facilities and other fixed capital assets because the value of fixed capital assets is not available in the form of a financial asset redeemable for the payment of benefits or administrative costs. As a result of this unavailability, the actuarial status of the trust funds does not take these assets into account.

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<sup>1</sup> Periodically, benefit payments which were scheduled to be paid on January 3 were actually paid on December 31 of the preceding year as required by the statutory provision included in the 1977 Social Security Amendments for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. Such advance payments have occurred about every 7 years, first for benefits scheduled for January 3, 1982. The most recent such accelerated payment affected benefits scheduled to be paid on January 3, 2021. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment each year without regard to the accelerated payments described above.

# Appendices

**Table VI.A1.— Operations of the OASI Trust Fund, Calendar Years 1937-2021**  
[Dollar amounts in billions]

Calendar year	Income					Cost				Asset Reserves <sup>a</sup>		
	Total	Net pay- roll tax contri- butions <sup>b</sup>	GF reim- burse- ments <sup>c</sup>	Taxa- tion of benefits <sup>b</sup>	Net interest <sup>d</sup>	Total <sup>a</sup>	Benefit pay- ments <sup>a,c</sup>	Admin- istra- tive costs	RRB inter- change	Net increase during year	Amount at end of year	Trust fund ratio <sup>f</sup>
1937 <sup>g</sup> ..	\$0.8	\$0.8	—	—	h	h	h	—	—	\$0.8	\$0.8	—
1938 <sup>g</sup> ..	.4	.4	—	—	h	h	h	—	—	.4	1.1	7,660
1939 <sup>g</sup> ..	.6	.6	—	—	h	h	h	—	—	.6	1.7	8,086
1940 ..	.4	.3	—	—	h	\$0.1	h	h	—	.3	2.0	2,781
1941 ..	.8	.8	—	—	\$0.1	.1	\$0.1	h	—	.7	2.8	1,782
1942 ..	1.1	1.0	—	—	.1	.2	.1	h	—	.9	3.7	1,737
1943 ..	1.3	1.2	—	—	.1	.2	.2	h	—	1.1	4.8	1,891
1944 ..	1.4	1.3	—	—	.1	.2	.2	h	—	1.2	6.0	2,025
1945 ..	1.4	1.3	—	—	.1	.3	.3	h	—	1.1	7.1	1,975
1946 ..	1.4	1.3	—	—	.2	.4	.4	h	—	1.0	8.1	1,704
1947 ..	1.7	1.6	h	—	.2	.5	.5	h	—	1.2	9.4	1,592
1948 ..	2.0	1.7	h	—	.3	.6	.6	\$0.1	—	1.4	10.7	1,542
1949 ..	1.8	1.7	h	—	.1	.7	.7	.1	—	1.1	11.8	1,487
1950 ..	2.9	2.7	h	—	.3	1.0	1.0	.1	—	1.9	13.7	1,156
1951 ..	3.8	3.4	h	—	.4	2.0	1.9	.1	—	1.8	15.5	698
1952 ..	4.2	3.8	—	—	.4	2.3	2.2	.1	—	1.9	17.4	681
1953 ..	4.4	3.9	—	—	.4	3.1	3.0	.1	—	1.3	18.7	564
1954 ..	5.6	5.2	—	—	.4	3.7	3.7	.1	h	1.9	20.6	500
1955 ..	6.2	5.7	—	—	.5	5.1	5.0	.1	h	1.1	21.7	405
1956 ..	6.7	6.2	—	—	.5	5.8	5.7	.1	h	.9	22.5	371
1957 ..	7.4	6.8	—	—	.6	7.5	7.3	.2	h	-.1	22.4	300
1958 ..	8.1	7.6	—	—	.6	8.6	8.3	.2	\$0.1	-.5	21.9	259
1959 ..	8.6	8.1	—	—	.5	10.3	9.8	.2	.3	-1.7	20.1	212
1960 ..	11.4	10.9	—	—	.5	11.2	10.7	.2	.3	.2	20.3	180
1961 ..	11.8	11.3	—	—	.5	12.4	11.9	.2	.3	-.6	19.7	163
1962 ..	12.6	12.1	—	—	.5	14.0	13.4	.3	.4	-1.4	18.3	141
1963 ..	15.1	14.5	—	—	.5	14.9	14.2	.3	.4	.1	18.5	123
1964 ..	16.3	15.7	—	—	.6	15.6	14.9	.3	.4	.6	19.1	118
1965 ..	16.6	16.0	—	—	.6	17.5	16.7	.3	.4	-.9	18.2	109
1966 ..	21.3	20.6	\$0.1	—	.6	19.0	18.3	.3	.4	2.3	20.6	96
1967 ..	24.0	23.1	.1	—	.8	20.4	19.5	.4	.5	3.7	24.2	101
1968 ..	25.0	23.7	.4	—	.9	23.6	22.6	.5	.4	1.5	25.7	103
1969 ..	29.6	27.9	.4	—	1.2	25.2	24.2	.5	.5	4.4	30.1	102
1970 ..	32.2	30.3	.4	—	1.5	29.8	28.8	.5	.6	2.4	32.5	101
1971 ..	35.9	33.7	.5	—	1.7	34.5	33.4	.5	.6	1.3	33.8	94
1972 ..	40.1	37.8	.5	—	1.8	38.5	37.1	.7	.7	1.5	35.3	88
1973 ..	48.3	46.0	.4	—	1.9	47.2	45.7	.6	.8	1.2	36.5	75
1974 ..	54.7	52.1	.4	—	2.2	53.4	51.6	.9	.9	1.3	37.8	68
1975 ..	59.6	56.8	.4	—	2.4	60.4	58.5	.9	1.0	-.8	37.0	63
1976 ..	66.3	63.4	.6	—	2.3	67.9	65.7	1.0	1.2	-1.6	35.4	54
1977 ..	72.4	69.6	.6	—	2.2	75.3	73.1	1.0	1.2	-2.9	32.5	47
1978 ..	78.1	75.5	.6	—	2.0	83.1	80.4	1.1	1.6	-5.0	27.5	39
1979 ..	90.3	87.9	.6	—	1.8	93.1	90.6	1.1	1.4	-2.9	24.7	30
1980 ..	105.8	103.5	.5	—	1.8	107.7	105.1	1.2	1.4	-1.8	22.8	23
1981 ..	125.4	122.6	.7	—	2.1	126.7	123.8	1.3	1.6	-1.3	21.5	18
1982 ..	125.2	123.7	.7	—	.8	142.1	138.8	1.5	1.8	.6	22.1	15
1983 ..	150.6	138.3	5.5	—	6.7	153.0	149.2	1.5	2.3	-2.4	19.7	14
1984 ..	169.3	159.5	4.7	\$2.8	2.3	161.9	157.8	1.6	2.4	7.4	27.1	j20
1985 ..	184.2	175.1	4.0	3.2	1.9	171.2	167.2	1.6	2.3	18.7	35.8	j24
1986 ..	197.4	189.1	1.8	3.4	3.1	181.0	176.8	1.6	2.6	13.2	39.1	j28
1987 ..	210.7	201.1	1.7	3.3	4.7	187.7	183.6	1.5	2.6	23.1	62.1	j30
1988 ..	240.8	227.7	2.1	3.4	7.6	200.0	195.5	1.8	2.8	40.7	102.9	j41
1989 ..	264.7	248.1	2.1	2.4	12.0	212.5	208.0	1.7	2.8	52.2	155.1	j59



**Table VI.A1.— Operations of the OASI Trust Fund, Calendar Years 1937-2021 (Cont.)**  
[Dollar amounts in billions]

Calendar year	Income					Cost				Asset Reserves <sup>a</sup>		
	Total	Net pay- roll tax contri- butions <sup>b</sup>	GF reim- burse- ments <sup>c</sup>	Taxa- tion of benefits <sup>b</sup>	Net interest <sup>d</sup>	Total <sup>a</sup>	Benefit pay- ments <sup>a,e</sup>	Admin- istra- tive costs	RRB inter- change	Net increase during year	Amount at end of year	Trust fund ratio <sup>f</sup>
1990...	\$286.7	\$266.1	-\$0.7	\$4.8	\$16.4	\$227.5	\$223.0	\$1.6	\$3.0	\$59.1	\$214.2	178
1991...	299.3	272.5	.1	5.9	20.8	245.6	240.5	1.8	3.4	53.7	267.8	87
1992...	311.2	281.1	-.1	5.9	24.3	259.9	254.9	1.8	3.1	51.3	319.1	103
1993...	323.3	290.9	h	5.3	27.0	273.1	267.8	2.0	3.4	50.2	369.3	117
1994...	328.3	293.3	h	5.0	29.9	284.1	279.1	1.6	3.4	44.1	413.5	130
1995...	342.8	304.7	-.2	5.5	32.8	297.8	291.6	2.1	4.1	45.0	458.5	139
1996...	363.7	321.6	h	6.5	35.7	308.2	302.9	1.8	3.6	55.5	514.0	149
1997...	397.2	349.9	h	7.4	39.8	322.1	316.3	2.1	3.7	75.1	589.1	160
1998...	424.8	371.2	h	9.1	44.5	332.3	326.8	1.9	3.7	92.5	681.6	177
1999...	457.0	396.4	h	10.9	49.8	339.9	334.4	1.8	3.7	117.2	798.8	201
2000...	490.5	421.4	h	11.6	57.5	358.3	352.7	2.1	3.5	132.2	931.0	223
2001...	518.1	441.5	h	11.9	64.7	377.5	372.3	2.0	3.3	140.6	1,071.5	247
2002...	539.7	455.2	.4	12.9	71.2	393.7	388.1	2.1	3.5	146.0	1,217.5	272
2003...	543.8	456.1	h	12.5	75.2	406.0	399.8	2.6	3.6	137.8	1,355.3	300
2004...	566.3	472.8	h	14.6	79.0	421.0	415.0	2.4	3.6	145.3	1,500.6	322
2005...	604.3	506.9	-.3	13.8	84.0	441.9	435.4	3.0	3.6	162.4	1,663.0	340
2006...	642.2	534.8	h	15.6	91.8	461.0	454.5	3.0	3.5	181.3	1,844.3	361
2007...	675.0	560.9	h	17.2	97.0	495.7	489.1	3.1	3.6	179.3	2,023.6	372
2008...	695.5	574.6	h	15.6	105.3	516.2	509.3	3.2	3.6	179.3	2,202.9	392
2009...	698.2	570.4	h	19.9	107.9	564.3	557.2	3.4	3.7	133.9	2,336.8	390
2010...	677.1	544.8	2.0	22.1	108.2	584.9	577.4	3.5	3.9	92.2	2,429.0	400
2011...	698.8	482.4	87.8	22.2	106.5	603.8	596.2	3.5	4.1	95.0	2,524.1	402
2012...	731.1	503.9	97.7	26.7	102.8	645.5	637.9	3.4	4.1	85.6	2,609.7	391
2013...	743.8	620.8	4.2	20.7	98.1	679.5	672.1	3.4	3.9	64.3	2,674.0	384
2014...	769.4	646.2	.4	28.0	94.8	714.2	706.8	3.1	4.3	55.2	2,729.2	374
2015...	801.6	679.5	.3	30.6	91.2	750.5	742.9	3.4	4.3	51.0	2,780.3	364
2016...	797.5	678.8	.1	31.6	87.0	776.4	768.6	3.5	4.3	21.1	2,801.3	358
2017...	825.6	706.5	h	35.9	83.2	806.7	798.7	3.7	4.3	19.0	2,820.3	347
2018...	831.0	715.9	h	34.5	80.7	853.5	844.9	3.8	4.8	-22.4	2,797.9	330
2019...	917.9	805.1	h	34.9	77.9	911.4	902.8	3.7	4.9	6.5	2,804.3	307

**Table VI.A1.— Operations of the OASI Trust Fund, Calendar Years 1937-2021 (Cont.)**  
[Dollar amounts in billions]

Calendar year	Income					Cost				Asset Reserves <sup>a</sup>		
	Total	Net payroll tax contributions <sup>b</sup>	GF reimbursements <sup>c</sup>	Taxation of benefits <sup>b</sup>	Net interest <sup>d</sup>	Total <sup>a</sup>	Benefit payments <sup>a,c</sup>	Administrative costs	RRB inter-change	Net increase during year	Amount at end of year	Trust fund ratio <sup>f</sup>
2020 ..	\$968.3	\$856.0	<sup>h</sup>	\$39.0	\$73.3	\$961.0	\$952.4	\$3.7	\$4.8	\$7.4	\$2,811.7	292
2021 ..	942.9	838.2	<sup>h</sup>	37.2	67.5	1,001.9	993.1	4.0	4.8	-59.1	2,752.6	281

<sup>a</sup> Beginning in 1979, benefit payments scheduled to be paid on January 3 of a given year were paid on December 31 of the preceding year as required by the statutory provision included in the 1977 Social Security Amendments for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. Such advance payments have occurred about every 7 years, first for benefits scheduled for January 3, 1982. For comparability with other historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment in each year without regard to the accelerated payments described above.

<sup>b</sup> Includes adjustments for prior calendar years. For example, in June 2021, an unusually large negative adjustment to payroll tax contributions in the amount of \$30.4 billion was made because payroll tax revenue credited to the trust fund in 2020 was based on estimates that did not anticipate effects of the pandemic and recession.

<sup>c</sup> Includes net reimbursements from the General Fund of the Treasury to the OASI Trust Fund for: (1) the cost of noncontributory wage credits for military service before 1957; (2) the cost in 1971-82 of deemed wage credits for military service performed after 1956; (3) the cost of benefits to certain uninsured persons who attained age 72 before 1968; (4) the cost of payroll tax credits provided to employees in 1984 and self-employed persons in 1984-89 by Public Law 98-21; (5) the cost in 2009-17 of excluding certain self-employment earnings from SECA taxes under Public Law 110-246; and (6) payroll tax revenue forgone under the provisions of Public Laws 111-147, 111-312, 112-78, and 112-96.

<sup>d</sup> Net interest includes net profits or losses on marketable investments. Beginning in 1967, the trust fund pays administrative expenses on an estimated basis, with a final adjustment including interest made in the following fiscal year. Net interest includes the amounts of these interest adjustments. The 1970 report describes the accounting for administrative expenses for years prior to 1967. Beginning in October 1973, figures include relatively small amounts of gifts to the fund. Net interest for 1983-86 reflects payments for interest on amounts owed under the interfund borrowing provisions. During 1983-90, net interest reflects interest reimbursements paid from the trust fund to the General Fund on advance tax transfers.

<sup>e</sup> Beginning in 1966, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. Beginning in 1983, net benefit amounts include reimbursements paid from the General Fund to the trust fund for unnegotiated benefit checks. Excluding the portion attributable to vocational rehabilitation services and unnegotiated benefit checks, amounts are the same as benefits scheduled under law at that time for all historical years.

<sup>f</sup> The "Trust fund ratio" column represents asset reserves at the beginning of a year as a percentage of cost during the year. The table shows no ratio for 1937 because no reserves existed at the beginning of the year.

<sup>g</sup> Operations prior to 1940 are for the Old-Age Reserve Account established by the original Social Security Act. The 1939 Amendments transferred the asset reserves of the Account to the OASI Trust Fund effective January 1, 1940.

<sup>h</sup> Between -\$50 million and \$50 million.

<sup>i</sup> Reflects interfund borrowing of \$17.5 billion by the OASI Trust Fund from the DI and HI Trust Funds in 1982 and the subsequent repayment of those loans in 1985 (\$4.4 billion) and 1986 (\$13.2 billion).

<sup>j</sup> Reserves used for the trust fund ratio calculation include January advance tax transfers.

Note: Components may not sum to totals because of rounding.

**Table VI.A2.— Operations of the DI Trust Fund, Calendar Years 1957-2021**  
 [Dollar amounts in billions]

Calendar year	Income					Cost				Asset Reserves <sup>a</sup>		
	Total	Net pay- roll tax contri- butions <sup>b</sup>	GF reim- burse- ments <sup>c</sup>	Taxa- tion of benefits <sup>b</sup>	Net interest <sup>d</sup>	Total <sup>a</sup> ments <sup>a e</sup>	Benefit pay- ments <sup>a e</sup>	Admin- istra- tive costs	RRB inter- change	Net increase during year	Amount at end of year	Trust fund ratio <sup>f</sup>
1957 ..	\$0.7	\$0.7	—	—	g	\$0.1	\$0.1	g	—	\$0.6	\$0.6	—
1958 ..	1.0	1.0	—	—	g	.3	.2	g	—	.7	1.4	249
1959 ..	.9	.9	—	—	g	.5	.5	g	g	.4	1.8	284
1960 ..	1.1	1.0	—	—	\$0.1	.6	.6	g	g	.5	2.3	304
1961 ..	1.1	1.0	—	—	.1	1.0	.9	\$0.1	g	.1	2.4	239
1962 ..	1.1	1.0	—	—	.1	1.2	1.1	.1	g	-.1	2.4	206
1963 ..	1.2	1.1	—	—	.1	1.3	1.2	.1	g	-.1	2.2	183
1964 ..	1.2	1.2	—	—	.1	1.4	1.3	.1	g	-.2	2.0	159
1965 ..	1.2	1.2	—	—	.1	1.7	1.6	.1	g	-.4	1.6	121
1966 ..	2.1	2.0	g	—	.1	1.9	1.8	.1	g	.1	1.7	82
1967 ..	2.4	2.3	g	—	.1	2.1	1.9	.1	g	.3	2.0	83
1968 ..	3.5	3.3	g	—	.1	2.5	2.3	.1	g	1.0	3.0	83
1969 ..	3.8	3.6	g	—	.2	2.7	2.6	.1	g	1.1	4.1	111
1970 ..	4.8	4.5	g	—	.3	3.3	3.1	.2	g	1.5	5.6	126
1971 ..	5.0	4.6	\$0.1	—	.4	4.0	3.8	.2	g	1.0	6.6	140
1972 ..	5.6	5.1	.1	—	.4	4.8	4.5	.2	g	.8	7.5	140
1973 ..	6.4	5.9	.1	—	.5	6.0	5.8	.2	g	.5	7.9	125
1974 ..	7.4	6.8	.1	—	.5	7.2	7.0	.2	g	.2	8.1	110
1975 ..	8.0	7.4	.1	—	.5	8.8	8.5	.3	g	-.8	7.4	92
1976 ..	8.8	8.2	.1	—	.4	10.4	10.1	.3	g	-1.6	5.7	71
1977 ..	9.6	9.1	.1	—	.3	11.9	11.5	.4	g	-2.4	3.4	48
1978 ..	13.8	13.4	.1	—	.3	13.0	12.6	.3	g	.9	4.2	26
1979 ..	15.6	15.1	.1	—	.4	14.2	13.8	.4	g	1.4	5.6	30
1980 ..	13.9	13.3	.1	—	.5	15.9	15.5	.4	g	-2.0	3.6	35
1981 ..	17.1	16.7	.2	—	.2	17.7	17.2	.4	g	-.6	3.0	21
1982 ..	22.7	22.0	.2	—	.5	18.0	17.4	.6	g	<sup>h</sup> -.4	2.7	17
1983 ..	20.7	18.0	1.1	—	1.6	18.2	17.5	.6	g	2.5	5.2	15
1984 ..	17.3	15.5	.4	\$0.2	1.2	18.5	17.9	.6	g	-1.2	4.0	<sup>i</sup> 35
1985 ..	19.3	17.0	1.2	.2	.9	19.5	18.8	.6	g	<sup>h</sup> 2.4	6.3	<sup>i</sup> 27
1986 ..	19.4	18.2	.2	.2	.8	20.5	19.9	.6	\$0.1	<sup>h</sup> 1.5	7.8	<sup>i</sup> 38
1987 ..	20.3	19.5	.2	g	.6	21.4	20.5	.8	.1	-1.1	6.7	<sup>i</sup> 44
1988 ..	22.7	21.8	.2	.1	.6	22.5	21.7	.7	.1	.2	6.9	<sup>i</sup> 38
1989 ..	24.8	23.8	.2	.1	.7	23.8	22.9	.8	.1	1.0	7.9	<sup>i</sup> 38
1990 ..	28.8	28.4	-.6	.1	.9	25.6	24.8	.7	.1	3.2	11.1	<sup>i</sup> 40
1991 ..	30.4	29.1	g	.2	1.1	28.6	27.7	.8	.1	1.8	12.9	39
1992 ..	31.4	30.1	g	.2	1.1	32.0	31.1	.8	.1	-.6	12.3	40
1993 ..	32.3	31.2	g	.3	.8	35.7	34.6	1.0	.1	-3.4	9.0	35
1994 ..	52.8	51.4	g	.3	1.2	38.9	37.7	1.0	.1	14.0	22.9	23
1995 ..	56.7	54.4	-.2	.3	2.2	42.1	40.9	1.1	.1	14.6	37.6	55
1996 ..	60.7	57.3	g	.4	3.0	45.4	44.2	1.2	g	15.4	52.9	83
1997 ..	60.5	56.0	g	.5	4.0	47.0	45.7	1.3	.1	13.5	66.4	113
1998 ..	64.4	59.0	g	.6	4.8	49.9	48.2	1.6	.2	14.4	80.8	133
1999 ..	69.5	63.2	g	.7	5.7	53.0	51.4	1.5	.1	16.5	97.3	152
2000 ..	77.9	71.1	-.8	.7	6.9	56.8	55.0	1.6	.2	21.1	118.5	171
2001 ..	83.9	74.9	g	.8	8.2	61.4	59.6	1.7	g	22.5	141.0	193
2002 ..	87.4	77.3	g	.9	9.2	67.9	65.7	2.0	.2	19.5	160.5	208
2003 ..	88.1	77.4	g	.9	9.7	73.1	70.9	2.0	.2	15.0	175.4	219
2004 ..	91.4	80.3	g	1.1	10.0	80.6	78.2	2.2	.2	10.8	186.2	218
2005 ..	97.4	86.1	g	1.1	10.3	88.0	85.4	2.3	.3	9.4	195.6	212
2006 ..	102.6	90.8	g	1.2	10.6	94.5	91.7	2.3	.4	8.2	203.8	207
2007 ..	109.9	95.2	g	1.4	13.2	98.8	95.9	2.5	.4	11.1	214.9	206
2008 ..	109.8	97.6	g	1.3	11.0	109.0	106.0	2.5	.4	.9	215.8	197
2009 ..	109.3	96.9	g	2.0	10.5	121.5	118.3	2.7	.4	-12.2	203.5	178

**Table VI.A2.— Operations of the DI Trust Fund, Calendar Years 1957-2021 (Cont.)**  
[Dollar amounts in billions]

Calendar year	Income					Cost				Asset Reserves <sup>a</sup>		
	Total	Net payroll tax contributions <sup>b</sup>	GF reimbursements <sup>c</sup>	Taxation of benefits <sup>b</sup>	Net interest <sup>d</sup>	Total <sup>a</sup>	Benefit payments <sup>a c</sup>	Administrative costs	RRB interchange	Net increase during year	Amount at end of year	Trust fund ratio <sup>f</sup>
2010 ..	\$104.0	\$92.5	\$0.4	\$1.9	\$9.3	\$127.7	\$124.2	\$3.0	\$0.5	-\$23.6	\$179.9	159
2011 ..	106.3	81.9	14.9	1.6	7.9	132.3	128.9	2.9	.5	-26.1	153.9	136
2012 ..	109.1	85.6	16.5	.6	6.4	140.3	136.9	2.9	.5	-31.2	122.7	110
2013 ..	111.2	105.4	.7	.4	4.7	143.4	140.1	2.8	.6	-32.2	90.4	86
2014 ..	114.9	109.7	.1	1.7	3.4	145.1	141.7	2.9	.4	-30.2	60.2	62
2015 ..	118.6	115.4	g	1.1	2.1	146.6	143.4	2.8	.4	-28.0	32.3	41
2016 ..	160.0	157.4	g	1.2	1.4	145.9	142.8	2.8	.4	14.1	46.3	22
2017 ..	171.0	167.1	g	2.0	1.9	145.8	142.8	2.8	.2	25.1	71.5	32
2018 ..	172.3	169.2	g	.5	2.6	146.8	143.7	2.9	.2	25.6	97.1	49
2019 ..	143.9	139.4	g	1.6	2.9	147.9	145.1	2.7	.1	-4.0	93.1	66
2020 ..	149.7	145.3	g	1.7	2.8	146.3	143.6	2.6	.1	3.5	96.6	64
2021 ..	145.5	142.4	g	.5	2.6	142.6	140.1	2.5	.1	2.8	99.4	68

<sup>a</sup> Beginning in 1979, benefit payments scheduled to be paid on January 3 of a given year were paid on December 31 of the preceding year as required by the statutory provision included in the 1977 Social Security Amendments for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. Such advance payments have occurred about every 7 years, first for benefits scheduled for January 3, 1982. For comparability with other historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment in each year without regard to the accelerated payments described above.

<sup>b</sup> Includes adjustments for prior calendar years. For example, in June 2021, an unusually large negative adjustment to payroll tax contributions in the amount of \$5.2 billion was made because payroll tax revenue credited to the trust fund in 2020 was based on estimates that did not anticipate effects of the pandemic and recession.

<sup>c</sup> Includes net reimbursements from the General Fund of the Treasury to the DI Trust Fund for: (1) the cost of noncontributory wage credits for military service before 1957; (2) the cost in 1971-82 of deemed wage credits for military service performed after 1956; (3) the cost of payroll tax credits provided to employees in 1984 and self-employed persons in 1984-89 by Public Law 98-21; (4) the cost in 2009-17 of excluding certain self-employment earnings from SECA taxes under Public Law 110-246; and (5) payroll tax revenue forgone under the provisions of Public Laws 111-147, 111-312, 112-78, and 112-96.

<sup>d</sup> Net interest includes net profits or losses on marketable investments. Beginning in 1967, the trust fund pays administrative expenses on an estimated basis, with a final adjustment including interest made in the following fiscal year. Net interest includes the amounts of these interest adjustments. The 1970 report describes the accounting for administrative expenses for years prior to 1967. Beginning in July 1974, figures include relatively small amounts of gifts to the fund. Net interest for 1983-86 reflects payments for interest on amounts owed under the interfund borrowing provisions. During 1983-90, net interest reflects interest reimbursements paid from the trust fund to the General Fund on advance tax transfers.

<sup>e</sup> Beginning in 1966, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. Beginning in 1983, net benefit amounts include reimbursements paid from the General Fund to the trust fund for unnegotiated benefit checks. Excluding the portion attributable to vocational rehabilitation services and unnegotiated benefit checks, amounts are the same as benefits scheduled under law at that time for all historical years.

<sup>f</sup> The "Trust fund ratio" column represents asset reserves at the beginning of a year as a percentage of cost during the year. The table shows no ratio for 1957 because no reserves existed at the beginning of the year.

<sup>g</sup> Between -\$50 million and \$50 million.

<sup>h</sup> Reflects interfund borrowing by the OASI Trust Fund from the DI Trust Fund in 1982 of \$5.1 billion and the subsequent repayment of that loan in 1985 (\$2.5 billion) and 1986 (\$2.5 billion).

<sup>i</sup> Reserves used for the trust fund ratio calculation include January advance tax transfers.

Note: Components may not sum to totals because of rounding.

**Table VI.A3.— Operations of the Combined OASI and DI Trust Funds,  
Calendar Years 1957-2021**

[Dollar amounts in billions]

Calendar year	Income					Cost				Asset Reserves <sup>a</sup>		
	Total	Net pay- roll tax contri- butions <sup>b</sup>	GF reim- burse- ments <sup>c</sup>	Taxa- tion of benefits <sup>b</sup>	Net interest <sup>d</sup>	Total <sup>a</sup>	Benefit pay- ments <sup>a,c</sup>	Admin- istra- tive costs	RRB inter- change	Net increase during year	Amount at end of year	Trust fund ratio <sup>f</sup>
1957...	\$8.1	\$7.5	—	—	\$0.6	\$7.6	\$7.4	\$0.2	<sup>g</sup>	\$0.5	\$23.0	298
1958...	9.1	8.5	—	—	.6	8.9	8.6	.2	\$0.1	.2	23.2	259
1959...	9.5	8.9	—	—	.6	10.8	10.3	.2	.3	-1.3	22.0	215
1960...	12.4	11.9	—	—	.6	11.8	11.2	.2	.3	.6	22.6	186
1961...	12.9	12.3	—	—	.6	13.4	12.7	.3	.3	-.5	22.2	169
1962...	13.7	13.1	—	—	.6	15.2	14.5	.3	.4	-1.5	20.7	146
1963...	16.2	15.6	—	—	.6	16.2	15.4	.3	.4	<sup>g</sup>	20.7	128
1964...	17.5	16.8	—	—	.6	17.0	16.2	.4	.4	.5	21.2	122
1965...	17.9	17.2	—	—	.7	19.2	18.3	.4	.5	-1.3	19.8	110
1966...	23.4	22.6	\$0.1	—	.7	20.9	20.1	.4	.5	2.5	22.3	95
1967...	26.4	25.4	.1	—	.9	22.5	21.4	.5	.5	3.9	26.3	99
1968...	28.5	27.0	.4	—	1.0	26.0	25.0	.6	.5	2.5	28.7	101
1969...	33.3	31.5	.5	—	1.3	27.9	26.8	.6	.5	5.5	34.2	103
1970...	37.0	34.7	.5	—	1.8	33.1	31.9	.6	.6	3.9	38.1	103
1971...	40.9	38.3	.5	—	2.0	38.5	37.2	.7	.6	2.4	40.4	99
1972...	45.6	42.9	.5	—	2.2	43.3	41.6	.9	.7	2.3	42.8	93
1973...	54.8	51.9	.5	—	2.4	53.1	51.5	.8	.8	1.6	44.4	80
1974...	62.1	58.9	.5	—	2.7	60.6	58.6	1.1	.9	1.5	45.9	73
1975...	67.6	64.3	.5	—	2.9	69.2	67.0	1.2	1.0	-1.5	44.3	66
1976...	75.0	71.6	.7	—	2.7	78.2	75.8	1.2	1.2	-3.2	41.1	57
1977...	82.0	78.7	.7	—	2.5	87.3	84.7	1.4	1.2	-5.3	35.9	47
1978...	91.9	88.9	.8	—	2.3	96.0	93.0	1.4	1.6	-4.1	31.7	37
1979...	105.9	103.0	.7	—	2.2	107.3	104.4	1.5	1.5	-1.5	30.3	30
1980...	119.7	116.7	.7	—	2.3	123.5	120.6	1.5	1.4	-3.8	26.5	25
1981...	142.4	139.4	.8	—	2.2	144.4	141.0	1.7	1.6	-1.9	24.5	18
1982...	147.9	145.7	.9	—	1.4	160.1	156.2	2.1	1.8	<sup>h</sup> 2	24.8	15
1983...	171.3	156.3	6.7	—	8.3	171.2	166.7	2.2	2.3	.1	24.9	14
1984...	186.6	175.0	5.2	\$3.0	3.4	180.4	175.7	2.3	2.4	6.2	31.1	<sup>i</sup> 21
1985...	203.5	192.1	5.2	3.4	2.7	190.6	186.1	2.2	2.4	<sup>h</sup> 11.1	42.2	<sup>i</sup> 24
1986...	216.8	207.4	1.9	3.7	3.9	201.5	196.7	2.2	2.7	<sup>h</sup> 4.7	46.9	<sup>i</sup> 29
1987...	231.0	220.6	1.9	3.2	5.3	209.1	204.1	2.4	2.6	21.9	68.8	<sup>i</sup> 31
1988...	263.5	249.5	2.3	3.4	8.2	222.5	217.1	2.5	2.9	41.0	109.8	<sup>i</sup> 41
1989...	289.4	271.9	2.3	2.5	12.7	236.2	230.9	2.4	2.9	53.2	163.0	<sup>i</sup> 57
1990...	315.4	294.5	-1.3	5.0	17.2	253.1	247.8	2.3	3.0	62.3	225.3	<sup>i</sup> 75
1991...	329.7	301.6	.1	6.1	21.9	274.2	268.2	2.6	3.5	55.5	280.7	82
1992...	342.6	311.3	-1	6.1	25.4	291.9	286.0	2.7	3.2	50.7	331.5	96
1993...	355.6	322.0	.1	5.6	27.9	308.8	302.4	3.0	3.4	46.8	378.3	107
1994...	381.1	344.7	<sup>g</sup>	5.3	31.1	323.0	316.8	2.7	3.5	58.1	436.4	117
1995...	399.5	359.1	-4	5.8	35.0	339.8	332.6	3.1	4.1	59.7	496.1	128
1996...	424.5	378.9	<sup>g</sup>	6.8	38.7	353.6	347.0	3.0	3.6	70.9	567.0	140
1997...	457.7	406.0	<sup>g</sup>	7.9	43.8	369.1	362.0	3.4	3.7	88.6	655.5	154
1998...	489.2	430.2	<sup>g</sup>	9.7	49.3	382.3	375.0	3.5	3.8	106.9	762.5	171
1999...	526.6	459.6	<sup>g</sup>	11.6	55.5	392.9	385.8	3.3	3.8	133.7	896.1	194
2000...	568.4	492.5	-8	12.3	64.5	415.1	407.6	3.8	3.7	153.3	1,049.4	216
2001...	602.0	516.4	<sup>g</sup>	12.7	72.9	438.9	431.9	3.7	3.3	163.1	1,212.5	239
2002...	627.1	532.5	.4	13.8	80.4	461.7	453.8	4.2	3.6	165.4	1,378.0	263
2003...	631.9	533.5	<sup>g</sup>	13.4	84.9	479.1	470.8	4.6	3.7	152.8	1,530.8	288
2004...	657.7	553.0	<sup>g</sup>	15.7	89.0	501.6	493.3	4.5	3.8	156.1	1,686.8	305
2005...	701.8	592.9	-3	14.9	94.3	529.9	520.7	5.3	3.9	171.8	1,858.7	318
2006...	744.9	625.6	<sup>g</sup>	16.9	102.4	555.4	546.2	5.3	3.8	189.5	2,048.1	335
2007...	784.9	656.1	<sup>g</sup>	18.6	110.2	594.5	584.9	5.5	4.0	190.4	2,238.5	345
2008...	805.3	672.1	<sup>g</sup>	16.9	116.3	625.1	615.3	5.7	4.0	180.2	2,418.7	358
2009...	807.5	667.3	<sup>g</sup>	21.9	118.3	685.8	675.5	6.2	4.1	121.7	2,540.3	353

**Table VI.A3.— Operations of the Combined OASI and DI Trust Funds,  
Calendar Years 1957-2021 (Cont.)**

[Dollar amounts in billions]

Calendar year	Income					Cost				Asset Reserves <sup>a</sup>		
	Total	Net pay- roll tax contri- butions <sup>b</sup>	GF reim- burse- ments <sup>c</sup>	Taxa- tion of benefits <sup>b</sup>	Net interest <sup>d</sup>	Total <sup>a</sup>	Benefit pay- ments <sup>a,e</sup>	Admin- istra- tive costs	RRB inter- change	Net increase during year	Amount at end of year	Trust fund ratio <sup>f</sup>
2010 ..	\$781.1	\$637.3	\$2.4	\$23.9	\$117.5	\$712.5	\$701.6	\$6.5	\$4.4	\$68.6	\$2,609.0	357
2011 ..	805.1	564.2	102.7	23.8	114.4	736.1	725.1	6.4	4.6	69.0	2,677.9	354
2012 ..	840.2	589.5	114.3	27.3	109.1	785.8	774.8	6.3	4.7	54.4	2,732.3	341
2013 ..	855.0	726.2	4.9	21.1	102.8	822.9	812.3	6.2	4.5	32.1	2,764.4	332
2014 ..	884.3	756.0	.5	29.6	98.2	859.2	848.5	6.1	4.7	25.0	2,789.5	322
2015 ..	920.2	794.9	.3	31.6	93.3	897.1	886.3	6.2	4.7	23.0	2,812.5	311
2016 ..	957.5	836.2	.1	32.8	88.4	922.3	911.4	6.2	4.7	35.2	2,847.7	305
2017 ..	996.6	873.6	g	37.9	85.1	952.5	941.5	6.5	4.5	44.1	2,891.8	299
2018 ..	1,003.4	885.1	g	35.0	83.3	1,000.2	988.6	6.7	4.9	3.1	2,894.9	289
2019 ..	1,061.8	944.5	g	36.5	80.8	1,059.3	1,047.9	6.4	4.9	2.5	2,897.4	273
2020 ..	1,118.1	1,001.3	g	40.7	76.1	1,107.2	1,095.9	6.3	5.0	10.9	2,908.3	262
2021 ..	1,088.3	980.6	g	37.6	70.1	1,144.6	1,133.2	6.5	4.9	-56.3	2,852.0	254

<sup>a</sup> Beginning in 1979, benefit payments scheduled to be paid on January 3 of a given year were paid on December 31 of the preceding year as required by the statutory provision included in the 1977 Social Security Amendments for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. Such advance payments have occurred about every 7 years, first for benefits scheduled for January 3, 1982. For comparability with other historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment in each year without regard to the accelerated payments described above.

<sup>b</sup> Includes adjustments for prior calendar years. For example, in June 2021, an unusually large negative adjustment to payroll tax contributions in the amount of \$35.5 billion was made because payroll tax revenue credited to the trust funds in 2020 was based on estimates that did not anticipate effects of the pandemic and recession.

<sup>c</sup> Includes net reimbursements from the General Fund of the Treasury to the OASI and DI Trust Funds for: (1) the cost of noncontributory wage credits for military service before 1957; (2) the cost in 1971-82 of deemed wage credits for military service performed after 1956; (3) the cost of benefits to certain uninsured persons who attained age 72 before 1968; (4) the cost of payroll tax credits provided to employees in 1984 and self-employed persons in 1984-89 by Public Law 98-21; (5) the cost in 2009-17 of excluding certain self-employment earnings from SECA taxes under Public Law 110-246; and (6) payroll tax revenue forgone under the provisions of Public Laws 111-147, 111-312, 112-78, and 112-96.

<sup>d</sup> Net interest includes net profits or losses on marketable investments. Beginning in 1967, the trust funds pay administrative expenses on an estimated basis, with a final adjustment including interest made in the following fiscal year. Net interest includes the amounts of these interest adjustments. The 1970 report describes the accounting for administrative expenses for years prior to 1967. Beginning in October 1973, figures include relatively small amounts of gifts to the funds. Net interest for 1983-86 reflects payments for interest on amounts owed under the interfund borrowing provisions. During 1983-90, net interest reflects interest reimbursements paid from the trust funds to the General Fund on advance tax transfers.

<sup>e</sup> Beginning in 1966, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. Beginning in 1983, net benefit amounts include reimbursements paid from the General Fund to the trust funds for unnegotiated benefit checks. Excluding the portion attributable to vocational rehabilitation services and unnegotiated benefit checks, amounts are the same as benefits scheduled under law at that time for all historical years.

<sup>f</sup> The "Trust fund ratio" column represents asset reserves at the beginning of a year as a percentage of cost during the year.

<sup>g</sup> Between -\$50 million and \$50 million.

<sup>h</sup> Reflects interfund borrowing by the OASI Trust Fund from the HI Trust Fund in 1982 of \$12.4 billion and the subsequent repayment of that loan in 1985 (\$1.8 billion) and 1986 (\$10.6 billion).

<sup>i</sup> Reserves used for the trust fund ratio calculation include January advance tax transfers.

Note: Components may not sum to totals because of rounding.

Tables VI.A4 and VI.A5 show the total asset reserves of the OASI Trust Fund and the DI Trust Fund, respectively, at the end of calendar years 2020 and 2021. The tables show the invested asset reserves by interest rate and year of maturity. Bonds issued to the trust funds in 2021 had an interest rate of 1.500 percent, compared with an interest rate of 0.750 percent for bonds issued in 2020.

**Table VI.A4.—OASI Trust Fund Asset Reserves, End of Calendar Years 2020 and 2021**

[In thousands]		December 31, 2020	December 31, 2021
Obligations sold only to the trust funds (special issue securities):			
Certificates of indebtedness:			
0.875 percent, 2021		\$31,409,192	—
1.500 percent, 2022		—	\$53,944,023
Bonds:			
0.750 percent, 2022		14,931,408	—
0.750 percent, 2023-25		44,794,224	44,794,224
0.750 percent, 2026-33		119,451,256	119,451,256
1.375 percent, 2022		6,693,020	—
1.375 percent, 2023-25		20,079,060	20,079,060
1.375 percent, 2026		6,693,019	6,693,019
1.375 percent, 2027		173,240,401	173,240,401
1.500 percent, 2023-25		—	38,088,537
1.500 percent, 2026-32		—	88,873,260
1.500 percent, 2033		—	12,696,179
1.750 percent, 2022		4,908,185	—
1.750 percent, 2023-25		14,724,555	14,724,555
1.750 percent, 2026-27		9,816,372	9,816,372
1.750 percent, 2028		178,148,587	178,148,587
1.875 percent, 2022		2,320,956	—
1.875 percent, 2023-27		11,604,780	11,604,780
1.875 percent, 2028-30		6,962,865	6,962,865
1.875 percent, 2031		188,111,583	188,111,583
2.000 percent, 2022		3,655,628	—
2.000 percent, 2023-25		10,966,884	10,966,884
2.000 percent, 2026-29		14,622,516	14,622,516
2.000 percent, 2030		185,790,628	185,790,628
2.250 percent, 2022		5,582,927	—
2.250 percent, 2023-25		16,748,781	16,748,781
2.250 percent, 2026-27		11,165,852	11,165,852
2.250 percent, 2028		5,582,927	—
2.250 percent, 2029		183,731,514	183,731,514
2.250 percent, 2030-31		3,193,030	3,193,030
2.250 percent, 2032		189,708,097	189,708,097
2.250 percent, 2033		12,818,538	12,818,538
2.250 percent, 2034		177,899,339	177,899,339
2.500 percent, 2022		5,971,787	—
2.500 percent, 2023-25		17,915,361	17,915,361
2.500 percent, 2026		166,547,382	166,547,382
2.875 percent, 2022		7,264,432	—
2.875 percent, 2023-24		14,528,864	14,528,864
2.875 percent, 2025		160,575,595	160,575,595
2.875 percent, 2032		1	1
2.875 percent, 2033		176,889,560	176,889,560
3.250 percent, 2022		10,628,270	—
3.250 percent, 2023		10,628,270	10,628,270
3.250 percent, 2024		153,311,163	153,311,163
4.000 percent, 2022		12,075,192	—
4.000 percent, 2023		142,682,893	142,682,893
5.000 percent, 2021		10,010,036	—
5.000 percent, 2022		130,607,701	130,152,459
5.125 percent, 2021		118,153,469	—
Total investments		2,793,146,100	2,752,688,355
Undisbursed balances <sup>a</sup>		18,569,550	-52,566
Total asset reserves		2,811,715,650	2,752,635,789

<sup>a</sup> A negative amount for a given year represents a situation where actual program cost exceeded the amount of invested securities of the OASI Trust Fund that were redeemed to cover such cost. In this situation, future redemption of additional invested securities will be required to pay for this shortfall. For 2020 and other calendar years where January 3 of the following year is a Sunday, a positive amount is shown on a liability basis for benefits scheduled to be paid on January 3 of the following year that were, by law, actually paid on the preceding December 31.

Note: Amounts of special issue securities are at par value. The trust fund purchases and redeems special issue securities at par value. The table groups equal amounts that mature in two or more years at a given interest rate.

**Table VI.A5.—DI Trust Fund Asset Reserves, End of Calendar Years 2020 and 2021**  
[In thousands]

	December 31, 2020	December 31, 2021
Obligations sold only to the trust funds (special issue securities):		
Certificates of indebtedness:		
0.875 percent, 2021 .....	\$110,721	—
1.500 percent, 2022 .....	—	\$7,651,929
1.625 percent, 2022 .....	—	352,540
Bonds:		
0.750 percent, 2024-26 .....	1,438,419	1,438,419
0.750 percent, 2027-29 .....	1,438,422	1,438,422
0.750 percent, 2030-34 .....	2,397,365	2,397,365
0.750 percent, 2035 .....	5,348,270	5,348,270
1.500 percent, 2024-29 .....	—	845,268
1.500 percent, 2030-35 .....	—	845,274
1.500 percent, 2036 .....	—	5,489,148
1.875 percent, 2022 .....	595,277	—
2.250 percent, 2024-25 .....	2,489,358	2,489,358
2.250 percent, 2026 .....	1,244,680	1,244,680
2.250 percent, 2027-32 .....	7,468,074	7,468,074
2.250 percent, 2033-34 .....	9,737,594	9,737,594
2.875 percent, 2024-25 .....	7,248,238	7,248,238
2.875 percent, 2026-32 .....	25,368,826	25,368,826
4.000 percent, 2023 .....	14,675,554	14,675,554
5.000 percent, 2022 .....	11,142,596	5,398,822
Total investments .....	90,703,394	99,437,781
Undisbursed balances <sup>a</sup> .....	5,866,965	-43,640
Total asset reserves .....	96,570,359	99,394,141

<sup>a</sup> A negative amount for a given year represents a situation where actual program cost exceeded the amount of invested securities of the DI Trust Fund that were redeemed to cover such cost. In this situation, future redemption of additional invested securities will be required to pay for this shortfall. For 2020 and other calendar years where January 3 of the following year is a Sunday, a positive amount is shown on a liability basis for benefits scheduled to be paid on January 3 of the following year that were, by law, actually paid on the preceding December 31.

Note: Amounts of special issue securities are at par value. The trust fund purchases and redeems special issue securities at par value. The table groups equal amounts that mature in two or more years at a given interest rate.



## **B. HISTORY OF ACTUARIAL STATUS ESTIMATES**

This appendix chronicles the history of the long-range OASDI actuarial balance and the year of combined OASI and DI Trust Fund reserve depletion since 1982 under the intermediate assumptions. The actuarial balance is the principal summary measure of actuarial status for the long-range period as a whole. The year of trust fund reserve depletion is also critical, as it indicates the year by which legislative action would be needed in order to maintain timely payment of scheduled benefits.

The 1983 report was the last report for which the actuarial balance was positive. The two basic components of actuarial balance are the summarized income rate and the summarized cost rate, both of which are expressed as percentages of taxable payroll over the period. Section IV.B.4 defines the summarized income rate, summarized cost rate, and actuarial balance in detail. For any given period, the actuarial balance includes the difference between the present value of non-interest income for the period and the present value of the cost for the period, each divided by the present value of taxable payroll for all years in the period. The computation of the actuarial balance also includes:

- In the reports for 1988 and later, the amount of the trust fund asset reserves on hand at the beginning of the valuation period; and
- In the reports for 1991 and later, the present value of a target trust fund asset reserve equal to 100 percent of the annual cost to be reached and maintained at the end of the valuation period.

Reports of 1973-87 used the average-cost method, a simpler method which approximates the results of the present-value approach for computing the actuarial balance. Under the average-cost method, the sum of the annual cost rates over the 75-year projection period was divided by the total number of years, 75, to obtain the average cost rate per year. A similar computation produced the average income rate. The actuarial balance was the difference between the average income rate and the average cost rate.

When the 1973 report introduced the average-cost method, the financing of the program was more nearly on a pay-as-you-go basis over the long-range. Also, the long-range demographic and economic assumptions in that report produced an annual rate of growth in total taxable payroll which was about the same as the annual rate at which the trust funds earned interest. In either circumstance (i.e., pay-as-you-go financing, where the annual income rate is the same as the annual cost rate, or an annual rate of growth in total taxable payroll equal to the annual interest rate), the average-cost method produces

the same result as the present-value method. However, by 1988, neither of these circumstances still existed.

After the 1977 and 1983 Social Security Amendments, projections indicated substantial increases in the trust fund reserves continuing well into the 21st century. These laws changed the program's financing from essentially pay-as-you-go to partial advance funding through the 75-year period. Also, for the reports from 1973 through 1987, long-range fertility rates and average real wage growth assumptions were gradually reduced, resulting in an annual rate of growth in taxable payroll that was significantly lower than the assumed interest rate by 1987. As a result of the difference between this rate of growth and the assumed interest rate, the results of the average-cost method and the present-value method began to diverge in the reports for 1973 through 1987, and by 1988 they were quite different. While the average-cost method reflected most of the effects of assumed interest rates, it no longer reflected all interest effects. The present-value method, by contrast, accurately reflects the implications of assumed interest rates. As a result, the 1988 report reintroduced the present-value method of calculating the actuarial balance.

A positive actuarial balance indicates that estimated income (plus starting reserves, beginning with the 1988 report) is more than sufficient to meet estimated trust fund obligations (plus the ending target fund, beginning with the 1991 report) for the period as a whole. Even with a positive actuarial balance, it is possible for reserves to become temporarily depleted within the long-range period. An actuarial balance of zero indicates that the estimated income (plus starting reserves, beginning with the 1988 report) exactly matches estimated trust fund obligations (plus the ending target fund, beginning with the 1991 report) for the period as a whole. A negative actuarial balance indicates that estimated income (plus starting reserves, beginning with the 1988 report) is insufficient to meet estimated trust fund obligations (plus the ending target fund, beginning with the 1991 report) for the entire period.

Table VI.B1 contains the long-range OASDI actuarial balances, summarized income rates, and summarized cost rates for the 1982 report through the current report. The reports presented these values on the basis of the intermediate assumptions, which recent reports refer to as alternative II and reports from 1982 to 1990 referred to as alternative II-B.

**Table VI.B1.—Long-Range OASDI Actuarial Balances and Trust Fund Reserve Depletion Dates as Shown in the Trustees Reports for 1982-2022 under Intermediate Assumptions<sup>a</sup>**  
[As a percentage of taxable payroll]

Year of report	Summarized income rate	Summarized cost rate	Actuarial balance <sup>b</sup>	Change from previous year <sup>c</sup>	Year of combined trust fund reserve depletion
1982 .....	12.27	14.09	-1.82	<sup>d</sup>	1983
1983 .....	12.87	12.84	+0.02	+1.84	solvent
1984 .....	12.90	12.95	-.06	-.08	solvent
1985 .....	12.94	13.35	-.41	-.35	2049
1986 .....	12.96	13.40	-.44	-.03	2051
1987 .....	12.89	13.51	-.62	-.18	2051
1988 .....	12.94	13.52	-.58	+.04	2048
1989 .....	13.02	13.72	-.70	-.13	2046
1990 .....	13.04	13.95	-.91	-.21	2043
1991 .....	13.11	14.19	-1.08	-.17	2041
1992 .....	13.16	14.63	-1.46	-.38	2036
1993 .....	13.21	14.67	-1.46	<sup>d</sup>	2036
1994 .....	13.24	15.37	-2.13	-.66	2029
1995 .....	13.27	15.44	-2.17	-.04	2030
1996 .....	13.33	15.52	-2.19	-.02	2029
1997 .....	13.37	15.60	-2.23	-.03	2029
1998 .....	13.45	15.64	-2.19	+.04	2032
1999 .....	13.49	15.56	-2.07	+.12	2034
2000 .....	13.51	15.40	-1.89	+.17	2037
2001 .....	13.58	15.44	-1.86	+.03	2038
2002 .....	13.72	15.59	-1.87	-.01	2041
2003 .....	13.78	15.70	-1.92	-.04	2042
2004 .....	13.84	15.73	-1.89	+.03	2042
2005 .....	13.87	15.79	-1.92	-.04	2041
2006 .....	13.88	15.90	-2.02	-.09	2040
2007 .....	13.92	15.87	-1.95	+.06	2041
2008 .....	13.94	15.63	-1.70	+.26	2041
2009 .....	14.02	16.02	-2.00	-.30	2037
2010 .....	14.01	15.93	-1.92	+.08	2037
2011 .....	14.02	16.25	-2.22	-.30	2036
2012 .....	14.02	16.69	-2.67	-.44	2033
2013 .....	13.88	16.60	-2.72	-.05	2033
2014 .....	13.89	16.77	-2.88	-.16	2033
2015 .....	13.86	16.55	-2.68	+.20	2034
2016 .....	13.84	16.50	-2.66	+.02	2034
2017 .....	13.84	16.67	-2.83	-.17	2034
2018 .....	13.84	16.69	-2.84	-.02	2034
2019 .....	13.81	16.60	-2.78	+.06	2035
2020 .....	13.85	17.06	-3.21	-.43	2035
2021 .....	13.78	17.31	-3.54	-.32	2034
2022 .....	13.78	17.20	-3.42	+.12	2035

<sup>a</sup> This table shows the actuarial balance and year of trust fund reserve depletion based on the intermediate assumptions, which the 1982-90 reports referred to as alternative II-B and the 1991 and later reports refer to as alternative II.

<sup>b</sup> The definition and method of calculating the actuarial balance were changed in 1988 and 1991. See text for details.

<sup>c</sup> A detailed year-by-year breakdown of the reasons for the changes in the actuarial balance since the 1983 Trustees Report may be found in Actuarial Note 2022.8 at [www.ssa.gov/OACT/NOTES/ran8/](http://www.ssa.gov/OACT/NOTES/ran8/).

<sup>d</sup> Between -0.005 and 0.005 percent of taxable payroll.

Note: Components may not sum to totals because of rounding.

For several of the years included in the table, significant legislative changes or definitional changes affected the actuarial balance. The Social Security Amendments of 1983 account for the largest single change shown in the table: the actuarial balance of -1.82 for the 1982 report improved to +0.02 for the 1983 report. In 1985, the actuarial balance changed largely because of an adjustment made to the method for estimating the age distribution of immigrants.

Rebenchmarking of the National Income and Product Accounts and changes in demographic assumptions contributed to the change in the actuarial balance for 1987. Various changes in assumptions and methods for the 1988 report had roughly offsetting effects on the actuarial balance. In 1989 and 1990, changes in economic assumptions accounted for most of the changes in the actuarial balance.

In 1991, the effect of legislation, changes in economic assumptions, and the introduction of the cost of reaching and maintaining an ending target trust fund level combined to produce the change in the actuarial balance. In 1992, changes in disability assumptions and the method for projecting average benefit levels accounted for most of the change in the actuarial balance. In 1993, numerous small changes in assumptions and methods had offsetting effects on the actuarial balance. In 1994, changes in the real wage assumptions, disability rates, and the earnings sample used for projecting average benefit levels accounted for most of the change in the actuarial balance. In 1995, numerous small changes had largely offsetting effects on the actuarial balance, including a substantial reallocation of the payroll tax rate, which reduced the OASI actuarial balance, but increased the DI actuarial balance.

In 1996, a change in the method of projecting dually-entitled beneficiaries produced a large increase in the actuarial balance, which almost totally offset decreases produced by changes in the valuation period and in the demographic and economic assumptions. Various changes in assumptions and methods for the 1997 report had roughly offsetting effects on the actuarial balance. In 1998, increases caused by changes in the economic assumptions, although partially offset by decreases produced by changes in the valuation period and in the demographic assumptions, accounted for most of the changes in the actuarial balance. In 1999, increases caused by changes in the economic assumptions (related to improvements in the CPI by the Bureau of Labor Statistics) accounted for most of the changes in the actuarial balance. For the 2000 report, changes in economic assumptions and methodology caused increases in the actuarial balance, although reductions in the balance caused by the change in valuation period and changes in demographic assumptions partially offset these increases.

For the 2001 report, increases caused by changes in the demographic starting values, although partially offset by a decrease produced by the change in the valuation period, accounted for most of the changes in the actuarial balance. For the 2002 report, changes in the valuation period and the demographic assumptions—both decreases in the actuarial balance—were offset by changes in the economic assumptions, while an increase due to disability assumptions was slightly more than offset by a decrease due to changes in the projection methods and data. For the 2003 report, an increase due to the change in program assumptions was more than offset by decreases due to the change in valuation period and changes in demographic assumptions. In the 2004 report, increases due to changing the method of projecting benefit levels for higher earners more than offset decreases in the actuarial balance arising from the change in the valuation period and the net effect of other changes in programmatic data and methods. For the 2005 report, an increase due to changing the method of projecting future average benefit levels was more than offset by decreases due to changes in the valuation period, updated starting values for the economic assumptions, and other methodological changes.

In 2006, decreases in the actuarial balance due to the change in the valuation period, a reduction in the ultimate annual real interest rate, and improvements in calculating mortality for disabled workers, were greater in aggregate than increases in the actuarial balance due to changes in demographic starting values and the ultimate total fertility rate, as well as other programmatic data and method changes. For the 2007 report, increases in the actuarial balance arising from revised disability incidence rate assumptions, improvements in average benefit level projections, and changes in near-term economic projections, more than offset decreases in the balance due to the valuation period change and updated historical mortality data. For the 2008 report, the large increase in the actuarial balance was primarily due to changes in immigration projection methods and assumptions. These changes more than offset the decreases in the actuarial balance due to the change in the valuation period and the lower starting and ultimate mortality rates. In 2009, changes in starting values and near-term economic assumptions due to the economic recession, faster ultimate rates of decline in death rates for ages 65-84, and the change in the valuation period accounted for most of the large decrease in the actuarial balance. Legislative changes, in particular the estimated effects of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, were the main reason for the increase in the actuarial balance for the 2010 report. The change in the valuation period partially offset this increase; there were also changes in

several assumptions, methods, and recent data which had largely offsetting effects.

For the 2011 report, changes in mortality projections, due to new starting values and revised methods, were the most significant of several factors contributing to the increase in the deficit. In 2012, changes in economic assumptions and starting values accounted for about half of the decrease in actuarial balance. Other factors worsening the actuarial balance were the change in valuation period, changes to starting demographic values, changes to ultimate disability incidence assumptions, and methodology changes and data updates. For the 2013 report, the change in valuation period accounted for the entire net change in the actuarial balance. The effects of substantially lower death rates for 2009 than previously projected and the American Taxpayer Relief Act of 2012 (which lowered the Federal marginal income tax rates) were offset by updates of program-specific data and methodology improvements. In 2014, changes in economic data and assumptions accounted for the majority of the net change in the actuarial balance. Other factors worsening the actuarial balance were the change in the valuation period and various methodology improvements and data updates. For the 2015 report, methodological improvements and updates of programmatic data accounted for the majority of the net increase in the actuarial balance. Also increasing the actuarial balance were a lower assumed ultimate average wage differential and changes in near-term economic assumptions. These increases were offset somewhat by the change in the valuation period and updates to historical and near-term projected birth rates.

For the 2016 report, the actuarial balance increased primarily due to the effects of the Bipartisan Budget Act of 2015 and improvements made to immigration methods. The most notable immigration change was a revision to the method for projecting emigration of the never-authorized population to reflect lower rates of emigration for those who have resided here longer. These increases in the actuarial balance were largely offset by the effects of changes in ultimate economic assumptions, including a lower real interest rate and a lower annual increase in the rate of price inflation. In 2017, the change in the valuation period and various methodology improvements accounted for most of the net reduction in the actuarial balance. Other economic factors also contributed to worsening the actuarial balance, including a lower real wage differential assumption and an assumed weaker recovery from the recent recession. These reductions were offset somewhat by lower estimated disability incidence rates over the short-range period. For the 2018 report, incorporating the effects of lower-than-expected birth rates, lower near-term fertility assumptions, and the change in the valuation period

decreased the actuarial balance. Offsetting these factors to a large degree were the effects of higher-than-expected death rates and several methods improvements, most notably an update to the sample used to project average benefit levels for newly-entitled worker beneficiaries. For the 2019 report, the actuarial balance increased primarily due to higher-than-expected death rates and lower near-term and ultimate disability incidence rate assumptions. Partially offsetting these factors were the effects of a lower ultimate real interest rate assumption and the change in the valuation period. For the 2020 report, the actuarial balance decreased primarily due to the following factors. First, the repeal of the Affordable Care Act's excise tax on employer-sponsored group health insurance premiums reduced projected earnings as a share of employee compensation, having a significant negative financial effect on the trust funds. In addition, lower assumed values for the ultimate total fertility rate, the ultimate rate of price inflation, and the ultimate real interest rate, as compared to the rates assumed for the 2019 report, decreased the actuarial balance.

In 2021, the actuarial balance decreased due to the change in the valuation period and three main additional factors. First, economic assumptions were updated to reflect experience during and following the COVID-19 pandemic. In particular, the levels of productivity and potential GDP were assumed to be roughly 1 percent lower beginning with the second quarter of 2020. Second, the data and methodology used for projecting average benefit levels were updated and improved. Third, data and estimates provided by the Office of Tax Analysis at the Department of the Treasury indicated lower near-term and ultimate levels of taxation of benefits.

Section IV.B.6 describes changes affecting the actuarial balance shown for the 2022 report.

***C. FISCAL YEAR HISTORICAL AND PROJECTED TRUST FUND  
OPERATIONS THROUGH 2031***

Tables VI.C1, VI.C2, and VI.C3 contain details of the fiscal year 2021 operations of the OASI, DI, and the combined OASI and DI Trust Funds, respectively. The fiscal year for the U.S. Government is the 12-month period ending September 30. Fiscal year 2021 is the most recent fiscal year for which complete information is available. The descriptions of the values in these tables are similar to the corresponding descriptions and values in the calendar year operations tables in section III.A. Please see that section for a description of the various items of income and cost.



# Fiscal Year Operations and Projections

**Table VI.C1.—Operations of the OASI Trust Fund, Fiscal Year 2021**  
[In millions]

Total asset reserves, September 30, 2020.		<u>\$2,811,181</u>
Income:		
Net payroll tax contributions:		
Payroll tax contributions <sup>a</sup> .	\$837,537	
Payments from the General Fund of the Treasury for payroll tax contributions subject to refund	-6,413	
Net payroll tax contributions <sup>a</sup> .		831,124
Reimbursements from the General Fund:		
Reduction in payroll tax contributions due to P.L.s 111-312, 112-78, and 112-96 <sup>a</sup> .	2	
Payroll tax credits due to P.L. 98-21 <sup>a</sup> .	b	
Net General Fund reimbursements <sup>a</sup> .		2
Income based on taxation of benefit payments:		
Withheld from benefit payments to nonresident aliens	242	
All other, not subject to withholding <sup>a</sup> .	34,081	
Total income from taxation of benefits <sup>a</sup> .		34,323
Investment income and interest adjustments:		
Interest on investments	70,535	
Interest adjustments <sup>c</sup>	1	
Total investment income and interest adjustments		70,536
Gifts		b
Total income.		<u>935,985</u>
Cost:		
Benefit payments:		
Monthly benefits and lump-sum death payments <sup>d</sup> .	982,706	
Reimbursement from the General Fund for unnegotiated checks	-48	
Payment for costs of vocational rehabilitation services for disabled beneficiaries	14	
Net benefit payments <sup>d</sup>		982,673
Financial interchange with the Railroad Retirement "Social Security Equivalent Benefit Account"		4,792
Administrative expenses:		
Costs incurred by:		
Social Security Administration	3,390	
Department of the Treasury	524	
Offsetting miscellaneous receipts	-7	
Miscellaneous reimbursements from the General Fund <sup>e</sup>	-4	
Net administrative expenses		3,902
Total cost		<u>991,367</u>
Net increase in asset reserves.		<u>-55,383</u>
Total invested assets	2,755,785	
Undisbursed balances <sup>f</sup>	14	
Total asset reserves, September 30, 2021.		<u>2,755,799</u>

<sup>a</sup> Includes adjustments for prior years. In June 2021, an unusually large negative adjustment to payroll tax contributions in the amount of \$30,380 million was made because payroll tax revenue credited to the trust fund in 2020 was based on estimates that did not anticipate effects of the pandemic and recession.

<sup>b</sup> Between -\$0.5 and \$0.5 million.

<sup>c</sup> Includes: (1) interest on adjustments in the allocation of administrative expenses between the trust fund and the General Fund account for the Supplemental Security Income program, (2) interest arising from the revised allocation of administrative expenses among the trust funds, and (3) interest on certain reimbursements to the trust fund.

<sup>d</sup> Includes net reductions for the recovery of overpayments.

<sup>e</sup> Reimbursements for costs incurred in performing certain legislatively mandated activities not directly related to administering the OASI program.

<sup>f</sup> A positive balance represents a situation where the invested securities of the OASI Trust Fund that were redeemed to make cash payments exceeded actual program cash payments. In this situation, this excess amount will be used to partially offset future redemption of additional invested securities.

Note: Components may not sum to totals because of rounding.

**Table VI.C2.—Operations of the DI Trust Fund, Fiscal Year 2021**

[In millions]

Total asset reserves, September 30, 2020. . . . .		\$97,063
Income:		
Net payroll tax contributions:		
Payroll tax contributions <sup>a</sup> . . . . .	\$142,280	
Payments from the General Fund of the Treasury for payroll tax contributions subject to refund . . . . .	-1,085	
Net payroll tax contributions <sup>a</sup> . . . . .		141,195
Reimbursements from the General Fund:		
Reduction in payroll tax contributions due to P.L.s 111-312, 112-78, and 112-96 <sup>a</sup> . . . . .	b	
Payroll tax credits due to P.L. 98-21 <sup>a</sup> . . . . .	b	
Net General Fund reimbursements <sup>a</sup> . . . . .		b
Income based on taxation of benefit payments:		
Withheld from benefit payments to nonresident aliens . . . . .	4	
All other, not subject to withholding <sup>a</sup> . . . . .	475	
Total income from taxation of benefits <sup>a</sup> . . . . .		479
Investment income and interest adjustments:		
Interest on investments. . . . .	2,716	
Interest adjustments <sup>c</sup> . . . . .	2	
Total investment income and interest adjustments. . . . .		2,719
Gifts . . . . .		—
Total income. . . . .		144,392
Cost:		
Benefit payments:		
Monthly benefits <sup>d</sup> . . . . .	140,676	
Reimbursement from the General Fund for unnegotiated checks . . . . .	-26	
Payment for costs of vocational rehabilitation services for disabled beneficiaries . . . . .	92	
Net benefit payments <sup>d</sup> . . . . .		140,742
Financial interchange with the Railroad Retirement "Social Security Equivalent Benefit Account" <sup>e</sup> . . . . .		107
Administrative expenses:		
Costs incurred by:		
Social Security Administration. . . . .	2,439	
Department of the Treasury . . . . .	93	
Demonstration projects. . . . .	12	
Miscellaneous reimbursements from the General Fund <sup>e</sup> . . . . .	-1	
Net administrative expenses . . . . .		2,543
Total cost . . . . .		143,393
Net increase in asset reserves. . . . .		999
Total invested assets. . . . .	98,032	
Undisbursed balances <sup>f</sup> . . . . .	30	
Total asset reserves, September 30, 2021. . . . .		98,063

<sup>a</sup> Includes adjustments for prior years. In June 2021, an unusually large negative adjustment to payroll tax contributions in the amount of \$5,155 million was made because payroll tax revenue credited to the trust fund in 2020 was based on estimates that did not anticipate effects of the pandemic and recession.

<sup>b</sup> Between -\$0.5 and \$0.5 million.

<sup>c</sup> Includes: (1) interest on adjustments in the allocation of administrative expenses between the trust fund and the General Fund account for the Supplemental Security Income program, (2) interest arising from the revised allocation of administrative expenses among the trust funds, and (3) interest on certain reimbursements to the trust fund.

<sup>d</sup> Includes net reductions for the recovery of overpayments.

<sup>e</sup> Reimbursements for costs incurred in performing certain legislatively mandated activities not directly related to administering the DI program.

<sup>f</sup> A positive balance represents a situation where the invested securities of the OASI Trust Fund that were redeemed to make cash payments exceeded actual program cash payments. In this situation, this excess amount will be used to partially offset future redemption of additional invested securities.

Note: Components may not sum to totals because of rounding.

# Fiscal Year Operations and Projections

**Table VI.C3.—Operations of the Combined OASI and DI Trust Funds, Fiscal Year 2021**  
[In millions]

Total asset reserves, September 30, 2020. . . . .		\$2,908,245
Income:		
Net payroll tax contributions:		
Payroll tax contributions <sup>a</sup> . . . . .	\$979,817	
Payments from the General Fund of the Treasury for payroll tax contributions subject to refund . . . . .	-7,499	
Net payroll tax contributions <sup>a</sup> . . . . .		972,318
Reimbursements from the General Fund:		
Reduction in payroll tax contributions due to P.L.s 111-312, 112-78, and 112-96 <sup>a</sup> . . . . .	2	
Payroll tax credits due to P.L. 98-21 <sup>a</sup> . . . . .	b	
Net General Fund reimbursements <sup>a</sup> . . . . .		2
Income based on taxation of benefit payments:		
Withheld from benefit payments to nonresident aliens . . . . .	245	
All other, not subject to withholding <sup>a</sup> . . . . .	34,556	
Total income from taxation of benefits <sup>a</sup> . . . . .		34,801
Investment income and interest adjustments:		
Interest on investments. . . . .	73,252	
Interest adjustments <sup>c</sup> . . . . .	3	
Total investment income and interest adjustments. . . . .		73,255
Gifts . . . . .		b
Total income. . . . .		1,080,377
Cost:		
Benefit payments:		
Monthly benefits and lump-sum death payments <sup>d</sup> . . . . .	1,123,382	
Reimbursement from the General Fund for unnegotiated checks . . . . .	-73	
Payment for costs of vocational rehabilitation services for disabled beneficiaries . . . . .	107	
Net benefit payments <sup>d</sup> . . . . .		1,123,415
Financial interchange with the Railroad Retirement "Social Security Equivalent Benefit Account". . . . .		4,900
Administrative expenses:		
Costs incurred by:		
Social Security Administration. . . . .	5,829	
Department of the Treasury . . . . .	617	
Offsetting miscellaneous receipts. . . . .	-7	
Demonstration projects. . . . .	12	
Miscellaneous reimbursements from the General Fund <sup>e</sup> . . . . .	-5	
Net administrative expenses. . . . .		6,445
Total cost . . . . .		1,134,760
Net increase in asset reserves. . . . .		-54,383
Total invested assets. . . . .	2,853,817	
Undisbursed balances <sup>f</sup> . . . . .	45	
Total asset reserves, September 30, 2021. . . . .		2,853,862

<sup>a</sup> Includes adjustments for prior years. In June 2021, unusually large negative adjustments to payroll tax contributions in the amount of \$35,536 million were made because payroll tax revenue credited to the trust funds in 2020 was based on estimates that did not anticipate effects of the pandemic and recession.

<sup>b</sup> Between -\$0.5 and \$0.5 million.

<sup>c</sup> Includes: (1) interest on adjustments in the allocation of administrative expenses between the trust funds and the General Fund account for the Supplemental Security Income program, (2) interest arising from the revised allocation of administrative expenses among the trust funds, and (3) interest on certain reimbursements to the trust funds.

<sup>d</sup> Includes net reductions for the recovery of overpayments.

<sup>e</sup> Reimbursements for costs incurred in performing certain legislatively mandated activities not directly related to administering the OASI and DI programs.

<sup>f</sup> A positive balance represents a situation where the invested securities of the OASI Trust Fund that were redeemed to make cash payments exceeded actual program cash payments. In this situation, this excess amount will be used to partially offset future redemption of additional invested securities.

Note: Components may not sum to totals because of rounding.

## Appendices

Tables VI.C4, VI.C5, and VI.C6 show estimates of the operations and status of the OASI, DI, and the hypothetical combined OASI and DI Trust Funds, respectively, during fiscal years 2017 through 2031.

**Table VI.C4.—Operations of the OASI Trust Fund, Fiscal Years 2017-2031**  
[Dollar amounts in billions]

Fiscal year	Income					Cost				Asset Reserves		
	Total	Net payroll tax contributions <sup>a</sup>	GF reimbursements <sup>b</sup>	Taxation of benefits <sup>a,c</sup>	Net interest	Total	Scheduled benefits	Administrative costs	RRB inter-change	Net increase during year	Amount at end of year	Trust fund ratio <sup>d</sup>
<b>Historical data:</b>												
2017..	\$822.4	\$702.1	e	\$35.4	\$84.9	\$799.0	\$791.1	\$3.6	\$4.3	\$23.5	\$2,820.1	350
2018..	822.4	706.1	e	34.7	81.6	841.5	833.0	3.7	4.8	-19.0	2,801.1	335
2019..	900.1	785.6	e	34.9	79.6	896.8	888.1	3.9	4.9	3.2	2,804.3	312
2020..	955.6	841.7	e	37.9	76.0	948.7	940.2	3.7	4.8	6.9	2,811.2	296
2021..	936.0	831.1	e	34.3	70.5	991.4	982.7	3.9	4.8	-55.4	2,755.8	284
<b>Intermediate:</b>												
2022..	1,033.4	922.0	e	46.7	64.7	1,072.5	1,063.4	3.9	5.3	-39.1	2,716.7	257
2023..	1,088.9	980.7	e	48.8	59.4	1,158.2	1,148.7	4.1	5.4	-69.3	2,647.4	235
2024..	1,133.9	1,024.3	e	53.2	56.4	1,236.1	1,226.1	4.3	5.8	-102.2	2,545.1	214
2025..	1,182.8	1,071.3	e	58.0	53.5	1,313.1	1,302.8	4.4	5.8	-130.2	2,414.9	194
2026..	1,243.2	1,121.1	e	69.6	52.5	1,394.1	1,383.6	4.6	5.9	-150.9	2,264.0	173
2027..	1,298.2	1,167.1	e	77.9	53.3	1,478.0	1,467.4	4.7	5.9	-179.8	2,084.2	153
2028..	1,362.4	1,225.2	e	84.5	52.7	1,568.2	1,557.4	4.8	6.0	-205.9	1,878.3	133
2029..	1,414.9	1,273.5	e	91.5	50.0	1,661.6	1,650.6	5.0	6.0	-246.7	1,631.7	113
2030..	1,471.4	1,326.1	e	99.2	46.1	1,757.8	1,746.5	5.1	6.1	-286.4	1,345.3	93
2031..	1,526.5	1,378.6	e	107.4	40.4	1,856.2	1,844.8	5.2	6.2	-329.7	1,015.6	72
<b>Low-cost:</b>												
2022..	1,036.0	924.5	e	46.7	64.8	1,072.1	1,062.9	3.9	5.3	-36.0	2,719.8	257
2023..	1,117.9	1,007.3	e	49.0	61.6	1,163.2	1,153.7	4.1	5.4	-45.3	2,674.5	234
2024..	1,181.6	1,067.5	e	53.7	60.4	1,247.2	1,237.2	4.3	5.7	-65.7	2,608.8	214
2025..	1,253.2	1,133.2	e	58.8	61.2	1,330.8	1,320.6	4.5	5.8	-77.6	2,531.2	196
2026..	1,340.0	1,206.1	e	70.8	63.0	1,419.5	1,408.8	4.7	5.9	-79.5	2,451.6	178
2027..	1,422.5	1,275.8	e	79.7	67.0	1,511.7	1,500.8	4.9	6.0	-89.2	2,362.5	162
2028..	1,517.4	1,360.0	e	86.8	70.6	1,611.0	1,599.9	5.1	6.0	-93.7	2,268.8	147
2029..	1,602.9	1,435.7	e	94.4	72.8	1,714.7	1,703.2	5.3	6.1	-111.9	2,156.9	132
2030..	1,696.0	1,518.4	e	102.8	74.8	1,822.6	1,810.8	5.6	6.2	-126.6	2,030.3	118
2031..	1,791.1	1,603.3	e	111.9	75.9	1,934.5	1,922.4	5.8	6.3	-143.4	1,887.0	105
<b>High-cost:</b>												
2022..	1,023.7	912.4	e	46.7	64.5	1,073.1	1,063.9	3.9	5.3	-49.4	2,706.4	257
2023..	1,014.8	908.8	e	48.7	57.4	1,154.4	1,144.8	4.1	5.4	-139.6	2,566.8	234
2024..	1,052.0	948.1	e	52.5	51.4	1,218.7	1,208.6	4.3	5.8	-166.7	2,400.0	211
2025..	1,085.4	981.4	e	56.7	47.3	1,284.1	1,274.0	4.3	5.8	-198.7	2,201.3	187
2026..	1,126.2	1,016.1	e	67.7	42.4	1,356.5	1,346.2	4.4	5.9	-230.3	1,971.0	162
2027..	1,160.5	1,045.1	e	75.4	40.0	1,431.7	1,421.3	4.5	5.8	-271.1	1,699.9	138
2028..	1,197.7	1,080.7	e	81.5	35.5	1,512.4	1,502.0	4.5	5.9	-314.7	1,385.2	112
2029..	1,222.6	1,106.3	e	87.8	28.5	1,595.3	1,584.8	4.6	5.9	-372.7	1,012.5	87
2030..	1,249.5	1,134.3	e	94.8	20.4	1,679.7	1,669.1	4.7	5.9	-430.2	582.2	60
2031..	1,274.7	1,160.9	e	102.1	11.7	1,765.0	1,754.3	4.7	6.0	-490.3	92.0	33

<sup>a</sup> Includes adjustments for prior years. For example, in June 2021, an unusually large negative adjustment to payroll tax contributions in the amount of \$30.4 billion was made because payroll tax revenue credited to the trust fund in 2020 was based on estimates that did not anticipate effects of the pandemic and recession.

<sup>b</sup> Includes reimbursements from the General Fund of the Treasury to the OASI Trust Fund for: (1) the cost of payroll tax credits provided to employees in 1984 and self-employed persons in 1984-89 by Public Law 98-21; (2) the cost in 2009-17 of excluding certain self-employment earnings from SECA taxes under Public Law 110-246; and (3) payroll tax revenue forgone under the provisions of Public Laws 111-147, 111-312, 112-78, and 112-96.

<sup>c</sup> Revenue from taxation of benefits is the amount that would be assessed on benefit amounts scheduled in law.

<sup>d</sup> The "Trust fund ratio" column represents asset reserves at the beginning of a year (which are identical to reserves at the end of the prior year shown in the "Amount at end of year" column) as a percentage of cost for the year.

<sup>e</sup> Between -\$50 million and \$50 million.

Note: Components may not sum to totals because of rounding.

# Fiscal Year Operations and Projections

**Table VI.C5.—Operations of the DI Trust Fund, Fiscal Years 2017-2031**

[Dollar amounts in billions]

Fiscal year	Income					Cost				Asset Reserves		
	Total	Net payroll tax contributions <sup>a</sup>	GF reimbursements <sup>b</sup>	Taxation of benefits <sup>a,c</sup>	Net interest	Total	Scheduled benefits	Administrative costs	RRB inter-change	Net increase during year	Amount at end of year	Trust fund ratio <sup>d</sup>
<b>Historical data:</b>												
2017 .	\$169.5	\$165.9	e	\$2.0	\$1.6	\$145.8	\$142.9	\$2.7	\$0.2	\$23.7	\$69.4	31
2018 .	170.3	167.0	e	1.0	2.2	146.6	143.6	2.8	.2	23.7	93.1	47
2019 .	151.0	146.8	e	1.2	2.9	147.7	144.9	2.8	.1	3.3	96.4	63
2020 .	147.4	142.9	e	1.7	2.8	146.7	144.1	2.5	.1	0.7	97.1	66
2021 .	144.4	141.2	e	.5	2.7	143.4	140.7	2.5	.1	1.0	98.1	68
<b>Intermediate:</b>												
2022 .	160.7	156.6	e	1.5	2.6	145.1	142.2	2.8	.1	15.7	113.7	68
2023 .	170.7	166.5	e	1.6	2.6	150.8	147.8	3.0	.1	19.9	133.6	75
2024 .	178.6	173.9	e	1.7	3.0	157.2	154.0	3.1	.1	21.5	155.1	85
2025 .	187.5	181.9	e	1.9	3.7	166.0	162.7	3.3	.1	21.5	176.5	93
2026 .	197.2	190.4	e	2.2	4.6	175.4	171.8	3.4	.1	21.8	198.4	101
2027 .	206.3	198.2	e	2.5	5.6	185.0	181.3	3.6	.1	21.3	219.6	107
2028 .	217.4	208.1	e	2.7	6.7	192.9	188.9	3.8	.1	24.6	244.2	114
2029 .	227.1	216.3	e	2.8	8.0	199.2	195.0	4.0	.2	28.0	272.2	123
2030 .	237.8	225.2	e	3.0	9.6	205.0	200.6	4.2	.2	32.8	305.0	133
2031 .	248.7	234.1	e	3.2	11.5	211.8	207.3	4.4	.2	36.9	341.9	144
<b>Low-cost:</b>												
2022 .	161.2	157.0	e	1.5	2.6	144.5	141.6	2.8	.1	16.7	114.8	68
2023 .	175.6	171.0	e	1.6	3.0	149.8	146.7	3.0	.1	25.8	140.6	77
2024 .	187.0	181.3	e	1.7	4.0	155.0	151.9	3.1	.1	31.9	172.5	91
2025 .	199.7	192.4	e	1.8	5.5	162.1	158.7	3.3	.1	37.7	210.2	106
2026 .	214.5	204.8	e	2.1	7.5	169.1	165.6	3.5	.1	45.3	255.5	124
2027 .	229.1	216.6	e	2.4	10.1	175.9	172.1	3.7	.1	53.2	308.7	145
2028 .	246.8	230.9	e	2.5	13.3	180.8	176.8	3.9	.1	66.0	374.7	171
2029 .	263.9	243.8	e	2.6	17.5	184.5	180.2	4.2	.1	79.4	454.1	203
2030 .	283.2	257.8	e	2.7	22.6	187.9	183.3	4.4	.2	95.3	549.4	242
2031 .	303.9	272.3	e	2.9	28.8	192.4	187.6	4.7	.2	111.5	660.9	286
<b>High-cost:</b>												
2022 .	159.1	155.0	e	1.6	2.6	145.8	143.0	2.8	.1	13.3	111.4	67
2023 .	158.2	154.3	e	1.6	2.3	152.8	149.8	3.0	.1	5.4	116.7	73
2024 .	164.9	161.0	e	1.7	2.1	160.5	157.4	3.1	.1	4.3	121.1	73
2025 .	170.8	166.7	e	1.9	2.3	171.1	167.7	3.2	.1	-2	120.8	71
2026 .	177.2	172.5	e	2.3	2.3	182.4	178.9	3.4	.1	-5.2	115.6	66
2027 .	182.4	177.5	e	2.6	2.3	194.2	190.6	3.6	.1	-11.9	103.7	60
2028 .	188.4	183.5	e	2.8	2.1	203.5	199.6	3.7	.1	-15.1	88.7	51
2029 .	192.6	187.9	e	3.0	1.8	210.6	206.6	3.8	.2	-18.0	70.7	42
2030 .	197.2	192.6	e	3.2	1.4	217.0	212.8	4.0	.2	-19.8	50.8	33
2031 .	201.4	197.1	e	3.4	.9	224.2	219.9	4.1	.2	-22.9	27.9	23

<sup>a</sup> Includes adjustments for prior years. For example, in June 2021, an unusually large negative adjustment to payroll tax contributions in the amount of \$5.2 billion was made because payroll tax revenue credited to the trust fund in 2020 was based on estimates that did not anticipate effects of the pandemic and recession.

<sup>b</sup> Includes reimbursements from the General Fund of the Treasury to the DI Trust Fund for: (1) the cost of payroll tax credits provided to employees in 1984 and self-employed persons in 1984-89 by Public Law 98-21; (2) the cost in 2009-17 of excluding certain self-employment earnings from SECA taxes under Public Law 110-246; and (3) payroll tax revenue forgone under the provisions of Public Laws 111-147, 111-312, 112-78, and 112-96.

<sup>c</sup> Revenue from taxation of benefits is the amount that would be assessed on benefit amounts scheduled in law.

<sup>d</sup> The "Trust fund ratio" column represents asset reserves at the beginning of a year (which are identical to reserves at the end of the prior year shown in the "Amount at end of year" column) as a percentage of cost for the year.

<sup>e</sup> Between -\$50 million and \$50 million.

Note: Components may not sum to totals because of rounding.

**Table VI.C6.—Operations of the Combined OASI and DI Trust Funds,  
Fiscal Years 2017-2031**  
[Dollar amounts in billions]

Fiscal year	Income				Cost				Asset Reserves			
	Total	Net pay- roll tax contribu- tions <sup>a</sup>	GF reim- burse- ments <sup>b</sup>	Taxa- tion of bene- fits <sup>a,c</sup>	Net interest	Total	Sched- uled benefits	Admin- istra- tive costs	RRB inter- change	Net increase during year	Amount at end of year	Trust fund ratio <sup>d</sup>
Historical data:												
2017..	\$991.9	\$868.0	e	\$37.4	\$86.5	\$944.7	\$934.0	\$6.2	\$4.5	\$47.2	\$2,889.5	301
2018..	992.7	873.2	e	35.7	83.8	988.0	976.7	6.4	4.9	4.7	2,894.2	292
2019..	1,051.1	932.4	e	36.1	82.5	1,044.5	1,033.0	6.6	4.9	6.5	2,900.7	277
2020..	1,103.0	984.6	e	39.6	78.8	1,095.4	1,084.3	6.2	5.0	7.5	2,908.2	265
2021..	1,080.4	972.3	e	34.8	73.3	1,134.8	1,123.4	6.4	4.9	-54.4	2,853.9	256
Intermediate:												
2022..	1,194.2	1,078.6	e	48.3	67.3	1,217.6	1,205.6	6.6	5.4	-23.4	2,830.4	234
2023..	1,259.6	1,147.2	e	50.4	62.0	1,309.0	1,296.5	7.1	5.5	-49.4	2,781.0	216
2024..	1,312.5	1,198.2	e	54.9	59.4	1,393.3	1,380.1	7.4	5.8	-80.8	2,700.2	200
2025..	1,370.3	1,253.2	e	59.9	57.2	1,479.1	1,465.5	7.7	5.9	-108.8	2,591.4	183
2026..	1,440.4	1,311.4	e	71.8	57.1	1,569.5	1,555.4	8.0	6.0	-129.1	2,462.3	165
2027..	1,504.5	1,365.2	e	80.4	58.9	1,663.0	1,648.6	8.3	6.0	-158.5	2,303.8	148
2028..	1,579.8	1,433.3	e	87.2	59.4	1,761.1	1,746.3	8.7	6.1	-181.3	2,122.6	131
2029..	1,642.1	1,489.8	e	94.3	58.0	1,860.8	1,845.6	9.0	6.2	-218.7	1,903.9	114
2030..	1,709.2	1,551.3	e	102.2	55.8	1,962.7	1,947.2	9.3	6.3	-253.5	1,650.3	97
2031..	1,775.2	1,612.7	e	110.6	51.9	2,068.0	2,052.1	9.6	6.4	-292.8	1,357.5	80
Low-cost:												
2022..	1,197.2	1,081.6	e	48.2	67.4	1,216.5	1,204.6	6.6	5.4	-19.3	2,834.6	235
2023..	1,293.5	1,178.3	e	50.6	64.6	1,313.0	1,300.4	7.1	5.4	-19.5	2,815.0	216
2024..	1,368.5	1,248.7	e	55.4	64.4	1,402.3	1,389.1	7.4	5.8	-33.7	2,781.3	201
2025..	1,453.0	1,325.6	e	60.6	66.7	1,492.9	1,479.3	7.8	5.9	-39.9	2,741.4	186
2026..	1,554.4	1,410.9	e	73.0	70.5	1,588.6	1,574.4	8.2	6.0	-34.2	2,707.2	173
2027..	1,651.6	1,492.4	e	82.0	77.1	1,687.6	1,672.9	8.6	6.1	-36.0	2,671.2	160
2028..	1,764.1	1,591.0	e	89.3	83.9	1,791.8	1,776.6	9.1	6.2	-27.7	2,643.5	149
2029..	1,866.7	1,679.5	e	97.0	90.3	1,899.2	1,883.4	9.5	6.3	-32.4	2,611.0	139
2030..	1,979.3	1,776.3	e	105.6	97.4	2,010.5	1,994.2	10.0	6.4	-31.3	2,579.8	130
2031..	2,095.1	1,875.6	e	114.8	104.7	2,126.9	2,110.0	10.4	6.5	-31.9	2,547.9	121
High-cost:												
2022..	1,182.8	1,067.3	e	48.3	67.1	1,218.9	1,206.9	6.6	5.4	-36.1	2,817.8	234
2023..	1,173.0	1,063.1	e	50.3	59.7	1,307.3	1,294.6	7.1	5.5	-134.3	2,683.5	216
2024..	1,216.9	1,109.1	e	54.2	53.6	1,379.3	1,366.0	7.4	6.0	-162.4	2,521.1	195
2025..	1,256.3	1,148.0	e	58.7	49.6	1,455.2	1,441.7	7.6	5.9	-199.0	2,322.1	173
2026..	1,303.4	1,188.6	e	70.0	44.8	1,538.9	1,525.1	7.8	6.0	-235.5	2,086.6	151
2027..	1,342.9	1,222.6	e	78.0	42.3	1,625.9	1,611.9	8.0	6.0	-283.0	1,803.6	128
2028..	1,386.1	1,264.3	e	84.3	37.6	1,715.9	1,701.6	8.2	6.0	-329.8	1,473.8	105
2029..	1,415.3	1,294.2	e	90.8	30.3	1,806.0	1,791.4	8.4	6.1	-390.7	1,083.1	82
2030..	1,446.6	1,326.9	e	98.0	21.8	1,896.7	1,881.9	8.6	6.1	-450.1	633.1	57
2031..	1,476.1	1,358.0	e	105.5	12.5	1,989.2	1,974.2	8.9	6.2	-513.2	119.9	32

<sup>a</sup> Includes adjustments for prior years. For example, in June 2021, unusually large negative adjustments to payroll tax contributions in the amount of \$35.5 billion were made because payroll tax revenue credited to the trust funds in 2020 was based on estimates that did not anticipate effects of the pandemic and recession.

<sup>b</sup> Includes reimbursements from the General Fund of the Treasury to the OASI and DI Trust Funds for: (1) the cost of payroll tax credits provided to employees in 1984 and self-employed persons in 1984-89 by Public Law 98-21; (2) the cost in 2009-17 of excluding certain self-employment earnings from SECA taxes under Public Law 110-246; and (3) payroll tax revenue forgone under the provisions of Public Laws 111-147, 111-312, 112-78, and 112-96.

<sup>c</sup> Revenue from taxation of benefits is the amount that would be assessed on benefit amounts scheduled in law.

<sup>d</sup> The "Trust fund ratio" column represents asset reserves at the beginning of a year (which are identical to reserves at the end of the prior year shown in the "Amount at end of year" column) as a percentage of cost for the year.

<sup>e</sup> Between -\$50 million and \$50 million.

Note: Components may not sum to totals because of rounding.

#### ***D. LONG-RANGE SENSITIVITY ANALYSIS***

This appendix presents estimates that illustrate the sensitivity of the long-range actuarial status of the OASDI program to changes in selected individual assumptions. The estimates based on the three alternative sets of assumptions, which were presented earlier in this report, illustrate the effects of varying all of the principal assumptions simultaneously, in order to portray a significantly more optimistic or pessimistic future. For each sensitivity analysis presented in this appendix, the intermediate alternative II projection is the reference point, and one assumption is varied within that alternative. The variation used for each individual assumption is the same as the level used for that assumption in the low-cost alternative I and high-cost alternative III projections.

Each table in this section shows the effects of changing a particular assumption on the OASDI summarized income rates, summarized cost rates, and actuarial balances for 25-year, 50-year, and 75-year valuation periods. Following each table is a discussion of the estimated changes in cost rates. The change in each of the actuarial balances is approximately equal to the change in the corresponding cost rate, but in the opposite direction. This appendix does not discuss income rates following each table because income rates vary only slightly with changes in assumptions that affect revenue from taxation of benefits.

##### **1. Total Fertility Rate**

Table VI.D1 shows OASDI income rates, cost rates, and actuarial balances on the basis of alternative II with three different assumptions for the future paths of total fertility rates. Under the Trustees' assumptions, the average annual total fertility rate for the period 2032 through 2096 is 1.69, 1.99, and 2.19 children per woman under alternatives III, II, and I, respectively. The ultimate total fertility rate is reached in 2056 under all three alternatives.

**Table VI.D1.—Sensitivity of OASDI Measures to Fertility Assumptions**  
[As a percentage of taxable payroll]

Valuation period	Average total fertility rate <sup>a b</sup>		
	1.69	1.99	2.19
<b>Summarized income rate:</b>			
25-year: 2022-46 .....	14.38	14.38	14.38
50-year: 2022-71 .....	13.94	13.91	13.89
75-year: 2022-96 .....	13.85	13.78	13.73
<b>Summarized cost rate:</b>			
25-year: 2022-46 .....	16.61	16.62	16.63
50-year: 2022-71 .....	17.26	16.93	16.71
75-year: 2022-96 .....	17.98	17.20	16.69
<b>Actuarial balance:</b>			
25-year: 2022-46 .....	-2.23	-2.24	-2.25
50-year: 2022-71 .....	-3.32	-3.02	-2.82
75-year: 2022-96 .....	-4.13	-3.42	-2.96
<b>Annual balance for 2096 .....</b>	<b>-6.59</b>	<b>-4.25</b>	<b>-2.97</b>
<b>Year of combined trust fund reserve depletion .....</b>	<b>2035</b>	<b>2035</b>	<b>2035</b>

<sup>a</sup> The total fertility rate for any year is the average number of children that would be born to a woman if she were to experience, at each age of her life, the birth rate observed in, or assumed for, the selected year, and if she were to survive the entire childbearing period. The average total fertility rate shown is for the period 2032 through 2096. The ultimate total fertility rate is reached in 2056 under all three alternatives.

<sup>b</sup> Total fertility rates used for this analysis are consistent with those assumed for the three alternative scenarios; the average total fertility rate for 2032 through 2096 is 1.69 under the alternative III assumptions, 1.99 under the alternative II assumptions, and 2.19 under the alternative I assumptions. All other assumptions used for this analysis are from alternative II.

For the 25-year period, the cost rate for the three fertility assumptions varies by only about 0.02 percent of taxable payroll. In contrast, the 75-year cost rate varies over a wide range, decreasing from 17.98 to 16.69 percent, as the average total fertility rate for the period 2032 through 2096 increases from 1.69 for alternative III to 2.19 for alternative I. Similarly, while the 25-year actuarial balance varies by only 0.02 percent of taxable payroll, the 75-year actuarial balance varies over a much wider range, from -4.13 to -2.96 percent.

During the 25-year period, the very slight increases in the working-age population and tax income resulting from higher fertility (than that experienced in an alternative scenario) are more than offset by the effects of decreases in female labor force participation and increases in the number of child beneficiaries. Therefore, program cost as a percent of taxable payroll increases slightly with higher fertility. For the 75-year long-range period, however, changes in fertility have a relatively greater effect on the working-age population than on the beneficiary population. As a result, an increase in fertility significantly reduces the cost rate. Each increase of 0.1 in the average total fertility rate increases the long-range actuarial balance by about 0.24 percent of taxable payroll.



## 2. Death Rates

Table VI.D2 shows OASDI income rates, cost rates, and actuarial balances on the basis of alternative II with three different assumptions about future reductions in death rates for the period from 2031 to 2096. These assumptions are described in section V.A.2. Under the Trustees' assumptions, the age-sex-adjusted death rates decline at average annual rates of 0.28 percent, 0.74 percent, and 1.25 percent for alternatives I, II, and III, respectively.

**Table VI.D2.—Sensitivity of OASDI Measures to Death-Rate Assumptions**  
[As a percentage of taxable payroll]

Valuation period	Average annual death-rate reduction <sup>a b</sup>		
	0.28 percent	0.74 percent	1.25 percent
<b>Summarized income rate:</b>			
25-year: 2022-46 .....	14.38	14.38	14.37
50-year: 2022-71 .....	13.90	13.91	13.93
75-year: 2022-96 .....	13.75	13.78	13.81
<b>Summarized cost rate:</b>			
25-year: 2022-46 .....	16.45	16.62	16.83
50-year: 2022-71 .....	16.49	16.93	17.47
75-year: 2022-96 .....	16.50	17.20	17.99
<b>Actuarial balance:</b>			
25-year: 2022-46 .....	-2.07	-2.24	-2.46
50-year: 2022-71 .....	-2.59	-3.02	-3.54
75-year: 2022-96 .....	-2.75	-3.42	-4.17
<b>Annual balance for 2096 .....</b>	<b>-2.81</b>	<b>-4.25</b>	<b>-5.71</b>
<b>Year of combined trust fund reserve depletion .....</b>	<b>2035</b>	<b>2035</b>	<b>2034</b>

<sup>a</sup> The average annual death-rate reduction is the average annual geometric rate of decline in the age-sex-adjusted death rate for the period from 2031 to 2096. The overall age-sex-adjusted death rate decreases from 2031 to 2096 by 16 percent, 38 percent, and 56 percent for alternatives I, II, and III, respectively.

<sup>b</sup> The death-rate reductions used for this analysis are consistent with those assumed for the three alternative scenarios; the average annual death-rate reduction from 2031 to 2096 is 0.28 percent from the alternative I assumptions, 0.74 percent from the alternative II assumptions, and 1.25 percent from the alternative III assumptions. All other assumptions used for this analysis are from alternative II.

The variation in cost for the 25-year period is less pronounced than the variation for the 75-year period because decreases in death rates have cumulative effects. The 25-year cost rate increases from 16.45 percent (for an average annual death-rate reduction of 0.28 percent from 2031 to 2096) to 16.83 percent (for an average annual death-rate reduction of 1.25 percent from 2031 to 2096). The 75-year cost rate increases from 16.50 to 17.99 percent. The actuarial balance decreases from -2.07 to -2.46 percent for the 25-year period, and from -2.75 to -4.17 percent for the 75-year period.

Lower death rates raise both the income (through increased taxable payroll) and the cost of the OASDI program. The relative increase in cost, however, exceeds the relative increase in taxable payroll. For any given year, reduc-

tions in the death rates for people who are age 62 and over (ages at which death rates are the highest) increase the number of retired-worker beneficiaries (and, therefore, the amount of retirement benefits paid) without adding significantly to the number of covered workers (and, therefore, to the taxable payroll). Reductions in death rates for people at age 50 to retirement eligibility age result in significant increases to the taxable payroll. However, those increases are not large enough to offset the sum of the additional retirement benefits mentioned above and the disability benefits paid to additional beneficiaries at these pre-retirement ages, which are ages of high disability incidence. At ages under 50, death rates are so low that even substantial reductions in death rates do not result in significant increases in the numbers of covered workers or beneficiaries. Consequently, if death rates decline by about the same relative amount for all ages, the cost increases faster than the rate of growth in payroll, which results in higher cost rates and lower actuarial balances. Each additional 0.1-percentage-point increase in the average annual rate of decline in the death rate decreases the long-range actuarial balance by about 0.15 percent of taxable payroll.

### **3. Immigration**

Table VI.D3 shows OASDI income rates, cost rates, and actuarial balances under alternative II with three different assumptions about the magnitude of total net immigration (sum of net lawful permanent resident (LPR) immigration and net other-than-LPR immigration). See section V.A.3 for more information on immigration assumptions and methods. Under the Trustees' assumptions, total net annual immigration averages 829,000 persons, 1,246,000 persons, and 1,684,000 persons for the period 2032 through 2096 under alternatives III, II, and I, respectively.

**Table VI.D3.—Sensitivity of OASDI Measures to Total Net Immigration Assumptions**  
[As a percentage of taxable payroll]

Valuation period	Average annual total net immigration <sup>a b</sup>		
	829,000	1,246,000	1,684,000
<b>Summarized income rate:</b>			
25-year: 2022-46 .....	14.41	14.38	14.34
50-year: 2022-71 .....	13.95	13.91	13.87
75-year: 2022-96 .....	13.83	13.78	13.73
<b>Summarized cost rate:</b>			
25-year: 2022-46 .....	16.85	16.62	16.39
50-year: 2022-71 .....	17.28	16.93	16.59
75-year: 2022-96 .....	17.65	17.20	16.77
<b>Actuarial balance:</b>			
25-year: 2022-46 .....	-2.44	-2.24	-2.05
50-year: 2022-71 .....	-3.33	-3.02	-2.71
75-year: 2022-96 .....	-3.82	-3.42	-3.04
<b>Annual balance for 2096</b> .....	-5.06	-4.25	-3.57
<b>Year of combined trust fund reserve depletion</b> .....	2034	2035	2035

<sup>a</sup> Average annual total net immigration is the annual total net immigration to the Social Security area, including both LPR and other-than-LPR immigration, averaged for 2032 through 2096.

<sup>b</sup> The total net immigration assumptions used for this analysis are consistent with those assumed for the three alternative scenarios; average annual total net immigration for 2032 through 2096 is 829,000 from the alternative III assumptions, 1,246,000 from the alternative II assumptions, and 1,684,000 from the alternative I assumptions. All other assumptions used for this analysis are from alternative II.

For all three periods, when total net immigration increases, the cost rate decreases. For the 25-year period, the cost rate decreases from 16.85 percent of taxable payroll (for average annual total net immigration of 829,000 persons for 2032 through 2096) to 16.39 percent (for an average annual total net immigration of 1,684,000 persons for 2032 through 2096). For the 50-year period, it decreases from 17.28 percent to 16.59 percent, and for the 75-year period, it decreases from 17.65 percent to 16.77 percent. The actuarial balance increases from -2.44 to -2.05 percent for the 25-year period, from -3.33 to -2.71 percent for the 50-year period, and from -3.82 to -3.04 percent for the 75-year period.

The cost rate decreases with an increase in total net immigration because immigration occurs at relatively young ages, thereby increasing the numbers of covered workers earlier than the numbers of beneficiaries. Increasing average annual total net immigration by 100,000 persons improves the long-range actuarial balance by about 0.09 percent of taxable payroll.

#### 4. Real Wage Differential

Table VI.D4 shows OASDI income rates, cost rates, and actuarial balances on the basis of alternative II with three different assumptions about the real wage differential. Under the Trustees' assumptions, the average annual real

wage differential for the period 2032 through 2096 is 0.53 percentage point, 1.15 percentage points, and 1.77 percentage points under alternatives III, II, and I, respectively. In each case, the ultimate annual increase in the CPI is 2.40 percent (consistent with alternative II). Therefore, the average annual percentage increase in the average wage in covered employment from 2031 to 2096 is 2.93, 3.55, and 4.17 percent under alternatives III, II, and I, respectively.

For the 25-year period, the cost rate decreases from 17.44 percent (for a real wage differential of 0.53 percentage point) to 15.81 percent (for a differential of 1.77 percentage points). For the 50-year period, it decreases from 18.12 to 15.76 percent, and for the 75-year period it decreases from 18.53 to 15.88 percent. The actuarial balance increases from -2.94 to -1.55 percent for the 25-year period, from -4.05 to -2.00 percent for the 50-year period, and from -4.58 to -2.26 percent for the 75-year period.

**Table VI.D4.—Sensitivity of OASDI Measures to Real Wage Assumptions**  
[As a percentage of taxable payroll]

Valuation period	Average annual percentage increase in wages-CPI <sup>a,b</sup>		
	2.93-2.40	3.55-2.40	4.17-2.40
<b>Summarized income rate:</b>			
25-year: 2022-46 .....	14.49	14.38	14.26
50-year: 2022-71 .....	14.06	13.91	13.77
75-year: 2022-96 .....	13.95	13.78	13.62
<b>Summarized cost rate:</b>			
25-year: 2022-46 .....	17.44	16.62	15.81
50-year: 2022-71 .....	18.12	16.93	15.76
75-year: 2022-96 .....	18.53	17.20	15.88
<b>Actuarial balance:</b>			
25-year: 2022-46 .....	-2.94	-2.24	-1.55
50-year: 2022-71 .....	-4.05	-3.02	-2.00
75-year: 2022-96 .....	-4.58	-3.42	-2.26
<b>Annual balance for 2096 .....</b>	-6.24	-4.25	-2.50
<b>Year of combined trust fund reserve depletion .....</b>	2034	2035	2036

<sup>a</sup> The first value in each pair is the average annual percentage increase in the average wage in covered employment from 2031 to 2096. The second value is the ultimate annual percentage increase in the Consumer Price Index. The difference between the two values is the average annual real wage differential for 2032 through 2096.

<sup>b</sup> The real wage assumptions used for this analysis are consistent with those assumed for the three alternative scenarios; the average annual real wage differential for 2032 through 2096 is 0.53 percentage point from the alternative III assumptions, 1.15 percentage points from the alternative II assumptions, and 1.77 percentage points from the alternative I assumptions. All other assumptions used for this analysis are from alternative II.

The cost rate decreases with increasing real wage differentials. Higher wages increase taxable payroll immediately, but they increase benefit levels only gradually as new beneficiaries become entitled. In addition, cost-of-living adjustments (COLAs) to benefits depend not on changes in wages, but on

changes in prices. Each 0.1-percentage-point increase in the real wage differential increases the long-range actuarial balance by about 0.19 percent of taxable payroll.

## 5. Consumer Price Index

Table VI.D5 shows OASDI income rates, cost rates, and actuarial balances on the basis of alternative II with three different assumptions about the rate of increase for the Consumer Price Index (CPI). Under the Trustees' assumptions, the annual increase in the CPI is 3.00 percent, 2.40 percent, and 1.80 percent under alternatives I, II, and III, respectively. These ultimate rates of increase are reached by 2026 under all three alternatives. In each case, the average annual real wage differential for 2032 through 2096 is 1.15 percentage points (consistent with alternative II), yielding average annual percentage increases in the average wage in covered employment from 2031 to 2096 of 4.15, 3.55, and 2.95 percent under alternatives I, II, and III, respectively.

**Table VI.D5.—Sensitivity of OASDI Measures to CPI-Increase Assumptions**  
[As a percentage of taxable payroll]

Valuation period	Average annual percentage increase in wages-CPI <sup>a b</sup>		
	4.15-3.00	3.55-2.40	2.95-1.80
<b>Summarized income rate:</b>			
25-year: 2022-46 .....	14.36	14.38	14.40
50-year: 2022-71 .....	13.90	13.91	13.93
75-year: 2022-96 .....	13.76	13.78	13.79
<b>Summarized cost rate:</b>			
25-year: 2022-46 .....	16.52	16.62	16.73
50-year: 2022-71 .....	16.80	16.93	17.08
75-year: 2022-96 .....	17.05	17.20	17.36
<b>Actuarial balance:</b>			
25-year: 2022-46 .....	-2.17	-2.24	-2.33
50-year: 2022-71 .....	-2.90	-3.02	-3.15
75-year: 2022-96 .....	-3.29	-3.42	-3.56
<b>Annual balance for 2096 .....</b>	<b>-4.09</b>	<b>-4.25</b>	<b>-4.43</b>
<b>Year of combined trust fund reserve depletion .....</b>	<b>2035</b>	<b>2035</b>	<b>2034</b>

<sup>a</sup> The first value in each pair is the average annual percentage increase in the average wage in covered employment from 2031 to 2096. The second value is the ultimate annual percentage increase in the Consumer Price Index. The difference between the two values is the average annual real wage differential for 2032 through 2096.

<sup>b</sup> The CPI assumptions used for this analysis are consistent with those assumed for the three alternative scenarios; the ultimate CPI increase is 3.00 percent from the alternative I assumptions, 2.40 percent from the alternative II assumptions, and 1.80 percent from the alternative III assumptions. These ultimate rates of increase are reached by 2026 under all three alternatives. All other assumptions used for this analysis are from alternative II.

For all three periods, the cost rate increases when the assumed rates of increase in the CPI are smaller. For the 25-year period, the cost rate increases from 16.52 (for a CPI increase of 3.00 percent) to 16.73 percent (for a CPI increase of 1.80 percent). For the 50-year period, it increases from 16.80 to 17.08 percent, and for the 75-year period, it increases from 17.05 to 17.36 percent. The actuarial balance decreases from -2.17 to -2.33 percent for the 25-year period, from -2.90 to -3.15 percent for the 50-year period, and from -3.29 to -3.56 percent for the 75-year period.

The time lag between the effects of the CPI changes on taxable payroll and on scheduled benefits explains these patterns. When the rate of increase in the CPI is greater and the real wage differential is constant, then: (1) the effect on taxable payroll due to a greater rate of increase in average wages occurs immediately and (2) the effect on benefits due to a larger COLA occurs with a lag of about 1 year. As a result of these effects, the higher taxable payrolls have a stronger effect than the higher benefits, which results in lower cost rates. Each 0.1-percentage-point decrease in the rate of the change in the CPI decreases the long-range actuarial balance by about 0.02 percent of taxable payroll.

## **6. Real Interest Rate**

Table VI.D6 shows OASDI income rates, cost rates, and actuarial balances under alternative II with three different assumptions about the annual real interest rate (compounded semiannually) for special public-debt obligations issuable to the trust funds. Under the Trustees' assumptions, the ultimate annual real interest rate is 1.8 percent, 2.3 percent, and 2.8 percent under alternatives III, II, and I, respectively. These ultimate rates are reached by 2032 under all three alternatives. In each case, the ultimate annual increase in the CPI is 2.40 percent, which is consistent with alternative II. Therefore, the ultimate annual yields are 4.2, 4.8, and 5.3 percent, respectively.

**Table VI.D6.—Sensitivity of OASDI Measures to Real Interest Rate Assumptions**  
[As a percentage of taxable payroll]

Valuation period	Ultimate annual real interest rate <sup>a b</sup>		
	1.8 percent	2.3 percent	2.8 percent
<b>Summarized income rate:</b>			
25-year: 2022-46 .....	14.33	14.38	14.42
50-year: 2022-71 .....	13.86	13.91	13.97
75-year: 2022-96 .....	13.72	13.78	13.84
<b>Summarized cost rate:</b>			
25-year: 2022-46 .....	16.68	16.62	16.56
50-year: 2022-71 .....	17.03	16.93	16.84
75-year: 2022-96 .....	17.33	17.20	17.07
<b>Actuarial balance:</b>			
25-year: 2022-46 .....	-2.35	-2.24	-2.14
50-year: 2022-71 .....	-3.17	-3.02	-2.87
75-year: 2022-96 .....	-3.61	-3.42	-3.23
<b>Annual balance for 2096 .....</b>	<b>-4.25</b>	<b>-4.25</b>	<b>-4.25</b>
<b>Year of combined trust fund reserve depletion .....</b>	<b>2035</b>	<b>2035</b>	<b>2035</b>

<sup>a</sup> The ultimate real interest rate is the effective annual yield on asset reserves held by the trust funds divided by the annual rate of growth in the CPI.

<sup>b</sup> The real interest rate assumptions used for this analysis are consistent with those assumed for the three alternative scenarios; the ultimate annual real interest rate is 1.8 percent from the alternative III assumptions, 2.3 percent from the alternative II assumptions, and 2.8 percent from the alternative I assumptions. These ultimate rates are reached by 2032 under all three alternatives. All other assumptions used for this analysis are from alternative II.

For the 25-year period, the cost rate decreases with increasing real interest rates from 16.68 percent (for an ultimate real interest rate of 1.8 percent) to 16.56 percent (for an ultimate real interest rate of 2.8 percent). For the 50-year period, it decreases from 17.03 to 16.84 percent and, for the 75-year period, it decreases from 17.33 to 17.07 percent. The actuarial balance increases from -2.35 to -2.14 percent for the 25-year period, from -3.17 to -2.87 percent for the 50-year period, and from -3.61 to -3.23 percent for the 75-year period. A relatively higher real interest rate has the effect of discounting more distant future years relatively more. To the extent that annual cost rates and annual deficits are larger in later years, a higher interest rate decreases the summarized rates, and a lower interest rate increases the summarized rates. Each 0.1-percentage-point increase in the real interest rate increases the long-range actuarial balance by about 0.04 percent of taxable payroll.

## 7. Taxable Ratio

Table VI.D7 shows OASDI income rates, cost rates, and actuarial balances under alternative II with three different assumptions about the ratio of taxable payroll to covered earnings (the taxable ratio). Note that covered earnings are the sum of wages and net self-employment earnings covered by

## Appendices

Social Security, and taxable payroll is essentially the amount of covered earnings subject to the Social Security payroll tax up to the contribution and benefit base (\$147,000 for 2022). Under the Trustees' assumptions, the taxable ratio at the end of the short-range period (2031) is 81.0 percent, 82.5 percent, and 84.0 percent under alternatives III, II, and I, respectively.

**Table VI.D7.—Sensitivity of OASDI Measures to Taxable Ratio Assumptions**  
[As a percentage of taxable payroll]

Valuation period	Taxable ratio in 2031 <sup>a b</sup>		
	81.0 percent	82.5 percent	84.0 percent
<b>Summarized income rate:</b>			
25-year: 2022-46 .....	14.41	14.38	14.35
50-year: 2022-71 .....	13.93	13.91	13.89
75-year: 2022-96 .....	13.80	13.78	13.76
<b>Summarized cost rate:</b>			
25-year: 2022-46 .....	16.86	16.62	16.39
50-year: 2022-71 .....	17.15	16.93	16.72
75-year: 2022-96 .....	17.40	17.20	17.01
<b>Actuarial balance:</b>			
25-year: 2022-46 .....	-2.45	-2.24	-2.04
50-year: 2022-71 .....	-3.22	-3.02	-2.83
75-year: 2022-96 .....	-3.60	-3.42	-3.25
<b>Annual balance for 2096 .....</b>	-4.37	-4.25	-4.14
<b>Year of combined trust fund reserve depletion .....</b>	2034	2035	2035

<sup>a</sup> The taxable ratio is the ratio of taxable payroll to covered earnings. These concepts are described in further detail in section V.C.6 of this report.

<sup>b</sup> The taxable ratio assumptions used for this analysis are consistent with those assumed for the three alternative scenarios; the taxable ratio at the end of the short-range period (2031) is 81.0 percent from the alternative III assumptions, 82.5 percent from the alternative II assumptions, and 84.0 percent from the alternative I assumptions. All other assumptions used for this analysis are from alternative II.

Because the combined employee-employer tax rate of 12.4 percent is unchanged across all alternatives, the income rate changes a relatively small amount as the taxable ratio increases, due to changes in taxation of benefits and the initial fund as a percentage of taxable payroll.

For the 25-year period, the cost rate decreases with increasing taxable ratios, from 16.86 percent (for a taxable ratio in 2031 of 81.0 percent) to 16.39 percent (for a taxable ratio in 2031 of 84.0 percent). For the 50-year period, it decreases from 17.15 to 16.72 percent and, for the 75-year period, it decreases from 17.40 to 17.01 percent. The actuarial balance increases from -2.45 to -2.04 percent for the 25-year period, from -3.22 to -2.83 percent for the 50-year period, and from -3.60 to -3.25 for the 75-year period.

The cost rate decreases with an increase in taxable payroll because the increase in taxable payroll occurs immediately. The increase in benefit amounts occurs much more gradually as new beneficiaries become entitled. In addition, the change in the taxable ratio does not affect COLAs or AWIs.



Each 1.0 percentage-point increase in the taxable ratio in 2031 increases (improves) the long-range actuarial balance by about 0.12 percent of taxable payroll.

## 8. Disability Incidence Rates

Table VI.D8 shows OASDI income rates, cost rates, and actuarial balances on the basis of alternative II with three different assumptions about future disability incidence rates. Under the Trustees' assumptions, the ultimate age-sex-adjusted<sup>1</sup> incidence rate is 3.9, 4.8, and 5.8 awards per thousand exposed for alternatives I, II, and III, respectively. Under the Trustees' assumptions, incidence rates by age and sex for all three alternatives vary during the early years of the projection period before reaching their long-term average values.

**Table VI.D8.—Sensitivity of OASDI Measures to Disability Incidence Assumptions**  
[As a percentage of taxable payroll]

Valuation period	Disability incidence rate <sup>a</sup>		
	3.9	4.8	5.8
<b>Summarized income rate:</b>			
25-year: 2022-46 .....	14.37	14.38	14.38
50-year: 2022-71 .....	13.91	13.91	13.91
75-year: 2022-96 .....	13.78	13.78	13.78
<b>Summarized cost rate:</b>			
25-year: 2022-46 .....	16.41	16.62	16.84
50-year: 2022-71 .....	16.68	16.93	17.18
75-year: 2022-96 .....	16.95	17.20	17.45
<b>Actuarial balance:</b>			
25-year: 2022-46 .....	-2.03	-2.24	-2.46
50-year: 2022-71 .....	-2.77	-3.02	-3.27
75-year: 2022-96 .....	-3.17	-3.42	-3.67
<b>Annual balance for 2096</b> .....	-3.99	-4.25	-4.50
<b>Year of combined trust fund reserve depletion</b> .....	2035	2035	2034

<sup>a</sup> The disability incidence rates used for this analysis are consistent with those assumed for the three alternative scenarios; the ultimate age-sex-adjusted incidence rate is 3.9 awards per thousand exposed for the alternative I assumptions, 4.8 awards per thousand exposed for the alternative II assumptions, and 5.8 awards per thousand exposed for the alternative III assumptions. All other assumptions used for this analysis are from alternative II.

For the 25-year period, the cost rate increases with increasing disability incidence rates, from 16.41 percent (for the relatively low rates assumed for alternative I) to 16.84 percent (for the relatively high rates assumed for alternative III). For the 50-year period, it increases from 16.68 to 17.18 percent, and for the 75-year period, it increases from 16.95 to 17.45 percent. The actuarial balance decreases from -2.03 to -2.46 percent for the 25-year

<sup>1</sup> Age-sex-adjusted to the disability-exposed population as of the year 2000.

period, from -2.77 to -3.27 percent for the 50-year period, and from -3.17 to -3.67 percent for the 75-year period.

## **9. Disability Termination Rates**

Table VI.D9 shows OASDI income rates, cost rates, and actuarial balances on the basis of alternative II with three different assumptions about future disability termination rates, including deaths and recoveries.

Under the Trustees' assumptions, death rates for disabled-worker beneficiaries for all three alternatives decline throughout the long-range period. The age-sex-adjusted<sup>1</sup> death rate of 30.0 deaths per thousand disabled-worker beneficiaries in 2021 declines to 21.9, 12.5, and 6.2 deaths per thousand in 2096 for alternatives I, II, and III, respectively. These levels are about 27 percent, 58 percent, and 79 percent lower, respectively, than the level in 2021.

The ultimate age-sex-adjusted<sup>1</sup> recovery rate used for this analysis is 12.5 recoveries per thousand disabled-worker beneficiaries for the alternative I assumptions, 10.4 recoveries per thousand disabled-worker beneficiaries for the alternative II assumptions, and 8.3 recoveries per thousand disabled-worker beneficiaries for the alternative III assumptions.

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<sup>1</sup> Age-sex-adjusted to the disabled-worker population as of the year 2000.

**Table VI.D9.—Sensitivity of OASDI Measures to Disability Termination Assumptions**  
[As a percentage of taxable payroll]

Valuation period	Disability termination rates (death; recovery) <sup>a</sup>		
	21.9; 12.5	12.5; 10.4	6.2; 8.3
<b>Summarized income rate:</b>			
25-year: 2022-46 .....	14.38	14.38	14.37
50-year: 2022-71 .....	13.91	13.91	13.91
75-year: 2022-96 .....	13.78	13.78	13.78
<b>Summarized cost rate:</b>			
25-year: 2022-46 .....	16.59	16.62	16.65
50-year: 2022-71 .....	16.90	16.93	16.95
75-year: 2022-96 .....	17.18	17.20	17.20
<b>Actuarial balance:</b>			
25-year: 2022-46 .....	-2.22	-2.24	-2.27
50-year: 2022-71 .....	-2.99	-3.02	-3.04
75-year: 2022-96 .....	-3.40	-3.42	-3.43
<b>Annual balance for 2096</b> .....	-4.25	-4.25	-4.20
<b>Year of combined trust fund reserve depletion</b> .....	2035	2035	2035

<sup>a</sup> The disability termination rates used for this analysis are consistent with those assumed for the three alternative scenarios; the age-sex-adjusted death rate for 2096 is 21.9 deaths per thousand disabled-worker beneficiaries for the alternative I assumptions, 12.5 deaths per thousand disabled-worker beneficiaries for the alternative II assumptions, and 6.2 deaths per thousand disabled-worker beneficiaries for the alternative III assumptions; the ultimate age-sex-adjusted recovery rate is 12.5 recoveries per thousand disabled-worker beneficiaries for the alternative I assumptions, 10.4 recoveries per thousand disabled-worker beneficiaries for the alternative II assumptions, and 8.3 recoveries per thousand disabled-worker beneficiaries for the alternative III assumptions. All other assumptions used for this analysis are from alternative II.

For the 25-year period, the cost rate increases with decreasing disability termination rates, from 16.59 percent (for the relatively high termination rates assumed for alternative I) to 16.65 percent (for the relatively low termination rates assumed for alternative III). For the 50-year period, it increases from 16.90 to 16.95 percent, and for the 75-year period, it increases from 17.18 to 17.20 percent. The actuarial balance decreases from -2.22 to -2.27 percent for the 25-year period, from -2.99 to -3.04 percent for the 50-year period, and from -3.40 to -3.43 percent for the 75-year period.

## ***E. STOCHASTIC PROJECTIONS AND UNCERTAINTY***

Significant uncertainty surrounds the estimates under the intermediate assumptions, especially for a period as long as 75 years. This appendix presents stochastic projections, a way to illustrate the uncertainty of these estimates. The stochastic projections supplement the traditional methods of examining such uncertainty.

### **1. Background**

The Trustees have traditionally shown estimates using the low-cost and high-cost sets of specified assumptions to illustrate the potential implications of uncertainty. These low-cost and high-cost estimates provide a range of possible outcomes for the projections. However, they do not provide an indication of the probability that actual future experience will be inside or outside this range. This appendix presents the results of a stochastic model that estimates a probability distribution of future outcomes of the financial status of the combined OASI and DI Trust Funds. This model was introduced in the 2003 report and enhanced in the 2021 report to include parameter uncertainty for the expected mean for the key variables described in the next section.

### **2. Stochastic Methodology**

Other sections of this report provide estimates of the financial status of the combined OASI and DI Trust Funds using a scenario-based model. For the scenario-based model, the Trustees use three alternative scenarios (low-cost, intermediate, and high-cost) that use specific assumptions for key variables. In general, the Trustees assume that each of these variables will reach an ultimate value at a specific point during the long-range period, and will maintain that value throughout the remainder of the period. The three alternative scenarios assume separate, specified values for each of these variables. Chapter V contains more details about each of these assumptions.

This appendix presents estimates of the probability that key measures of OASDI solvency will fall in certain ranges, based on 5,000 independent stochastic simulations. Each simulation allows key variables to vary throughout the long-range period. These key variables include total fertility rates, changes in mortality rates, new arrival lawful permanent resident (LPR) and other-than-LPR immigration levels, rates of adjustment of status (from other-than-LPR to LPR), rates of legal emigration (from the population of citizens and LPRs), changes in the Consumer Price Index, changes in average real wages, unemployment rates, trust fund real yield rates, and disability incidence and recovery rates. The fluctuation of each variable over time is simu-

lated using historical data and standard time-series techniques. Generally, each variable is modeled using an equation that: (1) captures a relationship between current and prior years' values of the variable, and (2) introduces random variation based on variation observed in the historical period. For some variables, the equations also reflect relationships with other variables. The equations contain parameters that are estimated using historical data for periods from 20 years to over 110 years, depending on the nature and quality of the available data. Each time-series equation is designed so that, in the absence of random variation over time, the value of the variable for each year equals its value for the intermediate scenario.<sup>1</sup>

For each equation in a given simulation, the stochastic model assigns random variation to (1) year-by-year error term values and (2) simulation-specific mean term levels that provide variation in the central tendency across simulations. Each simulation produces estimates for all key variables and for the overall financial status of the combined OASI and DI Trust Funds. This appendix shows the distribution of results from 5,000 simulations of the model.

Readers should interpret the results from this model with an understanding of the model's limitations. Results are sensitive to equation specifications, degrees of interdependence among variables, and the historical periods used for estimating model coefficients. For some variables, recent historical variation may not provide a realistic representation of the potential variation for the future. Also, results would differ if additional variables (such as labor force participation rates, retirement rates, marriage rates, and divorce rates) were also allowed to vary randomly. Time-series modeling reflects only what occurred in the historical period. Future uncertainty exists not only for the underlying central tendency but also for the frequency and size of occasional longer-term shifts in the central tendency. Many experts predict, and history suggests, that the future will likely bring substantial shifts that are not fully reflected in the historical period used for the current model. As a result, readers should understand that the true range of uncertainty might be larger than indicated in this appendix.

### **3. Stochastic Results**

This section illustrates the results for the stochastic simulations of two fundamental measures of actuarial status: annual cost rates and trust fund ratios.

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<sup>1</sup> More detail on this model, and stochastic modeling in general, is available at [www.ssa.gov/OACT/stochastic/index.html](http://www.ssa.gov/OACT/stochastic/index.html).

The latter measure is highlighted in section II.D of this report. Section 4 follows with a comparison of stochastic results to results from the alternative scenarios for these and other measures, and an analysis of the differences.

Figure VI.E1 displays the probability distribution of the year-by-year OASDI cost rates (that is, cost as a percentage of taxable payroll). The range of the annual cost rates widens as the projections move further into the future, which reflects increasing uncertainty. Because there is relatively little variation in income rates across the 5,000 stochastic simulations, the figure includes only the income rate for the intermediate scenario. The two outermost cost rate lines in this figure indicate the range within which future annual cost rates are projected to occur 95 percent of the time (i.e., a 95-percent confidence interval). In other words, the current model estimates that there is a 2.5 percent probability that the cost rate for a given year will exceed the upper end of this range and a 2.5 percent probability that it will fall below the lower end of this range. Other lines in the figure delineate additional confidence intervals (80-percent, 60-percent, 40-percent, and 20-percent) around future annual cost rates. The median (50th percentile) cost rate for each year is the rate for which half of the simulated outcomes are higher and half are lower for that year. These lines do not represent the results of individual stochastic simulations. Instead, for each given year, they represent the percentile distribution of annual cost rates based on all stochastic simulations for that year.

**Figure VI.E1.—Long-Range OASDI Cost Rates From Stochastic Modeling**

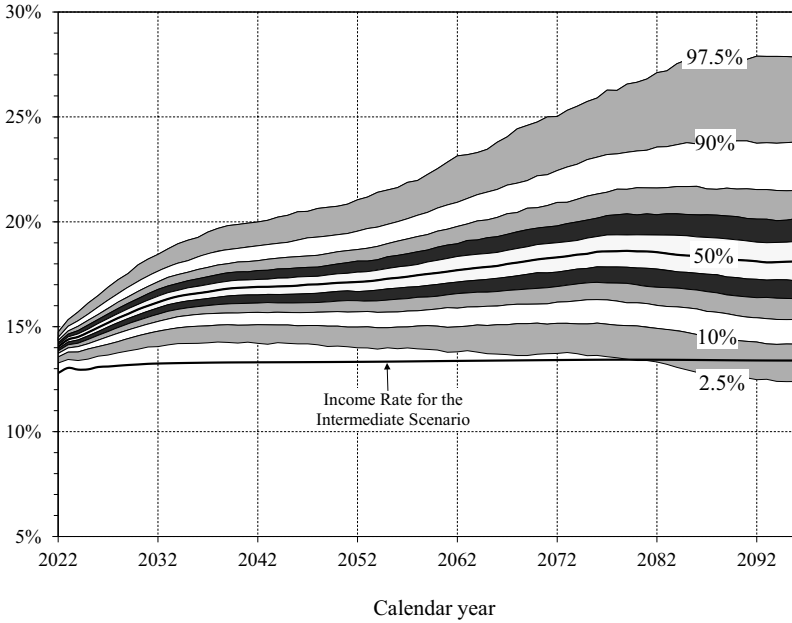
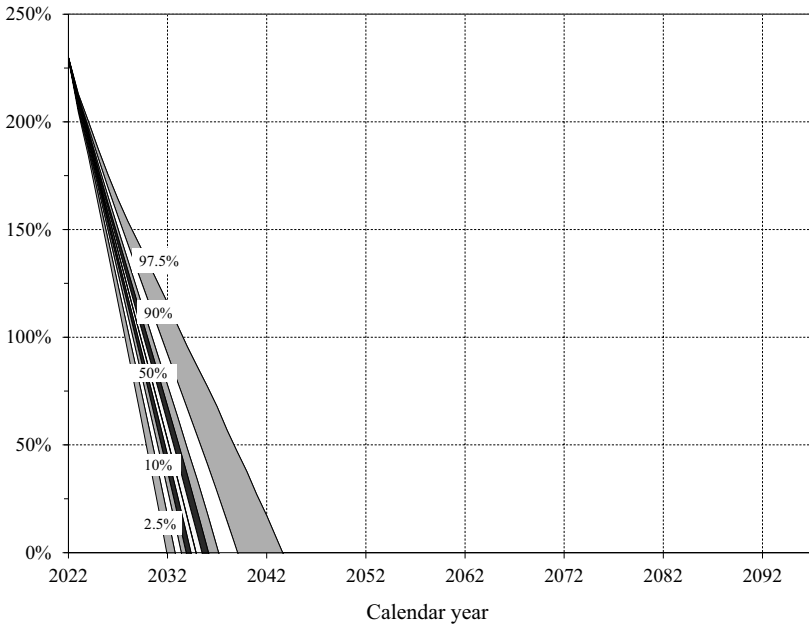


Figure VI.E2 presents the simulated probability distribution of the annual trust fund ratios for the combined OASI and DI Trust Funds. The lines in this figure display the median set (50th percentile) of estimated annual trust fund ratios and delineate the 95-percent, 80-percent, 60-percent, 40-percent, and 20-percent confidence intervals estimated for future annual trust fund ratios. Again, none of these lines represent the path of a single simulation. For each given year, they represent the percentile distribution of trust fund ratios based on all stochastic simulations for that year.

Figure VI.E2 shows that the 95-percent confidence interval for the trust fund reserve depletion year ranges from 2031 to 2043, and that there is a 50-percent probability of trust fund reserve depletion by the end of 2034 (the median reserve depletion year). The median reserve depletion date is late in 2034; the reserve depletion date for the intermediate scenario is early in 2035. The figure also shows confidence intervals for the trust fund ratio in each year.

**Figure VI.E2.—Long-Range OASDI Trust Fund Ratios From Stochastic Modeling**



#### 4. Comparison of Results: Stochastic to Low-Cost, Intermediate, and High-Cost Alternative Scenarios

This section compares results from two different approaches for illustrating ranges of uncertainty in measures of trust fund actuarial status. One approach uses results from the low-cost, intermediate, and high-cost alternative scenarios. The other approach uses distributions of results from the stochastic simulations. Each of these approaches provides insights into uncertainty. Comparing the results requires an understanding of fundamental differences in the approaches.

One fundamental difference relates to the presentation of distributional results. Figure VI.E3 shows projected OASDI annual cost rates for the low-cost, intermediate, and high-cost alternative scenarios along with the annual cost rates at the 2.5th percentile, 50th percentile, and 97.5th percentile for the stochastic simulations. While all values on each line for the alternative scenarios are results from a single specified scenario, the values on each stochastic line may be results from different simulations for different years. The one stochastic simulation (from the 5,000 simulations) that yields results

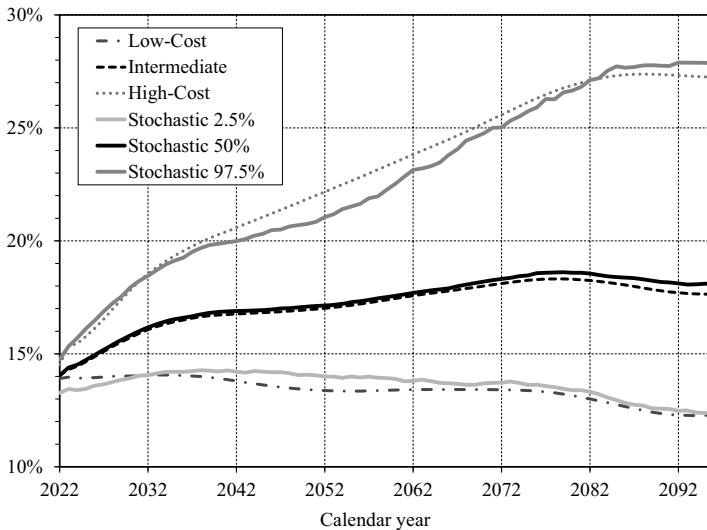


closest to a particular percentile for one projected year may yield results that are distant from that percentile in another projected year.

Because each stochastic simulation shows substantial variability from year to year, the range shown between the 2.5th and 97.5th percentiles is broader than would be seen if simulations followed a smooth trend like in the alternative scenarios. Furthermore, with the introduction of parameter uncertainty for the expected mean for the stochastic simulations in last year's report, the range of the 95-percent confidence interval is generally expanded from the range in prior years' reports.

Both the alternative scenarios and the stochastic results suggest that the range of potential cost rates above the central levels (those for the intermediate scenario and for the stochastic median, respectively) is larger than the range below these central results. The difference between the central results and the higher cost levels (the high-cost alternative scenario and the upper end of the 95-percent confidence range, respectively) is about 1.7 to 1.8 times as large as the difference between the central and lower cost levels for both models by the end of the projection period.

**Figure VI.E3.—OASDI Cost Rates: Comparison of Stochastic to Low-Cost, Intermediate, and High-Cost Alternative Scenarios**  
[As a percentage of taxable payroll]

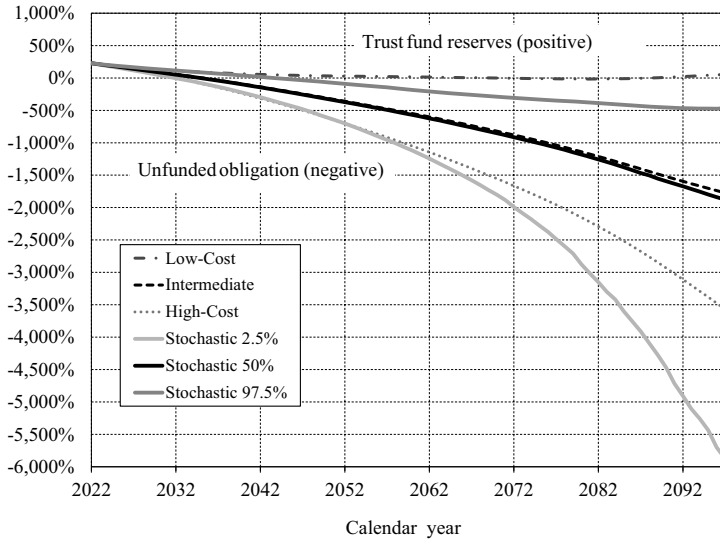


Another fundamental difference between the alternative scenarios and the stochastic simulations is the method of assigning values for assumptions. For the alternative scenarios, specific values are assigned for each of the key demographic, economic, and program-specific variables. The high-cost alternative scenario uses parameter values that increase estimated annual cost as a percent of payroll, while the low-cost alternative scenario uses parameter values that decrease annual cost as a percent of payroll. (One parameter, the interest rate, has no effect on annual cost as a percent of payroll for either the alternative scenarios or the stochastic simulations.) In contrast, the stochastic method independently assigns random variation to each of the key demographic and economic variables for each year in each of the 5,000 stochastic simulations. For each of the stochastic simulations, the assigned values for different variables result in varying and often offsetting effects on projected cost as a percent of payroll, with some tending toward higher cost and some tending toward lower cost. This difference tends to narrow the range of cost as a percent of payroll across the 95-percent confidence interval.

It is important to understand that the stochastic model's 95-percent confidence intervals for any summary measure of trust fund finances would tend to be narrower than the range produced for the low-cost and high-cost alternative scenarios, even if the stochastic model's 95-percent confidence interval for annual cost rates were identical to the range defined by the low-cost and high-cost scenarios. This is true because summary measures of trust fund finances depend on cost rates for many years, and the probability that annual cost rates, on average for individual stochastic simulations, will be at least as low (high) as the 2.5 (97.5) percentile line is significantly lower than 2.5 percent. As a result, the relationship between the ranges presented for annual cost rates and summary measures of trust fund finances is fundamentally different for the stochastic model than it is for the low-cost and high-cost alternative scenarios.

Figure VI.E4 compares the ranges of trust fund (unfunded obligation) ratios for the alternative scenarios to the 95-percent confidence interval of the stochastic simulations. This figure extends figure VI.E2 to show unfunded obligation ratios, expressed as negative values below the zero percent line. An unfunded obligation ratio is the ratio of the unfunded obligation accumulated through the beginning of the year to the cost for that year.

**Figure VI.E4.—OASDI Trust Fund (Unfunded Obligation) Ratios: Comparison of Stochastic to Low-Cost, Intermediate, and High-Cost Alternative Scenarios<sup>a</sup>**  
 [Trust fund reserves (unfunded obligation) as a percentage of annual cost]



<sup>a</sup> An unfunded obligation, shown as a negative value in this figure, is equivalent to the amount the trust funds would need to have borrowed to date in order to pay all scheduled benefits (on a timely basis) after trust fund reserves are depleted. Note that current law does not permit the trust funds to borrow.

As mentioned above, a summary measure that accumulates annual values tends to smooth the kind of annual fluctuations that occur in stochastic simulations. Therefore, one might expect the range across the stochastic confidence interval for trust fund (unfunded obligation) ratios to be narrower and fall within the range seen across the high-cost and low-cost alternative scenarios, as it does for the actuarial balance measure. But this is not the case, largely due to the way interest rates are assigned.

For the stochastic model, real interest rates for each simulation are assigned to be essentially independent of other variables, so the rate for compounding of trust fund reserves (unfunded obligations) is essentially uncorrelated with the level of cost as a percent of payroll. On the other hand, real interest rates are assigned to be higher for the low-cost alternative scenario and lower for the high-cost alternative scenario. High interest rates raise the level of the positive trust fund ratio in the low-cost alternative scenario somewhat, but this effect is limited because the magnitude of reserves is small. However, low interest rates substantially reduce the magnitude of the unfunded obligation ratio for the high-cost alternative scenario because the magnitude of

unfunded obligations is relatively large. As a result, the trust fund (unfunded obligation) ratios are shifted, albeit unevenly, higher (or less negative) for both the high-cost and low-cost alternative scenarios relative to those of the stochastic simulations.

This interest rate effect on the alternative scenarios is not as evident for some other summary measures of actuarial status, such as the actuarial balance. Because the actuarial balance reflects the cumulative effects of interest in both its numerator and denominator, the interest rate effect is much less pronounced. In contrast, cumulative interest affects only the numerator of the trust fund (unfunded obligation) ratio. There is also no significant interest rate effect on the trust fund depletion date.

Other factors also contribute, to varying degrees, to the difference in ranges between the results of the alternative scenarios and the stochastic simulations. The contrasts in results and methods do not mean that either approach to illustrating ranges of uncertainty is superior to the other. The ranges are different and explainable.

Table VI.E1 displays long-range actuarial estimates for the combined OASDI program using the two methods of illustrating uncertainty: alternative scenarios and stochastic simulations. The table shows scenario-based estimates for the intermediate, low-cost, and high-cost assumptions. It also shows stochastic estimates for the median (50th percentile) and for the 80-percent and 95-percent confidence intervals. Each individual stochastic estimate in the table is the level at that percentile from the distribution of the 5,000 simulations. For each given percentile, the values in the table for each long-range actuarial measure are generally from different stochastic simulations.

The median stochastic estimates displayed in table VI.E1 are similar to the intermediate scenario-based estimates. The median estimate of the long-range actuarial balance is -3.45 percent of taxable payroll, about 0.03 percentage point lower (more negative) than projected in the intermediate scenario. The median estimate for the open-group unfunded obligation is \$20.6 trillion, about \$0.2 trillion larger than the \$20.4 trillion estimate in the intermediate scenario. The median first projected year for which cost exceeds non-interest income (as it did in 2010 through 2021), and remains in excess of non-interest income throughout the remainder of the long-range period, is 2022. This is the same year as projected in the intermediate scenario. The median projected date at which trust fund reserves first become depleted is late in 2034; the reserve depletion date for the intermediate scenario is early in 2035. The median estimates of the annual cost rate for the 75th year of the projection period are 18.11 percent of taxable payroll and

6.01 percent of gross domestic product (GDP). The comparable estimates in the intermediate scenario are 17.64 percent of payroll and 5.86 percent of GDP.

For three measures in table VI.E1 (the actuarial balance, the first projected year cost exceeds non-interest income and remains in excess through 2096, and the first year trust fund reserves become depleted), the 95-percent stochastic confidence interval falls within the range defined by the low-cost and high-cost scenarios. For the remaining three measures (the open-group unfunded obligation, the annual cost in the 75th year as a percent of taxable payroll, and the annual cost in the 75th year as a percent of GDP), one or both of the bounds of the 95-percent stochastic confidence interval fall outside the range defined by the low-cost and high-cost scenarios.

**Table VI.E1.—Long-Range Estimates Relating to the Actuarial Status of the Combined OASDI Program**

[Comparison of scenario-based and stochastic results]

	Traditional scenario-based model			Stochastic model				
	Interme- diate	Low- cost	High- cost	Median 50th percentile	80-percent confidence interval		95-percent confidence interval	
					10th percentile	90th percentile	2.5th percentile	97.5th percentile
Actuarial balance . . . . .	-3.42	-0.07	-8.09	-3.45	-5.50	-1.84	-6.88	-1.01
Open-group unfunded obligation (in trillions) . . . . .	\$20.4	-\$6	\$38.6	\$20.6	\$9.1	\$40.4	\$4.7	\$55.2
First projected year cost exceeds non-interest income and remains in excess through 2096 . . . . .	2022	<sup>a</sup>	2022	2022	2022	2042	2022	<sup>a</sup>
First year trust fund reserves become depleted <sup>b</sup> . . . . .	2035	2069	2031	2034	2032	2039	2031	2043
Annual cost in 75th year (percent of taxable payroll) . . . . .	17.64	12.29	27.24	18.11	14.17	23.80	12.39	27.85
Annual cost in 75th year (percent of GDP) . . . . .	5.86	4.43	8.34	6.01	4.74	7.82	4.16	9.11

<sup>a</sup> Cost is projected to exceed non-interest income for a temporary period, before falling below non-interest income by the end of the projection period.

<sup>b</sup> For the low-cost scenario and for some stochastic simulations, the first year in which trust fund reserves become depleted does not indicate a permanent depletion of reserves.

### ***F. INFINITE HORIZON PROJECTIONS***

Another measure of trust fund financial status is the infinite horizon unfunded obligation, which takes account of all past and future annual balances, even those after the next 75 years. The extension of the time period past 75 years assumes that the current law for the OASDI program and the demographic and economic trends used for the 75-year projection continue indefinitely.

Table VI.F1 shows that the OASDI open-group unfunded obligation over the infinite horizon is \$61.8 trillion in present value, which is \$41.3 trillion larger than for the 75-year period. The \$41.3 trillion increment reflects a significant financing gap projected for OASDI for years after 2096 into perpetuity. Of course, the degree of uncertainty associated with estimates increases substantially for years further in the future.

The \$61.8 trillion infinite horizon open-group unfunded obligation is equal to 4.5 percent of taxable payroll or 1.4 percent of GDP over the same period. These relative measures of the unfunded obligation over the infinite horizon express its magnitude in relation to the resources potentially available to finance the shortfall.

The summarized shortfalls for the 75-year period and through the infinite horizon both reflect annual cash-flow shortfalls for all years after trust fund reserve depletion. The annual shortfalls after trust fund reserve depletion rise slowly and reflect increases in life expectancy. The summarized shortfalls over the infinite horizon, as percentages of taxable payroll and GDP, are larger than the shortfalls for the 75-year period.

To illustrate the magnitude of the projected infinite horizon shortfall, consider that it could be eliminated with additional revenue equivalent to an immediate increase in the combined payroll tax rate from 12.4 percent to about 16.9 percent,<sup>1</sup> or with cost reductions equivalent to an immediate and permanent reduction in benefits for all current and future beneficiaries by about 26.4 percent.

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<sup>1</sup> While an increase in the payroll tax rate would cause some behavioral changes in earnings and ensuing changes in benefit levels, such changes are not included in the calculations because they are assumed to have roughly offsetting effects on OASDI actuarial status over the infinite horizon.

**Table VI.F1.—Unfunded OASDI Obligations Through the Infinite Horizon and the 75-Year Projection Period, Based on Intermediate Assumptions**  
[Present values as of January 1, 2022; dollar amounts in trillions]

	Present value	Expressed as a percentage of future payroll and GDP	
		Taxable payroll	GDP
Unfunded obligation through the infinite horizon <sup>a</sup> . . . . .	\$61.8	4.5	1.4
Unfunded obligation through 2096 <sup>b</sup> . . . . .	20.4	3.2	1.1

<sup>a</sup> Present value of future cost less future non-interest income, reduced by the amount of trust fund asset reserves at the beginning of 2022. Expressed as a percentage of payroll and GDP for the period 2022 through the infinite horizon.

<sup>b</sup> Present value of future cost less future non-interest income through 2096, reduced by the amount of trust fund reserves at the beginning of 2022. Expressed as a percentage of payroll and GDP for the period 2022 through 2096.

Notes:

1. The present values of future taxable payroll for 2022-96 and for 2022 through the infinite horizon are \$631.6 trillion and \$1,382.3 trillion, respectively.

2. The present values of GDP for 2022-96 and for 2022 through the infinite horizon are \$1,817.7 trillion and \$4,521.4 trillion, respectively. Present values of GDP shown in the Medicare Trustees Report differ slightly due to the use of discount rates that are specific to each program's trust fund holdings.

Last year, the Trustees projected that the infinite horizon unfunded obligation was \$59.8 trillion in present value discounted to January 1, 2021. If the assumptions, methods, and starting values had not changed, moving the valuation date forward by 1 year to January 1, 2022 would have discounted future values by 1 year less, thus increasing the measured unfunded obligation by about \$1.5 trillion, to \$61.3 trillion. The net effects of changes in assumptions, methods, law, and starting values increased the infinite horizon unfunded obligation by an additional \$0.5 trillion. The nominal dollar levels of taxable payroll (and GDP), cost, and thus annual cash-flow shortfalls are higher in this year's report than in last year's report. At the same time, the assumed interest rates used for discounting did not increase to the same degree, thus increasing the measured present value of the unfunded obligation in dollars. This increase was partially offset by a reduction in the assumed ultimate disabled worker incidence rate and changes in economic data and assumptions. See section IV.B.6 for details regarding changes in law, data, methods, and assumptions.

Compared to last year's report, the unfunded obligation over the infinite horizon in this year's report decreased by 0.1 percentage point as a share of taxable payroll and remained the same as a share of GDP. The unfunded obligation over the 75-year projection period decreased by 0.2 percentage point as a share of taxable payroll and decreased by 0.1 percentage point as a share of GDP.

***a. Unfunded Obligations for Past, Current, and Future Participants***

Table VI.F2 separates the components of the infinite horizon unfunded obligation (with the exception of General Fund reimbursements) among past, current, and future participants. The table does not separate past General Fund reimbursements among participants because there is no clear basis for attributing the reimbursements across generations.

Past participants are defined as those no longer alive as of the valuation date. Current participants are those age 15 and older as of 2022. Future participants are those under age 15 or not yet born.

The excess of the present value of cost for past and current participants over the present value of dedicated tax income for past and current participants produces an unfunded obligation for past and current participants of \$46.4 trillion. Table VI.F2 also shows an unfunded obligation of \$45.7 trillion for past and current participants, including past and future General Fund reimbursements. Future participants are scheduled to pay dedicated taxes of \$16.1 trillion less into the system than the cost of their scheduled benefits (\$143.0 trillion of dedicated tax income as compared to \$159.1 trillion of cost). The unfunded obligation for all participants through the infinite horizon thus equals \$61.8 trillion.

Making Social Security solvent over the infinite horizon requires some combination of increased revenue or reduced benefits for current and future participants amounting to \$61.8 trillion in present value, 4.5 percent of future taxable payroll, or 1.4 percent of future GDP.



**Table VI.F2.—Present Values Through the Infinite Horizon  
for Various Categories of Program Participants, Based on Intermediate Assumptions**  
[Present values as of January 1, 2022; dollar amounts in trillions]

	Present value	Expressed as a percentage of future payroll and GDP	
		Taxable payroll	GDP
Present value of past cost .....	\$73.4	5.3	1.6
Less present value of past dedicated tax income .....	75.6	5.5	1.7
Plus present value of future cost for current participants .....	91.0	6.6	2.0
Less present value of future dedicated tax income for current participants .....	42.4	3.1	.9
Equals unfunded obligation for past and current participants excluding General Fund reimbursements .....	46.4	3.4	1.0
Less present value of past General Fund reimbursements <sup>a</sup> .....	.7	<sup>b</sup>	<sup>c</sup>
Less present value of future General Fund reimbursements through the infinite horizon <sup>a</sup> .....	<sup>d</sup>	<sup>b</sup>	<sup>c</sup>
Equals unfunded obligation for past and current participants including General Fund reimbursements .....	45.7	3.3	1.0
Plus present value of cost for future participants through the infinite horizon .....	159.1	11.5	3.5
Less present value of dedicated tax income for future participants through the infinite horizon .....	143.0	10.3	3.2
Equals unfunded obligation for all participants through the infinite horizon .....	61.8	4.5	1.4

<sup>a</sup> Distribution of General Fund reimbursements among past, current, and future participants cannot be determined.

<sup>b</sup> Less than 0.05 percent of taxable payroll.

<sup>c</sup> Less than 0.05 percent of GDP.

<sup>d</sup> Less than \$50 billion.

Notes:

1. The present value of future taxable payroll for 2022 through the infinite horizon is \$1,382.3 trillion.

2. The present value of GDP for 2022 through the infinite horizon is \$4,521.4 trillion.

3. Components may not sum to totals because of rounding.

### ***G. ESTIMATES FOR OASDI AND HI, SEPARATE AND COMBINED***

In this appendix, the Trustees present long-range actuarial estimates for the OASDI and Hospital Insurance (HI) programs both separately and on a combined basis. These estimates facilitate analysis of the adequacy of the income and asset reserves of these programs relative to their cost under current law. This appendix does not include estimates for the Supplementary Medical Insurance (SMI) program because adequate financing is guaranteed in the law and because the SMI program is not financed through a payroll tax. For more information on Medicare estimates, please see the 2022 Medicare Trustees Report.

The information in this appendix on combined operations, while significant, should not obscure the analysis of the financial status of the individual trust funds, which are legally separate and cannot be commingled. In addition, the factors which determine the costs of the OASI, DI, and HI programs differ substantially.

#### **1. Estimates as a Percentage of Taxable Payroll**

Comparing cost and income rates for the OASDI and HI programs as percentages of taxable payroll requires a note of caution. The taxable payrolls for the HI program are larger than those for the OASDI program because: (1) a larger maximum taxable amount was established for the HI program in 1991, with the maximum eliminated altogether for the HI program in 1994; (2) larger proportions of Federal, State, and local government employees are covered under the HI program; and (3) the earnings of railroad workers are included directly in the HI taxable payroll but are not included in the OASDI taxable payroll. (Railroad worker contributions for the equivalent of OASDI benefits are accounted for in a net interchange that occurs annually between the OASDI and Railroad Retirement programs.) As a result, the HI taxable payroll is 26 percent larger than the OASDI taxable payroll on average over the long-range period.

As with the OASI and DI Trust Funds, income to the HI Trust Fund comes primarily from contributions paid by employees, employers, and self-employed persons. Table VI.G1 shows the OASDI and HI contribution rates that are authorized in the Federal Insurance Contributions Act.

**Table VI.G1.—Payroll Tax Contribution Rates for the OASDI and HI Programs**  
[In percent]

Calendar years	Employees and employers, combined <sup>a</sup>		Employees only	Self employed <sup>b</sup>		
	OASDI up to base <sup>c</sup>	HI all earnings <sup>d</sup>	HI over limit <sup>e</sup>	OASDI up to base <sup>c</sup>	HI all earnings <sup>d</sup>	HI over limit <sup>e</sup>
1966 .....	7.70	0.70	—	5.80	0.35	—
1967 .....	7.80	1.00	—	5.90	.50	—
1968 .....	7.60	1.20	—	5.80	.60	—
1969-70 .....	8.40	1.20	—	6.30	.60	—
1971-72 .....	9.20	1.20	—	6.90	.60	—
1973 .....	9.70	2.00	—	7.00	1.00	—
1974-77 .....	9.90	1.80	—	7.00	.90	—
1978 .....	10.10	2.00	—	7.10	1.00	—
1979-80 .....	10.16	2.10	—	7.05	1.05	—
1981 .....	10.70	2.60	—	8.00	1.30	—
1982-83 .....	10.80	2.60	—	8.05	1.30	—
1984 <sup>f</sup> .....	11.40	2.60	—	11.40	2.60	—
1985 <sup>f</sup> .....	11.40	2.70	—	11.40	2.70	—
1986-87 <sup>f</sup> .....	11.40	2.90	—	11.40	2.90	—
1988-89 <sup>f</sup> .....	12.12	2.90	—	12.12	2.90	—
1990-2010 <sup>g</sup> .....	12.40	2.90	—	12.40	2.90	—
2011-2012 <sup>h</sup> .....	10.40	2.90	—	10.40	2.90	—
2013 and later. ....	12.40	2.90	0.90	12.40	2.90	0.90

<sup>a</sup> Except as noted below, the combined employee/employer rate is divided equally between employees and employers.

<sup>b</sup> Beginning in 1990, self-employed persons receive a deduction, for purposes of computing their net earnings, equal to half of the combined OASDI and HI contributions that would be payable without regard to the contribution and benefit base. The OASDI contribution rate then applies to net earnings after this deduction, but subject to the OASDI base.

<sup>c</sup> The payroll tax on earnings for the OASDI program applies to annual earnings up to a contribution and benefit base indexed to the average wage level. The base is \$147,000 for 2022.

<sup>d</sup> Prior to 1994, the payroll tax on earnings for the HI program applied to annual earnings up to a contribution base. The HI contribution base was eliminated beginning in 1994.

<sup>e</sup> Starting with Federal personal income tax returns for tax year 2013, earned income exceeding \$200,000 for individual filers and \$250,000 for married couples filing jointly is subject to an additional HI tax of 0.9 percent. These income limits are not indexed after 2013.

<sup>f</sup> In 1984 only, employees received an immediate credit of 0.3 percent of taxable wages against their OASDI payroll tax contributions. The self-employed received similar credits of 2.7 percent, 2.3 percent, and 2.0 percent against their combined OASDI and Hospital Insurance (HI) contributions on net earnings from self-employment in 1984, 1985, and 1986-89, respectively. The General Fund of the Treasury reimbursed the trust funds for these credits.

<sup>g</sup> Public Law 111-147 exempted most employers from paying the employer share of OASDI payroll tax on wages paid during the period March 19, 2010 through December 31, 2010 to certain qualified individuals hired after February 3, 2010. The General Fund of the Treasury reimbursed the trust funds for the payroll tax revenue forgone under this law.

<sup>h</sup> Public Law 111-312, Public Law 112-78, and Public Law 112-96 reduced the OASDI payroll tax rate for 2011 and 2012 by 2 percentage points for employees and for self-employed workers. The General Fund of the Treasury reimbursed the trust funds for the payroll tax revenue forgone under these laws.

Table VI.G2 shows the Trustees' estimates of annual income rates and cost rates for the OASDI program and the HI program under the intermediate, low-cost, and high-cost sets of assumptions described earlier in this report. The income rates reflect the payroll tax rates shown in table VI.G1, revenue from taxation of scheduled OASDI benefits for both the OASDI and HI

Trust Funds, and any reimbursements from the General Fund of the Treasury. For the HI program, the income rates also reflect: (1) the additional 0.9-percent tax on employees for relatively high earnings and the portion of total payroll to which the 0.9-percent rate applies, (2) premium revenues, and (3) monies from fraud and abuse control activities. Annual income and cost rates indicate the cash-flow operation of the programs. Therefore, income rates exclude interest earned on trust fund asset reserves. Table VI.G2 also shows annual balances, which are the differences between annual income rates and cost rates.

The Trustees project that the OASDI and HI cost rates will rise generally above current levels under the intermediate and high-cost sets of assumptions. The greatest increase occurs from 2022 to about 2038 under the intermediate and high-cost assumptions for OASDI and the intermediate assumptions for HI, and from 2022 to 2046 under the high-cost assumptions for HI. Under the intermediate assumptions, the OASDI cost rate increases by 26 percent from its current level by 2096, while under the high-cost assumptions, the cost rate increases by 87 percent by 2096. For HI, cost rates increase by 39 percent and 188 percent from 2022 to 2096 under the intermediate and high-cost assumptions, respectively. Under the low-cost assumptions, the OASDI and HI cost rates decrease from 2022 to 2096 by 12 percent and 33 percent, respectively.

The Trustees project annual deficits for every year of the projection period under the intermediate and high-cost assumptions for both the OASDI and HI programs. Under the low-cost assumptions, OASDI annual balances are negative through 2080, and are positive and mostly increasing thereafter, reaching 0.79 percent of payroll for 2096. HI annual balances as a percent of payroll are positive and mostly increasing throughout the projection period under the low-cost assumptions, reaching 2.12 percent of HI taxable payroll by 2096.

**Table VI.G2.—OASDI and HI Annual Income Rates, Cost Rates, and Balances,  
Calendar Years 2022-2100**  
[As a percentage of taxable payroll<sup>a</sup>]

Calendar year	OASDI			HI		
	Income rate	Cost rate <sup>b</sup>	Balance <sup>b</sup>	Income rate	Cost rate	Balance
<b>Intermediate:</b>						
2022 .....	12.79	14.05	-1.26	3.40	3.44	-0.04
2023 .....	13.04	14.31	-1.27	3.42	3.50	-.08
2024 .....	12.95	14.45	-1.49	3.44	3.59	-.15
2025 .....	12.97	14.66	-1.69	3.46	3.68	-.22
2026 .....	13.08	14.88	-1.80	3.54	3.79	-.25
2027 .....	13.10	15.10	-2.00	3.56	3.88	-.32
2028 .....	13.14	15.33	-2.19	3.59	3.97	-.38
2029 .....	13.17	15.53	-2.35	3.61	4.05	-.44
2030 .....	13.20	15.72	-2.52	3.64	4.11	-.47
2031 .....	13.23	15.91	-2.67	3.67	4.17	-.50
2035 .....	13.27	16.42	-3.15	3.75	4.55	-.80
2040 .....	13.30	16.72	-3.42	3.83	4.78	-.95
2045 .....	13.31	16.82	-3.51	3.89	4.88	-.99
2050 .....	13.32	16.95	-3.63	3.95	4.89	-.94
2055 .....	13.34	17.15	-3.81	4.02	4.87	-.85
2060 .....	13.36	17.45	-4.09	4.10	4.87	-.77
2065 .....	13.38	17.73	-4.35	4.17	4.90	-.73
2070 .....	13.40	18.00	-4.60	4.24	4.95	-.71
2075 .....	13.42	18.25	-4.83	4.30	4.99	-.69
2080 .....	13.43	18.30	-4.87	4.35	4.99	-.63
2085 .....	13.42	18.11	-4.69	4.39	4.95	-.56
2090 .....	13.40	17.79	-4.39	4.41	4.89	-.47
2095 .....	13.39	17.64	-4.25	4.44	4.81	-.37
2100 .....	13.39	17.73	-4.33	4.48	4.73	-.25
<b>Low-cost:</b>						
2022 .....	12.75	13.91	-1.16	3.40	3.35	.05
2023 .....	13.04	13.96	-.92	3.41	3.29	.13
2024 .....	12.93	13.92	-.99	3.43	3.30	.13
2025 .....	12.93	13.93	-1.00	3.45	3.33	.12
2026 .....	13.03	13.95	-.92	3.51	3.36	.15
2027 .....	13.04	13.97	-.93	3.53	3.37	.16
2028 .....	13.07	14.00	-.93	3.56	3.38	.17
2029 .....	13.09	14.01	-.92	3.58	3.39	.19
2030 .....	13.11	14.02	-.91	3.60	3.36	.24
2031 .....	13.13	14.02	-.89	3.62	3.35	.28
2035 .....	13.15	14.06	-.91	3.70	3.38	.33
2040 .....	13.15	13.91	-.76	3.78	3.21	.57
2045 .....	13.14	13.62	-.49	3.85	2.98	.87
2050 .....	13.13	13.42	-.29	3.92	2.72	1.20
2055 .....	13.13	13.35	-.22	3.99	2.51	1.48
2060 .....	13.14	13.40	-.26	4.07	2.37	1.69
2065 .....	13.14	13.42	-.28	4.13	2.31	1.82
2070 .....	13.14	13.42	-.27	4.19	2.31	1.88
2075 .....	13.14	13.37	-.23	4.24	2.32	1.92
2080 .....	13.13	13.15	-.02	4.27	2.32	1.95
2085 .....	13.11	12.75	.36	4.29	2.30	1.99
2090 .....	13.08	12.36	.72	4.31	2.27	2.04
2095 .....	13.08	12.27	.80	4.34	2.24	2.10
2100 .....	13.09	12.43	.66	4.38	1.92	2.46

**Table VI.G2.—OASDI and HI Annual Income Rates, Cost Rates, and Balances,  
Calendar Years 2022-2100 (Cont.)**  
[As a percentage of taxable payroll<sup>a</sup>]

Calendar year	OASDI			HI		
	Income rate	Cost rate <sup>b</sup>	Balance <sup>b</sup>	Income rate	Cost rate	Balance
<b>High-cost:</b>						
2022 .....	12.90	14.53	-1.63	3.41	3.62	-0.21
2023 .....	13.02	15.34	-2.31	3.44	3.83	-.39
2024 .....	12.99	15.45	-2.46	3.46	3.96	-.49
2025 .....	13.02	15.78	-2.76	3.48	4.14	-.66
2026 .....	13.14	16.14	-3.00	3.56	4.34	-.77
2027 .....	13.17	16.54	-3.37	3.60	4.53	-.94
2028 .....	13.22	16.98	-3.76	3.63	4.73	-1.10
2029 .....	13.27	17.40	-4.13	3.66	4.91	-1.25
2030 .....	13.31	17.82	-4.50	3.69	5.08	-1.38
2031 .....	13.36	18.22	-4.87	3.73	5.25	-1.52
2035 .....	13.43	19.34	-5.91	3.82	6.18	-2.36
2040 .....	13.48	20.28	-6.80	3.91	7.15	-3.25
2045 .....	13.53	21.06	-7.53	3.98	8.08	-4.10
2050 .....	13.58	21.85	-8.27	4.05	8.92	-4.87
2055 .....	13.63	22.65	-9.02	4.13	9.57	-5.44
2060 .....	13.69	23.49	-9.80	4.21	10.11	-5.90
2065 .....	13.74	24.32	-10.57	4.29	10.53	-6.24
2070 .....	13.80	25.21	-11.40	4.37	10.78	-6.41
2075 .....	13.87	26.13	-12.27	4.45	10.86	-6.41
2080 .....	13.92	26.89	-12.97	4.52	10.85	-6.33
2085 .....	13.95	27.31	-13.36	4.58	10.77	-6.18
2090 .....	13.96	27.36	-13.41	4.62	10.64	-6.01
2095 .....	13.95	27.26	-13.31	4.65	10.47	-5.82
2100 .....	13.95	27.25	-13.30	4.71	11.90	-7.19

<sup>a</sup> The taxable payroll for HI is significantly larger than the taxable payroll for OASDI because the HI taxable maximum amount was eliminated beginning in 1994, and because HI covers all Federal civilian employees, all State and local government employees hired after April 1, 1986, and railroad employees.

<sup>b</sup> OASDI benefit payments which were scheduled to be paid on January 3 for some past and future years were actually paid on December 31 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment each year.

Notes:

1. The income rate excludes interest income.
2. The Trustees show income and cost estimates generally on a cash basis for the OASDI program and on an incurred basis for the HI program.
3. Components may not sum to totals because of rounding.

Table VI.G3 shows summarized values over the 25-year, 50-year, and 75-year valuation periods. For each of those periods, the summarized income rates include beginning trust fund asset reserves, and the summarized cost rates include the cost of accumulating an ending fund reserve equal to 100 percent of annual cost at the end of the period.

**Table VI.G3.—Summarized OASDI and HI Income Rates and Cost Rates for Valuation Periods,<sup>a</sup> Calendar Years 2022-2096**  
 [As a percentage of taxable payroll<sup>b</sup>]

Valuation period	OASDI			HI		
	Income rate	Cost rate <sup>c</sup>	Actuarial balance	Income rate	Cost rate	Actuarial balance
<b>Intermediate:</b>						
25-year:						
2022-46 . . . . .	14.38	16.62	-2.24	3.75	4.51	-0.76
50-year:						
2022-71 . . . . .	13.91	16.93	-3.02	3.90	4.67	-.77
75-year:						
2022-96 . . . . .	13.78	17.20	-3.42	4.03	4.73	-.70
<b>Low-cost:</b>						
25-year:						
2022-46 . . . . .	14.14	14.48	-.34	3.72	3.39	.33
50-year:						
2022-71 . . . . .	13.66	13.93	-.27	3.88	2.93	.95
75-year:						
2022-96 . . . . .	13.50	13.56	-.07	4.00	2.73	1.27
<b>High-cost:</b>						
25-year:						
2022-46 . . . . .	14.69	19.29	-4.61	3.82	6.16	-2.34
50-year:						
2022-71 . . . . .	14.25	20.93	-6.68	3.97	7.72	-3.75
75-year:						
2022-96 . . . . .	14.18	22.27	-8.09	4.11	8.41	-4.30

<sup>a</sup> Income rates include beginning trust fund asset reserves and cost rates include the cost of reaching an ending target trust fund equal to 100 percent of annual cost at the end of the period.

<sup>b</sup> The taxable payroll for HI is significantly larger than the taxable payroll for OASDI because the HI taxable maximum amount was eliminated beginning 1994, and because HI covers all Federal civilian employees, all State and local government employees hired after April 1, 1986, and railroad employees.

<sup>c</sup> OASDI benefit payments which were scheduled to be paid on January 3 for some past and future years were actually paid on December 31 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment each year.

Note: Components may not sum to totals because of rounding.

The Trustees project that the OASDI and HI programs will each experience large actuarial deficits for the 25-year, 50-year, and 75-year valuation periods under the high-cost assumptions. Actuarial deficits under the intermediate assumptions are smaller than those for the high-cost assumptions for all three valuation periods. Under the low-cost assumptions, the OASDI program has relatively small actuarial deficits for all three valuation periods, while the HI program has positive actuarial balances for all three valuation periods.

## **2. Estimates as a Percentage of Gross Domestic Product**

This section presents long-range projections of the operations of the combined Old-Age and Survivors Insurance and Disability Insurance (OASI and DI) Trust Funds and of the Hospital Insurance (HI) Trust Fund, expressed as a percentage of gross domestic product (GDP). While expressing fund operations as a percentage of taxable payroll is a very useful approach for assessing the financial status of the programs (see section IV.B.1), expressing them as a percentage of the total value of goods and services produced in the United States provides an additional perspective.

Table VI.G4 shows non-interest income, total cost, and the resulting balance of the combined OASI and DI Trust Funds, of the HI Trust Fund, and of the combined OASI, DI, and HI Trust Funds, expressed as percentages of GDP on the basis of each of the three alternative sets of assumptions. Table VI.G4 also contains estimates of GDP. For OASDI, non-interest income consists of payroll tax contributions, proceeds from taxation of scheduled OASDI benefits, and any reimbursements from the General Fund of the Treasury. Cost consists of scheduled benefits, administrative expenses, financial interchange with the Railroad Retirement program, and payments for vocational rehabilitation services for disabled beneficiaries. For HI, non-interest income consists of payroll tax contributions (including contributions from railroad employment), up to an additional 0.9 percent tax on earned income for relatively high earners, proceeds from taxation of scheduled OASDI benefits, premium revenues, monies from fraud and abuse control activities, and any reimbursements from the General Fund of the Treasury. Cost consists of outlays (benefits and administrative expenses) for beneficiaries. The Trustees show income and cost estimates generally on a cash basis for the OASDI program<sup>1</sup> and on an incurred basis for the HI program.

The Trustees project the OASDI annual balance (non-interest income less cost) as a percentage of GDP to be negative throughout the projection period under the intermediate and high-cost assumptions. Under the low-cost assumptions, the OASDI annual deficit as a percentage of GDP decreases from 2022 to 2023, increases through 2025, and then slightly decreases in 2026, in part because of a permanent level shift upward in taxation of benefits income due to the expiration of the personal income tax provisions in Public Law 115-97, the Tax Cuts and Jobs Act. After 2026, deficits fluctuate

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<sup>1</sup> OASDI benefits paid for entitlement for a particular month are generally paid in the succeeding month. There are two primary exceptions to this general rule. First, payments can occur with a greater delay when a benefit award is made after the month of initial benefit entitlement. At the time of benefit award, benefits owed for months of prior entitlement are then also paid to the beneficiary. For the projections in this report, such retroactive payments are included in the period where they are paid (at time of award). Second, when benefit payments scheduled for January 3 are paid on the prior December 31, because January 3 falls on a Sunday, such payments are shown in this report for the period they were scheduled to be paid.



through 2033 and then decrease through 2055. After 2055, the annual deficits slightly increase through 2063 and then decrease through 2080 before becoming positive for 2081 and later. Under the intermediate assumptions, the OASDI annual deficits as a percentage of GDP increase from 2022 through 2078, and decrease thereafter. Under the high-cost assumptions, annual deficits increase relatively rapidly through 2086, and then slightly decrease through the end of the projection period.

The Trustees project that the HI annual balance as a percentage of GDP will be positive and mostly increasing throughout the projection period, under the low-cost assumptions. Under the intermediate and the high-cost assumptions, the HI annual balance is negative for all years of the projection period. Under the intermediate assumptions, annual deficits increase through 2044, and then decline thereafter. Under the high-cost assumptions, annual deficits reach a peak in 2070 and decline thereafter.

The combined OASDI and HI annual balance as a percentage of GDP is negative throughout the projection period under both the intermediate and high-cost assumptions. Under the low-cost assumptions, the combined OASDI and HI annual balance is negative through 2040, and then positive and rising thereafter. Under the intermediate assumptions, the combined OASDI and HI annual deficits increase through 2077 and then decline thereafter, reaching 1.56 percent of GDP by 2096. Under the high-cost assumptions, combined annual deficits rise to a peak of 6.68 percent in 2082 and decrease thereafter.

By 2096, the combined OASDI and HI annual balances as percentages of GDP range from a positive annual balance of 1.22 percent for the low-cost assumptions to an annual deficit of 6.34 percent for the high-cost assumptions. Annual balances differ by a much smaller amount for the tenth projection year, 2031, ranging from an annual deficit of 0.20 percent for the low-cost assumptions to an annual deficit of 2.41 percent for the high-cost assumptions.

The summarized long-range (75-year) actuarial balance as a percentage of GDP for the combined OASDI and HI programs varies among the three alternatives by a relatively large amount, from a positive actuarial balance of 0.54 percent under the low-cost assumptions to an actuarial deficit of 4.56 percent under the high-cost assumptions. The 25-year summarized actuarial balance varies by a smaller amount, from a positive actuarial balance of 0.02 percent of GDP to an actuarial deficit of 2.67 percent. Summarized rates are calculated on a present-value basis. They include the trust fund reserve balances on January 1, 2022 and the cost of reaching a target trust fund level equal to 100 percent of the following year's annual cost at the end of the period. (See section IV.B.4 for further explanation.)

**Table VI.G4.—OASDI and HI Annual and Summarized Income, Cost, and Balance as a Percentage of GDP, Calendar Years 2022-2100**

Calendar year	Percentage of GDP									GDP in dollars (billions)
	OASDI			HI			Combined			
	Income <sup>a</sup>	Cost <sup>b</sup>	Balance <sup>b</sup>	Income <sup>a</sup>	Cost	Balance	Income <sup>a</sup>	Cost <sup>b</sup>	Balance <sup>b</sup>	
<b>Intermediate:</b>										
2022 .....	4.53	4.98	-0.45	1.55	1.57	-0.02	6.08	6.55	-0.46	\$24,951
2023 .....	4.63	5.09	-.45	1.56	1.60	-.04	6.19	6.68	-.49	26,194
2024 .....	4.63	5.17	-.53	1.57	1.63	-.07	6.20	6.80	-.60	27,365
2025 .....	4.66	5.26	-.61	1.58	1.68	-.10	6.23	6.94	-.71	28,538
2026 .....	4.71	5.36	-.65	1.61	1.73	-.12	6.32	7.09	-.77	29,720
2027 .....	4.73	5.45	-.72	1.62	1.77	-.15	6.35	7.22	-.87	30,944
2028 .....	4.75	5.54	-.79	1.64	1.81	-.18	6.39	7.35	-.97	32,212
2029 .....	4.77	5.62	-.85	1.65	1.85	-.20	6.42	7.47	-1.05	33,546
2030 .....	4.78	5.69	-.91	1.66	1.87	-.21	6.44	7.56	-1.13	34,924
2031 .....	4.79	5.76	-.97	1.67	1.89	-.23	6.46	7.65	-1.19	36,355
2035 .....	4.77	5.90	-1.13	1.69	2.05	-.36	6.46	7.96	-1.49	42,674
2040 .....	4.73	5.95	-1.22	1.71	2.13	-.42	6.44	8.08	-1.64	51,968
2045 .....	4.69	5.93	-1.24	1.72	2.16	-.44	6.41	8.08	-1.68	63,220
2050 .....	4.65	5.92	-1.27	1.73	2.14	-.41	6.38	8.06	-1.68	77,080
2055 .....	4.62	5.95	-1.32	1.75	2.12	-.37	6.37	8.06	-1.69	94,163
2060 .....	4.60	6.01	-1.41	1.77	2.10	-.33	6.38	8.12	-1.74	115,104
2065 .....	4.58	6.07	-1.49	1.79	2.11	-.31	6.38	8.18	-1.80	140,533
2070 .....	4.57	6.13	-1.57	1.81	2.12	-.30	6.38	8.25	-1.87	171,276
2075 .....	4.55	6.18	-1.64	1.83	2.12	-.29	6.38	8.31	-1.93	208,657
2080 .....	4.52	6.17	-1.64	1.84	2.11	-.27	6.37	8.28	-1.91	254,750
2085 .....	4.50	6.07	-1.57	1.85	2.08	-.23	6.34	8.15	-1.81	312,022
2090 .....	4.47	5.93	-1.47	1.85	2.05	-.20	6.32	7.98	-1.66	382,873
2095 .....	4.45	5.86	-1.41	1.85	2.01	-.15	6.30	7.87	-1.57	469,505
2100 .....	4.44	5.87	-1.44	1.86	1.97	-.10	6.30	7.84	-1.54	574,472
<b>Summarized rates: <sup>c</sup></b>										
25-year:										
2022-46 ..	5.15	5.95	-.80	1.69	2.03	-.35	6.83	7.98	-1.15	
50-year:										
2022-71 ..	4.90	5.96	-1.06	1.72	2.07	-.34	6.62	8.03	-1.41	
75-year:										
2022-96 ..	4.79	5.98	-1.19	1.76	2.07	-.31	6.55	8.04	-1.50	
<b>Low-cost:</b>										
2022 .....	4.51	4.92	-.41	1.54	1.52	.02	6.05	6.44	-.39	25,233
2023 .....	4.62	4.95	-.33	1.55	1.49	.06	6.17	6.44	-.27	27,035
2024 .....	4.62	4.97	-.35	1.56	1.50	.06	6.18	6.48	-.30	28,626
2025 .....	4.66	5.02	-.36	1.57	1.52	.05	6.23	6.53	-.31	30,230
2026 .....	4.72	5.06	-.33	1.60	1.53	.07	6.32	6.59	-.26	31,899
2027 .....	4.75	5.09	-.34	1.61	1.54	.07	6.36	6.63	-.27	33,650
2028 .....	4.78	5.12	-.34	1.62	1.54	.08	6.40	6.67	-.26	35,487
2029 .....	4.81	5.15	-.34	1.63	1.54	.09	6.44	6.69	-.25	37,432
2030 .....	4.83	5.17	-.34	1.64	1.53	.11	6.47	6.70	-.23	39,469
2031 .....	4.85	5.18	-.33	1.65	1.52	.13	6.50	6.71	-.20	41,603
2035 .....	4.84	5.17	-.33	1.68	1.53	.15	6.51	6.70	-.19	51,340
2040 .....	4.80	5.08	-.28	1.70	1.44	.26	6.50	6.52	-.02	66,552
2045 .....	4.76	4.94	-.18	1.72	1.33	.39	6.48	6.27	.21	86,469
2050 .....	4.74	4.84	-.10	1.74	1.21	.53	6.48	6.05	.43	112,884
2055 .....	4.72	4.80	-.08	1.77	1.11	.66	6.49	5.91	.58	147,707
2060 .....	4.72	4.81	-.09	1.80	1.05	.75	6.52	5.86	.66	193,224
2065 .....	4.72	4.82	-.10	1.83	1.02	.80	6.54	5.84	.70	252,250
2070 .....	4.72	4.81	-.10	1.85	1.02	.83	6.56	5.83	.73	328,790
2075 .....	4.72	4.80	-.08	1.87	1.03	.85	6.59	5.82	.76	428,864
2080 .....	4.71	4.72	-.01	1.89	1.03	.86	6.60	5.75	.86	561,361

**Table VI.G4.—OASDI and HI Annual and Summarized Income, Cost, and Balance as a Percentage of GDP, Calendar Years 2022-2100 (Cont.)**

Calendar year	Percentage of GDP									GDP in dollars (billions)
	OASDI			HI			Combined			
	Income <sup>a</sup>	Cost <sup>b</sup>	Balance <sup>b</sup>	Income <sup>a</sup>	Cost	Balance	Income <sup>a</sup>	Cost <sup>b</sup>	Balance <sup>b</sup>	
<b>Low-cost (Cont.):</b>										
2085 .....	4.71	4.58	0.13	1.90	1.02	0.88	6.60	5.60	1.01	\$737,780
2090 .....	4.70	4.45	.26	1.91	1.01	.90	6.61	5.45	1.16	970,403
2095 .....	4.71	4.42	.29	1.92	.99	.93	6.64	5.42	1.22	1,272,813
2100 .....	4.73	4.49	.24	1.95	.85	1.09	6.67	5.34	1.33	1,663,845
<b>Summarized rates: <sup>c</sup></b>										
25-year:										
2022-46 ..	5.16	5.28	-.12	1.68	1.53	.15	6.83	6.81	.02	
50-year:										
2022-71 ..	4.95	5.05	-.10	1.73	1.31	.42	6.68	6.36	.32	
75-year:										
2022-96 ..	4.88	4.90	-.02	1.78	1.22	.57	6.66	6.12	.54	
<b>High-cost:</b>										
2022 .....	4.60	5.19	-.58	1.56	1.65	-.09	6.16	6.84	-.68	24,002
2023 .....	4.63	5.46	-.82	1.56	1.73	-.17	6.19	7.19	-1.00	24,349
2024 .....	4.64	5.52	-.88	1.57	1.79	-.22	6.21	7.31	-1.10	25,296
2025 .....	4.64	5.63	-.99	1.58	1.88	-.30	6.23	7.51	-1.28	26,204
2026 .....	4.69	5.76	-1.07	1.62	1.97	-.35	6.32	7.74	-1.42	27,076
2027 .....	4.71	5.91	-1.20	1.64	2.07	-.43	6.35	7.98	-1.63	27,880
2028 .....	4.72	6.07	-1.34	1.65	2.15	-.50	6.38	8.22	-1.84	28,655
2029 .....	4.73	6.21	-1.47	1.66	2.24	-.57	6.40	8.44	-2.04	29,466
2030 .....	4.73	6.34	-1.60	1.68	2.30	-.63	6.41	8.64	-2.23	30,293
2031 .....	4.74	6.46	-1.73	1.69	2.38	-.69	6.43	8.84	-2.41	31,140
2035 .....	4.72	6.79	-2.08	1.71	2.77	-1.06	6.43	9.57	-3.14	34,779
2040 .....	4.68	7.03	-2.36	1.73	3.17	-1.44	6.41	10.20	-3.80	39,776
2045 .....	4.63	7.21	-2.58	1.74	3.53	-1.79	6.37	10.74	-4.37	45,209
2050 .....	4.59	7.39	-2.80	1.75	3.86	-2.11	6.34	11.25	-4.90	51,266
2055 .....	4.56	7.57	-3.02	1.76	4.09	-2.33	6.32	11.67	-5.34	58,144
2060 .....	4.53	7.77	-3.24	1.78	4.28	-2.50	6.31	12.05	-5.74	66,006
2065 .....	4.50	7.96	-3.46	1.79	4.41	-2.61	6.29	12.37	-6.07	74,832
2070 .....	4.47	8.16	-3.69	1.81	4.47	-2.66	6.28	12.63	-6.35	84,615
2075 .....	4.44	8.37	-3.93	1.82	4.45	-2.63	6.27	12.82	-6.56	95,432
2080 .....	4.41	8.52	-4.11	1.83	4.40	-2.57	6.24	12.92	-6.68	107,594
2085 .....	4.37	8.55	-4.18	1.84	4.32	-2.48	6.21	12.87	-6.66	121,494
2090 .....	4.32	8.47	-4.15	1.83	4.22	-2.39	6.16	12.70	-6.54	137,507
2095 .....	4.28	8.36	-4.08	1.83	4.12	-2.29	6.11	12.48	-6.37	155,792
2100 .....	4.24	8.28	-4.04	1.84	4.64	-2.80	6.08	12.92	-6.85	176,484
<b>Summarized rates: <sup>c</sup></b>										
25-year:										
2022-46 ..	5.16	6.78	-1.62	1.71	2.76	-1.05	6.87	9.54	-2.67	
50-year:										
2022-71 ..	4.89	7.18	-2.29	1.74	3.38	-1.64	6.62	10.56	-3.93	
75-year:										
2022-96 ..	4.76	7.47	-2.72	1.76	3.61	-1.85	6.52	11.08	-4.56	

<sup>a</sup> Income for individual years excludes interest on the trust funds. Interest is implicit in all summarized values.

<sup>b</sup> OASDI benefit payments which were scheduled to be paid on January 3 for some past and future years were actually paid on December 31 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment each year.

<sup>c</sup> Summarized rates are calculated on a present-value basis. They include the value of the trust funds on January 1, 2022 and the cost of reaching a target trust fund level equal to 100 percent of annual cost at the end of the period.

Notes:

1. The Trustees show income and cost estimates generally on a cash basis for the OASDI program and on an incurred basis for the HI program.

2. Components may not sum to totals because of rounding.

Table VI.G5 displays annual ratios of OASDI taxable payroll to GDP. These ratios facilitate comparisons of trust fund operations expressed as percentages of taxable payroll and those expressed as percentages of GDP. HI taxable payroll is 26 percent larger than the OASDI taxable payroll on average over the long-range period; see section 1 of this appendix for a detailed description of the difference. For each year, the cost as a percentage of GDP is equal to the cost as a percentage of taxable payroll multiplied by the ratio of taxable payroll to GDP.

**Table VI.G5.—Ratio of OASDI Taxable Payroll to GDP, Calendar Years 2022-2100**

Calendar year	Intermediate	Low-cost	High-cost
2022 .....	0.354	0.354	0.357
2023 .....	.355	.354	.356
2024 .....	.358	.357	.357
2025 .....	.359	.360	.357
2026 .....	.360	.362	.357
2027 .....	.361	.364	.357
2028 .....	.362	.366	.357
2029 .....	.362	.367	.357
2030 .....	.362	.368	.356
2031 .....	.362	.370	.355
2035 .....	.360	.368	.351
2040 .....	.356	.365	.347
2045 .....	.352	.363	.342
2050 .....	.349	.361	.338
2055 .....	.347	.360	.334
2060 .....	.345	.359	.331
2065 .....	.343	.359	.327
2070 .....	.341	.359	.324
2075 .....	.339	.359	.320
2080 .....	.337	.359	.317
2085 .....	.335	.359	.313
2090 .....	.334	.360	.310
2095 .....	.332	.360	.307
2100 .....	.331	.361	.304

Projections of GDP reflect projected increases in U.S. employment, labor productivity, average hours worked, and the GDP price index (GDP deflator). Projections of taxable payroll reflect the components of growth in GDP along with assumed changes in the ratio of total labor compensation to GDP, the ratio of earnings to total labor compensation, the ratio of OASDI covered earnings to total earnings, and the ratio of taxable to total covered earnings.

Over the long-range period, the ratio of OASDI taxable payroll to GDP is projected to decline mostly due to a projected decline in the ratio of wages and salaries to employee compensation. Over the last six complete economic cycles, the ratio of wages and salaries to employee compensation declined at an average annual rate of 0.17 percent. Over the 65-year period ending in 2096, the ratio of wages and salaries to employee compensation is projected to decline at an average annual rate of 0.02, 0.12, and 0.22 percent for the low-cost, intermediate, and high-cost assumptions, respectively.

### **3. Estimates in Dollars**

This section presents long-range projections, in dollars, of the operations of the combined OASI and DI Trust Funds and in some cases the HI Trust Fund. Comparing current dollar values over long periods of time is difficult because of the effect of inflation. In order to compare dollar values in a meaningful way, table VI.G6 provides several economic series or indices which can be used to adjust current dollars for changes in prices, wages, or other aspects of economic growth during the projection period. Any series of values can be adjusted by dividing the value for each year by the corresponding index value for the year.

One of the most common forms of standardization is price indexing, which uses some measure of change in the prices of consumer goods. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W, hereafter referred to as CPI), published by the Bureau of Labor Statistics, Department of Labor, is one such price index. Consistent with the law, the Social Security Administration (SSA) uses this index to determine the annual cost-of-living increases for OASDI monthly benefits. The ultimate annual rate of increase in the CPI is assumed to be 3.0, 2.4, and 1.8 percent for the low-cost, intermediate, and high-cost sets of assumptions, respectively. Table VI.G7 provides CPI-indexed dollar values (those adjusted using the CPI in table VI.G6), which indicate the relative purchasing power of the values over time.

Wage indexing is another type of standardization. It combines the effects of price inflation and real wage growth. The wage index presented here is the national average wage index, as defined in section 209(k)(1) of the Social Security Act. SSA uses this index to annually adjust the contribution and benefit base and other earnings-related program amounts. The average wage is assumed to grow by an average rate of 4.8, 3.6, and 2.3 percent under the low-cost, intermediate, and high-cost assumptions, respectively, between 2031 and 2096. Wage-indexed values indicate the level of a series of values relative to the changing standard of living of workers over time.

The taxable payroll series is used as an index to adjust for the effects of changes in the number of workers and changes in the proportion of earnings that are taxable, as well as for the effects of price inflation and real wage growth. The OASDI taxable payroll consists of all earnings subject to OASDI taxation, with an adjustment for the lower effective tax rate on multiple-employer excess wages. A series of values, divided by the taxable payroll, indicates the percentage of payroll that each value represents, and thus

the extent to which the series of values increases or decreases as a percent of payroll over time.

The GDP series is used as an index to adjust for the growth in the aggregate amount of goods and services produced in the United States. Values adjusted by GDP (see section 2 of this appendix) indicate their relative share of the total output of the economy. No direct assumption is made about growth in taxable payroll or GDP. These series reflect the basic demographic and economic assumptions, as discussed in sections V.A and V.B, respectively.

Discounting at the rate of interest is another way of standardizing current dollars. The compound new-issue interest factor shown in table VI.G6 increases each year by the assumed effective annual nominal yield for special public-debt obligations issuable to the trust funds in the 12 months of the prior year. The compound effective trust-fund interest factor shown in table VI.G6 uses the effective annual yield on all currently-held securities in the combined OASI and DI Trust Funds. The reciprocal of the compound effective trust-fund interest factor approximates the cumulative discount factor used to convert nominal dollar values to present values as of the start of the valuation period in order to create summarized values for this report.

**Table VI.G6.—Selected Economic Variables, Calendar Years 2021-2100**  
 [GDP and taxable payroll in billions]

Calendar year	Adjusted CPI <sup>a</sup>	Average wage index	Taxable payroll <sup>b</sup>	Gross domestic product	Compound new-issue interest factor <sup>c</sup>	Compound effective trust-fund interest factor <sup>d</sup>
<b>Intermediate:</b>						
2021.....	95.66	\$58,743.07	\$8,223	\$22,989	0.9862	0.9879
2022.....	100.00	62,583.15	8,842	24,951	1.0000	1.0115
2023.....	102.33	65,571.72	9,310	26,194	1.0184	1.0340
2024.....	104.78	68,371.79	9,787	27,365	1.0417	1.0563
2025.....	107.30	71,147.65	10,244	28,538	1.0717	1.0792
2026.....	109.87	73,980.60	10,698	29,720	1.1078	1.1037
2027.....	112.51	76,857.74	11,171	30,944	1.1493	1.1306
2028.....	115.21	79,761.29	11,650	32,212	1.1964	1.1603
2029.....	117.98	82,702.63	12,145	33,546	1.2485	1.1931
2030.....	120.81	85,713.03	12,647	34,924	1.3055	1.2295
2031.....	123.71	88,836.46	13,169	36,355	1.3665	1.2703
2035.....	136.02	102,530.83	15,347	42,674	1.6454	1.4887
2040.....	153.14	122,417.01	18,495	51,968	2.0756	1.8737
2045.....	172.42	145,582.26	22,277	63,220	2.6184	2.3633
2050.....	194.13	172,887.64	26,928	77,080	3.3030	2.9813
2055.....	218.57	205,634.94	32,655	94,163	4.1666	3.7608
2060.....	246.09	244,870.78	39,669	115,104	5.2561	4.7442
2065.....	277.07	291,767.28	48,142	140,533	6.6304	5.9846
2070.....	311.95	347,552.77	58,341	171,276	8.3641	7.5495
2075.....	351.23	413,851.91	70,697	208,657	10.5511	9.5234
2080.....	395.45	492,391.60	85,839	254,750	13.3099	12.0136
2085.....	445.24	585,488.00	104,553	312,022	16.7901	15.1548
2090.....	501.29	696,610.41	127,694	382,873	21.1803	19.1174
2095.....	564.40	829,710.10	156,054	469,505	26.7183	24.1160
2100.....	635.46	988,243.75	190,275	574,472	33.7044	30.4217
<b>Low-cost:</b>						
2021.....	95.12	58,757.18	8,225	22,995	0.9862	0.9879
2022.....	100.00	62,852.52	8,923	25,233	1.0000	1.0116
2023.....	103.00	67,130.25	9,581	27,035	1.0245	1.0348
2024.....	106.09	70,999.01	10,229	28,626	1.0602	1.0589
2025.....	109.28	74,558.14	10,889	30,230	1.1020	1.0847
2026.....	112.55	78,330.86	11,563	31,899	1.1508	1.1131
2027.....	115.93	82,316.43	12,260	33,650	1.2065	1.1451
2028.....	119.41	86,451.88	12,984	35,487	1.2693	1.1812
2029.....	122.99	90,722.28	13,747	37,432	1.3387	1.2221
2030.....	126.68	95,162.12	14,541	39,469	1.4146	1.2682
2031.....	130.48	99,831.80	15,379	41,603	1.4970	1.3203
2035.....	146.86	120,904.37	18,881	51,340	1.8817	1.5948
2040.....	170.25	153,141.65	24,290	66,552	2.5043	2.1043
2045.....	197.36	192,907.89	31,351	86,469	3.3331	2.7984
2050.....	228.80	242,825.70	40,738	112,884	4.4360	3.7245
2055.....	265.24	306,381.76	53,146	147,707	5.9040	4.9570
2060.....	307.49	387,161.85	69,415	193,224	7.8578	6.5973
2065.....	356.46	489,443.85	90,524	252,250	10.4580	8.7805
2070.....	413.24	618,371.03	117,944	328,790	13.9188	11.6862
2075.....	479.05	780,679.71	153,886	428,864	18.5248	15.5534
2080.....	555.35	984,656.78	201,498	561,361	24.6550	20.7003
2085.....	643.81	1,241,352.70	264,935	737,780	32.8139	27.5504
2090.....	746.35	1,565,910.51	348,909	970,403	43.6726	36.6673
2095.....	865.22	1,977,646.95	458,723	1,272,813	58.1247	48.8013
2100.....	1,003.03	2,497,177.10	600,836	1,663,845	77.3593	64.9505

**Table VI.G6.—Selected Economic Variables, Calendar Years 2021-2100 (Cont.)**  
[GDP and taxable payroll in billions]

Calendar year	Adjusted CPI <sup>a</sup>	Average wage index	Taxable payroll <sup>b</sup>	Gross domestic product	Compound new-issue interest factor <sup>c</sup>	Compound effective trust-fund interest factor <sup>d</sup>
<b>High-cost:</b>						
2021.....	96.23	\$58,728.91	\$8,221	\$22,983	0.9862	0.9879
2022.....	100.00	61,441.05	8,565	24,002	1.0000	1.0114
2023.....	101.02	62,461.55	8,666	24,349	1.0112	1.0334
2024.....	102.56	64,422.99	9,035	25,296	1.0231	1.0546
2025.....	104.40	66,330.90	9,348	26,204	1.0453	1.0757
2026.....	106.28	68,361.44	9,669	27,076	1.0731	1.0974
2027.....	108.19	70,254.36	9,963	27,880	1.1049	1.1203
2028.....	110.14	72,021.11	10,236	28,655	1.1397	1.1446
2029.....	112.12	73,775.14	10,509	29,466	1.1769	1.1700
2030.....	114.14	75,544.17	10,773	30,293	1.2176	1.1969
2031.....	116.19	77,352.07	11,043	31,140	1.2619	1.2260
2035.....	124.79	85,056.13	12,219	34,779	1.4555	1.4061
2040.....	136.43	95,717.67	13,794	39,776	1.7398	1.6808
2045.....	149.16	107,504.03	15,476	45,209	2.0795	2.0090
2050.....	163.08	120,453.15	17,338	51,266	2.4857	2.4014
2055.....	178.29	135,019.52	19,441	58,144	2.9711	2.8704
2060.....	194.93	151,435.04	21,836	66,006	3.5514	3.4310
2065.....	213.11	169,953.30	24,492	74,832	4.2450	4.1010
2070.....	233.00	190,743.00	27,398	84,615	5.0741	4.9020
2075.....	254.73	214,087.58	30,570	95,432	6.0651	5.8594
2080.....	278.50	240,146.72	34,077	107,594	7.2496	7.0037
2085.....	304.48	269,209.78	38,036	121,494	8.6654	8.3715
2090.....	332.89	302,052.35	42,586	137,507	10.3578	10.0065
2095.....	363.95	339,224.29	47,795	155,792	12.3807	11.9608
2100.....	397.91	380,998.63	53,643	176,484	14.7987	14.2968

<sup>a</sup> CPI-W indexed to calendar year 2022.

<sup>b</sup> Total earnings subject to OASDI contribution rates, adjusted to reflect the lower effective contribution rates (compared to the combined employee-employer rate) that apply to multiple-employer “excess wages.”

<sup>c</sup> For each alternative, incorporates the average of the assumed annual yield for special public-debt obligations issuable to the trust funds in the 12 months of the prior year.

<sup>d</sup> For each alternative, incorporates the annual effective yield for all outstanding special public-debt obligations held by the trust fund, with a half-year’s interest effect in each row. The effective yield for a period equals total interest earned during the period divided by the total exposure to interest on asset reserves and all income and cost items during the period. The reciprocals of the factors approximate the discounting/accumulation factors that are used to calculate summarized rates and balances in this report.

Table VI.G7 shows the operations of the combined OASI and DI Trust Funds in CPI-indexed 2022 dollars—that is, adjusted by the CPI indexing series as discussed above. The following items are presented in the table: (1) non-interest income, (2) interest income, (3) total income, (4) cost, and (5) asset reserves at the end of the year. Non-interest income consists of payroll tax contributions, income from taxation of scheduled OASDI benefits, and any reimbursements from the General Fund of the Treasury. Cost consists of scheduled benefits, administrative expenses, financial interchange with the Railroad Retirement program, and payments for vocational rehabilitation services for disabled beneficiaries. Table VI.G7 shows trust fund operations under the intermediate, low-cost, and high-cost sets of assumptions.



**Table VI.G7.—Operations of the Combined OASI and DI Trust Funds,  
in CPI-indexed 2022 Dollars,<sup>a</sup> Calendar Years 2022-2100**  
[In billions]

Calendar year	Non-interest income	Interest income	Total income	Cost <sup>b</sup>	Asset reserves at end of year <sup>b</sup>
<b>Intermediate:</b>					
2022 .....	\$1,131.2	\$64.6	\$1,195.8	\$1,242.7	\$2,805.2
2023 .....	1,186.1	58.9	1,245.0	1,301.8	2,684.5
2024 .....	1,210.1	55.2	1,265.3	1,349.4	2,537.5
2025 .....	1,238.1	53.3	1,291.4	1,399.3	2,370.1
2026 .....	1,273.5	52.8	1,326.3	1,449.3	2,191.6
2027 .....	1,300.8	52.5	1,353.3	1,499.5	1,994.0
2028 .....	1,328.8	51.0	1,379.8	1,549.9	1,777.1
2029 .....	1,356.2	48.3	1,404.5	1,598.5	1,541.5
2030 .....	1,381.9	44.7	1,426.6	1,645.8	1,286.1
2031 <sup>c</sup> .....	1,408.5	39.8	1,448.3	1,693.2	1,011.1
<b>Low-cost:</b>					
2022 .....	1,137.7	65.4	1,203.2	1,241.0	2,814.2
2023 .....	1,213.2	62.0	1,275.2	1,299.0	2,708.4
2024 .....	1,246.8	61.7	1,308.5	1,342.1	2,596.0
2025 .....	1,288.5	62.7	1,351.2	1,387.8	2,483.8
2026 .....	1,338.5	65.4	1,404.0	1,432.9	2,382.5
2027 .....	1,379.3	69.2	1,448.4	1,477.6	2,283.9
2028 .....	1,421.3	72.7	1,494.0	1,522.6	2,188.8
2029 .....	1,463.6	76.1	1,539.7	1,566.2	2,098.6
2030 .....	1,504.8	79.7	1,584.4	1,609.3	2,012.6
2031 .....	1,547.3	82.9	1,630.3	1,652.8	1,931.5
2035 .....	1,690.5	86.7	1,777.2	1,807.1	1,609.8
2040 .....	1,876.3	73.7	1,950.0	1,984.5	1,233.1
2045 .....	2,086.9	57.3	2,144.2	2,164.0	938.3
2050 .....	2,337.7	47.3	2,385.0	2,389.2	765.2
2055 .....	2,630.6	41.3	2,672.0	2,674.2	653.8
2060 .....	2,965.7	33.4	2,999.1	3,024.2	494.7
2065 .....	3,337.5	19.6	3,357.1	3,408.1	230.3
2070 .....	d	d	d	d	d
2075 .....	d	d	d	d	d
2080 .....	d	d	d	d	d
2085 .....	d	d	d	d	d
2090 .....	6,115.5	52.7	6,168.2	5,779.7	960.0
2095 .....	6,932.7	183.0	7,115.7	6,507.2	3,328.6
2100 .....	7,839.1	341.6	8,180.7	7,443.3	6,144.9

**Table VI.G7.—Operations of the Combined OASI and DI Trust Funds,  
in CPI-indexed 2022 Dollars,<sup>a</sup> Calendar Years 2022-2100 (Cont.)**  
[In billions]

Calendar year	Non-interest income	Interest income	Total income	Cost <sup>b</sup>	Asset reserves at end of year <sup>b</sup>
<b>High-cost:</b>					
2022 .....	\$1,104.8	\$63.8	\$1,168.6	\$1,244.6	\$2,776.0
2023 .....	1,117.1	55.8	1,172.9	1,315.6	2,605.2
2024 .....	1,144.5	49.9	1,194.5	1,361.4	2,399.1
2025 .....	1,165.9	45.0	1,210.8	1,413.3	2,154.4
2026 .....	1,195.5	41.0	1,236.5	1,468.2	1,884.7
2027 .....	1,213.2	36.9	1,250.1	1,523.5	1,577.9
2028 .....	1,229.1	31.0	1,260.0	1,578.2	1,231.8
2029 .....	1,243.8	23.5	1,267.3	1,630.8	846.6
2030 <sup>c</sup> .....	1,256.3	15.4	1,271.8	1,681.5	421.9

<sup>a</sup> CPI-indexed 2022 dollars equal current dollars adjusted by the CPI indexing series in table VI.G6.

<sup>b</sup> Benefit payments which were scheduled to be paid on January 3 for some past and future years were actually paid on December 31 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment each year.

<sup>c</sup> The combined OASI and DI Trust Funds become depleted in 2035 under the intermediate assumptions and in 2031 under the high-cost assumptions, so estimates for later years are not shown.

<sup>d</sup> The combined OASI and DI Trust Funds become depleted in 2069 under the low-cost assumptions, but combined asset reserves become positive again by the beginning of 2089 and remain positive through the remainder of the projection period. Estimates are not shown for years in which asset reserves are negative.

Note: Components may not sum to totals because of rounding.

Figure VI.G1 compares annual cost with annual total income and annual non-interest income. The figure shows only the OASDI program under intermediate assumptions, and presents values in CPI-indexed 2022 dollars, consistent with table VI.G7. The difference between the income values for each year is equal to the trust fund interest earnings. The figure illustrates that, under intermediate assumptions, annual cost exceeds both total income and non-interest income for 2022 until trust fund reserves are depleted in 2035. Estimates after reserve depletion are not shown. For 2022 through 2034 (the year preceding the year of trust fund reserve depletion), annual cost is covered by drawing down combined trust fund reserves.

**Figure VI.G1.—Estimated OASDI Income and Cost in CPI-indexed 2022 Dollars,  
Based on Intermediate Assumptions**  
[In billions]

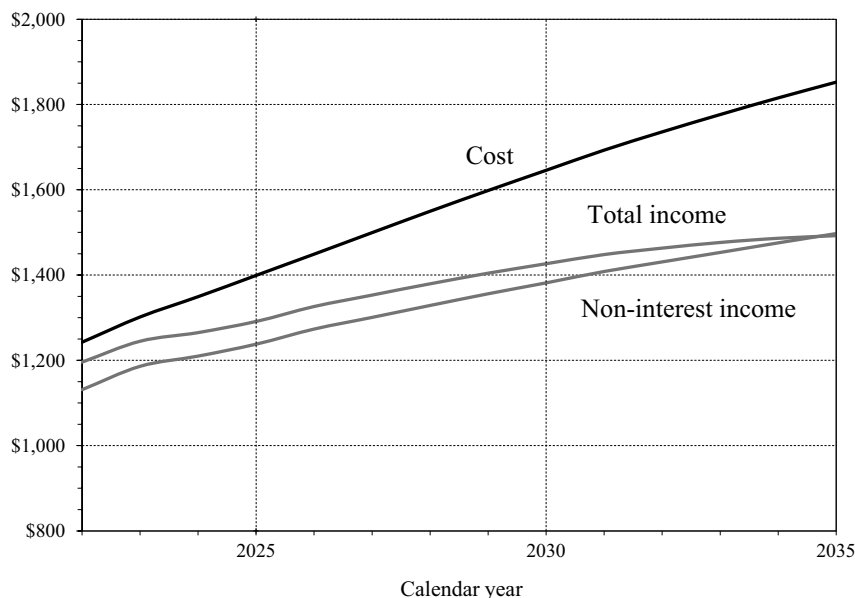


Table VI.G8 presents the operations of the combined OASI and DI Trust Funds in current, or nominal, dollars—that is, in dollars unadjusted for inflation. The following items are presented in the table: (1) non-interest income, (2) interest income, (3) total income, (4) cost, and (5) asset reserves at the end of the year. These estimates are presented using the intermediate, low-cost, and high-cost sets of demographic and economic assumptions to facilitate independent analysis.

**Table VI.G8.—Operations of the Combined OASI and DI Trust Funds,  
in Current Dollars, Calendar Years 2022-2100**  
[In billions]

Calendar year	Non-interest income	Interest income	Total income	Cost <sup>a</sup>	Asset reserves at end of year <sup>a</sup>
<b>Intermediate:</b>					
2022 .....	\$1,131.2	\$64.6	\$1,195.8	\$1,242.7	\$2,805.2
2023 .....	1,213.7	60.2	1,273.9	1,332.1	2,747.0
2024 .....	1,267.9	57.9	1,325.8	1,413.9	2,658.9
2025 .....	1,328.5	57.2	1,385.7	1,501.5	2,543.1
2026 .....	1,399.3	58.0	1,457.3	1,592.4	2,408.0
2027 .....	1,463.6	59.0	1,522.6	1,687.1	2,243.4
2028 .....	1,530.9	58.7	1,589.6	1,785.6	2,047.4
2029 .....	1,600.0	56.9	1,656.9	1,885.8	1,818.6
2030 .....	1,669.4	54.0	1,723.4	1,988.3	1,553.7
2031 <sup>b</sup> .....	1,742.4	49.3	1,791.7	2,094.7	1,250.8

**Table VI.G8.—Operations of the Combined OASI and DI Trust Funds,  
in Current Dollars, Calendar Years 2022-2100 (Cont.)**  
[In billions]

Calendar year	Non-interest income	Interest income	Total income	Cost <sup>a</sup>	Asset reserves at end of year <sup>a</sup>
<b>Low-cost:</b>					
2022 .....	\$1,137.7	\$65.4	\$1,203.2	\$1,241.0	\$2,814.2
2023 .....	1,249.6	63.9	1,313.5	1,338.0	2,789.7
2024 .....	1,322.8	65.5	1,388.3	1,423.8	2,754.2
2025 .....	1,408.0	68.5	1,476.5	1,516.5	2,714.1
2026 .....	1,506.6	73.6	1,580.2	1,612.8	2,681.5
2027 .....	1,599.0	80.2	1,679.2	1,713.0	2,647.7
2028 .....	1,697.2	86.9	1,784.0	1,818.1	2,613.7
2029 .....	1,800.1	93.6	1,893.7	1,926.3	2,581.1
2030 .....	1,906.2	100.9	2,007.2	2,038.6	2,549.6
2031 .....	2,019.0	108.2	2,127.2	2,156.5	2,520.2
2035 .....	2,482.6	127.3	2,609.9	2,653.8	2,364.1
2040 .....	3,194.3	125.5	3,319.8	3,378.6	2,099.3
2045 .....	4,118.8	113.1	4,231.9	4,271.0	1,851.9
2050 .....	5,348.6	108.3	5,456.9	5,466.4	1,750.9
2055 .....	6,977.5	109.6	7,087.2	7,093.2	1,734.0
2060 .....	9,119.0	102.7	9,221.8	9,298.9	1,521.1
2065 .....	11,896.8	69.9	11,966.7	12,148.5	820.8
2070 .....	c	c	c	c	c
2075 .....	c	c	c	c	c
2080 .....	c	c	c	c	c
2085 .....	c	c	c	c	c
2090 .....	45,643.4	393.3	46,036.6	43,136.5	7,164.9
2095 .....	59,983.7	1,582.9	61,566.6	56,301.5	28,800.1
2100 .....	78,628.5	3,426.5	82,055.0	74,658.8	61,635.4
<b>High-cost:</b>					
2022 .....	1,104.8	63.8	1,168.6	1,244.6	2,776.0
2023 .....	1,128.5	56.4	1,184.9	1,329.1	2,631.8
2024 .....	1,173.9	51.2	1,225.0	1,396.3	2,460.6
2025 .....	1,217.2	46.9	1,264.1	1,475.5	2,249.2
2026 .....	1,270.6	43.6	1,314.2	1,560.4	2,003.0
2027 .....	1,312.6	40.0	1,352.5	1,648.3	1,707.2
2028 .....	1,353.7	34.1	1,387.8	1,738.3	1,356.7
2029 .....	1,394.6	26.3	1,420.9	1,828.5	949.2
2030 <sup>b</sup> .....	1,434.0	17.6	1,451.6	1,919.2	481.5

<sup>a</sup> Benefit payments which were scheduled to be paid on January 3 for some past and future years were actually paid on December 31 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment each year.

<sup>b</sup> The combined OASI and DI Trust Funds become depleted in 2035 under the intermediate assumptions and in 2031 under the high-cost assumptions, so estimates for later years are not shown.

<sup>c</sup> The combined OASI and DI Trust Funds become depleted in 2069 under the low-cost assumptions, but combined asset reserves become positive again by the beginning of 2089 and remain positive through the remainder of the projection period. Estimates are not shown for years in which asset reserves are negative.

Note: Components may not sum to totals because of rounding.

Table VI.G9 presents values in CPI-indexed 2022 dollars—that is, adjusted by the CPI indexing series discussed at the beginning of this section. This table contains the annual non-interest income and cost of the combined OASI and DI Trust Funds, of the HI Trust Fund, and of the combined OASI, DI, and HI Trust Funds, based on the intermediate, low-cost, and high-cost sets of assumptions. For OASDI, non-interest income consists of payroll tax contributions, proceeds from taxation of scheduled OASDI benefits, and any

reimbursements from the General Fund of the Treasury. Cost consists of scheduled benefits, administrative expenses, financial interchange with the Railroad Retirement program, and payments for vocational rehabilitation services for disabled beneficiaries. For HI, non-interest income consists of payroll tax contributions (including contributions from railroad employment), up to an additional 0.9 percent tax on earned income for relatively high earners, proceeds from the taxation of scheduled OASDI benefits, premium revenues, monies from fraud and abuse control activities, and any reimbursements from the General Fund of the Treasury. Total cost consists of scheduled benefits and administrative expenses. The Trustees show income and cost estimates generally on a cash basis for the OASDI program<sup>1</sup> and on an incurred basis for the HI program. Table VI.G9 also shows the annual balance, which equals the difference between non-interest income and cost.

**Table VI.G9.—OASDI and HI Annual Non-interest Income, Cost, and Balance in CPI-Indexed 2022 Dollars,<sup>a</sup> Calendar Years 2022-2100**  
[In billions]

Calendar year	OASDI			HI			Combined		
	Non-interest income	Cost <sup>b</sup>	Balance <sup>b</sup>	Non-interest income	Cost	Balance	Non-interest income	Cost <sup>b</sup>	Balance <sup>b</sup>
<b>Intermediate:</b>									
2022 . . . . .	\$1,131	\$1,243	-\$111	\$387	\$391	-\$4	\$1,518	\$1,633	-\$116
2023 . . . . .	1,186	1,302	-116	399	408	-10	1,585	1,710	-125
2024 . . . . .	1,210	1,349	-139	409	427	-17	1,619	1,776	-157
2025 . . . . .	1,238	1,399	-161	420	447	-27	1,658	1,846	-188
2026 . . . . .	1,274	1,449	-176	436	467	-31	1,710	1,917	-207
2027 . . . . .	1,301	1,500	-199	447	487	-40	1,748	1,987	-239
2028 . . . . .	1,329	1,550	-221	457	506	-49	1,786	2,056	-270
2029 . . . . .	1,356	1,598	-242	468	525	-57	1,824	2,123	-299
2030 . . . . .	1,382	1,646	-264	479	540	-61	1,861	2,186	-325
2031 . . . . .	1,408	1,693	-285	490	556	-66	1,898	2,249	-351
2035 . . . . .	1,498	1,853	-355	530	644	-113	2,028	2,496	-468
2040 . . . . .	1,606	2,019	-413	579	723	-144	2,185	2,742	-557
2045 . . . . .	1,719	2,173	-454	630	790	-161	2,349	2,964	-615
2050 . . . . .	1,848	2,351	-503	688	850	-163	2,535	3,201	-666
2055 . . . . .	1,992	2,562	-570	754	912	-158	2,746	3,474	-728
2060 . . . . .	2,154	2,813	-659	829	984	-156	2,982	3,797	-815
2065 . . . . .	2,325	3,081	-755	909	1,068	-159	3,234	4,149	-915
2070 . . . . .	2,507	3,367	-860	995	1,162	-167	3,501	4,529	-1,028
2075 . . . . .	2,702	3,674	-972	1,087	1,260	-173	3,789	4,934	-1,146
2080 . . . . .	2,915	3,972	-1,058	1,186	1,359	-172	4,101	5,331	-1,230

<sup>1</sup> OASDI benefits paid for entitlement for a particular month are generally paid in the succeeding month. There are two primary exceptions to this general rule. First, payments can occur with a greater delay when a benefit award is made after the month of initial benefit entitlement. At the time of benefit award, benefits owed for months of prior entitlement are then also paid to the beneficiary. For the projections in this report, such retroactive payments are included in the period where they are paid (at time of award). Second, when benefit payments scheduled for January 3 are paid on the prior December 31, because January 3 falls on a Sunday, such payments are shown in this report for the period they were scheduled to be paid.

**Table VI.G9.—OASDI and HI Annual Non-interest Income, Cost, and Balance in CPI-Indexed 2022 Dollars,<sup>a</sup> Calendar Years 2022-2100 (Cont.)**  
[In billions]

Calendar year	OASDI			HI			Combined		
	Non-interest income	Cost <sup>b</sup>	Balance <sup>b</sup>	Non-interest income	Cost	Balance	Non-interest income	Cost <sup>b</sup>	Balance <sup>b</sup>
<b>Intermediate (Cont.):</b>									
2085 . . . . .	\$3,151	\$4,252	-\$1,101	\$1,294	\$1,458	-\$164	\$4,445	\$5,710	-\$1,265
2090 . . . . .	3,413	4,532	-1,119	1,411	1,563	-152	4,824	6,095	-1,271
2095 . . . . .	3,702	4,878	-1,176	1,542	1,671	-129	5,244	6,548	-1,305
2100 . . . . .	4,011	5,308	-1,297	1,683	1,778	-95	5,694	7,086	-1,392
<b>Low-cost:</b>									
2022 . . . . .	1,138	1,241	-103	389	384	6	1,527	1,625	-98
2023 . . . . .	1,213	1,299	-86	407	392	15	1,620	1,691	-71
2024 . . . . .	1,247	1,342	-95	421	406	16	1,668	1,748	-80
2025 . . . . .	1,288	1,388	-99	434	420	15	1,723	1,807	-85
2026 . . . . .	1,339	1,433	-94	454	434	20	1,792	1,867	-74
2027 . . . . .	1,379	1,478	-98	468	447	21	1,847	1,924	-77
2028 . . . . .	1,421	1,523	-101	482	458	23	1,903	1,981	-78
2029 . . . . .	1,464	1,566	-103	496	469	27	1,960	2,036	-76
2030 . . . . .	1,505	1,609	-105	511	477	34	2,015	2,086	-71
2031 . . . . .	1,547	1,653	-105	525	485	40	2,073	2,138	-65
2035 . . . . .	1,690	1,807	-117	586	534	52	2,276	2,341	-65
2040 . . . . .	1,876	1,985	-108	664	564	100	2,541	2,549	-8
2045 . . . . .	2,087	2,164	-77	753	582	171	2,840	2,746	94
2050 . . . . .	2,338	2,389	-51	859	596	263	3,197	2,985	212
2055 . . . . .	2,631	2,674	-44	985	619	366	3,615	3,293	322
2060 . . . . .	2,966	3,024	-58	1,130	660	470	4,096	3,684	412
2065 . . . . .	3,337	3,408	-71	1,292	722	569	4,629	4,130	499
2070 . . . . .	3,752	3,830	-78	1,472	810	662	5,223	4,639	584
2075 . . . . .	4,222	4,296	-74	1,675	918	757	5,898	5,214	683
2080 . . . . .	4,764	4,771	-7	1,907	1,036	871	6,672	5,807	864
2085 . . . . .	5,394	5,247	147	2,174	1,166	1,008	7,567	6,412	1,155
2090 . . . . .	6,116	5,780	336	2,480	1,308	1,171	8,595	7,088	1,507
2095 . . . . .	6,933	6,507	426	2,832	1,461	1,371	9,764	7,968	1,796
2100 . . . . .	7,839	7,443	396	3,227	1,413	1,815	11,067	8,856	2,211
<b>High-cost:</b>									
2022 . . . . .	1,105	1,245	-140	374	396	-23	1,478	1,641	-163
2023 . . . . .	1,117	1,316	-199	375	417	-42	1,492	1,733	-241
2024 . . . . .	1,145	1,361	-217	387	442	-55	1,531	1,804	-272
2025 . . . . .	1,166	1,413	-247	397	472	-75	1,563	1,886	-323
2026 . . . . .	1,196	1,468	-273	413	503	-90	1,609	1,971	-362
2027 . . . . .	1,213	1,524	-310	422	532	-110	1,635	2,056	-420
2028 . . . . .	1,229	1,578	-349	430	560	-130	1,659	2,138	-479
2029 . . . . .	1,244	1,631	-387	437	587	-150	1,681	2,218	-537
2030 . . . . .	1,256	1,681	-425	445	612	-167	1,701	2,293	-592
2031 . . . . .	1,269	1,732	-463	453	637	-184	1,722	2,369	-647

**Table VI.G9.—OASDI and HI Annual Non-interest Income, Cost, and Balance in CPI-Indexed 2022 Dollars,<sup>a</sup> Calendar Years 2022-2100 (Cont.)**  
[In billions]

Calendar year	OASDI			HI			Combined		
	Non-interest income	Cost <sup>b</sup>	Balance <sup>b</sup>	Non-interest income	Cost	Balance	Non-interest income	Cost <sup>b</sup>	Balance <sup>b</sup>
<b>High-cost (Cont.):</b>									
2035 . . . . .	\$1,315	\$1,893	-\$579	\$478	\$773	-\$295	\$1,792	\$2,666	-\$874
2040 . . . . .	1,363	2,050	-687	505	924	-420	1,868	2,975	-1,107
2045 . . . . .	1,404	2,185	-781	528	1,071	-543	1,932	3,256	-1,324
2050 . . . . .	1,444	2,323	-879	551	1,213	-662	1,995	3,536	-1,541
2055 . . . . .	1,486	2,470	-984	575	1,334	-759	2,062	3,805	-1,743
2060 . . . . .	1,533	2,632	-1,098	603	1,448	-846	2,136	4,080	-1,944
2065 . . . . .	1,579	2,795	-1,215	630	1,548	-918	2,210	4,343	-2,133
2070 . . . . .	1,623	2,964	-1,341	657	1,622	-965	2,280	4,586	-2,306
2075 . . . . .	1,664	3,136	-1,472	684	1,668	-985	2,348	4,805	-2,457
2080 . . . . .	1,703	3,290	-1,587	709	1,701	-992	2,412	4,991	-2,579
2085 . . . . .	1,743	3,412	-1,669	733	1,723	-990	2,476	5,135	-2,659
2090 . . . . .	1,785	3,500	-1,715	758	1,744	-986	2,543	5,244	-2,701
2095 . . . . .	1,832	3,580	-1,748	784	1,764	-980	2,615	5,343	-2,728
2100 . . . . .	1,881	3,674	-1,794	814	2,057	-1,243	2,695	5,732	-3,037

<sup>a</sup> CPI-indexed 2022 dollars equal current dollars adjusted by the CPI indexing series in table VI.G6.

<sup>b</sup> OASDI benefit payments which were scheduled to be paid on January 3 for some past and future years were actually paid on December 31 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment each year.

Note: Components may not sum to totals because of rounding.

Table VI.G10 shows values in current, or nominal, dollars—that is, in dollars unadjusted for inflation. This table presents the annual non-interest income, cost, and balance of the combined OASI and DI Trust Funds, of the HI Trust Fund, and of the combined OASI, DI, and HI Trust Funds, based on the intermediate, low-cost, and high-cost sets of assumptions.

Table VI.G10.—OASDI and HI Annual Non-interest Income, Cost, and Balance in Current Dollars, Calendar Years 2022-2100  
[In billions]

Calendar year	OASDI			HI			Combined		
	Non-interest income	Cost <sup>a</sup>	Balance <sup>a</sup>	Non-interest income	Cost	Balance	Non-interest income	Cost <sup>a</sup>	Balance <sup>a</sup>
<b>Intermediate:</b>									
2022 .....	\$1,131	\$1,243	-\$111	\$387	\$391	-\$4	\$1,518	\$1,633	-\$116
2023 .....	1,214	1,332	-118	408	418	-10	1,622	1,750	-128
2024 .....	1,268	1,414	-146	429	447	-18	1,697	1,861	-164
2025 .....	1,328	1,501	-173	450	479	-29	1,779	1,981	-202
2026 .....	1,399	1,592	-193	479	513	-34	1,878	2,106	-227
2027 .....	1,464	1,687	-224	503	548	-45	1,966	2,235	-269
2028 .....	1,531	1,786	-255	527	583	-56	2,058	2,369	-311
2029 .....	1,600	1,886	-286	552	619	-67	2,152	2,505	-353
2030 .....	1,669	1,988	-319	578	652	-74	2,248	2,641	-393
2031 .....	1,742	2,095	-352	606	688	-82	2,348	2,782	-434
2035 .....	2,037	2,520	-483	721	875	-154	2,758	3,395	-637
2040 .....	2,460	3,092	-633	887	1,107	-220	3,347	4,200	-853
2045 .....	2,965	3,747	-783	1,086	1,363	-277	4,051	5,110	-1,060
2050 .....	3,587	4,564	-977	1,335	1,651	-316	4,921	6,215	-1,293
2055 .....	4,355	5,600	-1,245	1,647	1,993	-346	6,002	7,593	-1,591
2060 .....	5,300	6,923	-1,623	2,039	2,422	-383	7,339	9,344	-2,006
2065 .....	6,443	8,536	-2,093	2,519	2,960	-441	8,961	11,495	-2,534
2070 .....	7,819	10,503	-2,683	3,103	3,626	-522	10,923	14,128	-3,206
2075 .....	9,489	12,905	-3,415	3,818	4,426	-608	13,307	17,331	-4,024
2080 .....	11,527	15,709	-4,182	4,691	5,372	-681	16,218	21,081	-4,864
2085 .....	14,029	18,931	-4,902	5,760	6,492	-732	19,789	25,423	-5,633
2090 .....	17,108	22,720	-5,611	7,075	7,835	-760	24,183	30,554	-6,371
2095 .....	20,893	27,531	-6,638	8,702	9,429	-727	29,595	36,960	-7,365
2100 .....	25,486	33,730	-8,244	10,696	11,297	-601	36,183	45,027	-8,845
<b>Low-cost:</b>									
2022 .....	1,138	1,241	-103	389	384	6	1,527	1,625	-98
2023 .....	1,250	1,338	-88	419	404	15	1,669	1,742	-73
2024 .....	1,323	1,424	-101	447	430	16	1,770	1,854	-85
2025 .....	1,408	1,516	-108	475	459	16	1,883	1,975	-93
2026 .....	1,507	1,613	-106	511	488	22	2,017	2,101	-84
2027 .....	1,599	1,713	-114	542	518	25	2,141	2,231	-89
2028 .....	1,697	1,818	-121	575	547	28	2,272	2,365	-93
2029 .....	1,800	1,926	-126	610	577	33	2,410	2,504	-93
2030 .....	1,906	2,039	-132	647	604	42	2,553	2,643	-90
2031 .....	2,019	2,157	-138	686	633	53	2,705	2,790	-85
2035 .....	2,483	2,654	-171	860	784	76	3,343	3,438	-95
2040 .....	3,194	3,379	-184	1,131	961	170	4,325	4,339	-14
2045 .....	4,119	4,271	-152	1,486	1,149	337	5,605	5,420	185
2050 .....	5,349	5,466	-118	1,966	1,363	603	7,314	6,829	485
2055 .....	6,978	7,093	-116	2,612	1,641	971	9,590	8,735	855
2060 .....	9,119	9,299	-180	3,475	2,028	1,446	12,594	11,327	1,266
2065 .....	11,897	12,148	-252	4,604	2,574	2,030	16,501	14,723	1,778
2070 .....	15,503	15,825	-322	6,081	3,346	2,735	21,584	19,171	2,413
2075 .....	20,227	20,582	-355	8,026	4,397	3,628	28,253	24,979	3,274
2080 .....	26,460	26,497	-37	10,592	5,754	4,838	37,052	32,251	4,801
2085 .....	34,725	33,778	946	13,995	7,505	6,490	48,720	41,283	7,437
2090 .....	45,643	43,136	2,507	18,507	9,764	8,743	64,150	52,901	11,249
2095 .....	59,984	56,302	3,682	24,499	12,639	11,860	84,483	68,941	15,542
2100 .....	78,628	74,659	3,970	32,372	14,170	18,203	111,001	88,828	22,172



**Table VI.G10.—OASDI and HI Annual Non-interest Income, Cost, and Balance in Current Dollars, Calendar Years 2022-2100 (Cont.)**  
[In billions]

Calendar year	OASDI			HI			Combined		
	Non-interest income	Cost <sup>a</sup>	Balance <sup>a</sup>	Non-interest income	Cost	Balance	Non-interest income	Cost <sup>a</sup>	Balance <sup>a</sup>
<b>High-cost:</b>									
2022 .....	\$1,105	\$1,245	-\$140	\$374	\$396	-\$23	\$1,478	\$1,641	-\$163
2023 .....	1,128	1,329	-201	379	421	-42	1,507	1,750	-243
2024 .....	1,174	1,396	-222	397	454	-57	1,571	1,850	-279
2025 .....	1,217	1,476	-258	415	493	-78	1,632	1,969	-337
2026 .....	1,271	1,560	-290	439	535	-95	1,710	2,095	-385
2027 .....	1,313	1,648	-336	457	576	-119	1,769	2,224	-455
2028 .....	1,354	1,738	-385	473	617	-143	1,827	2,355	-528
2029 .....	1,395	1,828	-434	490	659	-168	1,885	2,487	-602
2030 .....	1,434	1,919	-485	508	698	-190	1,942	2,617	-675
2031 .....	1,475	2,013	-538	526	740	-214	2,001	2,753	-752
2035 .....	1,640	2,363	-722	596	964	-368	2,236	3,327	-1,090
2040 .....	1,860	2,797	-937	688	1,261	-572	2,548	4,058	-1,510
2045 .....	2,094	3,259	-1,165	787	1,598	-811	2,881	4,856	-1,975
2050 .....	2,354	3,788	-1,434	898	1,978	-1,080	3,253	5,766	-2,513
2055 .....	2,650	4,404	-1,754	1,026	2,379	-1,353	3,676	6,783	-3,107
2060 .....	2,989	5,129	-2,141	1,175	2,823	-1,648	4,164	7,953	-3,789
2065 .....	3,366	5,956	-2,589	1,343	3,299	-1,956	4,709	9,255	-4,546
2070 .....	3,782	6,906	-3,124	1,531	3,780	-2,249	5,313	10,686	-5,373
2075 .....	4,239	7,989	-3,750	1,741	4,250	-2,509	5,980	12,239	-6,259
2080 .....	4,743	9,162	-4,419	1,974	4,737	-2,763	6,717	13,899	-7,182
2085 .....	5,306	10,388	-5,082	2,233	5,247	-3,014	7,539	15,635	-8,096
2090 .....	5,943	11,652	-5,709	2,523	5,806	-3,283	8,466	17,458	-8,992
2095 .....	6,667	13,028	-6,361	2,852	6,418	-3,567	9,519	19,446	-9,927
2100 .....	7,483	14,620	-7,137	3,239	8,186	-4,947	10,722	22,806	-12,084

<sup>a</sup> OASDI benefit payments which were scheduled to be paid on January 3 for some past and future years were actually paid on December 31 as required by the statutory provision for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. For comparability with the values for historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment each year.

Note: Components may not sum to totals because of rounding.

***H. ANALYSIS OF BENEFIT PAYMENTS FROM THE OASI  
TRUST FUND WITH RESPECT TO DISABLED BENEFICIARIES  
(Required by section 201(c) of the Social Security Act)***

Effective January 1957, the OASI Trust Fund pays monthly benefits to disabled children aged 18 and over of retired and deceased workers if the disability began before age 18. The age by which disability must have begun was later changed to age 22. Effective February 1968, the OASI Trust Fund pays reduced monthly benefits to disabled widows and widowers at ages 50 and over. Effective January 1991, the requirements for the disability of the widow or widower were made less restrictive.

At the end of 2021, the OASI Trust Fund was providing monthly benefit payments to about 1,136,000 people because of their disabilities or the disabilities of children. This total includes approximately 22,000 mothers and fathers (wives or husbands under normal retirement age of retired-worker beneficiaries and widows or widowers of deceased insured workers) who met all other qualifying requirements and were receiving unreduced benefits solely because they had disabled-child beneficiaries (or disabled children aged 16 or 17) in their care. In calendar year 2021, the OASI Trust Fund paid a total of \$12,453 million to the people described above. Table VI.H1 shows OASI scheduled benefits for disability for selected calendar years during 1960 through 2021 and estimates for 2022 through 2031 based on the intermediate set of assumptions.

**Table VI.H1.—Scheduled Benefit Payments From the OASI Trust Fund  
With Respect to Disabled Beneficiaries**  
[Beneficiaries in thousands; scheduled benefits in millions]

Calendar year	Disabled beneficiaries, end of year			Amount of scheduled benefits <sup>a b</sup>		
	Total	Children <sup>c</sup>	Widows- widowers <sup>d</sup>	Total	Children <sup>c</sup>	Widows- widowers <sup>e</sup>
<b>Historical data:</b>						
1960 .....	117	117	—	\$59	\$59	—
1965 .....	214	214	—	134	134	—
1970 .....	316	281	36	301	260	\$41
1975 .....	435	376	58	664	560	104
1980 .....	519	460	59	1,223	1,097	126
1985 .....	594	547	47	2,072	1,885	187
1990 .....	662	613	49	2,882	2,649	233
1995 .....	772	681	91	4,202	3,672	531
2000 .....	811	707	104	5,203	4,523	680
2005 .....	836	728	108	6,449	5,556	834
2010 .....	996	879	117	8,671	7,662	1,008
2011 .....	1,020	899	121	8,937	7,885	1,050
2012 .....	1,045	920	125	9,513	8,410	1,102
2013 .....	1,065	939	126	9,815	8,703	1,109
2014 .....	1,079	954	125	10,242	9,133	1,108
2015 .....	1,096	972	124	10,640	9,528	1,109
2016 .....	1,109	988	121	10,909	9,818	1,087
2017 .....	1,124	1,006	117	11,222	10,156	1,061
2018 .....	1,139	1,027	112	11,767	10,729	1,031
2019 .....	1,144	1,041	103	12,148	11,152	983
2020 .....	1,147	1,051	95	12,351	11,403	934
2021 .....	1,136	1,050	86	12,453	11,578	861
<b>Estimates under the intermediate assumptions:</b>						
2022 .....	1,144	1,064	80	13,307	12,447	847
2023 .....	1,156	1,080	76	14,036	13,198	829
2024 .....	1,170	1,097	73	14,674	13,842	822
2025 .....	1,188	1,116	72	15,383	14,546	827
2026 .....	1,206	1,135	72	16,150	15,288	852
2027 .....	1,225	1,153	72	16,964	16,071	883
2028 .....	1,245	1,171	74	17,813	16,874	928
2029 .....	1,262	1,188	74	18,690	17,709	971
2030 .....	1,278	1,205	73	19,572	18,571	989
2031 .....	1,295	1,222	73	20,491	19,460	1,020

<sup>a</sup> Beginning in 1966, includes payments for vocational rehabilitation services.

<sup>b</sup> Amounts for 2020 and 2021 are adjusted to include in 2021 operations those benefit payments regularly scheduled in the law to be paid on January 3, 2021, which were actually paid on December 31, 2020 as required by the statutory provision for early benefit payments when the normal delivery date is on a weekend or holiday. Such shifts in payments across calendar years have occurred in the past, including in 2016, and will occur periodically in the future whenever January 3rd falls on a Sunday. In order to provide a consistent perspective on trust fund operations over time, all trust fund operations in each year reflect the 12 months of benefits that are regularly scheduled for payment in that year.

<sup>c</sup> Also includes certain mothers and fathers (see text).

<sup>d</sup> In 1984 and later years, includes only disabled widows and widowers aged 50-59, because disabled widows and widowers age 60 and older are eligible for the same benefit as a nondisabled aged widow or widower. Therefore, they are not receiving benefits solely because of a disability.

<sup>e</sup> In 1983 and prior years, includes the offsetting effect of lower benefits payable to disabled widows and widowers who continued to receive benefits after attaining age 60 (62, for disabled widowers prior to 1973), compared to the higher nondisabled widow's and widower's benefits that would otherwise be payable. In 1984 and later years, includes only scheduled benefits to disabled widows and widowers aged 50-59 (see footnote d).

Note: Components may not sum to totals because of rounding.

Under the intermediate assumptions, estimated total scheduled benefits paid from the OASI Trust Fund with respect to disabled beneficiaries will increase from \$13,307 million in calendar year 2022 to \$20,491 million in calendar year 2031.

In calendar year 2021, benefit payments (including payments for vocational rehabilitation services) with respect to disabled persons from the OASI Trust Fund and from the DI Trust Fund (including payments from the DI fund to all children and spouses of disabled-worker beneficiaries) totaled \$152,538 million. Of this amount, \$12,453 million, or 8.2 percent, represented payments from the OASI Trust Fund. Table VI.H2 contains these and similar figures for selected calendar years during 1960 through 2021 and estimates for calendar years 2022 through 2031.

**Table VI.H2.—Scheduled Benefit Payments<sup>a</sup> Under the OASDI Program  
With Respect to Disabled Beneficiaries**  
[Amounts in millions]

Calendar year	Total <sup>b</sup>	DI Trust Fund <sup>c</sup>	OASI Trust Fund	
			Amount <sup>d</sup>	Percentage of total
<b>Historical data:</b>				
1960 .....	\$627	\$568	\$59	9.4
1965 .....	1,707	1,573	134	7.9
1970 .....	3,386	3,085	301	8.9
1975 .....	9,169	8,505	664	7.2
1980 .....	16,738	15,515	1,223	7.3
1985 .....	20,908	18,836	2,072	9.9
1990 .....	27,717	24,835	2,882	10.4
1995 .....	45,140	40,937	4,202	9.3
2000 .....	60,204	55,001	5,203	8.6
2005 .....	91,835	85,386	6,449	7.0
2010 .....	132,916	124,245	8,671	6.5
2011 .....	137,916	128,979	8,937	6.5
2012 .....	146,438	136,925	9,513	6.5
2013 .....	149,970	140,155	9,815	6.5
2014 .....	151,947	141,705	10,242	6.7
2015 .....	154,028	143,388	10,640	6.9
2016 .....	153,709	142,800	10,909	7.1
2017 .....	154,048	142,826	11,222	7.3
2018 .....	155,526	143,760	11,767	7.6
2019 .....	157,289	145,141	12,148	7.7
2020 .....	155,933	143,582	12,351	7.9
2021 .....	152,538	140,085	12,453	8.2
<b>Estimates under the intermediate assumptions:</b>				
2022 .....	156,760	143,452	13,307	8.5
2023 .....	163,693	149,657	14,036	8.6
2024 .....	170,548	155,875	14,674	8.6
2025 .....	180,524	165,141	15,383	8.5
2026 .....	190,260	174,111	16,150	8.5
2027 .....	200,609	183,645	16,964	8.5
2028 .....	208,398	190,585	17,813	8.5
2029 .....	215,136	196,445	18,690	8.7
2030 .....	221,564	201,993	19,572	8.8
2031 .....	229,589	209,098	20,491	8.9

<sup>a</sup> Amounts for 2020 and 2021 are adjusted to include in 2021 operations those benefit payments regularly scheduled in the law to be paid on January 3, 2021, which were actually paid on December 31, 2020 as required by the statutory provision for early benefit payments when the normal delivery date is on a weekend or holiday. Such shifts in payments across calendar years have occurred in the past, including in 2016, and will occur periodically in the future whenever January 3rd falls on a Sunday. In order to provide a consistent perspective on trust fund operations over time, all trust fund operations in each year reflect the 12 months of benefits that are regularly scheduled for payment in that year.

<sup>b</sup> Beginning in 1966, includes payments for vocational rehabilitation services.

<sup>c</sup> Scheduled benefits for disabled workers and their children and spouses.

<sup>d</sup> Scheduled benefits for disabled children aged 18 and over, for certain mothers and fathers (see text), and for disabled widows and widowers (see footnote e, table VI.H1).

Note: Components may not sum to totals because of rounding.

## I. GLOSSARY

**Actuarial balance.** The difference between the summarized income rate and the summarized cost rate as a percentage of taxable payroll over a given valuation period.

**Actuarial deficit.** A negative actuarial balance.

**Administrative expenses.** Expenses incurred by the Social Security Administration and the Department of the Treasury in administering the OASDI program and the provisions of the Internal Revenue Code relating to the collection of contributions. Such administrative expenses are paid from the OASI and DI Trust Funds.

**Advance tax transfers.** Amounts representing the estimated total OASDI tax contributions for a given month. From May 1983 through November 1990, such amounts were credited to the OASI and DI Trust Funds at the beginning of each month. The trust funds reimbursed the General Fund of the Treasury for the associated loss of interest. Advance tax transfers are no longer made unless needed in order to pay benefits.

**Alternatives I, II, or III.** See “Assumptions.”

**Annual balance.** The difference between the income rate and the cost rate for a given year.

**Asset reserves.** See “Trust fund reserves”.

**Assumptions.** Values related to future trends in key factors that affect the trust funds. Demographic assumptions include fertility, mortality, net immigration, marriage, and divorce. Economic assumptions include unemployment rates, average earnings, inflation, interest rates, and productivity. Program-specific assumptions include retirement patterns, and disability incidence and termination rates. This report presents three sets of demographic, economic, and program-specific assumptions:

- Alternative II is the intermediate set of assumptions, and represents the Trustees’ best estimates of likely future demographic, economic, and program-specific conditions.
- Alternative I is a low-cost set of assumptions—it assumes relatively rapid economic growth, high inflation, and favorable (from the standpoint of program financing) demographic and program-specific conditions.
- Alternative III is a high-cost set of assumptions—it assumes relatively slow economic growth, low inflation, and unfavorable (from the standpoint of program financing) demographic and program-specific conditions.

See tables V.A2, V.B1, and V.B2.

**Automatic cost-of-living benefit increase.** The annual increase in benefits, effective for December, reflecting the increase, if any, in the cost of living. A

benefit increase is applicable only after a beneficiary becomes eligible for benefits. In general, the benefit increase equals the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) measured from the third quarter of the previous year to the third quarter of the current year. If there is no increase in the CPI-W, there is no cost-of-living benefit increase. See table V.C1.

**Auxiliary benefits.** Monthly benefits payable to a spouse or child of a retired or disabled worker, or to a survivor of a deceased worker.

**Average indexed monthly earnings—AIME.** The measure of lifetime earnings used in determining the primary insurance amount (PIA) for most workers who attain age 62, become disabled, or die after 1978. A worker's actual past earnings are adjusted by changes in the average wage index, in order to bring them up to their approximately equivalent value at the time of retirement or other eligibility for benefits.

**Average wage index—AWI.** A series that generally increases with the average amount of total wages for each year after 1950, including wages in non-covered employment and wages in covered employment in excess of the OASDI contribution and benefit base. (See Title 20, Chapter III, section 404.211(c) of the Code of Federal Regulations for a more precise definition.) These average wage amounts are used to index the taxable earnings of most workers first becoming eligible for benefits in 1979 or later, and for automatic adjustments in the contribution and benefit base, bend points, earnings test exempt amounts, and other wage-indexed amounts. See tables V.C1 and VI.G6.

**Award.** An administrative determination that an individual is entitled to receive a specified type of OASDI benefit. Awards can represent not only new entrants to the benefit rolls but also persons already on the rolls who become entitled to a different type of benefit. Awards usually result in the immediate payment of benefits, although payments may be deferred or withheld depending on the individual's particular circumstances.

**Baby boom.** The period from the end of World War II (1946) through 1965 marked by unusually high birth rates.

**Bend points.** The dollar amounts defining the AIME or PIA brackets in the benefit formulas. For the bend points for years 1979 and later, see table V.C2.

**Beneficiary.** A person who has been awarded benefits on the basis of his or her own or another's earnings record. The benefits may be either in current-payment status or withheld.

**Benefit award.** See "Award."

**Benefit conversion.** See "Disability conversion."

**Benefit payments.** The amounts disbursed for OASI and DI benefits by the Department of the Treasury.

**Benefit termination.** See “Termination.”

**Best estimate assumptions.** See “Assumptions.”

**Board.** See “Board of Trustees.”

**Board of Trustees.** A Board established by the Social Security Act to oversee the financial operations of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund. The Board is composed of six members. Four members serve by virtue of their positions in the Federal Government: the Secretary of the Treasury, who is the Managing Trustee; the Secretary of Labor; the Secretary of Health and Human Services; and the Commissioner of Social Security. The President appoints and the Senate confirms the other two members to serve as public representatives. Also referred to as the “Board” or the “Trustees.”

**Cash flow.** Actual or projected revenue and costs reflecting the levels of payroll tax contribution rates and benefits scheduled in the law. Net cash flow is the difference between non-interest income and cost.

**Consumer Price Index—CPI.** An official measure of inflation in consumer prices. In this report, CPI refers to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The Bureau of Labor Statistics, Department of Labor, publishes historical values for the CPI-W.

**Contribution and benefit base.** Annual dollar amount above which earnings in employment covered under the OASDI program are neither taxable nor creditable for benefit-computation purposes. (Also referred to as maximum contribution and benefit base, annual creditable maximum, taxable maximum, and maximum taxable.) See tables V.C1 and V.C6. See “Hospital Insurance (HI) contribution base.”

**Contributions.** See “Payroll tax contributions.”

**Conversion.** See “Disability conversion.”

**Cost.** The cost shown for a year includes benefits scheduled for payment in the year, administrative expenses, financial interchange with the Railroad Retirement program, and payments for vocational rehabilitation services for disabled beneficiaries.

**Cost-of-living adjustment.** See “Automatic cost-of-living benefit increase.”

**Cost rate.** The cost rate for a year is the ratio of the cost of the program to the taxable payroll for the year.

**Covered earnings.** Wages or earnings from self-employment covered by the OASDI program.



**Covered employment.** All employment for which earnings are creditable for Social Security purposes. The program covers almost all employment. Some exceptions are:

- State and local government employees whose employer has not elected to be covered under Social Security and who are participating in an employer-provided pension plan.
- Current Federal civilian workers hired before 1984 who have not elected to be covered.
- Self-employed workers earning less than \$400 in a calendar year.

**Covered worker.** A person who has earnings creditable for Social Security purposes based on services for wages in covered employment or income from covered self-employment.

**CPI-indexed dollars.** Amounts adjusted by the CPI to the value of the dollar in a particular year.

**Creditable earnings.** Wages or self-employment earnings posted to a worker's earnings record. Such earnings determine eligibility for benefits and the amount of benefits on that worker's record. The contribution and benefit base is the maximum amount of creditable earnings for each worker in a calendar year.

**Current-cost financing.** See "Pay-as-you-go financing."

**Current dollars.** Amounts expressed in nominal dollars with no adjustment for inflation.

**Currently insured status.** A worker is currently insured when he or she has accumulated six quarters of coverage during the 13-quarter period ending with the current quarter.

**Current-payment status.** Status of a beneficiary to whom a benefit is being paid for a given month (with or without deductions, provided the deductions add to less than a full month's benefit).

**Deemed filing.** Under certain circumstances, a person applying for or receiving either an aged-spouse benefit or a retired-worker benefit is required to also file for the other of these two types of benefits. For those first eligible for benefits before 2016, this requirement applies to any person under normal retirement age who is eligible for the other benefit as of the starting month for the first benefit. For those first eligible for benefits in 2016 and later, this requirement applies whenever the person is eligible for the other benefit. This can occur at any age, and in months after the starting month of the first benefit.

**Deemed wage credit.** See "Military service wage credits."

**Delayed retirement credits.** Increases in the benefit amount for certain individuals who did not receive benefits for months after attaining normal retirement age but before age 70. Delayed retirement credits apply to benefits for

January of the year following the year they are earned or for the month of attainment of age 70, whichever comes first. See table V.C3.

**Demographic assumptions.** See “Assumptions.”

**Disability.** For Social Security purposes, the inability to engage in any substantial gainful activity (see “Substantial gainful activity—SGA”) by reason of any medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of not less than 12 months. Special rules apply for workers at ages 55 and over whose disability is based on blindness.

The law generally requires that a person be disabled continuously for 5 months before he or she can qualify for a disabled-worker benefit.

**Disability conversion ratio.** For a given year, the ratio of the number of disability conversions to the average number of disabled-worker beneficiaries at all ages during the year.

**Disability conversion.** Upon attainment of normal retirement age, a disabled-worker beneficiary is automatically converted to retired-worker status.

**Disability incidence rate.** The proportion of workers in a given year, insured for but not receiving disability benefits, who apply for and are awarded disability benefits.

**Disability Insurance (DI) Trust Fund.** See “Trust fund.”

**Disability insured status.** A worker is disability insured if he or she is: (1) a fully insured worker who has accumulated 20 quarters of coverage during the 40-quarter period ending with the current quarter, (2) a fully insured worker aged 24-30 who has accumulated quarters of coverage during one-half of the quarters elapsed after the quarter of attainment of age 21 and up to and including the current quarter, or (3) a fully insured worker under age 24 who has accumulated six quarters of coverage during the 12-quarter period ending with the current quarter.

**Disability prevalence rate.** The proportion of persons insured for disability benefits who are disabled-worker beneficiaries in current-payment status.

**Disability termination rate.** The proportion of disabled-worker beneficiaries in a given year whose disability benefits terminate as a result of their recovery or death.

**Disabled-worker benefit.** A monthly benefit payable to a disabled worker under normal retirement age and insured for disability. Before November 1960, disability benefits were limited to disabled workers aged 50-64.

**Dual entitlement.** A person may be entitled to more than one benefit at the same time. For example, a person may be entitled as a retired worker on his or her own record and as a spouse on another record. However, a person's benefit amount can never exceed the highest single benefit to which that per-

son is entitled. Some benefits are calculated independently with the larger benefit being paid or the smaller benefit being paid plus the excess amount of the larger one.

**Earnings.** Unless otherwise qualified, all wages from employment and net earnings from self-employment, whether or not they are taxable or covered.

**Earnings test.** The provision requiring the withholding of benefits if beneficiaries under normal retirement age have earnings in excess of certain exempt amounts. See table V.C1.

**Economic assumptions.** See “Assumptions.”

**Effective interest rate.** See “Interest rate.”

**Excess wages.** Wages in excess of the contribution and benefit base on which a worker initially makes payroll tax contributions, usually as a result of working for more than one employer during a year. Employee payroll taxes on excess wages are refundable to affected employees, while the employer taxes are not refundable.

**Expenditures.** Actual payments made or expected to be made under current law, including benefits paid or payable, administrative expenses, financial interchange with the Railroad Retirement program, and payments for vocational rehabilitation services for disabled beneficiaries.

**Exposed population.** For any event (such as being awarded a benefit, or dying), the group that is exposed to the possibility of experiencing the event. For example, the exposed population for disabled worker awards (incidence) is the disability insured population less those already receiving benefits.

**Federal Insurance Contributions Act—FICA.** Provision authorizing payroll taxes on the wages of employed persons to provide for Old-Age, Survivors, and Disability Insurance, and for Hospital Insurance. Workers and their employers generally pay the tax in equal amounts.

**Financial interchange.** Provisions of the Railroad Retirement Act providing for transfers between the trust funds and the Social Security Equivalent Benefit Account of the Railroad Retirement program in order to place each trust fund in the same financial position it would have been had railroad employment always been covered under Social Security.

**Fiscal year.** The accounting year of the United States Government. Starting in 1976, a fiscal year is the 12-month period ending September 30. For example, fiscal year 2022 began October 1, 2021, and will end September 30, 2022.

**Full advance funding.** A financing method in which contributions are established to match the full cost of future benefits as these costs are incurred through current service. Such financing methods also provide for amortization over a fixed period of any financial obligation that is incurred at the

beginning of the program (or subsequent modification) as a result of granting credit for past service.

**Fully insured status.** A worker is fully insured when his or her total number of quarters of coverage is greater than or equal to the number of years elapsed after the year of attainment of age 21 (but not less than six). Once a worker has accumulated 40 quarters of coverage, he or she remains permanently fully insured.

**General Fund of the Treasury.** Funds held by the Treasury of the United States, other than income collected for a specific purpose (such as Social Security), and maintained in a separate account for that purpose.

**General Fund reimbursements.** Payments from the General Fund of the Treasury to the trust funds for specific purposes defined in the law, including:

- The cost of noncontributory wage credits for military service before 1957, and periodic adjustments of previous determinations.
- The cost in 1971-82 of deemed wage credits for military service performed after 1956.
- The cost of benefits to certain uninsured persons who attained age 72 before 1968.
- The cost of payroll tax credits provided to employees in 1984 and self-employed persons in 1984-89 by Public Law 98-21.
- The cost in 2009-17 of excluding certain self-employment earnings from SECA taxes under Public Law 110-246.
- Payroll tax revenue forgone under the provisions of Public Laws 111-147, 111-312, 112-78, and 112-96.

The General Fund also reimburses the trust funds for various other items, including interest on checks which are not negotiated 6 months after the month of issue and costs incurred in performing certain legislatively mandated activities not directly related to administering the OASI and DI programs.

**Gross domestic product—GDP.** The total dollar value of all goods and services produced by labor and property located in the United States, regardless of who supplies the labor or property.

**Hospital Insurance (HI) contribution base.** Annual dollar amount above which earnings in employment covered under the HI program are not taxable. (Also referred to as maximum contribution base, taxable maximum, and maximum taxable.) Beginning in 1994, the HI contribution base was eliminated.

**High-cost assumptions.** See “Assumptions.”

**Hospital Insurance (HI) Trust Fund.** See “Trust fund.”

**Immigration.** See “Lawful permanent resident (LPR) immigration” and “Other-than-LPR immigration.”

**Income.** Income for a given year is the sum of tax revenue on a cash basis (payroll tax contributions and income from the taxation of scheduled benefits), reimbursements from the General Fund of the Treasury, if any, and interest credited to the trust funds.

**Income rate.** Ratio of non-interest income to the OASDI taxable payroll for the year.

**Infinite horizon.** The period extending indefinitely into the future.

**Inflation.** An increase in the general price level of goods and services.

**Insured status.** The state or condition of having sufficient quarters of coverage to meet the eligibility requirements for retired-worker or disabled-worker benefits, or to permit the worker’s spouse and children or survivors to establish eligibility for benefits in the event of his or her disability, retirement, or death. See “Quarter of coverage.”

**Interest.** A payment in exchange for the use of money during a specified period.

**Interest rate.** Interest rates on new public-debt obligations issuable to Federal trust funds (see “Special public-debt obligation”) are determined monthly. Such rates are equal to the average market yield on all outstanding marketable U.S. securities not due or callable until after 4 years from the date the rate is determined. See table V.B2 for historical and assumed future interest rates on new special-issue securities. The effective interest rate for a trust fund is the ratio of the interest earned by the fund over a given period of time to the average level of asset reserves held by the fund during the period. The effective rate of interest thus represents a measure of the overall average interest earnings on the fund’s portfolio of investments. See table VI.G6 for projected compound new-issue interest factors and compound effective trust-fund interest factors.

**Interfund borrowing.** The borrowing of asset reserves by a trust fund (OASI, DI, or HI) from another trust fund when the first fund is in danger of depletion. The Social Security Act permitted interfund borrowing only during 1982 through 1987, and required all amounts borrowed to be repaid prior to the end of 1989. The only exercise of this authority occurred in 1982, when the OASI Trust Fund borrowed from the DI and HI Trust Funds. The final repayment of borrowed amounts occurred in 1986.

**Intermediate assumptions.** See “Assumptions.”

**Lawful permanent resident (LPR) immigration.** Persons who enter the Social Security area population and are granted LPR status, or who are already in the Social Security area population and adjust their status to become LPRs. Persons who enter the country with legal visas but without LPR status, such as temporary foreign workers and students, are not included in the “LPR immigration” category.

**Legal emigration.** Lawful permanent residents and citizens who leave the Social Security area population.

**Life expectancy.** Average remaining number of years expected prior to death. Period life expectancy is calculated for a given year using the actual or expected death rates at each age for that year. Cohort life expectancy, sometimes referred to as generational life expectancy, is calculated for individuals at a specific age in a given year using actual or expected death rates from the years in which the individuals would actually reach each succeeding age if they survive.

**Long-range.** The first 75 projection years. The Trustees make long-range actuarial estimates for this period because it covers approximately the maximum remaining lifetime for virtually all current Social Security participants.

**Low-cost assumptions.** See “Assumptions.”

**Lump-sum death payment.** A lump sum, generally \$255, payable on the death of a fully or currently insured worker. The lump sum is payable to the surviving spouse of the worker, under most circumstances, or to the worker’s children.

**Maximum family benefit.** The maximum monthly amount that can be paid on a worker’s earnings record. Whenever the total of the individual monthly benefits payable to all the beneficiaries entitled on one earnings record exceeds the maximum, each dependent’s or survivor’s benefit is proportionately reduced. Benefits payable to divorced spouses or surviving divorced spouses are not reduced under the family maximum provision.

**Medicare.** A nationwide, Federally administered health insurance program authorized in 1965 under Title XVIII of the Social Security Act to cover the cost of hospitalization, medical care, and some related services for most persons age 65 and over. In 1972, lawmakers extended coverage to persons receiving Social Security Disability Insurance payments for 2 years and persons with End-Stage Renal Disease. (For beneficiaries whose primary or secondary diagnosis is Amyotrophic Lateral Sclerosis, the 2-year waiting period is waived.) In 2010, persons exposed to environmental health hazards within areas under a corresponding emergency declaration became Medicare-eligible. In 2006, prescription drug coverage was added as well. Medicare consists of two separate but coordinated trust funds—Hospital Insurance (HI, Part A) and Supplementary Medical Insurance (SMI). The SMI Trust Fund is composed of two separate accounts—the Part B account and the Part D account. Almost all persons who are aged 65 and over or disabled and who are entitled to HI are eligible to enroll in Part B and Part D on a voluntary basis by paying monthly premiums.

**Military service wage credits.** Credits toward OASDI earnings records for benefit computation purposes, recognizing that military personnel receive non-wage compensation (such as food and shelter) in addition to their basic

pay and other cash payments. Military personnel do not pay payroll taxes on these credits. Noncontributory wage credits of \$160 were provided for each month of active military service from September 16, 1940, through December 31, 1956. For years after 1956, the basic pay of military personnel is covered under the Social Security program on a contributory basis. In addition to the contributory credits for basic pay, noncontributory wage credits of \$300 were granted for each calendar quarter, from January 1957 through December 1977, in which a person received pay for military service. Noncontributory wage credits of \$100 were granted for each \$300 of military wages, up to a maximum credit of \$1,200 per calendar year, from January 1978 through December 2001.

**National average wage index—AWI.** See “Average wage index—AWI.”

**Non-interest income.** Non-interest income for a given year is the sum of tax revenue on a cash basis (payroll tax contributions and income from the taxation of scheduled benefits) and reimbursements from the General Fund of the Treasury, if any.

**Nonresident alien beneficiary.** An OASDI beneficiary who is not a U.S. citizen and who is living abroad while receiving benefits.

**Normal retirement age—NRA.** The age at which a person may first become entitled to retirement benefits without reduction based on age. For persons reaching age 62 before 2000, the normal retirement age is 65. It increases gradually to 67 for persons reaching age 62 in 2022 or later, beginning with an increase to 65 years and 2 months for persons reaching age 62 in 2000. See table V.C3.

**Old-Age and Survivors Insurance (OASI) Trust Fund.** See “Trust fund.”

**Old-law base.** Amount the contribution and benefit base would have been if the 1977 amendments had not provided for ad hoc increases. The Social Security Amendments of 1972 provided for automatic annual indexing of the contribution and benefit base. The Social Security Amendments of 1977 specified ad hoc bases for 1978-81, with subsequent bases updated in accordance with the normal indexing procedure. See table V.C2.

**Open-group unfunded obligation.** See “Unfunded obligation.”

**Other-than-LPR emigration.** Other-than-LPR immigrants who leave the Social Security area population or who adjust their status to become LPRs.

**Other-than-LPR immigration.** Persons who enter the Social Security area population and stay to the end of the year without being granted LPR status, such as undocumented immigrants, and foreign workers and students entering with temporary visas.

**Par value.** The value printed on the face of a bond. For both public and special issues held by the trust funds, par value is also the redemption value at maturity.

**Partial advance funding.** A financing method in which contributions are established to provide a substantial accumulation of trust fund asset reserves, thereby generating additional interest income to the trust funds and reducing the need for payroll tax increases in periods when costs are relatively high. Higher general contributions or additional borrowing may be required, however, to support the payment of such interest. While substantial, the trust fund buildup under partial advance funding is much smaller than it would be with full advance funding.

**Pay-as-you-go financing.** A financing method in which contributions are established to produce just as much income as required to pay current benefits, with trust fund asset reserves built up only to the extent needed to prevent depletion of the fund by random economic fluctuations.

**Payroll tax contributions.** The amount based on a percent of earnings, up to an annual maximum, that must be paid by:

- employers and employees on wages from employment under the Federal Insurance Contributions Act,
- the self-employed on net earnings from self-employment under the Self-Employment Contributions Act, and
- States on the wages paid in 1986 and earlier to State and local government employees covered under the Social Security Act through voluntary agreements under section 218 of the act.

Also referred to as payroll taxes.

**Population in the Social Security area.** See “Social Security area population.”

**Present value.** The equivalent value, at the present time, of a stream of values (either income or cost, past or future). Present values are used widely in calculations involving financial transactions over long periods of time to account for the time value of money, by discounting or accumulating these transactions at the rate of interest. Present-value calculations for this report use the effective yield on trust fund asset reserves.

**Primary insurance amount—PIA.** The monthly amount payable to a retired worker who begins to receive benefits at normal retirement age or, generally, to a disabled worker. This amount, which is typically related to the worker’s average monthly wage or average indexed monthly earnings, is also used as a base for computing all types of benefits payable on an individual’s earnings record.

**Primary-insurance-amount formula.** The mathematical formula relating the PIA to the AIME for workers who attain age 62, become disabled, or die after 1978. The PIA is equal to the sum of 90 percent of AIME up to the first bend point, plus 32 percent of AIME above the first bend point up to the second bend point, plus 15 percent of AIME in excess of the second bend point.



Automatic benefit increases are applied beginning with the year of eligibility. See table V.C2 for historical and assumed future bend points and table V.C1 for historical and assumed future benefit increases.

**Quarter of coverage.** Basic unit of measurement for determining insured status. For 1978, a worker earned one quarter of coverage, up to four, for each \$250 of that worker's annual covered earnings. After 1978, the \$250 amount increases automatically with increases in the national average wage index. See table V.C2.

**Railroad Retirement.** A Federal insurance program, similar to Social Security, designed for workers in the railroad industry. The provisions of the Railroad Retirement Act provide for a system of coordination and financial interchange between the Railroad Retirement program and the Social Security program.

**Reallocation of payroll tax rates.** An increase in the payroll tax rate for either the OASI or DI Trust Fund, with a corresponding reduction in the rate for the other fund, so that the total OASDI payroll tax rate is not changed.

**Real wage differential.** The difference between the percentage increases in: (1) the average annual wage in covered employment and (2) the average annual Consumer Price Index. See table V.B1.

**Recession.** A period of adverse economic conditions, generally defined as two or more successive calendar quarters of negative real growth in gross domestic product.

**Reserves.** See "Trust fund reserves."

**Retired-worker benefit.** A monthly benefit payable to a fully insured retired worker aged 62 or older or to a person entitled under the transitionally insured status provision in the law.

**Retirement earnings test.** See "Earnings test."

**Retirement eligibility age.** The age, currently age 62, at which a fully insured individual first becomes eligible to receive retired-worker benefits.

**Scheduled benefits.** The level of benefits specified under current law.

**Scenario-based model.** A model with specified assumptions for and relationships among variables. Under such a model, any specified set of assumptions determines a single outcome directly reflecting the specifications.

**Self-employment.** Operation of a trade or business by an individual or by a partnership in which an individual is a member.

**Self-Employment Contributions Act—SECA.** Provision authorizing Social Security payroll taxes on the net earnings of most self-employed persons.

**Short-range.** The first 10 projection years. The Social Security Act requires estimates for 5 years; the Trustees prepare estimates for an additional 5 years

to help clarify trends that are only starting to develop in the mandated first 5-year period.

**Social Security Act.** Provisions of the law governing most operations of the Social Security program. The original Social Security Act is Public Law 74-271, enacted August 14, 1935. With subsequent amendments, the Social Security Act consists of 21 titles, of which three have been repealed. Title II of the Social Security Act authorizes the Old-Age, Survivors, and Disability Insurance program.

**Social Security area population.** The population composed of: (1) residents of the 50 States and the District of Columbia (adjusted for net census undercount); (2) civilian residents of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands; (3) Federal civilian employees and persons in the U.S. Armed Forces abroad and their dependents; (4) non-citizens living abroad who are insured for Social Security benefits; and (5) all other U.S. citizens abroad.

**Solvency.** A program is solvent at a point in time if it is able to pay scheduled benefits when due with scheduled financing. For example, the OASDI program is solvent over any period for which the trust funds maintain a positive level of asset reserves.

**Special public-debt obligation.** Securities of the United States Government issued exclusively to the OASI, DI, HI, and SMI Trust Funds and other Federal trust funds. Section 201(d) of the Social Security Act provides that the public-debt obligations issued for purchase by the OASI and DI Trust Funds shall have maturities fixed with due regard for the needs of the funds. The usual practice has been to spread the holdings of special issues, as of each June 30, so that the amounts maturing in each of the next 15 years are approximately equal. Special public-debt obligations are redeemable at par value at any time and carry interest rates determined by law (see “Interest rate”). See tables VI.A4 and VI.A5 for a listing of the obligations held by the OASI and DI Trust Funds, respectively.

**Stochastic model.** A model used for projecting a probability distribution of potential outcomes. Such models allow for random variation in one or more variables through time. The random variation is generally based on fluctuations observed in historical data for a selected period. A large number of simulations, each of which reflects random variation in the variable(s), produce a distribution of potential outcomes.

**Substantial gainful activity—SGA.** The level of work activity used to establish disability. A finding of disability requires that a person be unable to engage in substantial gainful activity. A person who earns more than a certain monthly amount (net of impairment-related work expenses) is ordinarily considered to be engaging in SGA. The amount of monthly earnings considered as SGA depends on the nature of a person’s disability. The Social Security Act specifies a higher SGA amount for statutorily blind individuals;

Federal regulations specify a lower SGA amount for non-blind individuals. Both SGA amounts increase with increases in the national average wage index.

**Summarized balance.** The difference between the summarized income rate and the summarized cost rate, expressed as a percentage of GDP. The difference between the summarized income rate and cost rate as a percentage of taxable payroll is referred to as the actuarial balance.

**Summarized cost rate.** The ratio of the present value of cost to the present value of the taxable payroll (or GDP) for the years in a given period, expressed as a percentage. To evaluate the financial adequacy of the program, the summarized cost rate is adjusted to include the cost of reaching and maintaining a target trust fund level. A trust fund level of about 1 year's cost is considered to be an adequate reserve for unforeseen contingencies; therefore, the targeted trust fund ratio is 100 percent of annual cost. Accordingly, the adjusted summarized cost rate is equal to the ratio of: (1) the sum of the present value of the cost during the period plus the present value of the targeted ending trust fund level to (2) the present value of the taxable payroll (or GDP) during the projection period.

**Summarized income rate.** The ratio of the present value of scheduled non-interest income to the present value of taxable payroll (or GDP) for the years in a given period, expressed as a percentage. To evaluate the financial adequacy of the program, the summarized income rate is adjusted to include asset reserves on hand at the beginning of the period. Accordingly, the adjusted summarized income rate equals the ratio of: (1) the sum of the trust fund reserve at the beginning of the period plus the present value of non-interest income during the period to (2) the present value of the taxable payroll (or GDP) for the years in the period.

**Supplemental Security Income—SSI.** A Federally administered program (often with State supplementation) of cash assistance for needy aged, blind, or disabled persons. The General Fund of the Treasury funds Federal expenditures for the SSI program. The Social Security Administration administers it.

**Supplementary Medical Insurance (SMI) Trust Fund.** See “Trust fund.”

**Survivor benefit.** Benefit payable to a survivor of a deceased worker.

**Sustainable solvency.** Sustainable solvency for the financing of the program under a specified set of assumptions is achieved when the projected trust fund ratio is positive throughout the 75-year projection period and is either stable or rising at the end of the period.

**Taxable earnings.** Wages or self-employment income, in employment covered by the OASDI or HI programs, that is under the applicable annual maxi-

imum taxable limit. For 1994 and later, no maximum taxable limit applies to the HI program.

**Taxable payroll.** A weighted sum of taxable wages and taxable self-employment income. When multiplied by the combined employee-employer payroll tax rate, taxable payroll yields the total amount of payroll taxes incurred by employees, employers, and the self-employed for work during the period.

**Taxable self-employment income.** The maximum amount of net earnings from self-employment by an earner which, when added to any taxable wages, does not exceed the contribution and benefit base. For HI beginning in 1994, all net earnings from self-employment.

**Taxable wages.** See “Taxable earnings.”

**Taxation of benefits.** Beginning in 1984, Federal law subjected up to 50 percent of an individual’s or a couple’s OASDI benefits to Federal income taxation under certain circumstances. Treasury allocates the revenue derived from this provision to the OASI and DI Trust Funds on the basis of the income taxes paid on the benefits from each fund. Beginning in 1994, the law increased the maximum percentage from 50 percent to 85 percent. The HI Trust Fund receives the additional tax revenue resulting from the increase to 85 percent.

**Taxes.** See “Payroll tax contributions” and “Taxation of benefits.”

**Termination.** Cessation of payment because the beneficiary is no longer entitled to receive a specific type of benefit. For example, benefits might terminate as a result of the death of the beneficiary, the recovery of a disabled beneficiary, or the attainment of age 18 by a child beneficiary. In some cases, an individual may cease one benefit and this is not a termination because they become immediately entitled to another type of benefit, such as the conversion of a disabled-worker beneficiary at normal retirement age to a retired-worker beneficiary.

**Test of long-range close actuarial balance.** The conditions required to meet this test are:

- The trust fund satisfies the test of short-range financial adequacy; and
- The trust fund ratio stays above zero throughout the 75-year projection period, such that benefits would be payable in a timely manner throughout the period.

The Trustees apply the test to OASI, DI, and the combined OASDI program based on the intermediate set of assumptions.

**Test of short-range financial adequacy.** The conditions required to meet this test are:

- If the trust fund ratio is at least 100 percent at the beginning of the 10-year projection period, then it must remain at or above 100 percent throughout the entire projection period;

- If the ratio is initially less than 100 percent, then it must reach at least 100 percent within 5 years (without reserve depletion at any time during this period) and then remain at or above 100 percent throughout the remainder of the 10-year period.

The Trustees apply the test to OASI, DI, and the combined OASDI program based on the intermediate set of assumptions.

**Total-economy productivity.** The ratio of real GDP to hours worked by all workers. Also referred to as “labor productivity.”

**Total fertility rate.** The sum of the single-year-of-age birth rates for girls and women aged 14 through 49, where the rate for age 14 includes births to girls aged 14 and under, and the rate for age 49 includes births to women aged 49 and over. The total fertility rate may be interpreted as the average number of children that would be born to a woman if she were to experience, at each age of her life, the birth rate observed in, or assumed for, a specified year, and if she were to survive the entire childbearing period.

**Trust fund.** Separate accounts in the United States Treasury which hold the payroll taxes received under the Federal Insurance Contributions Act and the Self-Employment Contributions Act; payroll taxes resulting from coverage of State and local government employees; any sums received under the financial interchange with the railroad retirement account; voluntary hospital and medical insurance premiums; and reimbursements or payments from the General Fund of the Treasury. As required by law, the Department of the Treasury invests funds not required to meet current expenditures in interest-bearing securities backed by the full faith and credit of the U.S. Government. The interest earned is also deposited in the trust funds.

- **Old-Age and Survivors Insurance (OASI).** The trust fund used for paying monthly benefits to retired-worker (old-age) beneficiaries, their spouses and children, and to survivors of deceased insured workers.
- **Disability Insurance (DI).** The trust fund used for paying monthly benefits to disabled-worker beneficiaries, their spouses and children, and for providing rehabilitation services to the disabled.
- **Hospital Insurance (HI).** The Medicare trust fund that covers specified inpatient hospital services, posthospital skilled nursing care, home health services, and hospice care for aged and disabled individuals who meet the eligibility requirements. Also known as Medicare Part A.
- **Supplementary Medical Insurance (SMI).** The Medicare trust fund composed of the Part B Account, the Part D Account, and the Transitional Assistance Account. The Part B Account pays for a portion of the costs of physicians’ services, outpatient hospital services, and other related medical and health services for voluntarily enrolled aged and disabled individuals. The Part D Account pays private plans to provide

prescription drug coverage, beginning in 2006. The Transitional Assistance Account paid for transitional assistance under the prescription drug card program in 2004 and 2005.

The trust funds are distinct legal entities which operate independently. Fund operations are sometimes combined on a hypothetical basis.

**Trust fund ratio.** A measure of trust fund adequacy. The asset reserves at the beginning of a year (equal to the reserves at the end of the prior year), which do not include advance tax transfers, expressed as a percentage of the cost for the year. The trust fund ratio represents the proportion of a year's cost which could be paid solely with the reserves at the beginning of the year.

**Trust fund reserve depletion.** The point at which reserves in a trust fund are insufficient to pay scheduled benefits in full and on time.

**Trust fund reserves.** The cumulative excess of trust fund income over trust fund cost over all years to date. These reserves are held by the trust funds in the form of Treasury notes and bonds, other securities guaranteed by the Federal Government, certain Federally sponsored agency obligations, and cash.

**Trustees.** See "Board of Trustees."

**Undisbursed balances.** In general, refers to the cumulative differences between the actual cash payments for a month compared to security redemptions from the trust fund reserves made on a preliminary basis to cover such cash payments during the same month. On a monthly basis, the Social Security Administration (SSA) pays benefits and makes payments for other programmatic expenses associated with the trust funds. During each month, SSA draws cash from the trust funds on a preliminary basis, which results in Treasury redeeming invested securities to cover such payments. This monthly difference can be either positive or negative depending on net monthly activity, and is added to the balance at the end of the prior month.

A net positive undisbursed balance represents a situation where cumulative redemptions from the trust fund's securities are more than was needed to cover actual program cash payments through the end of the month. A net negative balance represents a situation where cumulative program cash payments exceeded the amount redeemed from the invested securities. A negative value requires future redemption of additional invested securities.

In addition, about every seven years, when January 3 falls on a Sunday, benefit payments scheduled to be paid on January 3rd are actually paid on December 31 of the preceding year, as required by the statutory provision included in the 1977 Social Security Amendments for early delivery of benefit payments when the normal payment delivery date is a Saturday, Sunday, or legal public holiday. Consistent with practice in prior reports and for comparability with other historical years and the projections in this report, all trust fund operations and asset reserves reflect the 12 months of benefits scheduled for payment in each year. Therefore, such advance payments are

included as positive values in the undisbursed balance at the end of the calendar years in which the advance payments are made.

**Unfunded obligation.** A measure of the shortfall of trust fund income to fully cover program cost through a specified date after depletion of trust fund asset reserves. This measure can be expressed in present value dollars, discounted to the beginning of the valuation period, by computing the excess of the present value of the projected cost of the program through a specified date over the sum of: (1) the value of trust fund reserves at the beginning of the valuation period; and (2) the present value of the projected non-interest income of the program through a specified date, assuming scheduled tax rates and benefit levels. This measure can apply for all participants through a specified date, i.e., the open group, or be limited to a specified subgroup of participants.

**Unfunded obligation ratio.** The unfunded obligation accumulated through the beginning of a year expressed as a percentage of the cost for the year.

**Unnegotiated check.** A check which has not been cashed 6 months after the end of the month in which the check was issued. When a check has been outstanding for a year, the Department of the Treasury administratively cancels the check and reimburses the issuing trust fund separately for the amount of the check and interest for the period the check was outstanding. The appropriate trust fund also receives an interest adjustment for the time the check was outstanding if it is cashed 6 to 12 months after the month of issue. If a check is presented for payment after it has been administratively canceled, a replacement check is issued.

**Valuation period.** A period of years which is considered as a unit for purposes of calculating the financial status of a trust fund.

**Vocational rehabilitation (VR).** Services provided to disabled persons to help them to return to gainful employment. VR services are designed to provide an individual with the training or other services that are needed to return to work, to begin working, or to enter a new line of work. The trust funds, and the General Fund in the case of individuals also receiving Supplemental Security Income disability benefits, reimburse the providers of such services only in those cases where the services contributed to the successful rehabilitation of the beneficiaries.

## II. OVERVIEW

II.B1	Summary of 2021 Trust Fund Financial Operations . . . . .	7
II.B2	Payroll Tax Contribution Rates for 2021 . . . . .	7
II.C1	Key Assumptions and Summary Measures for the Long-Range (75-year) Projection Period . . . . .	10
II.D1	Projected Maximum Trust Fund Ratios During the Long-Range Period and Trust Fund Reserve Depletion Dates . . . . .	16
II.D2	Reasons for Change in the 75-Year Actuarial Balance, Based on Intermediate Assumptions . . . . .	23

## III. FINANCIAL OPERATIONS OF THE TRUST FUNDS AND LEGISLATIVE CHANGES IN THE LAST YEAR

III.A1	Operations of the OASI Trust Fund, Calendar Year 2021 . . . .	30
III.A2	Operations of the DI Trust Fund, Calendar Year 2021 . . . . .	34
III.A3	Operations of the Combined OASI and DI Trust Funds, Calendar Year 2021 . . . . .	36
III.A4	Comparison of Actual Calendar Year 2021 Trust Fund Operations With Estimates Made in Prior Reports, Based on Intermediate Assumptions . . . . .	37
III.A5	Distribution of Benefit Payments by Type of Beneficiary or Payment, Calendar Years 2020 and 2021 . . . . .	38
III.A6	Administrative Expenses as a Percentage of Total Income and of Total Cost, Calendar Years 2016-2021 . . . . .	39
III.A7	Trust Fund Investment Transactions, Calendar Year 2021 . . . .	39

## IV. ACTUARIAL ESTIMATES

IV.A1	Operations of the OASI Trust Fund, Calendar Years 2017-2031 . . . . .	43
IV.A2	Operations of the DI Trust Fund, Calendar Years 2017-2031 . . . . .	47
IV.A3	Operations of the Combined OASI and DI Trust Funds, Calendar Years 2017-2031 . . . . .	49
IV.A4	Reasons for Change in Trust Fund (Unfunded Obligation) Ratios at the Beginning of the Tenth Year of Projection Under Intermediate Assumptions . . . . .	52
IV.B1	Annual Income Rates, Cost Rates, and Balances, Calendar Years 1990-2100 . . . . .	56
IV.B2	Components of Annual Income Rates, Calendar Years 1990-2100 . . . . .	61



IV.B3	Covered Workers and Beneficiaries, Calendar Years 1945-2100 . . . . .	63
IV.B4	Trust Fund Ratios, Calendar Years 2022-2100 . . . . .	68
IV.B5	Components of Summarized Income Rates and Cost Rates, Calendar Years 2022-2096 . . . . .	73
IV.B6	Components of 75-Year Actuarial Balance and Unfunded Obligation Under Intermediate Assumptions . . . . .	75
IV.B7	Reasons for Change in the 75-Year Actuarial Balance, Based on Intermediate Assumptions . . . . .	76

**V. ASSUMPTIONS AND METHODS UNDERLYING  
ACTUARIAL ESTIMATES**

V.A1	Fertility and Mortality Assumptions, Calendar Years 1940-2100 . . . . .	88
V.A2	Immigration Assumptions, Calendar Years 1940-2100 . . . . .	94
V.A3	Social Security Area Population on July 1 and Dependency Ratios, Calendar Years 1945-2100 . . . . .	97
V.A4	Period Life Expectancy . . . . .	100
V.A5	Cohort Life Expectancy . . . . .	101
V.B1	Principal Economic Assumptions . . . . .	109
V.B2	Additional Economic Factors . . . . .	115
V.C1	Cost-of-Living Benefit Increases, Average Wage Index, Contribution and Benefit Bases, and Retirement Earnings Test Exempt Amounts, 1975-2031 . . . . .	120
V.C2	Values for Selected Wage-Indexed Program Parameters, Calendar Years 1978-2031 . . . . .	124
V.C3	Legislated Changes in Normal Retirement Age and Delayed Retirement Credits for Persons Attaining Age 62 in Each Year 1986 and Later . . . . .	126
V.C4	OASI Beneficiaries With Benefits in Current-Payment Status at the End of Calendar Years 1945-2100 . . . . .	134
V.C5	DI Beneficiaries With Benefits in Current-Payment Status at the End of Calendar Years 1960-2100 . . . . .	143
V.C6	Contribution and Benefit Base and Payroll Tax Contribution Rates . . . . .	150
V.C7	Annual Scheduled Benefit Amounts for Retired Workers With Various Pre-Retirement Earnings Patterns Based on Intermediate Assumptions, Calendar Years 2022-2100 . . . . .	154

## VI. APPENDICES

### ***A. HISTORY OF OASI AND DI TRUST FUND OPERATIONS***

VI.A1	Operations of the OASI Trust Fund, Calendar Years 1937-2021 . . . . .	160
VI.A2	Operations of the DI Trust Fund, Calendar Years 1957-2021 . . . . .	163
VI.A3	Operations of the Combined OASI and DI Trust Funds, Calendar Years 1957-2021 . . . . .	165
VI.A4	OASI Trust Fund Asset Reserves, End of Calendar Years 2020 and 2021 . . . . .	167
VI.A5	DI Trust Fund Asset Reserves, End of Calendar Years 2020 and 2021 . . . . .	168

### ***B. HISTORY OF ACTUARIAL STATUS ESTIMATES***

VI.B1	Long-Range OASDI Actuarial Balances and Trust Fund Reserve Depletion Dates as Shown in the Trustees Reports for 1982-2022 under Intermediate Assumptions . . . . .	171
-------	--	-----

### ***C. FISCAL YEAR HISTORICAL AND PROJECTED TRUST FUND OPERATIONS THROUGH 2031***

VI.C1	Operations of the OASI Trust Fund, Fiscal Year 2021 . . . . .	177
VI.C2	Operations of the DI Trust Fund, Fiscal Year 2021 . . . . .	178
VI.C3	Operations of the Combined OASI and DI Trust Funds, Fiscal Year 2021 . . . . .	179
VI.C4	Operations of the OASI Trust Fund, Fiscal Years 2017-2031 . .	180
VI.C5	Operations of the DI Trust Fund, Fiscal Years 2017-2031 . . .	181
VI.C6	Operations of the Combined OASI and DI Trust Funds, Fiscal Years 2017-2031 . . . . .	182

### ***D. LONG-RANGE SENSITIVITY ANALYSIS***

VI.D1	Sensitivity of OASDI Measures to Fertility Assumptions . . . .	184
VI.D2	Sensitivity of OASDI Measures to Death-Rate Assumptions . .	185
VI.D3	Sensitivity of OASDI Measures to Total Net Immigration Assumptions . . . . .	187
VI.D4	Sensitivity of OASDI Measures to Real Wage Assumptions . .	188
VI.D5	Sensitivity of OASDI Measures to CPI-Increase Assumptions . . . . .	189
VI.D6	Sensitivity of OASDI Measures to Real Interest Rate Assumptions . . . . .	191
VI.D7	Sensitivity of OASDI Measures to Taxable Ratio Assumptions . . . . .	192

VI.D8	Sensitivity of OASDI Measures to Disability Incidence Assumptions . . . . .	193
VI.D9	Sensitivity of OASDI Measures to Disability Termination Assumptions . . . . .	195
<b><i>E. STOCHASTIC PROJECTIONS AND UNCERTAINTY</i></b>		
VI.E1	Long-Range Estimates Relating to the Actuarial Status of the Combined OASDI Program. . . . .	205
<b><i>F. INFINITE HORIZON PROJECTIONS</i></b>		
VI.F1	Unfunded OASDI Obligations Through the Infinite Horizon and the 75-Year Projection Period, Based on Intermediate Assumptions . . . . .	207
VI.F2	Present Values Through the Infinite Horizon for Various Categories of Program Participants, Based on Intermediate Assumptions . . . . .	209
<b><i>G. ESTIMATES FOR OASDI AND HI, SEPARATE AND COMBINED</i></b>		
VI.G1	Payroll Tax Contribution Rates for the OASDI and HI Programs . . . . .	211
VI.G2	OASDI and HI Annual Income Rates, Cost Rates, and Balances, Calendar Years 2022-2100 . . . . .	213
VI.G3	Summarized OASDI and HI Income Rates and Cost Rates for Valuation Periods, Calendar Years 2022-2096 . . . . .	215
VI.G4	OASDI and HI Annual and Summarized Income, Cost, and Balance as a Percentage of GDP, Calendar Years 2022-2100 . . . . .	218
VI.G5	Ratio of OASDI Taxable Payroll to GDP, Calendar Years 2022-2100 . . . . .	220
VI.G6	Selected Economic Variables, Calendar Years 2021-2100 . . . . .	223
VI.G7	Operations of the Combined OASI and DI Trust Funds, in CPI-indexed 2022 Dollars, Calendar Years 2022-2100 . . . . .	225
VI.G8	Operations of the Combined OASI and DI Trust Funds, in Current Dollars, Calendar Years 2022-2100 . . . . .	227
VI.G9	OASDI and HI Annual Non-interest Income, Cost, and Balance in CPI-Indexed 2022 Dollars, Calendar Years 2022-2100 . . . . .	229
VI.G10	OASDI and HI Annual Non-interest Income, Cost, and Balance in Current Dollars, Calendar Years 2022-2100. . . . .	232

***H. ANALYSIS OF BENEFIT PAYMENTS FROM THE OASI  
TRUST FUND WITH RESPECT TO DISABLED BENEFICIARIES***

VI.H1	Scheduled Benefit Payments From the OASI Trust Fund With Respect to Disabled Beneficiaries . . . . .	235
VI.H2	Scheduled Benefit Payments Under the OASDI Program With Respect to Disabled Beneficiaries . . . . .	237

## II. OVERVIEW

II.D1	Short-Range OASI and DI Combined Trust Fund Ratio . . . . .	12
II.D2	OASDI Income, Cost, and Expenditures as Percentages of Taxable Payroll . . . . .	14
II.D3	Number of Covered Workers Per OASDI Beneficiary . . . . .	15
II.D4	OASDI Cost and Non-interest Income as a Percentage of GDP . . . . .	16
II.D5	Cumulative Scheduled OASDI Income Less Cost, From Program Inception Through Years 2021-2096 . . . . .	19
II.D6	Long-Range OASI and DI Combined Trust Fund Ratios Under Alternative Scenarios . . . . .	21
II.D7	Long-Range OASI and DI Combined Trust Fund Ratios From Stochastic Modeling . . . . .	22
II.D8	OASDI Annual Balances: 2021 and 2022 Trustees Reports . . .	24

## IV. ACTUARIAL ESTIMATES

IV.A1	Short-Range OASI and DI Trust Fund Ratios . . . . .	45
IV.B1	Long-Range OASI and DI Annual Income Rates and Cost Rates . . . . .	60
IV.B2	Number of OASDI Beneficiaries Per 100 Covered Workers . .	65
IV.B3	Long-Range OASI and DI Trust Fund Ratios . . . . .	70
IV.B4	OASDI Annual Balances: 2021 and 2022 Trustees Reports . . .	81

## V. ASSUMPTIONS AND METHODS UNDERLYING ACTUARIAL ESTIMATES

V.C1	Primary-Insurance-Amount Formula for Those Newly Eligible in 2022 . . . . .	122
V.C2	OASI Maximum-Family-Benefit Formula for Those Newly Eligible in 2022 . . . . .	123
V.C3	DI Disability Incidence Rates, 1970-2100 . . . . .	139
V.C4	DI Disability Termination Rates, 1970-2100 . . . . .	141
V.C5	Comparison of DI Disability Incidence Rates, Termination Rates and Conversion Ratios Under Intermediate Assumptions, 1970-2100 . . . . .	142
V.C6	DI Disability Prevalence Rates, 1970-2100 . . . . .	145

**VI. APPENDICES**

VI.E1	Long-Range OASDI Cost Rates From Stochastic Modeling . .	199
VI.E2	Long-Range OASDI Trust Fund Ratios From Stochastic Modeling . . . . .	200
VI.E3	OASDI Cost Rates: Comparison of Stochastic to Low-Cost, Intermediate, and High-Cost Alternative Scenarios. . . . .	201
VI.E4	OASDI Trust Fund (Unfunded Obligation) Ratios: Comparison of Stochastic to Low-Cost, Intermediate, and High-Cost Alternative Scenarios . . . . .	203
VI.G1	Estimated OASDI Income and Cost in CPI-indexed 2022 Dollars, Based on Intermediate Assumptions . . . . .	227

**A**

Actuarial balance 12, 17, 53, 169, 183  
Actuarial deficit 4, 17, 26, 72, 215  
Actuarial estimates, LR 53  
Actuarial estimates, SR 41  
Adjusted program amounts 118  
Administrative expenses 7, 38, 54, 156, 159, 177, 216, 224  
Advance tax transfers 41, 66, 162  
Amendments 40  
Annual balance 23, 53, 76  
Asset reserves 2, 7, 11, 32, 177, 191, 210  
Assumptions 82, 102, 118, 169, 183, 211, 216, 221, 234  
Automatic cost-of-living benefit increase 46, 103, 118  
Auxiliary benefits 128  
Average benefits 152  
Average earnings assumptions 105  
Average indexed monthly earnings (AIME) 122  
Average wage index 118, 221  
Award 130

**B**

Baby-boom generation 25, 54, 63, 111, 137  
Bend points 122  
Beneficiaries, DI 136  
Beneficiary 14, 46, 63, 82, 119, 172, 184, 216, 224, 234  
Beneficiary, OASI 130  
Benefit payments 7, 54, 153, 159, 177  
Benefit termination 9  
Best estimate 9, 41, 82  
Board of Trustees 41, 102, 157

**C**

Constant dollars 226  
Consumer Price Index 103, 189, 221, 239  
Contribution and benefit base 45, 105, 119, 239  
Contributions 7, 157, 177, 210, 216, 224, 238  
Cost 3, 7, 32, 49  
Cost rate 4, 54, 210  
Cost-of-living adjustment 118  
Covered earnings 7, 118, 220  
Covered employment 10, 45, 105, 126, 157, 188  
Covered worker 65, 186  
Creditable earnings 241  
Current dollars 221

## *Index*

Current-payment status 48, 141, 142, 143, 239

## **D**

Deemed wage credit 54

Delayed retirement credit 125

Demographic assumptions 9, 23, 41, 83, 111, 118, 169, 222, 238

Deterministic model 196

DI beneficiaries 136

Disability 157, 186, 234

Disability conversion ratio 141

Disability incidence rate 82, 136, 139, 186, 193, 238

Disability Insurance Trust Fund 240

Disability prevalence rate 143, 145

Disability termination rate 194

Disabled-worker benefit 139, 242

Disbursements 41

## **E**

Earnings 2, 7, 54, 105, 119, 157, 170, 210, 220, 221, 238

Earnings test 105, 119, 239

Economic assumptions 9, 23, 41, 51, 102, 111, 118, 169, 222, 238

Excess wages 54, 221

Expenditures 41, 243

Exposed population 4, 130, 138, 193, 243

## **F**

Federal Insurance Contributions Act 210, 248

Fertility assumptions 83

Financial interchange 7, 156, 159

Fiscal year 162, 176

Full advance funding 243

## **G**

General Fund of the Treasury 44, 46, 48, 50, 162, 164, 166, 180, 181, 182, 238

General fund reimbursement 244

Gross domestic product 4, 12, 60, 82, 103, 113, 216

Gross domestic product projections 113

## **H**

High-cost assumptions 10, 19, 41, 55, 82, 102, 140, 183, 204, 211, 221, 238

Hospital Insurance program 149, 210, 246

Hospital Insurance Trust Fund 216

## **I**

Immigration 9, 82, 89, 186, 238, 245



Immigration assumptions 89  
Income rate 4, 13, 54, 210  
Infinite horizon 12  
Inflation 9, 82, 103, 221, 238  
Inflation assumptions 103  
Insured population 9, 127  
Insured status 123  
Interest 114, 158, 169, 177, 212, 238  
Interest rate 82, 169, 190, 238  
Interest rate projections 114  
Interest rates 9  
Interfund borrowing 162, 245  
Intermediate assumptions 10, 41, 46, 55, 82, 140, 183, 212, 217, 221, 226, 228, 234, 238

**L**

Labor force projections 110  
Lawful Permanent Resident (LPR) immigration 90  
Legal immigration 245, 246  
Life expectancy 82, 99, 111, 246  
Life expectancy estimates 98  
Long range 12, 53, 83, 130, 169, 210, 216  
Low-cost assumptions 10, 19, 41, 55, 82, 102, 140, 183, 204, 211, 221, 238  
Lump-sum death payment 153

**M**

Medicare 85, 246  
Military service 54, 157, 162, 164, 166

**N**

National average wage index 221  
Normal retirement age 119, 136, 153, 241

**O**

OASI beneficiaries 130  
Old-Age and Survivors Insurance Trust Fund 157, 240  
Old-law base 123  
Other immigration 247  
Other-than-LPR immigration 90

**P**

Par value 158  
Partial advance funding 248  
Pay-as-you-go financing 169  
Payroll taxes 2, 118, 147, 172, 206, 210, 224  
Population estimates 96

## *Index*

Population in the Social Security area 45, 65, 96, 126, 187  
Present value 169  
Primary insurance amount (PIA) 122  
Productivity assumptions 103

## **Q**

Quarters of coverage 127

## **R**

Railroad Retirement 54, 71, 123, 156, 159, 177, 178, 179, 210, 216, 224, 240  
Reallocation of tax rates 249  
Real-wage differential 108, 187  
Retired-worker benefit 130, 186, 234  
Retirement age 119, 153, 241  
Retirement earnings test 105, 119  
Retirement eligibility age 186

## **S**

Scenario-based model 249  
Scheduled benefits 190, 216, 224, 236, 249  
Self-employment 54, 104, 211, 248  
Self-Employment Contributions Act 248, 249  
Sensitivity analysis 183  
Short range 11, 41, 130  
Social Security Act 118, 158, 221, 234, 240  
Social Security amendments 40  
Solvency 250  
Special public-debt obligation 117, 158, 190  
Stochastic projections 196  
Substantial gainful activity 136, 242  
Summarized balance 217  
Summarized income and cost rates 71, 169, 183, 214, 238  
Supplemental Security Income 177  
Supplementary Medical Insurance program 210, 246  
Survivor benefit 2, 8, 133, 239  
Sustainable solvency 66, 67

## **T**

Taxable earnings 45, 65, 119, 170, 239  
Taxable payroll 4, 26, 54, 104, 127, 169, 184, 210, 216, 221, 240  
Taxable ratio 191  
Taxable self-employment income 251  
Taxable wages 151, 211, 252  
Taxation of benefits 7, 151, 216, 224, 245

Taxes 7, 118, 211  
Termination 82  
Termination rate 9, 130, 194, 238  
Test of long-range close actuarial balance 53, 66, 69  
Test of short-range financial adequacy 11, 12, 42, 43, 69, 252  
Total fertility rate 84, 183  
Trust fund financial operations 7, 28, 42, 157  
Trust fund ratio 11, 41, 53, 66, 162, 180, 254  
Trust fund reserves 41

## **U**

Unemployment projections 110  
Unfunded obligation 5, 12, 17, 19, 53, 74, 75, 208, 247, 254, 255  
Unnegotiated check 177

## **V**

Valuation period 17, 51, 53, 169, 183, 214, 238  
Vocational rehabilitation 54, 159, 178, 216, 224, 236, 240

## **Y**

Year of depletion 13, 16, 53, 68

### ***STATEMENT OF ACTUARIAL OPINION***

It is my opinion that: (1) the techniques and methodology used herein to evaluate the actuarial status of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds are based upon sound principles of actuarial practice and are generally accepted within the actuarial profession; and (2) the assumptions used and the resulting actuarial estimates are, individually and in the aggregate, reasonable for the purpose of evaluating the actuarial status of the trust funds, taking into consideration the past experience and future expectations for the population, the economy, and the program. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render this actuarial opinion.

A handwritten signature in black ink, reading "Stephen C. Goss". The signature is fluid and cursive, with the first name "Stephen" being more prominent and the last name "Goss" following in a similar style.

Stephen C. Goss

*Associate, Society of Actuaries*

*Member, American Academy of Actuaries*

*Chief Actuary, Social Security Administration*