

# Just the Facts About ... Social Security

*“We can never insure one-hundred percent of the population against one-hundred percent of the hazards and vicissitudes of life. But we have tried to frame a law, which will give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age. This law, too, represents a cornerstone in a structure, which is being built, but is by no means complete... It is... a law that will take care of human needs and at the same time provide for the United States an economic structure of vastly greater soundness.”*

— Franklin D. Roosevelt, August 14, 1935

- ♦ President Franklin Delano Roosevelt signed the Social Security Act on August 14, 1935. Taxes were collected for the first time in January 1937, and the first one-time, lump-sum payments were made that same month. Regular ongoing monthly benefits started in January 1940.
- ♦ Under the 1935 law, what we now think of as Social Security paid only retirement benefits to primary workers. A 1939 change in the law added survivors’ benefits and benefits for retirees’ spouses and children. In 1956, disability benefits were added.
- ♦ All members of Congress, the President and Vice President, Federal judges, most political appointees, and all new federal government employees were covered under the Social Security, beginning in January 1984.
- ♦ Automatic cost-of-living allowances (COLAs) were first paid in 1975 as a result of a 1972 law. Prior to this, benefits were increased irregularly by special acts of Congress.
- ♦ In 1940, 222,488 people received Social Security payments; in 2004, 47,687,713 received payments.
- ♦ As of December 31, 2004, approx. 92 percent of the population aged 65 and older were receiving benefits.
- ♦ Approx. 159 million persons will work in OASDI-covered employment or self-employment in 2005.
- ♦ So far, there have been 11 years in which the Social Security program did not receive enough in taxes to pay the current year’s benefits. During these years, redeeming Trust Fund bonds in the amount of about \$24 billion made up the difference.
- ♦ In 1983, the law was changed to increase the normal retirement age gradually beginning in 2000 from age 65 to age 67.
- ♦ In 2018, benefits and administrative expenses are expected to exceed tax income. The program would have to begin drawing upon trust fund assets, although initially it would be sufficient to draw only on current interest income.<sup>1</sup>
- ♦ In 2028, the amount needed from trust fund assets to continue full payment of benefits and administrative expenses is expected to exceed interest on the assets.<sup>1</sup>
- ♦ In 2042, the trust funds are expected to become exhausted – tax income alone will not be sufficient to pay benefits in full.<sup>1</sup>
- ♦ Ernest Ackerman was the first person to get Social Security benefits – a one-time, lump sum payment of 17 cents in 1937. Ida May Fuller was the first recipient of monthly Social Security benefits in 1940.

Source: Social Security Administration Web site <sup>1</sup>2004 Trustees Report of the OASDI