An Actuarial Perspective on the 2022 Social Security Trustees Report

**Financials**
- Trust fund asset reserves are small compared to the value of all the benefits that Social Security pays and their expected future yields are low. As a result, the effect of low interest earned by the trust funds is relatively modest. In 2021, the $2.9 trillion in the trust fund earned $67 billion in interest, approximately 2.4%.

**Economy**
- Total U.S. economic productivity is defined as the ratio of real GDP to hours worked by all workers. Higher levels of productivity lead to growth in overall GDP and higher levels of wages, which leads to higher levels of tax revenue for the OASDI program. The trustees assume productivity will increase by 1.63% per year in the long run. Productivity increased by a lower 1.1% per year in the most recent complete economic cycle (‘07-’19).

- Wages have grown less than expected over the past few decades. If future gains in taxable payroll continue to be less than expected, additional stress will be put on the system via lower-than-expected tax revenue. Lower wages will also result in lower benefits, but the payment of those lower benefits is far in the future, and the net result is a degradation of the system’s current actuarial deficit.

**2022 Trustees Report HIGHLIGHTS**
- The pandemic is projected to have continuing significant effects on the OASI and DI programs in the near term. 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.
- If changes to the program are not implemented before 2035, only 80% of scheduled benefits would be payable after depletion in 2035, declining to 74% by 2096.

**People**
- The number of Americans 65 and older will increase from about 57 million in 2021 to about 76 million by 2035.

**COVID-19**
- The 2022 report reflects the recent impact of the COVID-19 pandemic and the ensuing recession. However, the effects did not change the projected combined OASDI trust funds reserve depletion date (2035) from the 2020 report, which had not reflected the impact of the pandemic.

- From the trustees: “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. … The Trustees will continue to monitor the development of the pandemic and adjust their projections accordingly in future reports.”

- The trustees have assumed that the pandemic will have no net effect on the individual long-range ultimate assumptions used to project the system’s financial health and operations. However, pandemic effects are reflected in the short-range assumptions for mortality, fertility, immigration and several economic assumptions regarding employment, earnings, interest rates, gross domestic product, and worker productivity.

**Chart:**
- The combined Social Security trust fund reserves are projected to become depleted during 2035.
- The combined Social Security trust fund reserves are projected to become depleted during 2035, one year later than projected in last year’s report.
- The actuarial deficit decreased from 3.54% of taxable payroll to 3.42% of taxable payroll, due to a mix of changes in near-term economic and demographic assumptions reflecting the pandemic and the 2020 recession, new program data, and methodological improvements.

**Table:**
- Income for 2021: $1.09
- Benefits and other costs for 2021: $1.14
- OASDI Trust funds at 12/31/21: $2.85

**Graphs:**
- Average annual % change in real wages
- Life expectancy at age 65
- Workers per beneficiary