



March 29, 2023

RE: Social Security Challenge and the Urgency of Reform to Protect Americans

Dear Members of Congress:

As you know, Social Security faces a large financing challenge with implications for millions of Americans covered by this vital program. Many reform approaches to Social Security are under discussion by Members of Congress, with potential impacts on current and future beneficiaries, Social Security's solvency, and our economy. The nonpartisan American Academy of Actuaries¹ Social Security Committee stands ready to assist you in evaluating them, so that an immediate and large benefit cut can be avoided for over 80 million² American people upon insolvency.

If reform measures are not enacted until the trust fund reserves are depleted, which is estimated to occur within 10–12 years, Social Security would need its taxes increased approximately 25% in that year alone to avoid the approximately 20% reduction in benefits projected.³ Note that additional increases would be needed to have the system's solvency sustainable into future years. There are significant advantages to evaluating and enacting reforms now to address the projected trust fund reserves depletion. In fact, the sooner Congress acts to pass reform measures, the more options will be available.

The Social Security Committee has long served and continues to serve as a nonpartisan resource to the public, providing objective actuarial information that is needed to evaluate reform approaches. Current resources, publicly accessible at actuary.org/socialsecurity, are designed to substantively inform legislators and the public alike about different possible approaches to addressing the solvency problem, and keeping Social Security financially healthy for generations to come. This webpage includes detailed, objective actuarial analysis of diverse reform options such as tax increases, benefit reductions, and raising Social Security's normal retirement age, and their important implications for beneficiaries and solvency.

¹ The American Academy of Actuaries is a 19,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

² 2022 OASDI Trustees Report, Title IV, Section B.

³ Last June's most recent annual Social Security Trustees Report projected that under current law, the combined Social Security trust funds will be depleted by 2035, and the program's income will only be able to pay approximately 80% of benefits, requiring a 20% overall reduction in benefit payments. A December analysis by the Congressional Budget Office projected that reserves will be depleted by 2033, with benefit payment reductions of 23%.

The Academy is fully engaged on this issue with a public education campaign about the solvency issue and reform options. With the click of a mouse, our recently launched [Social Security Challenge web app](#) puts users on a virtual journey where they learn about the financial challenges facing the program by listening to everyday Americans discuss the program and learning the effects of different reform choices; they then choose among a palette of reforms and get to see how well their approach works in addressing the solvency problem. We suggest that you share this engaging education tool with your constituents of all ages, and we welcome hearing about your and your constituents' experience with the app.

The Social Security Committee hopes that this open letter and our ongoing public education efforts will inform, stimulate, and advance the dialogue on Social Security solvency and need for reform. Actuarial experts from the American Academy of Actuaries are available to aid Congress in the consequential task of ensuring that Social Security remains strong. As in past years, the Academy's Social Security Committee is reaching out to congressional offices to schedule meetings this spring to learn more about your perspectives on Social Security solvency and reform and other issues in the retirement space, as well as to share relevant actuarial perspectives on them. Please feel free to contact Philip Maguire, Academy Pension Policy Analyst (maguire@actuary.org), or Linda K. Stone, MAAA, FSA, Academy Senior Pension Fellow (stone@actuary.org), if you would like to schedule a meeting.

Sincerely,

Amy Kemp, MAAA, ASA, EA
Chairperson, Social Security Committee
American Academy of Actuaries