

CROSS PRACTICE ISSUES

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Annual Social Security and Medicare Trustees Reports Released

The Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds and the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds issued their annual reports on the financial status of the Social Security and Medicare programs yesterday. The trustees reports show that the Medicare Hospital Insurance (HI) Trust Fund will have sufficient funds to cover its obligations until 2026, and that the combined retirement and disability programs of Social Security have sufficient resources to fully cover benefits until 2034.

Medicare

According to the newly-released [2021 Medicare trustees report](#), the COVID-19 pandemic and recession of 2020, which were not reflected in last year's reports, will not have a long term impact on Medicare solvency. The HI Trust Fund will be able to pay scheduled benefits until 2026, the same as reported last year, with dedicated revenues covering 91 percent of HI costs thereafter. In addition, the projected HI deficit over the next 75 years increased slightly from 0.76 to 0.77 percent of taxable payroll. The Supplementary Medical Insurance (SMI) trust fund is expected to remain solvent indefinitely because current law provides financing from general revenues and beneficiary premiums each year to meet the next year's expected costs. According to the Medicare Trustees report, SMI spending was 2.3 percent of GDP in 2020, and is expected to increase to 4.4 percent of GDP in 2094, as projected in last year's report.

Social Security

The [2021 Social Security trustees report](#) indicates that the solvency of the Old-Age, Survivors, and Disability Insurance (OASDI) trust funds decreased slightly since last year's report. The combined trust funds are projected to have sufficient revenue to pay benefits until 2034, one year earlier than reported last year. Taken separately, the Old Age and Survivors Insurance (OASI) trust fund is projected to exhaust its reserves in 2033, one year earlier than reported last year. The Disability Insurance (DI) reserves are projected to become depleted in 2057, 8 years earlier than in last year's report. The 75-year actuarial deficit for the combined trust funds increased from 3.21 to 3.54 percent of taxable payroll since the 2020 reports.

If you have any questions regarding this *Academy Alert*, please contact Samuel Owen, Legislative and Regulatory Analyst (owen@actuary.org; 202-785-6924).

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