

Key Wealth Institute

2025 Social Security Trustees Report: Combined Trust Fund Projected to Deplete One Year Sooner Than 2024 Estimate

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The board of trustees of the Social Security trust funds projects that the combined fund will be able to provide full benefits until 2034, one year earlier than projected in 2024.

The trustees released the [2025 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds](#) on June 18, detailing the program's current and projected financial status. The 2025 report is the 85th such report. The Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) trust funds pay Social Security benefits to retired and disabled workers and their families.

The OASI and DI funds are separate legal entities, but the report presents information that combines their reserves to illustrate the actuarial status of the Social Security program.

Highlights of the 2025 report

As a result, the combined fund will be able to provide benefits in full on a timely basis until 2034, one year earlier than predicted in 2024's report. This does not mean that Social Security will go bankrupt, but it does mean a reduction of payments if Congress does not address the situation before 2035. If nothing changes, combined trust fund payments will drop to 81% of scheduled benefits payable at that time. The intermediate assumptions for this report were set in December 2024. The Trustees will continue to monitor developments, reevaluate the assumptions, and modify the projections in later reports.



Specifics from the report for each separate fund:

- The **OASI Trust Fund**, which pays retirement and survivors benefits, will be able to pay scheduled benefits until 2033 (same as in 2024's report). At that time, OASI income would be sufficient to pay 77% of scheduled benefits.
- The **DI Trust Fund**, which pays disability benefits, is not projected to become depleted during the 75-year period ending in 2099 (the long-range projection period).

Social Security's total cost is projected to be higher than its total income in 2025 and all later years. Total costs began to exceed total income in 2021. Social Security's cost has been higher than its non-interest income since 2010.

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The DI program's disability applications and benefit awards remained low through 2024. Disability applications have declined substantially since 2010; the total number of disabled worker beneficiaries in current payment status have been falling since 2014.

Since last year's report, one law was enacted that is projected to have a substantial effect on Social Security's financial status. The Social Security Fairness Act of 2023 was enacted on January 5, 2025, and repeals the Windfall Elimination Provision and the Government Pension Offset, which reduced or eliminated the Social Security benefits of individuals receiving a pension based on work that was not covered by Social Security. Therefore, implementation of this law increases Social Security benefits for people who worked in jobs that were not covered by Social Security. You can read more here: [Key Questions: Does the Social Security Fairness Act Affect Me?](#)

The actuarial deficit increased significantly in this year's report primarily due to: (1) the implementation of the Social Security Fairness Act, (2) the extension in the assumed year the ultimate total fertility rate is reached, and (3) the reduction in the ultimate assumption for the ratio of total labor compensation to GDP.

Another possible impact to the trust funds is the recently enacted One Big Beautiful Bill Act signed into law on July 4, 2025 (after the release of the 2025 Trustees report). The law did not change the rules for taxing Social Security benefits. However, the addition of the new senior deduction (\$6,000 for single filers, \$12,000 for joint filers) could reduce the number of people who pay taxes on their benefits and reduce the marginal tax rate for those who do pay taxes.

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 2099:

- Revenue would have to increase by an amount equivalent to an immediate and permanent payroll tax rate increase of 3.65% points to 16.05% beginning in January 2025;
- Scheduled benefits would have to either be reduced by an amount equivalent to an immediate and permanent reduction of 22.4% applied to all current and future beneficiaries effective in January 2025, or by 26.8% if the reductions were applied only to those who become initially eligible for benefits in 2025 or later; or
- Some combination of these approaches would have to be adopted.

If substantial actions are deferred for several years, the changes necessary to maintain solvency for the combined OASI and DI Trust Funds 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 2034. For example, maintaining 75-year solvency through 2099 with changes that begin in 2034 would require:

- An increase in revenue by an amount equivalent to a permanent 4.27% point payroll tax rate increase to 16.67% starting in 2034;
- A reduction in scheduled benefits by an amount equivalent to a permanent 25.8% reduction in all benefits starting in 2034; or
- Some combination of these approaches.

Based on past changes to these programs, it's likely that any future changes would primarily affect future beneficiaries and have a relatively small effect on those already receiving benefits.

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What does this mean for your financial plan?

Social Security isn't going bankrupt and won't stop paying benefits. At worst, we face reduced benefits, with beneficiaries receiving only 77% of their full benefit. The projections make for grim reading, but lawmakers can shore up the program. Numerous potential fixes exist, ranging from reducing the annual cost-of-living adjustment (COLA) and increasing the full retirement age to eliminating the Social Security wage ceiling and increasing the payroll tax.

The one caution about these projections is that they use assumptions. And as we know in the planning world, those assumptions can change. Long-term forecasts will inevitably change.

However, you may want to stress-test your financial plan now, since 100% of your Social Security benefits might not be available to you. You and your advisor should incorporate this into your projections. If you are 60 or younger, you may want to consider using 75%–80% of your projected Social Security benefits as one scenario in your planning. Knowing how your financial plan would fare with this reduction in income can help you plan for the worst-case scenario.

Also, you can also take a look and see how much more you may need to save to cover any reduction in benefits. For younger savers, make sure you max out your retirement contributions and leverage your employer matching programs and use those auto-escalation tools to gradually increase those contributions over time. Also consider increasing your contributions when you get those pay raises.

Key takeaways

- The Social Security trustees project that the combined trust fund can sustain full benefits until 2034, a year earlier than previously forecasted in 2024.
- Social Security's total costs are expected to exceed its income from 2025 onwards, a trend that began in 2021.
- Lawmakers face critical decisions to address Social Security's financial shortfall.
- Potential solutions range from adjusting the cost-of-living adjustment (COLA) and retirement age to increasing payroll taxes or implementing benefit cuts.
- Individuals are advised to stress-test their financial plans with reduced benefit scenarios to help prepare for unforeseen circumstances.

For more information, please contact your advisor.

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About the Author

In her role, Tina Myers is responsible for managing the Central Planning Team and overseeing the Key Wealth Institute and any financial planning content distributed. She works with our Regional Planning Strategists to help facilitate our best thinking and advice delivery to clients.

Before joining Key, Tina worked in the public accounting industry, where she focused on taxes, specifically individual, trust, estate, and gift tax planning. She also held roles at a small public accounting firm, a regional firm, and the private client group of a large multi-national firm.

Tina earned an M.Tax from Virginia Commonwealth University and holds several industry-standard licensures. She received the Circle of Excellence Award for Key Private Bank in 2016 and 2018. She was selected to attend the 2024 Key Wealth Education Symposium, which recognizes top performance and extraordinary commitment to serving our clients and growing our business.



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