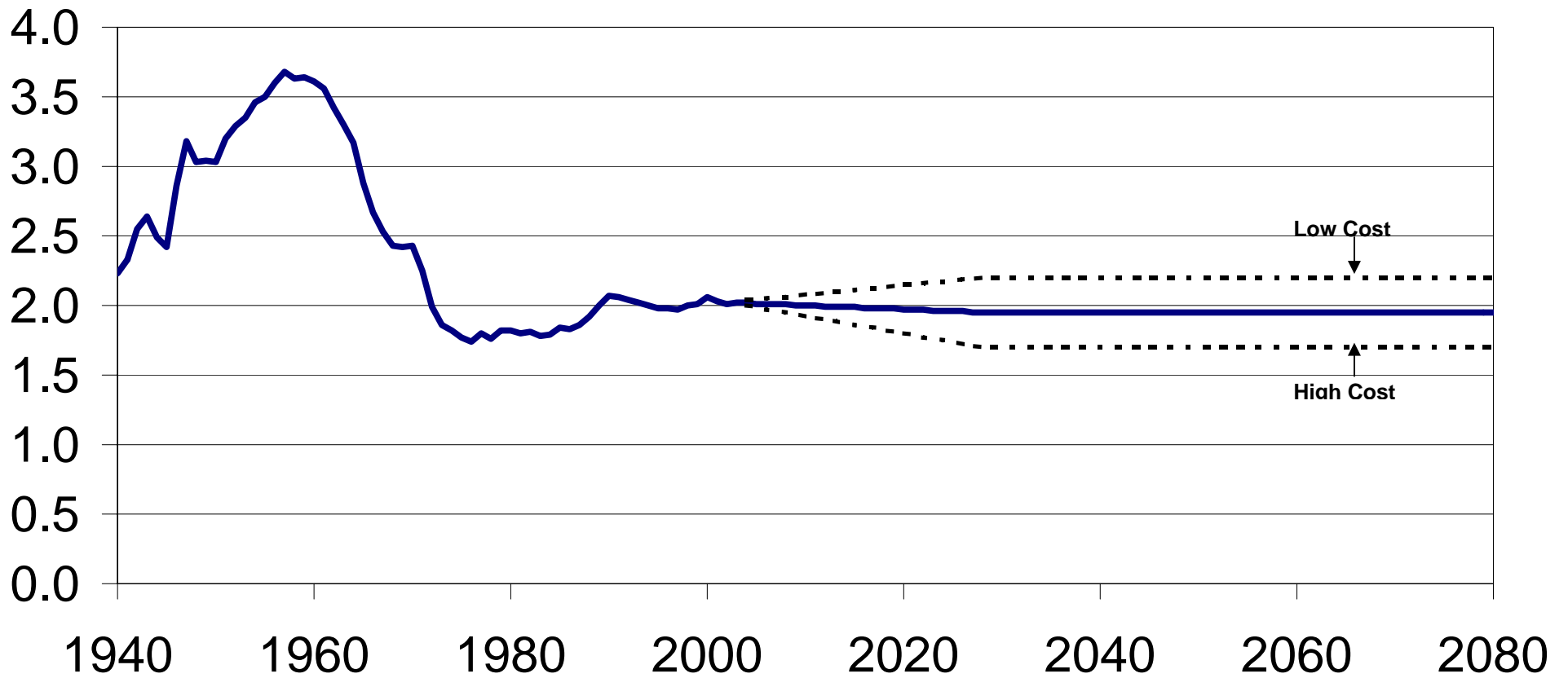


# **Expected Future Financial Status of Social Security**

*By Stephen C. Goss  
Chief Actuary  
Social Security Administration*

**January 21, 2005**

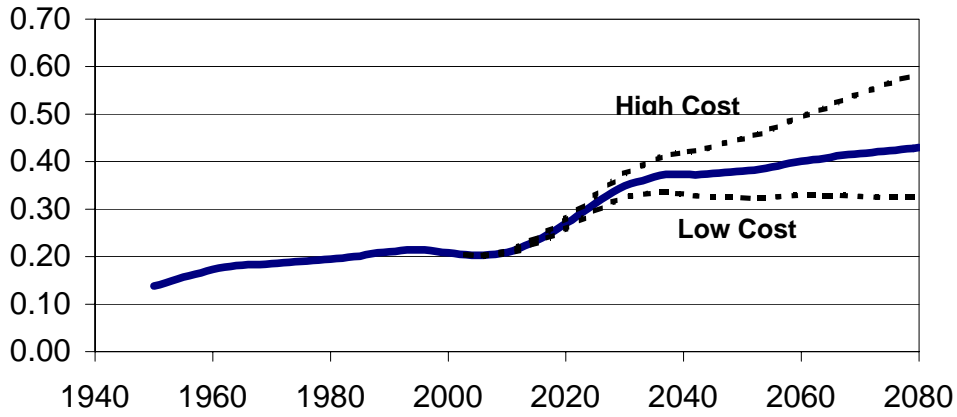
# Total Fertility Rate



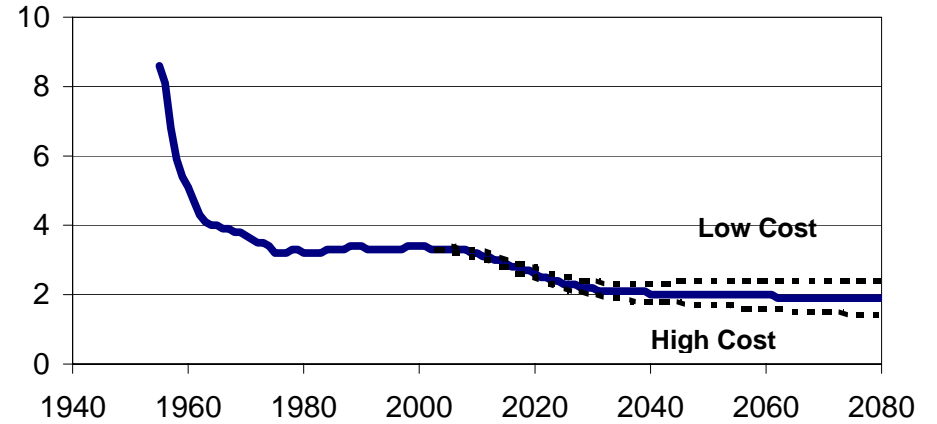
Based on the 2004 Trustees Report

Social Security Administration  
Office of the Chief Actuary  
January 20, 2005

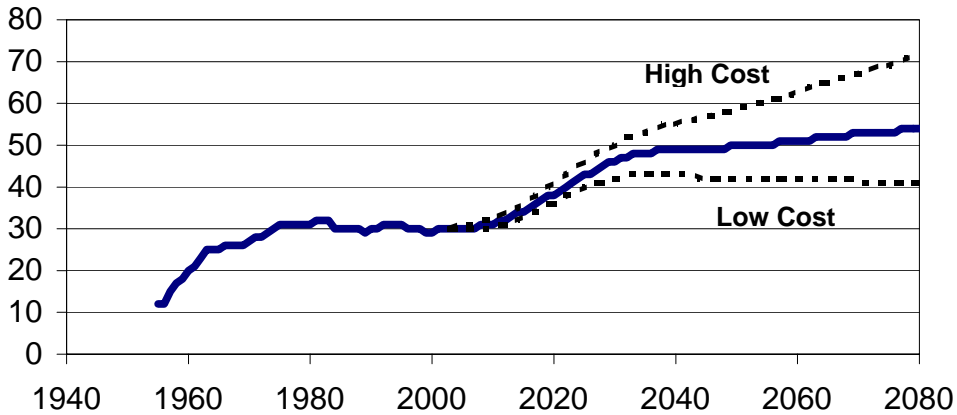
### Aged Dependency Ratio



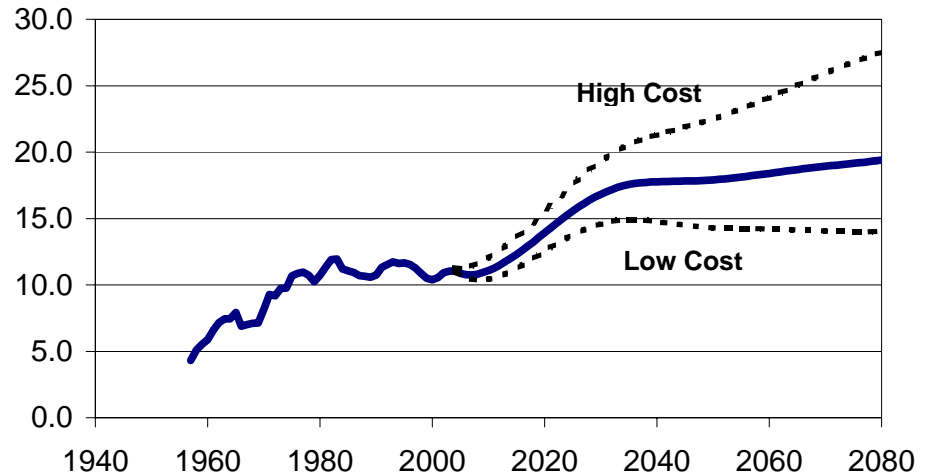
### Covered Workers Per OASDI Beneficiary



### Beneficiaries Per 100 Covered Workers



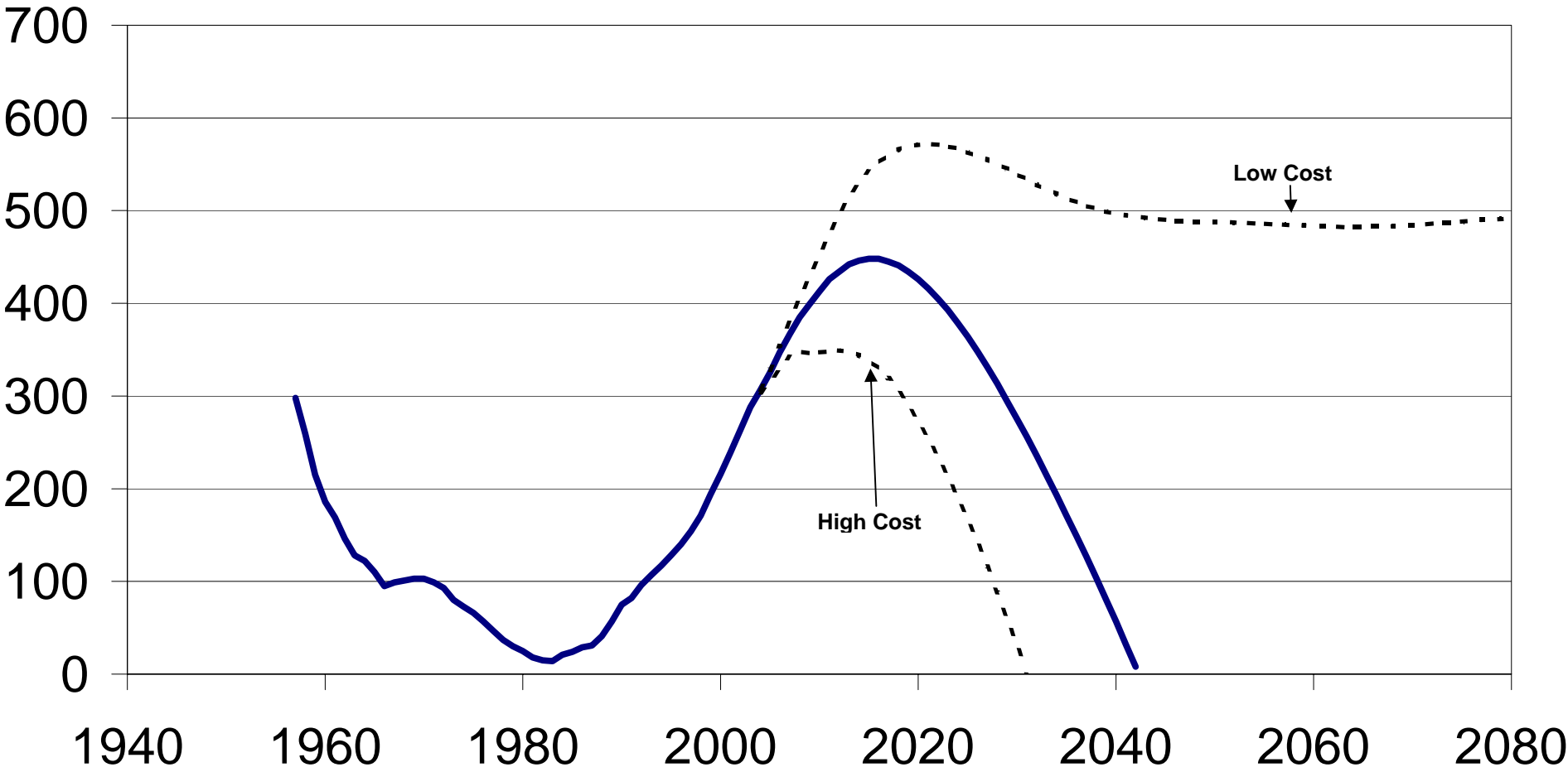
### Cost Rate



Based on the 2004 Trustees Report

Social Security Administration  
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January 20, 2005

# OASDI Trust Fund Ratio



Based on the 2004 Trustees Report

# Social Security Actuarial/Financial Status

## Solvency---Ability to Pay Scheduled Benefits with Available Revenue--At any point in time

- 1) Requires a positive Trust Fund level--- No borrowing authority under current law
- 2) If benefit cost exceeds current tax revenue, augment with Trust Fund assets (2018)  
If Trust Fund assets exhausted, pay what current tax revenue allows (2042)

## Sustainable Solvency-- Solvent for the foreseeable future

- 1) Requires a positive Trust Fund through the long-range 75-year period
- 2) Also requires that Trust Fund assets are stable or rising as a percent of annual cost at the end of the long-range period.

## Summary measures of financial status of the Social Security program

- 1) Actuarial Balance--Excess of assets and income over cost--  
Expressed as a percent of the payroll tax base, or taxable payroll  
A negative actuarial balance is an "unfunded obligation"  
Actuarial balance is -1.89 percent of taxable payroll for the 75-year period
- 2) Others measures of Social Security unfunded obligation  
These are the net shortfall of income and assets to cover cost over the period

### For the 75-year Long-Range Period 2004-78

Actuarial deficit	1.89 percent of taxable payroll
Unfunded obligation	0.7 percent of GDP
Unfunded obligation	\$3.7 trillion in present value
<i>Total effect of changes needed for the next 75 years as a whole</i>	

### For the Infinite Future: 2004 and later *HIGHLY UNCERTAIN*

Actuarial deficit	3.5 percent of taxable payroll
Unfunded obligation	1.2 percent of GDP
Unfunded obligation	\$10.4 trillion in present value
<i>Total effect of changes needed for ALL future years as a whole</i>	

Estimates from the 2004 Trustees Report using Intermediate Assumptions

Prepared by Office of the Chief Actuary, Social Security Administration

January 20, 2005