

U.S. DEPARTMENT OF THE TREASURY

Press Center



Remarks of Secretary Lew on the Release of the Social Security and Medicare Trustees Reports

7/28/2014

For the Social Security report, [click here](#)

For the Medicare report, [click here](#)

As prepared for delivery

WASHINGTON - Every year, the Social Security and Medicare Boards of Trustees provide a report to Congress on the strength of our indispensable social insurance programs. And this morning, the Trustees met to complete their annual financial review and transmit their final reports. I would like to thank my fellow Trustees, the chief actuaries, Stephen Goss and Paul Spitalnic, and their staffs for their hard work.

Social Security and Medicare are without a doubt the most successful social programs in our country's history and millions of Americans rely on them for health care and income security. Together, these programs have helped to drive vast improvements in the quality of American life, with Social Security helping to cut elderly poverty by two thirds over the last four decades and Medicare improving mortality rates for the severely ill by over 20 percent.

As today's reports make absolutely clear, Social Security and Medicare are fundamentally secure, and they will remain fundamentally secure in the years ahead. The reports also remind us of something we all understand: we must reform these programs if we want to keep them sound for future generations.

The projections in this year's report for Social Security are essentially the same as last year, and those for Medicare have shown some improvement.

When considered on a combined basis, Social Security's retirement and disability programs have dedicated funds sufficient to cover benefits for the next 19 years. After that time, as was true last year, it is projected that tax income will be sufficient to finance about three-quarters of scheduled benefits. However, Social Security's disability program alone has dedicated funds sufficient to cover all scheduled benefits for only two years. As was true last year, beginning in 2016, projected tax income will be sufficient to finance about 80 percent of scheduled benefits. Legislation will be needed to avoid disruptive reductions in benefit payments to this vulnerable population.

The outlook for Medicare has consistently improved since the passage of the Affordable Care Act, and this year, the Trustees have reduced the projections for near-term spending growth. The Trustees also project this year that the Medicare Hospital Insurance Trust Fund will have resources sufficient to cover benefits until 2030, four additional years than projected in last year's report, and 13 more years than was projected in the last report released prior to passage of the Affordable Care Act.

The Trustees Reports underscore the importance of making reforms to Social Security and Medicare. As the largest generation in American history enters retirement, the pressure on our social insurance programs is growing, and we must make manageable changes now so we do not have to make drastic changes later.

The President is committed to putting Social Security and Medicare on a stronger footing, and he has put forward achievable plans to fix their finances. As he has consistently demonstrated, the President is ready to work with Congress to usher in responsible reforms, and he is prepared to make tough choices. But the President will not support any proposal that would hurt Americans who depend on these programs today, and he will not support any effort that slashes benefits for future retirees.

In closing, I would like to remind everyone that this week marks the 49th anniversary of President Lyndon Johnson signing Medicare into law. At that time, Johnson declared that this new program would shine a "light of hope and realization" on "those fearing the terrible darkness of despairing poverty."

For decades now, Medicare and Social Security have provided dignity and security to millions of hardworking Americans. And keeping these programs rock-solid is one of our greatest responsibilities. None of this will come through easy fixes. But I am certain that if policy makers of good will on both sides of the political divide focus on creating serious solutions, we will get the job done.

Thank you.

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