

Fact Sheet: Social Security and Medicare Trustees Report

June 5, 2018

Washington – Today the Social Security and Medicare Boards of Trustees issued their annual financial review of the programs.

The projections indicate that income is sufficient to pay full scheduled benefits until 2026 for Medicare’s Hospital Insurance program, 2032 for Social Security’s Disability Insurance program, and until 2034 for Social Security’s Old Age and Survivors Insurance program. The Supplementary Medical Insurance (SMI) Trust Fund remains adequately financed throughout the projection period, but only because SMI has unlimited access to general revenues.

The Trustees project that Medicare costs will grow from approximately 3.7 percent of GDP in 2017 to 5.8 percent of GDP by 2038, and will increase gradually thereafter to about 6.2 percent of GDP by 2092. The costs of the Social Security program equaled 4.9 percent of GDP in 2017 and are expected to rise to 6.1 percent of GDP by 2038, decline to 5.9 percent of GDP by 2052, and then rise slowly to 6.1 percent of GDP by 2092.

SOCIAL SECURITY

The Social Security program consists of the Old-Age and Survivors Insurance (OASI) Trust Fund and the Disability Insurance (DI) Trust Fund. The Trustees project that the hypothetical combined Trust Funds will be depleted in 2034. The 75-year actuarial deficit for the combined trust funds is estimated at 2.84 percent of taxable payroll, up very slightly from 2.83 percent of taxable payroll estimated in last year’s Report. This reflects a 0.06 percentage point worsening due to extending the projection period and valuation date one year, and a 0.04 percentage point improvement due to new data and improved projection methods.

While the projections for the combined Trust Funds are essentially unchanged from last year, the near-term projections for the DI Trust Fund are more favorable and the near-term projections for the OASI trust fund are less favorable. It is now projected that the DI will have sufficient funds to pay full scheduled benefits until 2032, four later than projected last year, and that the OASI trust fund will have sufficient funds to pay full scheduled benefits through to 2034,

one year earlier than last year. This is the third year in a row that the near term DI cost outlook has appreciably improved, reflecting a continuing favorable experience for DI applications and benefit awards.

Social Security's total cost is projected to exceed its total income (including interest) in 2018 for the first time since 1982, and to remain higher throughout the projection period.

MEDICARE

Medicare has two Trust Funds: the Hospital Insurance (HI) Trust Fund and the Supplementary Medical Insurance (SMI) Trust Fund. The Trustees project that the HI Trust Fund will pay full scheduled benefits until 2026, three years earlier than projected in last year's report. After the HI trust fund is depleted in 2026, the share of scheduled benefits that can be paid from dedicated revenues is 91 percent for the remainder of 2026, declines slowly to 78 percent in 2039, and then rises gradually to 85 percent in 2092.

The 75-year actuarial deficit in the HI Trust Fund is projected at 0.82 percent of taxable payroll, up from 0.64 percent projected in last year's report.

The changed outlook for HI is attributable to adverse changes in both program income and costs. HI income is projected to be lower than last year's estimates due to lower payroll taxes attributable to lowered wages in 2017 and lower levels of projected GDP, and reduced income from the taxation of Social Security benefits as a result of legislation. HI expenditures are expected to be higher than last year's estimates due to higher-than anticipated spending in 2017, legislation that increases hospital spending, and higher Medicare Advantage payments.

The SMI Trust Fund, which includes Medicare Part B and Medicare Part D, remains adequately financed into the future due to financing being derived from general revenues and beneficiary premiums. The aging population and rising health care costs cause SMI projected costs to grow steadily from 2.1 percent of GDP in 2017 to approximately 3.6 percent of GDP in 2037, and to then increase more slowly to 3.9 percent of GDP by 2092. About three-quarters of these costs will be financed from general revenues, and the remaining will be financed from premiums paid by beneficiaries.

After the Reports are transmitted to Congress, the Social Security report and the Medicare report will be posted at:

[Social Security Report](#)

[Medicare Report](#)

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