

***Senator Jack Reed (D-RI), Ranking Democrat,
Joint Economic Committee***

Social Security Facts
(Updated May 4, 2006)

Who gets Social Security?

- 48 million people receive Social Security benefits each month, including
 - 30.4 million retired workers
 - 4.7 million widows and widowers
 - 6.5 million disabled workers
 - 4.0 million children

How important are Social Security benefits?

- More than 90 percent of people aged 65 or older receive Social Security.
- Nearly 2 in 3 recipients receive half or more of their income from Social Security.
- About 1 in 5 recipients get all of their income from Social Security.
- Without Social Security, nearly half of all seniors 65 and older would live in poverty.

What is the insurance value of Social Security?

- For a young family, Social Security is equivalent to a \$350,000 disability insurance and \$400,000 life insurance policy.
- A 20-year-old stands nearly a 3 in 10 chance of becoming disabled before age 65, according to the Social Security Administration.
- For nearly half of disabled-worker beneficiaries, Social Security provides half or more of their family income.

Does Social Security face a financial crisis in the future?

- Assets in the Social Security Trust Funds were \$1.86 trillion at the end of 2005.
- Assets in the Trust Funds will peak at over \$3.7 trillion (in 2006 dollars) by the end of 2021.

- The Social Security Trust Funds will remain solvent until 2040 (2052 according to CBO).
- Even after 2040/2052, Social Security will still be able to pay 70 to 80 percent of scheduled benefits from annual tax revenues.

What is the size of the Social Security shortfall?

- \$4.6 trillion (or 0.7% of cumulative GDP) in today's dollars according to the 2006 Trustees' Report.
- 0.4% of GDP according to a 2005 CBO report.
- The 75-year cost of making the Bush tax cuts permanent is about 2 percent of GDP – three to five times the size of the Social Security shortfall.

Estimates of Social Security's Solvency		
	CBO	SSA
Solvency Measure		
Year in which annual spending exceeds annual tax revenue	2020	2017
Year in which annual spending exceeds total receipts (tax revenue plus interest income)	2033	2027
Year in which Trust Funds can no longer pay full benefits	2052	2040
Percentage of scheduled benefits payable when Trust Funds can no longer pay full benefits	78% in 2052	74% in 2040

For more Social Security facts, go to:
www.jec.senate.gov/democrats