

## The Social Security Trust Fund – The Numbers

Over its lifetime,<sup>1</sup> [Social Security has collected a total of \\$14.6 trillion](#).

- \$13.1 trillion in contributions (dedicated taxes)<sup>2</sup>
- \$1.5 trillion in interest on U.S. Treasury bonds purchased at market rates

Over that same time period, [Social Security has spent \\$12 trillion](#).

- \$11.9 trillion for Social Security benefits<sup>3</sup>
- \$123 billion for administrative costs (annually appropriated)

Because Social Security has raised \$2.6 trillion more than it spent, it currently has a \$2.6 trillion balance in its trust fund. [The Social Security trustees project that the balance of the trust fund will continue to grow \(as income exceeds costs\) until 2022, when the balance reaches about \\$3.7 trillion](#).

Social Security's trustees currently project that the trust fund reserves will be exhausted in 2036, and the income from incoming payroll taxes will only be enough to pay about 75 percent of benefits through 2086. Social Security is legally prohibited from paying benefits in excess of the balance of the trust fund, so if the gap (currently estimated at 2.22 percent of taxable payroll) is not closed, beneficiaries will not receive timely payments after 2036.

## Social Security Trust Fund – The Law

The Social Security Trust Fund is a legally separate account which can only receive income from specific sources, must invest surplus income in interest-bearing U.S. Treasury bonds, and is the only source from which Social Security benefits can be paid.

[Title II, Section 201\(a\) and Section 201\(b\) of the Social Security Act](#) (42 USC Section 401(a) and 401(b)) **establish the trust funds** (there is one trust fund for old age and survivor benefits and a separate trust fund for disability benefits) and require the Secretary of the Treasury to regularly deposit Social Security payroll taxes, income taxes on Social Security benefits, gifts to Social Security, and interest on Treasury bonds in the trust fund.

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<sup>1</sup> As of the end of calendar year 2010.

<sup>2</sup> Includes about \$15.6 billion in wage credits that the federal government paid on behalf of military servicemembers. SSA tables show as "general fund transfers."

<sup>3</sup> Benefits paid include Railroad Retirement Social Security-Equivalent Benefits.

[Title II, Section 201\(d\) of the Social Security Act](#) (42 USC Section 401(d)) **requires Social Security to invest its surplus in interest-bearing U.S. Treasury bonds** and to buy the bonds at market price. It says this about the bonds purchased by the Trust Fund:

*Each obligation issued for purchase by the Trust Funds under this subsection shall be evidenced by a paper instrument in the form of a bond, note, or certificate of indebtedness issued by the Secretary of the Treasury setting forth the principal amount, date of maturity, and interest rate of the obligation, and stating on its face that the obligation shall be incontestable in the hands of the Trust Fund to which it is issued, that the obligation is supported by the full faith and credit of the United States, and that the United States is pledged to the payment of the obligation with respect to both principal and interest.*

This legal obligation is **the same as the legal obligation to pay other kinds of Treasury bonds** (those held by the public and by foreign governments) in [31 U.S.C. Section 3123](#):

*The faith of the United States Government is pledged to pay, in legal tender, principal and interest on the obligations of the Government issued under this chapter.*

[Title II, Section 201\(h\) of the Social Security Act](#) (42 USC Section 401(h)) **prohibits Social Security from borrowing to pay benefits** (or paying them from any source other than the Trust Fund). It says this (emphasis added):

*Benefit payments required to be made under section 223 of this title, and benefit payments required to be made under subsection (b), (c), or (d) of section 202 of this title to individuals entitled to benefits on the basis of the wages and self-employment income of an individual entitled to disability insurance benefits, **shall be made only from** the Federal Disability Insurance Trust Fund. All other benefit payments required to be made under this subchapter (other than section 226 of this title<sup>1</sup>) **shall be made only from** the Federal Old-Age and Survivors Insurance Trust Fund.*

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<sup>1</sup> Section 226 is Medicare hospital insurance, which has a separate trust fund.