



# SOCIAL SECURITY ADVISOR

## Social Security Planning for Retirement

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#### Putting Social Security Into a Retirement Plan

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### Surprising Stability for Benefits Next Year

*"We don't think the picture has changed a whole lot."*

This quote from Shai Akabas, Director of Economic Policy at the Bipartisan Policy Center appeared in the press recently. In context, Akabas said that the COVID-19 pandemic and the resulting economic restrictions have not materially impacted the outlook for Social Security's financial future.

As might be expected, this remark hasn't been widely reported. Comments to the effect of "no big deal," generally don't get massive media coverage. That said, late in 2020, the belief that this ongoing pandemic would hammer Social Security was widespread.

Akabas followed up his slight-change remark by saying, "It's still the dire picture that we had a year or two years or three years ago." That is, Social Security's reserves are still likely to be depleted by the early to mid-2030s, but without major changes brought on by COVID-19.

effects of the COVID-19 pandemic: employment, earnings, interest rates and GDP all dropped last year.

According to this report, the SSA predicts the OASI trust fund reserves will dry up in 2033 — *two years sooner than the 2020 Trustees report projected* — but, as Akabas has said, not as severely impacted by COVID-19 as many thought. As for the DI Trust Fund, reserves are estimated to run out in 2057 — *eight years ahead of previous predictions*.

Not surprising, the long-range 75-year actuarial deficit of the combined OASI and DI trust funds increased from 3.21% to 3.54% of taxable payroll since the 2020 reports. This result was due to the combined effects of changes in methodology, legislation, regulation, economic, demographic, and programmatic assumptions, and recent observed experience. Thus, the following changes / long-range assumptions had significant effects:

- The total fertility rate was raised from 1.95 to 2 births per woman. This change was combined with a change to the methodology for projecting fertility that offset the assumption change.
- The unemployment rate was reduced from 5% to 4.5%. This change was combined with a change to the methodology for projecting the size of the labor force that offset the assumption change.

#### 2021 Annual Trustees Reports

The Trustees of the Social Security and Medicare trust funds released [\*The 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds\*](#) on August 31, which factors in the

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