

## **Social Security: OASI, DI, and Trust Funds—CBO’s January 2020 Baseline**

Social Security has two parts: Old-Age and Survivors Insurance (OASI), which pays benefits to retired workers, their families, and some survivors of deceased workers; and Disability Insurance (DI), which makes payments to disabled workers and to their families until those workers reach the age at which they are eligible to receive full retired-worker benefits under OASI. The program is funded primarily through payroll taxes on employers and workers, who each pay 6.2 percent of earnings; self-employed workers pay the entire 12.4 percent tax.

To receive OASI or DI benefits, workers must have a substantial employment history and meet other criteria. CBO’s projections of outlays for OASI and DI benefits are based on the number of beneficiaries and their average benefits.

Although Social Security is part of the overall federal budget, its benefits are paid from trust funds that are funded from payroll taxes, interest on their balances, and income taxes on Social Security benefits. Under current law, the Social Security Administration may not pay benefits in excess of the available balances in a trust fund.

	Actual, 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Calendar Year</b>												
<b>Beneficiaries on December 31 (Thousands)</b>												
Retired Workers and Families												
Retired workers	45,108	46,821	48,386	49,951	51,527	53,088	54,599	56,079	57,658	59,112	60,498	61,786
Wives and husbands	2,418	2,404	2,363	2,307	2,249	2,235	2,224	2,209	2,202	2,191	2,178	2,158
Children	713	733	746	758	769	778	786	793	802	809	814	816
Survivors												
Children	1,927	1,941	1,957	1,973	1,991	2,009	2,026	2,045	2,067	2,091	2,117	2,142
Mothers and fathers	116	111	106	101	97	93	89	85	82	79	76	73
Aged widows and widowers	3,713	3,576	3,479	3,389	3,277	3,130	2,980	2,884	2,766	2,650	2,546	2,441
Disabled widows and widowers	252	249	244	239	234	230	224	218	212	206	201	198
Parents	1	1	1	1	1	1	1	1	1	1	1	*
<b>Total Beneficiaries</b>	<b>54,248</b>	<b>55,836</b>	<b>57,282</b>	<b>58,720</b>	<b>60,146</b>	<b>61,563</b>	<b>62,930</b>	<b>64,313</b>	<b>65,788</b>	<b>67,138</b>	<b>68,430</b>	<b>69,615</b>
<b>Average Monthly Benefit on December 31 (Dollars)</b>												
Retired Workers and Families												
Retired workers	1,503	1,559	1,619	1,680	1,742	1,804	1,866	1,932	1,999	2,069	2,142	2,218
Wives and husbands	785	814	845	877	908	940	971	1,003	1,035	1,068	1,103	1,139
Children	713	739	767	795	823	851	879	909	938	969	1,001	1,035
Survivors												
Children	902	929	959	989	1,019	1,050	1,080	1,111	1,143	1,176	1,210	1,244
Mothers and fathers	1,032	1,062	1,095	1,129	1,162	1,196	1,229	1,264	1,299	1,335	1,373	1,411
Aged widows and widowers	1,423	1,472	1,523	1,575	1,626	1,677	1,729	1,783	1,836	1,892	1,951	2,012
Disabled widows and widowers	757	771	787	804	819	834	849	864	879	894	910	926
Parents	1,265	1,311	1,362	1,414	1,466	1,519	1,573	1,628	1,685	1,744	1,806	1,869
<b>Fiscal Year</b>												
<b>Benefit Outlays (Billions of dollars)</b>												
Retired Workers and Families												
Retired workers	724.4	773.2	830.2	891.5	956.1	1023.7	1094.6	1166.5	1241.2	1323.5	1405.0	1489.1
Wives and husbands	33.2	34.6	35.8	36.9	38.0	39.1	40.6	42.1	43.7	45.4	47.2	49.1
Children	6.1	6.5	6.9	7.3	7.6	8.1	8.4	8.8	9.2	9.6	10.1	10.5
Survivors												
Children	21.1	21.9	22.7	23.7	24.7	25.8	26.9	28.0	29.2	30.4	31.7	33.0
Mothers and fathers	2.3	2.3	2.4	2.5	2.6	2.6	2.7	2.8	2.9	3.0	3.1	3.2
Aged widows and widowers	98.4	101.9	103.2	105.4	107.8	109.5	110.5	111.7	113.8	115.7	117.6	119.6
Disabled widows and widowers	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.5	2.4	2.4	2.4	2.4
Parents	**	**	**	**	**	**	**	**	**	**	**	**
Lump-Sum Death	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
<b>Total</b>	<b>888.1</b>	<b>943.0</b>	<b>1,003.8</b>	<b>1,069.9</b>	<b>1,139.4</b>	<b>1,211.4</b>	<b>1,286.4</b>	<b>1,362.6</b>	<b>1,442.7</b>	<b>1,530.3</b>	<b>1,617.3</b>	<b>1,707.1</b>

Continued

## Old-Age and Survivors Insurance—CBO's January 2020 Baseline

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	<b>Key Assumptions</b>											
Average Wage for Indexing (Dollars)	54,097	55,974	58,265	60,525	62,763	65,015	67,277	69,604	72,019	74,480	76,915	79,430
Taxable Maximum (Dollars)	132,900	137,700	142,800	147,900	153,900	159,900	165,900	171,900	177,900	183,900	190,200	196,800
PIA for Hypothetical Retired Worker With Average Earnings (Equal to AWI) (Dollars) <sup>a</sup>	1,910	1,997	2,074	2,146	2,232	2,316	2,399	2,485	2,569	2,658	2,750	2,844
PIA for Hypothetical Retired Worker With Maximum Earnings (Dollars) <sup>a</sup>	3,079	3,221	3,347	3,466	3,605	3,743	3,880	4,021	4,158	4,304	4,455	4,609
FRA for Worker Reaching 62 This Year	66 and 6 months	66 and 8 months	66 and 10 months	67	67	67	67	67	67	67	67	67
Share of PIA Paid to a Worker Claiming at 62 (Percent)	72.5	71.7	70.8	70	70	70	70	70	70	70	70	70
COLA (Percent) <sup>b</sup>	1.6	2.5	2.6	2.6	2.5	2.4	2.3	2.3	2.2	2.2	2.2	2.2
First Month for Which COLA Is Effective	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025	12/2026	12/2027	12/2028	12/2029	12/2030

Components may not sum to totals because of rounding.

AWI = average wage for indexing; COLA = cost-of-living adjustment; FRA = full retirement age (when a retired worker can collect 100 percent of the PIA); PIA = primary insurance amount; \* = between 0 and 0.5; \*\* = between zero and \$50 million.

Outlays reflect benefit costs only and omit other mandatory spending—chiefly the payment to the railroad retirement fund—and discretionary (administrative) costs.

Dually entitled retired workers qualify for a primary benefit based on their own earnings but qualify for a higher secondary benefit based on their spouse's or deceased spouse's earnings. They receive a benefit equal to the higher secondary benefit, but Social Security technically pays the primary benefit plus a reduced secondary benefit. In this analysis, they are classified as retired workers, but their benefit payments are prorated between the retired-worker and spouse or survivor categories.

a. Example PIAs are for workers turning 62 in the given calendar year.

b. COLAs are effective with benefits payable for December, which are received by beneficiaries in January of the next calendar year.