

The Future of Social Security*

4/08/2025: www.westhillfa.com/resources/the-future-of-social-security

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Introduction

Our Social Security System has frequently been in the news lately. Much of the recent media attention on Social Security has focused on the efforts of the Department of Government Efficiency (DOGE) to root out what it characterizes as “waste, fraud, and abuse.” Media coverage has also refocused on the looming funding shortfall of the Social Security System, estimated to occur within 8 to 10 years. We believe that our clients can rely on Social Security as a cornerstone of your retirement for years and decades to come. Further, we think each of us should make our respective Social Security retirement benefit decisions solely on our own unique financial situation and life circumstances rather than on concerns and fears about the future viability of the Social Security System.

Social Security & DOGE

Recently, there has been a deluge of conflicting news reports and widespread rumors pertaining to the current state of the Social Security System. In particular, Social Security has been a target of DOGE. Below are key points we think you should know regarding Social Security.

- **Are Social Security Offices really closing?** No. On March 27, the Social Security Administration (SSA) issued a press release saying reports in the media about office closings are false. Since January 1, 2025, the agency has not permanently closed or announced the permanent closure of any local field office. SSA says it works closely with local congressional delegations before closing any office permanently.
- **Are call wait times really several hours?** The rumors here are probably true. As more people become alarmed about Social Security, more people are calling the agency’s main number, (800) 772-1213. Higher call volumes, paired with staffing cuts, are leading to wait times of two to three hours in some cases. According to a Washington Post article, some callers report being on hold for four or five

hours. There is usually a callback function, but it was available only three out of 12 times a Post reporter called the toll-free line last week, presumably because the queue that day was so long that the call would not be returned by close of business. So yes, if you call the SSA, you can expect to wait on hold for a very long time. There are several ways around this. First, don't call SSA unless it's absolutely necessary. Most things can be done online. In our experience, the main situation requiring a call to SSA is when a widow wants to file for survivor benefits and must make an appointment in order to do so. Even then, the appointment can be made by calling the local office directly using the field office locator. Other situations requiring human contact include reporting earnings increases or decreases and changes in personal situations, such as marriage or divorce. These cannot be done online.

- **Are dead people really receiving benefits?** No. This is the claim that refuses to die. After DOGE discovered 120-year-olds in the system, SSA clarified that coding quirks and outdated technology caused some long-dead people to be listed as alive. None of them are receiving benefits. Unfortunately, this issue continues to be put forth as fact.
- **Who needs to verify their identity?** Here's another issue that got distorted as news reports made the rounds. DOGE was concerned about fraudsters applying for Social Security under a stolen Social Security number or changing a beneficiary's direct-deposit information to have checks sent to them. So it changed the way identity is verified in those two situations. Rather than having a representative ask a series of personal questions over the phone, SSA now requires a photo ID.

This document can either be uploaded through login.gov when people set up their ssa.gov/myaccount or, if they are unable or unwilling to do it online, they must visit a local office. Exceptions are those applying for disability, Medicare, or SSI (Supplementary Security Income); these people may still use the phone to apply for benefits. To be clear, all beneficiaries don't need to verify their identity in order to keep receiving benefits. Only those who are applying for benefits or changing their direct-deposit information are required to verify their identity. And they don't have to wait on hold or travel to a local office if they are able to

do it on a computer.

- **What does President Trump say about Social Security?** Trump has repeatedly said that the administration “won’t touch” Social Security and that his actions to root out waste, fraud, and abuse are in the interest of strengthening the system. At various times he has promised to eliminate taxes on Social Security benefits, has said he won’t raise payroll taxes, and he did support the Social Security Fairness Act, which expanded benefits for people who worked in noncovered jobs. Although he supports DOGE’s actions to cut administrative costs even as they interfere with people’s access to SSA services, he seems to be supportive of Social Security overall.

Social Security’s Long-term Viability

The Social Security model is described as a “pay-as-you-go” system. This means that current payroll taxes from workers and their employers fund current Social Security benefits. This funding method has worked quite well since Social Security was founded in 1935. The challenge going forward is that fewer workers are paying into the system today than in the past. In 1960, there were 5.1 workers for every Social Security beneficiary. Today, that ratio has declined to 2.7 workers for every beneficiary, and by 2035, that figure will decline to 2.4 workers. This decline is driven by demographic factors, namely the aging of the U.S. population and longer life spans. Simply put, there are more retirees per worker and retirees are living longer now than ever before.

The high worker-to-retiree ratio of the past resulted in a surplus, which is kept in a trust fund. There are two Social Security trust funds—one for retirement and survivor benefits and one for disability benefits. Together, these two trust funds are commonly referred to as “The Social Security Trust Fund.” At the end of 2023, the trust fund had assets in excess of \$2.8 trillion. So while current payroll taxes are not adequate to cover current benefit payments, the shortfall has been covered from the trust fund, resulting in its systematic depletion. According to the 2024 annual report of the Social Security Board of Trustees, the trust fund is expected to be completely depleted by 2035. Does this mean that in 10 years, the Social Security System will be broken? No! Beginning in 2025, the Social Security report estimates that future payroll taxes will be sufficient to cover 83% of future benefit payments. Future fixes to the system will target making up that shortfall between payroll taxes and benefits.

Fixing Social Security's Financial Future

The reassuring news is that getting Social Security's finances back on solid footing for the next 75 years is quite simple. If we view Social Security finances through the lens of "money in, money out," we simply need to increase revenue, reduce benefits, or both. As former Federal Reserve Chair Alan Greenspan once remarked, "We can fix Social Security in 15 minutes, and that includes 10 minutes for small talk." The most obvious means of increasing revenue is to increase taxes, specifically payroll taxes.

According to the Social Security report cited above, the 75-year actuarial deficit for the system is estimated at 3.5% of taxable payroll. So, if payroll taxes were increased this year by 1.75% for workers and by 1.75% for employers, it is projected that the system would remain solvent for the next 75 years. Options for reducing benefits include raising the retirement age, adjusting the benefit formula, or increasing taxes paid on Social Security retirement benefits. The prevailing belief among Social Security leadership and in Congress is that any solution involving tax increases can be implemented quickly, but any cuts to benefits must be done incrementally and over many years, even decades.

This is because Americans rely on Social Security retirement benefits and plan their retirement finances according to current benefit levels and retirement ages. As a historical example, Social Security reform enacted in 1983 raised retirement claiming ages on a phased-in basis over 33 years.

It was noted above that solving the Social Security funding challenge is simple. Unfortunately, agreeing on and enacting a solution is not easy. This is because any Social Security reform will need to be vetted and approved by Congress. In general, Democrats do not support cuts to benefits, and Republicans do not support tax increases. Perhaps there is some middle ground here. More promising is that Social Security is widely supported across party lines. In a 2024 survey, the National Institute of Retirement Security reports that 90% of Democrats and 86% of Republicans "support Social Security and want action now to protect benefits."

What Do We Think?

We believe that Social Security will be effectively reformed between now and 2035 and that Americans should be able to count on retirement benefits from the system for

decades to come. **Here are some of the strongest factors for our confidence in the future of Social Security:**

- As noted above, Social Security has widespread public support across party lines. In Washington, there is a widely held assumption that any politician who harms Social Security is committing political suicide. Underscoring this, Social Security is considered the “third rail of politics,” in that any efforts that undermine the system are perceived as being deadly to political careers.
- According to the Social Security Fact Sheet, nearly 69 million Americans per month receive Social Security benefits. These benefits total more than \$1.6 trillion. These benefits are critical for those who receive them and have an enormous impact on our overall economy. Most of the Americans receiving Social Security benefits are also voting age.
- Nearly nine in ten people aged 65 and older are currently receiving Social Security benefits. Most of these are receiving Social Security retirement benefits. For Social Security beneficiaries aged 65 and older, 39% of men and 44% of women receive 50% or more of their total income from Social Security.
- A study by the Center on Budget and Policy Priorities reports that Social Security benefits lift over 22 million Americans above the poverty line. Of these, over 16.3 million are Americans aged 65 and older.

These points highlight the significant impact that Social Security has for many Americans and for our nation overall. Social Security is and will continue to be core to the American System.

Social Security and You

As outlined above, the Social Security System faces current scrutiny regarding how it operates from the White House. More crucial, it faces a financial reckoning in about ten years. Given these challenges, should you worry about the sustainability of your Social Security benefits if you are retired? And if you are still working, should you consider modifying your retirement benefit claiming strategy due to the uncertainty surrounding Social Security? No. As we believe Social Security will likely be viable for many decades, we don't believe that current retirees need to worry about their benefits vanishing.

Further, we expect that any benefit reforms enacted in the future will not reduce benefits for existing retirees. For pre-retirees, we do not recommend you hasten your Social Security retirement claiming age based on your concerns about either possible reforms or the future viability of the system. As noted previously, we believe that any Social Security reforms impacting benefits would entail incremental adjustments, phased in over many years. We believe that decisions regarding your Social Security retirement benefits should be based solely on your unique situation. Among the factors to consider when deciding *when* to begin receiving your Social Security retirement benefits are your health, family longevity, your retirement age, the amount and nature of other assets you own, and your investment risk tolerance. Social Security benefits and decisions are a key component of the Financial Planning we provide clients. We also utilize sophisticated software to help clients optimize Social Security decisions.

As always, [please let us know if you have any questions or concerns](#) regarding this topic or if need our guidance with your Social Security planning or with any other area where we can help.

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