

A MESSAGE TO THE PUBLIC:

The Trustees of the Social Security and Medicare trust funds report on the current and projected financial status of the two programs each year. This document summarizes the findings of the 2026 reports. As in prior years, we found that the Social Security and Medicare programs both continue to face significant financing issues.

The non-health-specific intermediate (best estimate) assumptions for these reports were set in February 2026. The Trustees will continue to monitor developments, reevaluate the assumptions, and modify the projections in later reports.

Based on our best estimates, this year's reports show that:

- The Old-Age and Survivors Insurance (OASI) Trust Fund will be able to pay 100 percent of total scheduled benefits until the fourth quarter of 2032, one quarter earlier than projected last year. At that time, the fund's reserves will become depleted and continuing program income will be sufficient to pay 78 percent of total scheduled benefits.
- The Disability Insurance (DI) Trust Fund is projected to be able to pay 100 percent of total scheduled benefits through at least 2100, the last year of this report's projection period. Last year's report projected that the DI Trust Fund would be able to pay scheduled benefits through at least 2099, the last year of that report's projection period.
- If the OASI Trust Fund and the DI Trust Fund projections were combined, the resulting projected fund (designated OASDI) would be able to pay 100 percent of total scheduled benefits until the third quarter of 2034, unchanged from last year's report. At that time, the projected fund's reserves would become depleted and continuing combined fund income would be sufficient to pay 83 percent of scheduled benefits. (The two funds could not actually be combined unless there were a change in the law, but the combined projection of the two funds is frequently used to indicate the overall status of the Social Security program.)
- The Hospital Insurance (HI) Trust Fund will be able to pay 100 percent of total scheduled benefits until the second quarter of 2033, one quarter earlier than projected last year. At that point, that fund's reserves will become depleted and continuing program income will be sufficient to pay 89 percent of total scheduled benefits.
- The Supplementary Medical Insurance (SMI) Trust Fund is adequately financed into the indefinite future because, unlike the other trust funds, its main financing sources—enrolled beneficiary premiums and the associated federal contributions from the Treasury—are automatically adjusted each year to cover costs for the upcoming year. Although the financing is assured, rapidly rising SMI expenditures have been placing steadily increasing demands on beneficiaries and general taxpayers.

The projected long-term finances of the combined OASDI fund worsened this year primarily due to three factors. First, the assumed ultimate total fertility rate was lowered from 1.90 children per woman to 1.75 children per woman. Second, estimated historical and assumed near-term and ultimate net total immigration are lower this year. These two demographic changes lowered the projected number of workers, projected taxable payroll, and projected GDP over the long range. Third, the One Big Beautiful Bill Act (OBBBA), as enacted on July 4, 2025, makes permanent the lower ordinary income tax rates and adjusted tax brackets originally passed under the 2017 Tax Cuts and Jobs Act and both increases and makes permanent the larger standard deduction of the 2017 Act. The OBBBA also adds a temporary additional standard deduction for taxpayers over age 65. As a result of these provisions, the OASI and DI Trust Funds will receive lower levels of revenue in the future from income taxation of Social Security benefits.

The projected long-term finances of the HI Trust Fund worsened this year due to higher assumed utilization of some provider services, upward revisions to assumed average Medicare Advantage per capita expenditures, and lower revenue projected to be received from income taxation of Social Security benefits due to the enactment of the OBBBA. The net effect of lower 2025 expenditures than the Trustees had anticipated last year and net changes to the demographic and economic assumptions partially offset these downward adjustments. As always, the Trustees will continue to consider the impact of the OBBBA and any other legislation on trust fund finances and adjust projections in future reports as necessary.

Lower GDP projections over the long range contribute to higher SMI expenditures as a share of GDP relative to last year's report. The other reasons for changes in SMI trust fund projections relative to last year's report differ between Parts B and D. For Part B, expenditures as a percentage of GDP are lower over the first ten years of the projection mainly due to the assumed impact of policy changes implemented in 2026 related to certain physician-administered drugs. However, faster projected growth for spending on other Part B drugs causes expenditures as a percentage of GDP to be slightly higher than in last year's report by 2048. For Part D, expenditures as a share of GDP are projected to be significantly higher than in last year's report in all years of the projection. This is mainly due to increased utilization of certain specialty drugs in 2025, combined with higher drug cost trends and lower projected pharmacy and drug manufacturer rebates over the first 10 years of the projection. After 2048, Parts B and D expenditures as a percentage of GDP grow faster than in last year's report due to changes in demographic assumptions, most notably the lower fertility rate assumption, that result in lower GDP projections.

Lawmakers have many options for changes that would reduce or eliminate the long-term financing shortfalls. Taking action sooner rather than later will allow consideration of a broader range of solutions and provide more time to phase in changes so that the public has adequate time to prepare.

By the Trustees:

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and Managing Trustee of the Trust Funds.

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