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 2025 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 December 2024. 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 2033, unchanged from last year’s report. At that time, the fund’s reserves will become depleted and continuing program income will be sufficient to pay 77 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 2099, 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 2098, 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 2034, one year earlier than reported last year. At that time, the projected fund’s reserves would

become depleted and continuing total fund income would be sufficient to pay 81 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.)

* Although the OASI Trust Fund depletion year remains the same, both the OASI and OASDI depletion dates advanced by about 3 calendar quarters, relative to last year’s projection.
* The Hospital Insurance (HI) Trust Fund will be able to pay 100 percent of total scheduled benefits until 2033, three years earlier than reported 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, the rapidly rising SMI costs 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 Social Security Fairness Act, as enacted on January 5, 2025, repealed the Windfall Elimination and Government Pension

Offset provisions of the Social Security Act. The repeal of these provisions increased projected Social Security benefit levels for some workers, relative to projected benefit levels in last year’s report. The impact of this legislation on the OASI Trust Fund was the primary contributor to the change in the combined OASDI fund depletion date this year. Second, the Trustees extended the assumed period of recovery from historically low levels of fertility by 10 years. The long- term fertility rate is reached in 2050, compared to 2040 as assumed in last year’s report. Third, the Trustees lowered the assumed long-term share of Gross

Domestic Product (GDP) that accrues to workers in the form of labor compensation.

The projected long-term finances of the HI Trust Fund worsened this year, and the projected HI depletion date changed, primarily due to an upward revision in expected expenditures in the near term. Realized expenditures in 2024 were higher than the Trustees had anticipated last year—which increased the starting, or base, level of spending for 2024 and the projected level of spending for all future years. The Trustees also increased assumed growth in inpatient and hospice

services over the early years of the projection period this year. In the longer term, changes to economic and demographic assumptions partially offset these adjustments.

The reasons for the change in the projected long-term expenditures of the SMI Trust Fund from last year’s report vary between Part B and Part D. For Part B, projected long-range of expenditures as a percent of GDP increased, reflecting the combined effects of higher projected spending for outpatient hospital and physician-administered drugs. For Part D, the expenditure share of GDP is projected to be lower than last year in most years of the projection period. This is the case because Part D enrollment is lower than projected last year, and it is disproportionately lower for those eligible for low-income subsidies.

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.