

Key Wealth Institute

2026 Social Security Trustees Report: Combined Trust Fund Projected Largely Unchanged From Prior Year

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What's New in the 2026 Report?

- Trust fund depletion projections remain unchanged, with depletion of the combined trust funds still projected to be in the early 2030s.
- Short-term finances improved modestly due to strong payroll tax revenues.
- Long-term funding gap remains structurally intact.
- No legislative progress to address solvency.

The board of trustees of the Social Security trust funds projection is unchanged, with depletion of the combined trust funds still projected to be in the early 2030s. While recent economic strength has modestly supported near-term projections, the program continues to face a persistent structural imbalance driven by demographic trends and an aging population. The 2026 Trustees Report reinforces that Social Security's long-term funding challenges remain significant, but not meaningfully worse than previously projected. Benefit cuts are coming unless lawmakers do something about it. Those cuts could impact retirement planning.

The trustees released the [2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds](#) on June 9 detailing the program's current and projected financial status. The 2026 report is the 86th such report. The report was issued more than two months beyond its congressionally mandated April 1 deadline. Reports in recent years have been typically released in May, June, or even as late as August.



The Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) trust funds pay Social Security benefits to retired and disabled workers and their families. The OASI and DI funds are separate legal entities, but the report presents information that combines their reserves to illustrate the actuarial status of the Social Security program.

Highlights of the 2026 report

As a result, the combined fund will be able to provide benefits in full on a timely basis until the third quarter of 2034 (unchanged). This does not mean that Social Security will go bankrupt, but it does mean a reduction of payments if Congress does not address the situation before 2034. If nothing changes, combined trust fund payments will drop to 83 percent of scheduled benefits payable at that time. The percentage declines gradually

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to 65 percent by 2100. The intermediate assumptions for this report were set in December 2025. The global and economic impact of the first quarter of 2026 are not factored in and will be included in the 2027 report's assumptions. The Trustees will continue to monitor developments, reevaluate the assumptions, and modify the projections in later reports.

Specifics from the report for each separate fund:

- The OASI Trust Fund, which pays retirement and survivors benefits, will be able to pay scheduled benefits on time until **2032** (three months earlier than the 2025 report). At that time, OASI income would be sufficient to pay **78 percent** of scheduled benefits.
- The DI Trust Fund, which pays disability benefits, is projected to remain positive during the 75-year period (the long-range projection period).

Social Security's total cost is projected to be higher than its total income in 2026 and all later years. Total costs began to exceed total income in 2021. Social Security's cost has been higher than its non-interest income since 2010.

The DI program's number of beneficiaries in current-payment status continued to decline in 2025, as it has over the past 11 years. Even if the trust funds were to become depleted, the system could still pay most benefits due to the ongoing receipt of payroll tax revenue.

The bulk of funding for Social Security benefits comes from payroll tax receipts – Federal Insurance Contribution Act (FICA) taxes. Workers and employers each pay 6.2 percent (combined 12.40 percent) on up to \$184,500 of income in 2026 for the Social Security portion of FICA. These payroll tax revenues will continue to support the system's near-term outlook, though long-term demographic trends continue to dominate.

Since last year's report, one law was enacted that is projected to have a substantial effect on Social Security's financial status. The One Big Beautiful Bill Act was signed into law on July 4, 2025 (after the release of the 2025 Trustees report). This law makes permanent the lower income tax rates and adjusted tax brackets originally enacted under the 2017 Tax Cuts and Jobs Act. The law also increases and makes permanent the larger standard deduction. The law did not change the

rules for taxing Social Security benefits. However, the addition of the new senior deduction for those over age 65 (\$6,000 for single filers, \$12,000 for joint filers) could reduce the number of people who pay taxes on their benefits and reduce the marginal tax rate for those who do pay taxes. Enactment of this law is estimated to have a negative financial effect on the trust funds over both the short-range and long-range projection periods.

To illustrate the magnitude of the 75-year actuarial deficit, consider that for the combined OASI and DI Trust Funds to remain fully solvent throughout the 75-year projection period ending in 2100:

- Revenue would have to increase by an amount equivalent to an immediate and permanent payroll tax rate increase of 4.25 percentage points from 12.40 percent to 16.65 percent beginning in January 2026;
- Scheduled benefits would have to either be reduced by an amount equivalent to an immediate and permanent reduction of 25.2 percent applied to all current and future beneficiaries effective in January 2026, or by 30.3 percent if the reductions were applied only to those who become initially eligible for benefits in 2026 or later; or
- Some combination of these approaches would have to be adopted.

If substantial actions are deferred for several years, the changes necessary to maintain solvency for the combined OASI and DI Trust Funds would be concentrated on fewer years and fewer generations. Significantly larger changes would be necessary if action is deferred until the combined trust fund reserves become depleted in 2034. For example, maintaining 75-year solvency through 2100 with changes that begin in 2034 would require:

- An increase in revenue by an amount equivalent to a permanent 4.90 percentage point payroll tax rate increase from 12.40 percent to 17.30 percent starting in 2034;
- A reduction in scheduled benefits by an amount equivalent to a permanent 28.5 percent reduction in all benefits starting in 2034; or
- Some combination of these approaches.

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Based on past changes to these programs, it is likely that any future changes would primarily affect future beneficiaries and have a small effect on those already receiving benefits.

While the 2026 report does not materially worsen the outlook, it also highlights the continued absence of legislative solutions to address the long-term funding gap.

What does this mean for your financial plan?

Social Security is not going bankrupt and will not stop paying benefits. Planning should not assume zero benefits. At worst, we face reduced benefits with beneficiaries receiving only 75% – 80% of their full benefit. The projections make for grim reading, but lawmakers can shore up the program and make it more stable. Numerous potential fixes exist, ranging from reducing the annual cost-of-living adjustment (COLA) and increasing the full retirement age to eliminating the Social Security wage ceiling and increasing the payroll tax.

The one caution about these projections is that they use assumptions. And as we know in the planning world, those assumptions can change. Long-term forecasts will inevitably change.

However, you may want to stress test your financial plan now since 100% of your Social Security benefits might not be available to you. You and your advisor should incorporate this into your projections. Model different scenarios with full scheduled benefits and a reduction of anywhere from 10 – 25% beginning in early-to-mid-2030. If you are 60 or younger, you may want to consider using 75% – 80% of your projected Social Security benefits as one scenario in your planning. Knowing how your financial plan would fare with this reduction in income can help you plan for the worst-case scenario.

You can take a look and see how much more you may need to save to cover any reduction in benefits. For younger savers, make sure you max out your retirement contributions and leverage your employer matching programs and use those auto-escalation tools to gradually increase those contributions over time. Also, consider increasing your contributions when you get those pay raises.

Social Security is not going away. Social Security remains foundational. Do not make any claiming decisions based on panic. However, incorporate stress testing in your retirement planning.

Key takeaways

- The Social Security trustees project that the combined trust fund can sustain full benefits until 2034, no change from the 2025 report's previous projection. The projected depletion date is consistent with recent estimates.
- Social Security's total costs are expected to exceed its income from 2026 onwards, a trend that began in 2021.
- Lawmakers face critical decisions to address Social Security's financial shortfall.
- Potential solutions range from adjusting the COLA and retirement age to increasing payroll taxes or implementing benefit cuts.
- Individuals are advised to stress test their financial plans with reduced benefit scenarios to help prepare for unforeseen circumstances.

For more information, please contact your advisor.

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About Tina A. Myers

In her role, Tina is responsible for managing the Central Planning Team and overseeing the Key Wealth Institute and any financial planning content distributed. She works with our Key Private Client Directors of Planning & Investments and our Key Private Bank Directors of Wealth & Estate Planning to help facilitate our best thinking and advice delivery to clients.

Before joining Key, Tina worked in the public accounting industry, where she focused on taxes, specifically individual, trust, estate, and gift tax planning. She also held roles at a small public accounting firm, a regional firm, and the private client group of a large multinational firm.

Tina holds a Bachelor of Science in Business Administration from the University of Richmond and earned her M.Tax from Virginia Commonwealth University. She holds her CPA license with a Personal Financial Specialist (PFS®) designation, Certified Financial Planner (CFP®) designation and Accredited Estate Planner® designation. She received the Circle of Excellence Award for Key Private Bank in 2016 and 2018. She was selected to attend the 2024 Key Wealth Education Symposium, which recognizes top performance and extraordinary commitment to serving our clients and growing our business.



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