Written Testimony of Shai Akabas

Before the United States Senate Committee on Finance
Subcommittee on Social Security, Pensions, and Family Policy

The Future of Social Security

June 24, 2026

I. INTRODUCTION

Thank you, Chairman Grassley, Ranking Member Sanders, and distinguished members of the Senate Committee on Finance, for the opportunity to testify before the Subcommittee on Social Security, Pensions, and Family Policy on the future of Social Security. My name is Shai Akabas, and I serve as vice president of economic policy at the Bipartisan Policy Center, a Washington, D.C.-based nonprofit that develops and advances pragmatic policies grounded in the best available evidence and achieved through genuine bipartisan cooperation.

Having spent the better part of two decades working on federal fiscal and retirement policy, I can say with confidence that the situation we face today is more urgent than at any point in my professional life. Earlier this month, the Social Security trustees released their 2026 annual report—and its findings demand immediate congressional action.

In short: the clock is ticking, the problem is larger than it was last year, and the window for a manageable, bipartisan solution is closing. The members of this committee can be the generation of lawmakers that finally addresses it.

II. THE STATE OF SOCIAL SECURITY: A CLIFF AT OUR DOORSTEP

Social Security is the cornerstone of retirement security for American workers and their families. The program serves more than 60 million beneficiaries today and will serve tens of millions more in the years ahead. For many of those beneficiaries, it is their primary—or only—source of retirement income.[1]

[1] Irena Dushi and Brad Trenkamp, "Improving the Measurement of Retirement Income for the Aged Population," Working Paper No. 116. January 2021. Available at: https://www.ssa.gov/policy/docs/workingpapers/wp116.html.

Yet the program is hurtling toward a fiscal cliff. According to the 2026 trustees report, the Old-Age and Survivors Insurance (OASI) Trust Fund—Social Security's primary trust fund—is now projected to be depleted in 2032.[2,3] Unless Congress acts before that date, every single beneficiary—current retirees included—will face an automatic, across-the-board benefit cut of 22%. That is not a theoretical event. It is the legally mandated consequence of trust fund depletion: Social Security will be authorized to pay only what current payroll tax revenue can support.[4]

The 2032 depletion date is one year earlier than the trustees projected last year.[5] That backward step is largely attributable to the 2025 reconciliation legislation, which included multiple provisions that together reduce income tax liability for Social Security beneficiaries. Those changes reduce the revenue flowing into the trust fund, directly accelerating the timeline to insolvency.[6]

The program's long-run outlook worsened even more dramatically. The trustees revised two key assumptions this year: Their projections for fertility rates—now aligned more closely with those of the Congressional Budget Office and the Census Bureau, settling at 1.75 children per woman in the long run—and their projections for immigration, reflecting more restrictive recent policies. Together, these revisions drove OASI's 75-year unfunded obligation to $30.3 trillion, up from $26.1 trillion last year. That is a $4.2 trillion deterioration in a single year.

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[2] Social Security Administration, "2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds." Available at: https://www.ssa.gov/oact/tr/2026/.

[3] The Medicare Hospital Insurance Trust Fund faces a parallel solvency crisis, with reserves now projected to be depleted in the second quarter of 2033—meaning that Congress may simultaneously confront insolvency in both of the nation's largest entitlement programs. Zach Gaumer and Lisa Harootunian, "What's in the 2026 Medicare Trustees Report?" Bipartisan Policy Center, June 10, 2026. Available at: https://bipartisanpolicy.org/article/whats-in-the-2026-medicare-trustees-report/.

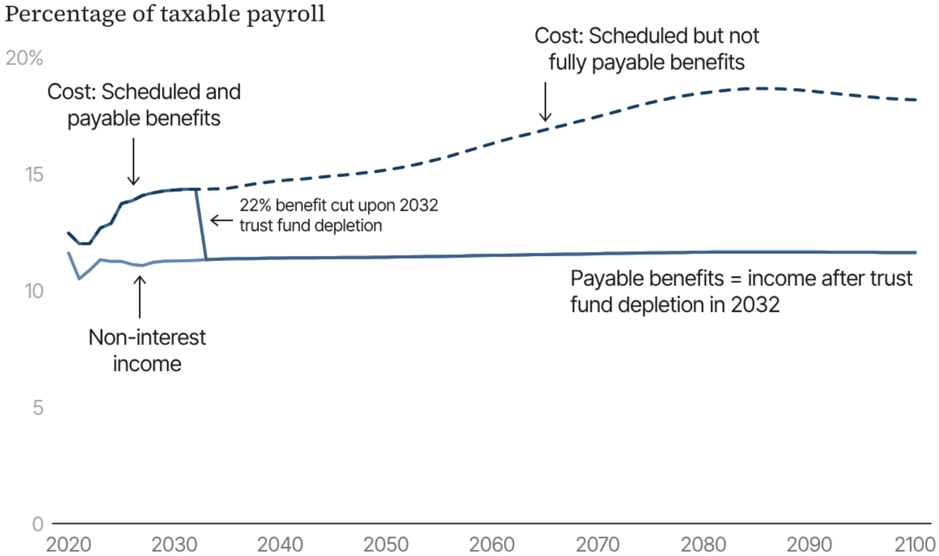
[4] Social Security also receives a relatively small amount of income from the taxation of benefits.

[5] To be precise, the 2025 trustees report projected OASI depletion in Q1 of 2033. Now, the projection has moved up to Q4 of 2032.

[6] Sanya Bahal and Emerson Sprick, "2026 Social Security Trustees Report, Explained," Bipartisan Policy Center, June 9, 2026. Available at: https://bipartisanpolicy.org/explainer/2026-social-security-trustees-report-explained/.

Social Security Outlays Exceed Revenues—and a Big Benefit Cliff in 2032 Will Be the Result

Percentage of taxable payroll



Underlying data relates to the OASI Trust Fund.

Chart: Bipartisan Policy Center • Source: SSA

What Trust Fund Depletion Means for Americans

A 22% benefit cut would translate to meaningful losses for every beneficiary. For a married couple of two average earners, that means approximately $10,600 less per year. For the average nondisabled widow or widower—who currently receives roughly $1,800 per month—it means approximately $4,800 less per year. For many, these amounts represent the difference between financial security and hardship.

The uncertainty alone is already costly. Workers who are years or even decades from retirement cannot plan confidently for a benefit that may be cut by more than one-fifth. Every year of inaction is a year of unnecessary anxiety for tens of millions of American families.

III. SOCIAL SECURITY AND THE FEDERAL DEFICIT

One persistent misconception about Social Security is that its finances are a separate matter from annual budget deficits—that it has no impact on the overall U.S. fiscal position. That is not accurate.[7]

Social Security's OASI program is the single largest line item in the federal budget, paying out more than $1.4 trillion in benefits in 2025. For the first several decades of its existence, the program ran large surpluses: payroll tax revenue exceeded benefit payments, and the excess was loaned to the Treasury in the form of special-issue securities, reducing public borrowing needs. But that dynamic reversed in 2010. The program has been in cash-flow deficit every year since—meaning it now draws down its accumulated trust fund reserves rather than adding to them. In moderation, this would not be a problem, but the deficit is not moderate—it is growing, and it will accelerate sharply as the trust fund approaches depletion.

When the trust fund is eventually depleted, policymakers will face a stark choice: either allow benefits to be cut by 22% or borrow the money to continue paying full scheduled benefits. Either outcome is deeply problematic. Absent legislative action, closing the gap would require $477 billion in additional federal borrowing in fiscal year 2033 alone, growing to more than $1 trillion per year by 2050.

OASI Net Income

Percentage of GDP

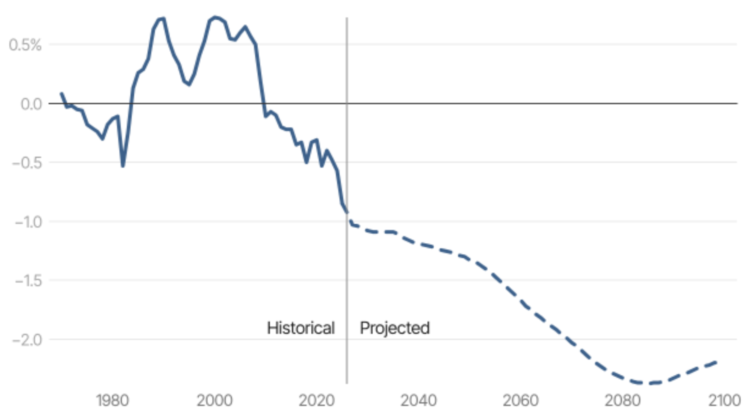


Chart: Bipartisan Policy Center • Source: SSA

[7] Emerson Sprick, Caleb Quakenbush, and Sanya Bahal, "Yes, the Social Security Deficit Adds to the Federal Deficit," Bipartisan Policy Center, April 3, 2026. Available at: https://bipartisanpolicy.org/article/yes-the-social-security-deficit-adds-to-the-federal-deficit/.

Policymakers who argue that Social Security reform is separate from fiscal responsibility are incorrect. The program's finances are the federal government's finances.

IV. WHAT IS DRIVING THE PROBLEM

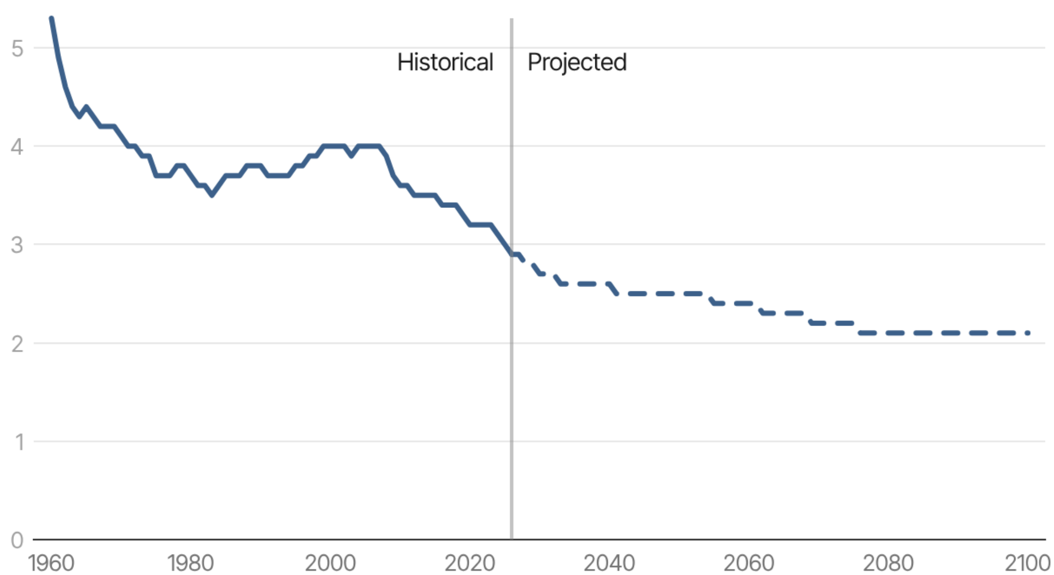
Social Security's financial imbalance is not a mystery. Several structural forces have been building for decades.

An Aging Population

Social Security is funded primarily through a 12.4% payroll tax on covered wages, split equally between workers and employers. The program was designed to rely on contributions from a large working-age population to fund benefits for a smaller retiree population. That ratio has shifted dramatically. In 1960, there were more than five workers paying into the system for every OASI beneficiary.[8] That ratio has fallen to 2.9-to-1 today and is projected to decline to just 2.2-to-1 by the 2070s.

An Aging Nation

Workers per Social Security retirement/survivors beneficiary



Underlying data relates to the OASI Trust Fund.

Chart: Bipartisan Policy Center • Source: SSA

[8] Social Security Administration, "2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds." Available at: https://www.ssa.gov/oact/tr/2026/.

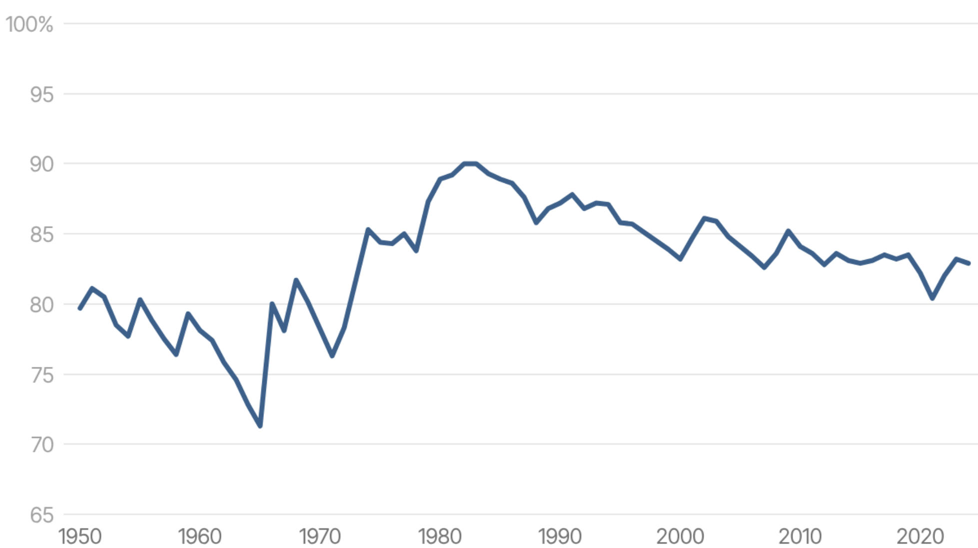
The sheer number of Americans entering retirement is only part of the story. Compounding the financial shortfall is how long those retirees are living. The life expectancy of a 65-year-old has increased by more than 50% since 1940, and while those gains have not been equal across socioeconomic groups, SSA projects that the overall trend will continue. Americans living longer, healthier lives is unambiguously good news—but it also means that the program is paying benefits for far longer than its architects anticipated, and the math has not been updated to reflect that reality. With historic numbers of retirees collecting benefits for record lengths of time—and population growth failing to keep up—Social Security can no longer sustain itself on policy parameters set decades in the past.

An Eroding Revenue Base

Social Security's payroll tax only applies to wages below the taxable maximum ($184,500 in 2026; indexed to wage growth). When Congress last made major reforms to Social Security in 1983, this tax base included 90% of all covered wages. Since that time, earnings at the top of the income distribution have grown substantially faster than average wages, meaning that more earnings are falling above the tax max. Today, the payroll tax applies to only 83% of all earnings—a proportionally shrinking base that has quietly eroded the program's revenue for decades.

Shrinking Share of Earnings Subject to Social Security Taxes

Ratio of taxable payroll to total earnings



Note: Y-axis does not start at 0.

Chart: Bipartisan Policy Center • Source: SSA

Rising Real Benefits

Since 1978, the initial benefits that new retirees receive have been indexed to average national wage growth rather than price inflation. Because wages typically grow faster than prices, each successive generation of retirees enters the program with substantially higher real benefits than the one before it. The current average monthly benefit of $2,017 is roughly 60% higher in inflation-adjusted terms than the comparable figure in 1978.[9] That is not inherently problematic, but it is a policy choice that has compounded the program's financial challenges over time.

V. A HARD TRUTH

Any honest conversation about Social Security must confront a reality that is politically uncomfortable but analytically essential: The significant majority of Social Security beneficiaries receive far more in lifetime benefits than they ever paid into the program in payroll taxes.[10]

This is not a criticism of beneficiaries—it is a description of how the program was designed and how its parameters have evolved over time. On average, people are living longer than the program's architects anticipated, collecting benefits for many more years than the contribution structure was built to support.[11] The political popularity of Social Security rests in part on the widespread belief among Americans that they are simply recouping their own contributions. That belief is understandable. But it does not accurately reflect how the program works—and it is one of the core reasons that Social Security's finances are out of balance.

Acknowledging this reality is not in and of itself an argument for cutting benefits. It is an argument for honesty. We cannot design sustainable solutions to a problem that we refuse to understand.

Part of the path forward is public education. Beneficiaries deserve to know that Social Security is a social insurance program, not a personal savings account, and that sustainable reform will

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[9] Sanya Bahal and Emerson Sprick, "2026 Social Security Trustees Report, Explained," Bipartisan Policy Center, June 9, 2026. Available at: https://bipartisanpolicy.org/explainer/2026-social-security-trustees-report-explained/.

[10] Congressional Budget Office, "Social Security Policy Options, 2024," August 2024, p. 10. Available at: https://www.cbo.gov/system/files/2024-08/60392-Social-Security.pdf.

[11] While life expectancy has increased broadly, gains have been substantially larger for higher-income Americans than for lower-income Americans—a factor that should be taken into consideration when comprehensive Social Security reform packages are considered. Congressional Research Service, "The Growing Gap in Life Expectancy by Income: Recent Evidence and Implications for the Social Security Retirement Age," R44846, updated July 6, 2021. Available at: https://www.congress.gov/crs-product/R44846.

require adjusting a program that has, by design, paid out more than most participants paid in. That is not a popular message. But it is an essential one.

VI. THE POLITICAL IMPERATIVE OF BIPARTISANSHIP

Social Security reform cannot be accomplished by one party acting alone. That is a structural reality rooted in both congressional rules and political logic.

Under Senate rules, modifications to Social Security require 60 votes to conclude debate. No party is likely to get there unilaterally.

Beyond the procedural constraints, there is a political logic that is equally binding: Neither party is eager to absorb the full political cost of raising taxes or adjusting benefits. A durable solution will require both—and it will require both parties to share the responsibility of action.

This is, in fact, a feature rather than a bug. The 1983 Social Security reforms—the last time Congress successfully addressed the program's finances—were the product of a bipartisan commission that gave both parties cover to make difficult choices together. That model remains the most credible approach.

Indeed, Representatives Tom Cole (R-OK) and Tom Suozzi (D-NY) have introduced the Bipartisan Social Security Commission Act of 2026 (H.R. 9187), which would establish a 13-member commission charged with producing legislation sufficient to restore 75-year solvency—requiring supermajority approval before any proposal reaches Congress and guaranteeing a floor vote once it does.[12] That is the right instinct, and Congress should move it forward.

VII. THIS FALL'S ELECTIONS AND A NEW POLITICAL REALITY

For years, Social Security's insolvency has been a distant problem—one that politicians could acknowledge in the abstract while treating as someone else's to solve. That era is ending. Based on current projections, the senators who take office in January 2027 will either act to reform Social Security's finances or watch the trust fund run dry. We should be hearing from

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[12] Bipartisan Policy Center Action, "Fact Sheet: The Bipartisan Social Security Commission Act of 2026." Available at: https://bpcaction.org/fact-sheet-the-bipartisan-social-security-commission-act-of-2025/.

every candidate for Senate about how they plan to address the program. Voters who care about this issue—and polling consistently shows that the vast majority of Americans do—deserve a direct answer.[13]

VIII. THE COST OF DELAY—AND A DECADE OF MISSED OPPORTUNITY

The consequences of inaction compound over time. Every year that Congress fails to act, the required changes grow larger and more disruptive.[14]

A decade ago, BPC's Commission on Retirement Security and Personal Savings developed a detailed, balanced reform package—a combination of benefit adjustments and revenue increases—that would have achieved 75-year solvency for Social Security and prevented OASI Trust Fund depletion entirely. The commission demonstrated that a bipartisan fix was achievable and that it could be structured to make everyone better off than the alternative of an abrupt across-the-board cut.[15]

If Congress were to enact that same package today, it could no longer achieve both 75-year solvency and the prevention of near-term trust fund depletion. The math has gotten worse. Waiting further will require still larger changes, enacted under greater pressure and with less time to phase them in gradually.

Additionally, this trajectory raises a basic question of fairness across generations. Earlier generations of Americans received Social Security benefits that were funded in part by policies that they never had to pay to sustain. Future workers—those who are in the workforce today, or entering it—will be called on to fix a problem that earlier generations knowingly deferred. As Congress continues to defer action, it is guaranteeing that younger Americans will bear a greater share of the burden. That is neither economically sound nor morally defensible.

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[13] Bipartisan Policy Center, "New Poll: On 90th Anniversary of Social Security, Americans See It as Most Valuable Federal Program," August 14, 2025. Available at: https://bipartisanpolicy.org/press-release/2025-social-security-poll/.

[14] BPC Commission on Retirement Security and Personal Savings, "Securing Our Financial Future: Report of the Commission on Retirement Security and Personal Savings," Bipartisan Policy Center, 2016. Available at: https://bipartisanpolicy.org/report/securing-our-financial-future-report-of-the-commission-on-retirement-security-and-personal-savings/.

[15] BPC's 2025 survey demonstrated that majorities of both Democrats and Republicans are receptive to potential components of a comprehensive solvency package, such as reducing benefits for high-income beneficiaries and raising the Social Security taxable maximum.

Delaying the enactment of a solution is also immediately unfair to the more than 60 million Americans who are currently receiving Social Security benefits, and to the tens of millions more trying to plan for retirement. Every year of delay is a year of unnecessary uncertainty for people who have made major financial decisions based on the expectation that Social Security will be there for them.

IX. THE 2032 DEADLINE REQUIRES A BRIDGE

I want to be direct about something that is important for this committee and the American public to understand: we have passed the point at which politically realistic benefit adjustments and revenue increases alone—however well-designed—can prevent the OASI Trust Fund from being depleted in 2032.

The timeline is simply too short. The program's current cash-flow deficit, combined with the limited runway to 2032, means that some form of bridging mechanism will almost certainly be required to maintain full benefit payments through a transition period. Whether structured as a temporary borrowing authority or a limited transfer from general revenues, such a mechanism will need to be part of the legislative toolkit.

But that bridging mechanism must come with strict guardrails. It cannot become a substitute for structural reform. Any such vehicle must be explicitly paired with meaningful changes to the program's benefit and revenue structure that can return Social Security to long-run sustainability. Bridging without reforming is not a solution—it is a more expensive version of the current problem, financed at the expense of future taxpayers.

This dynamic is already playing out as the trust fund draws down. Because it consists only of special-issue securities payable by the U.S. government, Treasury is issuing additional debt to the public to raise cash to pay benefits. This borrowing is contributing to upward pressure on interest rates across the U.S. economy, including for mortgages, credit card debt, auto loans, and small business loans. An unlimited general fund transfer would exacerbate this trend and translate to a higher cost of living and higher taxes down the road for working families and businesses.

X. WHAT A SOLUTION MUST LOOK LIKE

Although the specifics of reform are subject to legitimate debate, BPC believes that any durable solution must reflect several core principles.

A Balance of Benefit Adjustments and Revenue Increases

There is no credible reform package that relies exclusively on one side of the ledger. Benefit-only solutions would impose unacceptable burdens on current and near-term beneficiaries, particularly lower-income workers who depend most on Social Security. Revenue-only solutions are fiscally implausible—the tax increases required would reduce economic activity and crowd out funding sources for other federal priorities. A revenue-only approach would also forgo the opportunity to modernize a program whose basic structure has not been fundamentally reformed since 1983. A balanced approach is not just politically necessary—it is the only analytically defensible path.

Targeted Benefit Enhancements for the Most Vulnerable

Even as the program requires structural adjustments, any reform package worthy of bipartisan support should boost benefits for the beneficiaries who need them most.[16] That includes low-income workers who receive minimal Social Security income and surviving spouses who face sharp drops in household income when their partner dies. BPC's commission demonstrated that this is achievable within a fiscally sustainable package. It should be a non-negotiable feature of any comprehensive reform proposal.

Investments in Younger Generations

Any serious reform will involve tradeoffs across generations. As we call on future workers to contribute more to fixing a problem that they did not create, we should think seriously about what we owe them in return. That means investing in the conditions that will allow younger Americans to succeed in the workforce and build retirement security of their own. Among others, strengthening the private-sector retirement system—including expanding access to well-designed workplace retirement plans for workers without them—is one example of how Congress could demonstrate that this is a shared intergenerational obligation, not a unilateral extraction.[17,18]

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[16] Shai Akabas and Emerson Sprick, "Social Security Discussion: Facts and Path Forward," Bipartisan Policy Center, March 25, 2026. Available at: https://bipartisanpolicy.org/testimony-letter/social-security-discussion-facts-path-forward/.

[17] Emerson Sprick and Shai Akabas, "The Next Step for Retirement Security Is a Nationwide Minimum Coverage Standard," Bipartisan Policy Center, March 5, 2026. Available at: https://bipartisanpolicy.org/article/the-next-step-for-retirement-security-is-a-nationwide-minimum-coverage-standard/.

[18] Emerson Sprick, "The Unfinished Work of Retirement Reform," Bipartisan Policy Center, June 1, 2026. Available at: https://bipartisanpolicy.org/issue-brief/the-unfinished-work-of-retirement-reform/.

A Unified Call for Bipartisan Action

The policy community has no shortage of proposed solutions to Social Security's fiscal challenge. Every think tank, advocacy group, and expert organization has its own preferred set of parameters. In the current environment, however, a focus on that diversity of proposals can be a distraction. What is needed instead is a unified message: Any reasonable, balanced, bipartisan solution is preferable to no solution at all. Outside groups and experts would do better to emphasize what their solutions have in common than to draw lines in the sand.

Wide majorities—87% of Democrats and 86% of Republicans—want Congress to prioritize taking action on Social Security, and 70% of Democrats and 68% of Republicans agree on the need for bipartisan cooperation to do so.[19] The public has signaled that it is ready. The expert community should meet the moment by putting a durable solution ahead of a perfect one.

XI. CONCLUSION

Mr. Chairman, Ranking Member, and members of the committee: The history of Social Security is a history of problems deferred. This Congress has the opportunity to break that pattern.

The longer Congress waits, the more disruptive the eventual fix will be. Right now, members in both parties are hiding behind pledges of "no changes" or partisan proposals that cannot pass. Both paths lead to the same place: a benefit cliff that nobody claims to want but everyone is marching toward.

The 1983 reforms are proof that when both parties finally decide that the cost of inaction exceeds the cost of action, a deal gets made. The American people are at that point—Congress needs to catch up. It is time for this committee to lead the way.

Thank you for the opportunity to testify. I welcome your questions.

[19] Bipartisan Policy Center, "New Poll: On 90th Anniversary of Social Security, Americans See It as Most Valuable Federal Program," August 14, 2025. Available at: https://bipartisanpolicy.org/press-release/2025-social-security-poll/.