



FOR IMMEDIATE RELEASE:

Contact: Linda Benesch, (240) 342-4301, lbenesch@socialsecurityworks.org

Fact Sheet on the 2021 Social Security and Medicare Trustees Reports

Washington, D.C. – As reporters cover the just-released 2021 Social Security and Medicare Trustees Reports, Social Security Works provides you with this fact sheet that summarizes and puts in context the Social Security report’s key findings, including the context of the continuing coronavirus pandemic. This fact sheet updates the figures in the media backgrounder Social Security Works issued in advance of the Trustees Reports’ release.

Please note that this fact sheet primarily addresses the Social Security Trustees Report (Old Age, Survivors, and Disability Insurance Trustees Report). It concludes with a brief discussion of the Medicare Trustees Report.

In addition to reviewing this fact sheet, we invite you to speak with our president, [Nancy Altman](#), who is a nationally recognized Social Security expert. (See her bio below.)

Key Findings

The most important takeaways from the 2021 Trustees Report are that (1) Social Security has a large accumulated surplus, and (2) Social Security is extremely affordable and will continue to be throughout the 21st century and beyond, notwithstanding the continuing challenges to the nation from the COVID-19 pandemic. In three-quarters of a century, in 2095, Social Security will constitute around [5.9 percent of GDP](#). That is considerably lower, as a percentage of GDP, [than Germany, Austria, France, and most other industrialized](#) countries spend on their counterpart programs **today**.

The 2021 Trustees Report projects Social Security’s reserves are [\\$2.9 trillion](#). The reason Social Security maintains a reserve is to ensure that all benefits will continue to be paid regardless of the state of the economy or public health. True to that role, Social Security has never missed a payment in its 86-year history.

The 2021 report shows that Social Security is fully funded for more than a decade, [around 89 percent funded for the next 25 years, around 83 percent funded over the next 50 years, and around 80 percent funded over the next 75 years](#). The next decade provides Congress more than enough time to make up that small shortfall. Importantly, the question about whether to expand or cut Social Security is a question of values, not affordability.

Context

Social Security has been and will continue to be fully capable of withstanding the pandemic and resulting economic uncertainty. The real threat to the program is the veiled hostility of Republicans in Congress. Though Republican politicians are unwilling to say that they want to cut benefits, because they know how unpopular that is with voters, their [most recent party platform](#) in 2016 said that they were against increasing Social Security's revenue. That leaves only two options: Automatic cuts (if they block action for the next decade) or legislated cuts.

Republican politicians want cover from political accountability through a closed-door deal, as [stated candidly](#) by Senator Joni Ernst (R-IA). Senator Mitt Romney (R-UT) appears to be working toward that end, with his proposed TRUST Act, which [aims to alter](#) Social Security's earned benefits through an unprecedented, undemocratic fast-tracked, closed-door commission. Senator Lindsey Graham (R-SC) is [threatening](#) to withhold Republican votes for raising the debt ceiling, holding our nation's full faith and credit hostage, unless Democrats agree to pass the TRUST Act or a similar proposal to cut our earned benefits. In short, though the pandemic is no threat to Social Security, cynical politicians, who refuse to be honest about their hostility to Social Security, are.

In contrast, Congressional Democrats are pushing for an open process to expand Social Security, while ensuring that all promised benefits will continue to be paid in full and on time. President Joe Biden ran on a [platform](#) of expanding Social Security. Most Democratic members of Congress have [cosponsored](#) expansion legislation or [voted in support](#) of expansion.

Because Social Security does not add a penny to the budget deficit, it cannot – and should not – be addressed through budget reconciliation. Any changes to Social Security should happen through regular order, in the light of day, where all Americans can observe and participate fully when deciding the future of their earned benefits. Once the Build Back Better legislation is passed, Congress should make voting on a bill that expands Social Security's modest benefits and increases its revenue its next priority.

Expanding Social Security while requiring the wealthiest to pay their fair share is both profoundly wise policy and what the overwhelming majority of Americans [support](#). In light of Social Security's near universality, efficiency, fairness in its benefit distribution, and portability from job to job, expanding Social Security is a solution.

It is an obvious solution to the [nation's looming retirement income crisis](#). About one out of two married senior beneficiaries and seven out of ten unmarried senior beneficiaries [rely on Social Security](#) for most of their income. Moreover, more than one out of five married senior beneficiaries and almost one out of two unmarried beneficiaries rely on Social Security for virtually all of their income. Social Security will certainly be even more important to tomorrow's seniors. Especially during this volatile time of economic uncertainty, Social Security remains one constant all current and future beneficiaries can count on.

Expanding Social Security also is part of the answer to growing income and wealth inequality and the financial squeeze on working families. The current coronavirus health crisis has exacerbated these trends, making Social Security an even more important solution.

The current pandemic is illuminating the pressing need not only for increased benefits, but also for additional benefits, including paid family and medical leave. The current Democratic reconciliation package being debated on Capitol Hill includes these benefits, which are sorely needed and will benefit millions of American workers and their families for decades to come. These are benefits that were contemplated when Social Security was created and are consistent with Social Security's mission of insuring wages against loss. This

includes not only old age, long-term disability, and death, but also short-term illness and the need for family care.

The bottom line is that the question of whether to expand or cut Social Security's modest benefits is a question of values and choice, not affordability.

Medicare Trustees Report

There is no question that the United States can afford a more robust system of providing economic security, including universal, guaranteed health insurance. The current and recent Medicare Trustees Reports show what is really an artificial shortfall in Medicare's Hospital Insurance benefits. Like Social Security's old age, survivors, and disability trust funds, those benefits can only be paid if there is sufficient income to cover every penny of costs. If Congress required the wealthiest to pay more, added general revenue (as is used in the rest of Medicare) or simply provided a general revenue guarantee if the shortfall does indeed materialize, next year's Trustees Report would show Medicare able to pay every penny of benefits for the foreseeable future.

Medicare is extremely efficient compared to private sector counterparts. According to the 2021 Trustees Report, Medicare spent [just a penny](#) of every dollar collected and spent in 2020 on administrative costs. The other 99 cents are spent on health care. In contrast, the administrative costs of [private health insurance](#) are generally [more than 12](#) percent. Indeed, it took the Affordable Care Act to limit insurance companies to spending no more than [20](#) percent of patient premiums on administrative costs.

As a stark illustration of the greater efficiency and effectiveness of Medicare, raising Medicare's initial age of eligibility from 65 to 67 (requiring people to stay on private health insurance longer) [would result](#) in increased health care costs for the nation as a whole of billions of dollars a year and increased premium costs for both Medicare and all other health insurance of about [3 percent](#). Just as shrinking Medicare's coverage increases costs, expanding coverage would reduce our nation's overall costs.

Senate Democrats recently released a [budget plan](#), which they intend to pass into law through reconciliation this fall. That plan includes lowering the Medicare age. Doing so would significantly reduce our nation's overall health care costs by switching people from wasteful private coverage to highly efficient Medicare. The lower the eligibility age, the greater the cost savings.

As with Social Security, expanding or cutting Medicare is a question of values. Indeed, expanding Medicare to cover everyone in America would result [in lower costs](#) for the nation as a whole. No one should draw the erroneous conclusion from a projected shortfall that either Social Security or Medicare has to be cut. Rather, Congress should simply eliminate the modest shortfall as part of legislation that expands these vital benefits.

Nancy Altman, President of Social Security Works and Chair of the Strengthen Social Security Coalition, has a 45-year background in the areas of Social Security and private pensions. She has been a faculty member at Harvard University. She served as Alan Greenspan's assistant in his position as chairman of the so-called Greenspan commission, the bipartisan commission whose recommendations formed the basis of the Social Security Amendments of 1983. She is the co-author, with Eric R. Kingson, of *Social Security Works for Everyone!: Protecting and Expanding America's Most Popular Social Program* (The New Press, 2021), which is an updated release of [their 2015 book](#) featuring a new, bold expansion plan for Social Security. She is also the author of *The Truth About Social Security* (Strong Arm Press, 2018), and *The Battle for Social Security: From FDR's Vision to Bush's Gamble* (John Wiley & Sons, 2005).

For more information about Social Security Works or the Strengthen Social Security Coalition, visit <http://socialsecurityworks.org/>.