

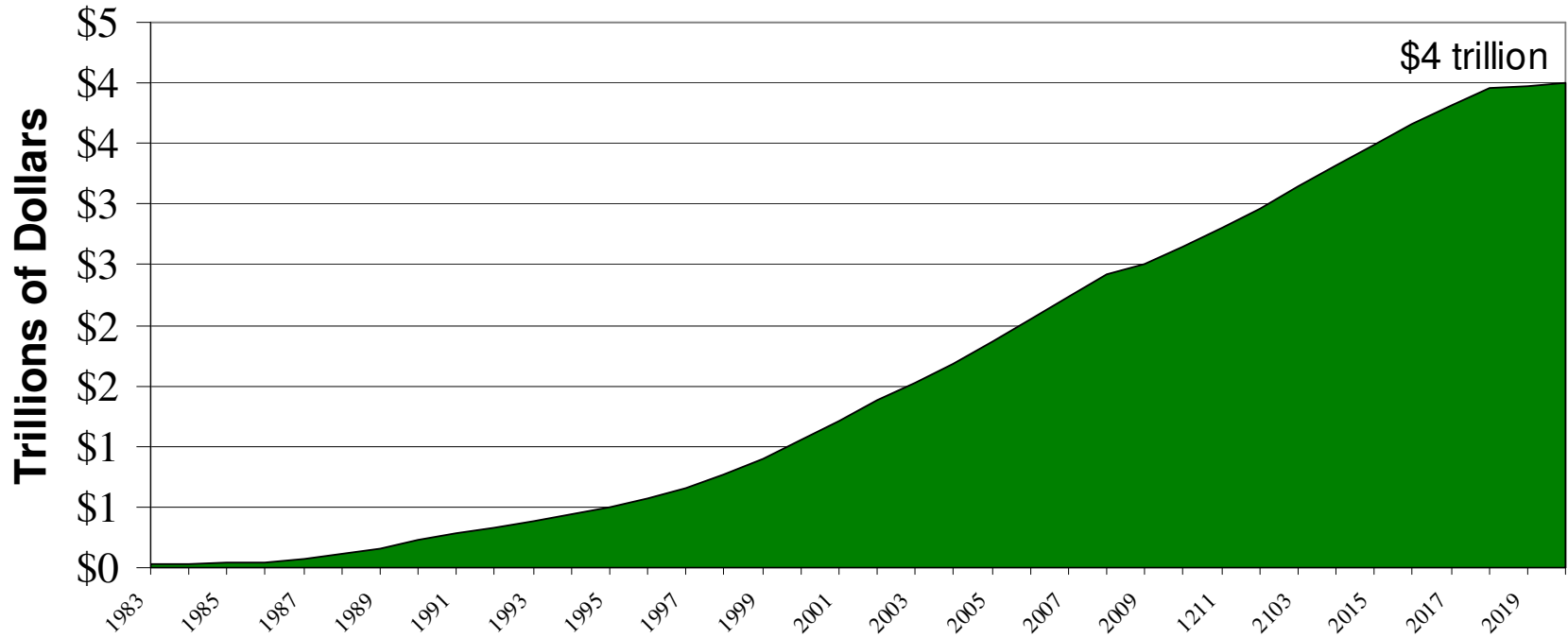
STRENGTHEN SOCIAL SECURITY

...don't cut it.

Social Security and the Federal Deficit and Debt

- Since its enactment, Social Security has been self-financed, with revenue from (1) mandatory insurance contributions of workers and their employees, and (2) interest earned on the investment of its surplus in interest-bearing Treasury bonds. Since 1983, dedicated income from taxation of benefits became a third source of revenue.
- The law requires that all of Social Security's revenue be used for the exclusive purpose of paying benefits and related costs. Using those funds for other government purposes is legally and morally wrong.
- Social Security is prohibited by law from paying benefits unless it has enough current revenue to cover the cost.
- Social Security has no borrowing authority, and has never had a penny of debt. Therefore, it is incapable of contributing to the deficit.
- Social Security is extremely efficient, returning in benefits more than 99 cents of every dollar of revenue collected.
- The 1983 Social Security Amendments provided for the accumulation of a surplus as a way to finance the increased costs of the retirement of those born during the baby boom. As a result, Social Security has built a surplus of \$2.6 TRILLION over the last few decades. That surplus is projected to continue to grow for more than a decade, reaching over \$4 TRILLION by 2023.
- The law requires Social Security to be invested in interest-bearing government obligations backed by the full faith and credit of the United States. If the general fund of the US Treasury ever refused to pay the interest owed or redeem the bonds, the government would be in default.
- Social Security's surplus has enabled the federal government to borrow less from individuals and governments, both domestic and foreign.
- Social Security is required by law to be displayed off-budget. When added to the rest of the federal budget, Social Security's surplus masks the real size of the federal deficit.

Social Security Surplus, 1983-2020



Source: Social Security Board of Trustees. OASDI Annual Report, 2009.