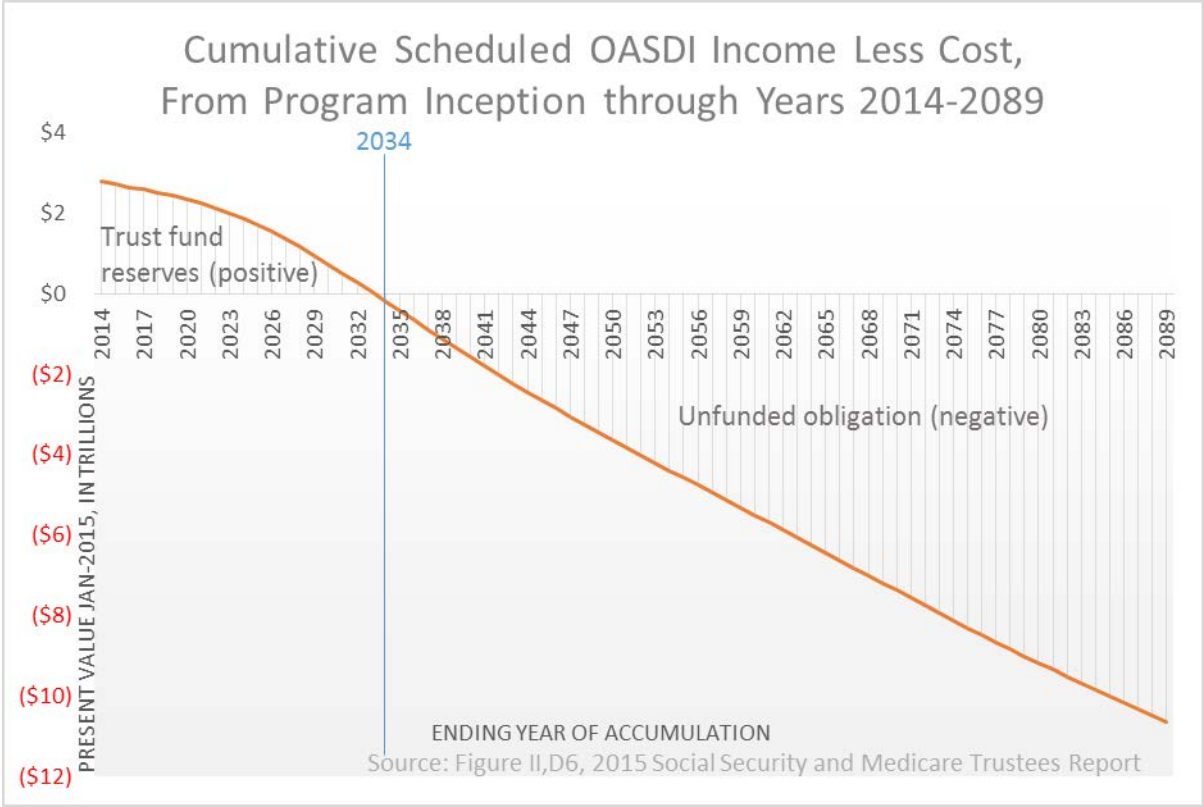




Six Things to Know About the Social Security and Medicare Trustees Report

1. **Trustees say to act soon.** Contrary to those who say there is no real problem facing Social Security and Medicare, today's report says Social Security Disability Insurance "now faces an urgent threat of reserve depletion," and "[l]awmakers should take action sooner rather than later to address these structural shortfalls." The Trustees add that "[e]arlier action will also help elected officials minimize adverse impacts on vulnerable populations, including lower-income workers and people already dependent on program benefits."
2. **Discretionary programs will feel the squeeze.** Social Security and Medicare together accounted for 42 percent of federal program expenditures in fiscal year 2014, and, as they grow, will squeeze out other areas of spending like defense and education.
3. **Depletion of the Medicare and Social Security trust funds means benefits will be cut.** Social Security would only be able to pay about 81 percent of disability benefits starting late next year. In 2034, the Social Security program would only have money to cover about three-quarters of retirement and survivors benefits. At the current rate of payroll tax collections, Medicare would only be able to pay about 86 percent of costs in 2030, slowly declining to 80 percent by 2050.
4. **Medicare costs will expand by 54 percent in the next 20 years.** The Trustees project that total Medicare costs (including both Hospital Insurance and Supplementary Medical Insurance) will grow from approximately 3.5 percent of GDP in 2014 to 5.4 percent of GDP by 2035. Costs will continue to grow, reaching 6.0 percent of GDP by 2089.
5. **Taxed enough already?** Three percent of Social Security funding in 2014 came from taxes on recipients making over \$25,000 (or \$32,000 for married couples) who pay income taxes on up to 50 percent of their benefits. Those with incomes above \$34,000 (or \$44,000 for married couples) pay income taxes on up to 85 percent of their benefits, with the additional revenues going to the Medicare trust fund. This income from taxation of benefits made up about seven percent of Hospital Insurance Trust Fund income in 2014.
6. **We're not that far from 2034, the year the Trustees project Social Security will become insolvent.** Babies born today will not yet be 21 in 2034. Today's 45 year olds will turn 65 in 2034. Don't be fooled into thinking this is a distant problem.



Full report at <http://www.ssa.gov/oact/trsum/>.