Center on Budget and Policy Priorities

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Social Security's Financial Outlook Deteriorated, in Part Due to Trump Policies

Statement of Kathleen Romig, Senior Fellow, on 2026 Social Security Trustees' Report

The 2026 annual report of the Social Security trustees released today shows a worsening outlook for the program's finances, driven in part by Trump Administration policies. Without action to shore up Social Security in the coming years, the program will be forced to make deep across-the-board cuts in benefits for retirees, people with disabilities, and survivors whose family member has died, putting a particularly large burden on people with low incomes. While policymakers are unlikely to address these financing challenges in the very near term, they would be wise to stop making the problem worse.

The trustees project that the reserves of the combined Social Security trust funds will be depleted in 2034 and the program's retirement fund will be depleted in 2032, one year earlier than in last year's report. Notably, the passage of last year's Republican reconciliation law worsened Social Security's outlook in both the short and long term. This year's report also assumes significantly lower birth rates over the long term, bringing its projections closer to those of the Congressional Budget Office, and worsening Social Security's long-term outlook. Together, the changes since last year's report have significantly increased the program's long-term financing gap by about 16 percent.

However, the report largely avoids accounting for the negative effects of last year's Republican reconciliation law and the Trump Administration's draconian immigration policies on Social Security's financing. Overall immigration reached net negative levels last year according to independent estimates, driven by reductions in lawful immigration. However, the trustees report assumes nearly identical levels of immigration for people with lawful permanent resident status as during the Biden Administration, and only a very short-term reduction in "temporary and unlawfully present" immigration, after which it assumes only modestly lower net immigration levels than those before the Trump Administration took office. The report acknowledges that even those modest reductions in immigration — which are far smaller than can be expected if the Trump Administration's harsh policies are sustained — contribute significantly to Social Security's long-term shortfall. Accounting for the full effects of the Trump Administration's immigration restrictions and mass detention and deportations would make the picture even worse because immigrant workers strengthen Social Security's finances by contributing to the trust fund through payroll taxes. Even if they themselves will not become eligible to receive benefits in their lifetimes, immigrants improve the solvency of a program that provides almost all workers with a foundation of income for their retirement.

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Every year, the trustees report renews attention to Social Security's future. The stakes of the debate are high. Nearly all workers pay into the system, earning benefits for themselves and their family members in the event of their retirement, death, or disability. About 1 in 5 U.S. residents receive benefits, which are the largest source of income for most retirees. Social Security consistently ranks among the most popular government programs, but most people fear for its future.

The trustees' new projections, like those of the Congressional Budget Office, show a real but manageable financing gap that policymakers must address. But those who claim that Social Security won't exist when today's young adults retire either misunderstand or misrepresent the trustees' projections. Even if Congress took no action and allowed the trust fund reserves to be depleted, Social Security could still pay about three-quarters of promised benefits using its annual tax income over the long term. That said, the effects of insolvency and the resulting benefit cuts would be widespread, falling hardest on those who can least afford it.

Policymakers must act in the next six years to avoid trust fund depletion and assure payment of full benefits. To improve the programs' fiscal outlook and protect beneficiaries — particularly those who most need their Social Security benefits — policymakers will need to raise revenues. As our population ages, maintaining Social Security will necessarily require a larger share of our nation's resources than in the past.

Inequality has risen since the last time policymakers addressed Social Security's finances some four decades ago. That suggests that policymakers should start with those with higher incomes and wealth, who are best positioned to contribute to the solution — for example, by lifting the program's cap on taxable wages or expanding compensation subject to payroll taxes.

Polls show a widespread willingness to support Social Security through higher contributions. A substantial majority of people — across ages and party lines — would rather pay more than face benefit cuts.

But rather than taking meaningful steps to keep his repeated promise not to cut Social Security benefits, President Trump has relied instead on repeating widely debunked falsehoods about Social Security, implying it does not face the financial problems made clear by today's report. In fact, the only way to preserve Social Security benefits is to raise the revenues necessary to pay for them.

Moreover, his Administration's actions and the policies it has supported are actually weakening Social Security's financial footing.

Last year's Republican reconciliation law reduced revenues going into the Social Security trust funds. By raising the standard deduction for all filers, and raising it even higher for some seniors, fewer Social Security beneficiaries will pay taxes on their benefits, and most of those who do will pay less. Raising the standard deduction delivers little to no benefit to lower- and moderate-income families while reducing income into Social Security's trust funds by nearly $170 billion over ten years, and income in Medicare's hospital insurance fund as well.