

Report Summary

Social Security Administration Office of the Inspector General

May 2010



Objective

To determine how the short- and long-range estimates for cost and income presented in the Annual Trustees Reports, fluctuated from year to year and how accurately the projections reflected the actual performance of the Old-Age, Survivors and Disability Insurance (OASDI) Trust Funds.

Background

The Board of Trustees was established under the Social Security Act to oversee the financial operations of the OASDI and Disability Insurance Trust Funds. Each year, the Trustees issue an Annual Report on the Social Security Trust Funds' financial status, including projections of future revenue and expenditures.

Actuarial estimates depend on a broad set of demographic, economic, and programmatic factors along with assumptions about those. Because of the extensive number of factors used in the long-range actuarial estimates, significant uncertainty surrounds the assumptions.

To view the full report, visit
http://www.ssa.gov/oig/ADO_BEPDF/A-15-10-20134.pdf

Trust Fund Projections (A-15-10-20134)

Our Findings

Based on our review, we found that the Trustees' cash projections for calendar year 2009 significantly differed from the actual net cash flow for the low-cost, intermediate, and high-cost assumptions. The Trustees' cash projections for 2010 fluctuated significantly from the 1988 to 2009 Trustees Reports; however, the Trustees never projected the Trust Funds cash flow to go negative in 2010. Based on recent news articles, it has been indicated that Social Security costs could exceed its income as early as 2010 because the economic recession has impacted the cash flow of Social Security far worse than projected. Based on the extensive number of economic, demographic, and programmatic factors used in the actuarial projections, future excess cash over expenses is difficult to accurately project.