

# **Long-Range OASDI Projection Methodology**

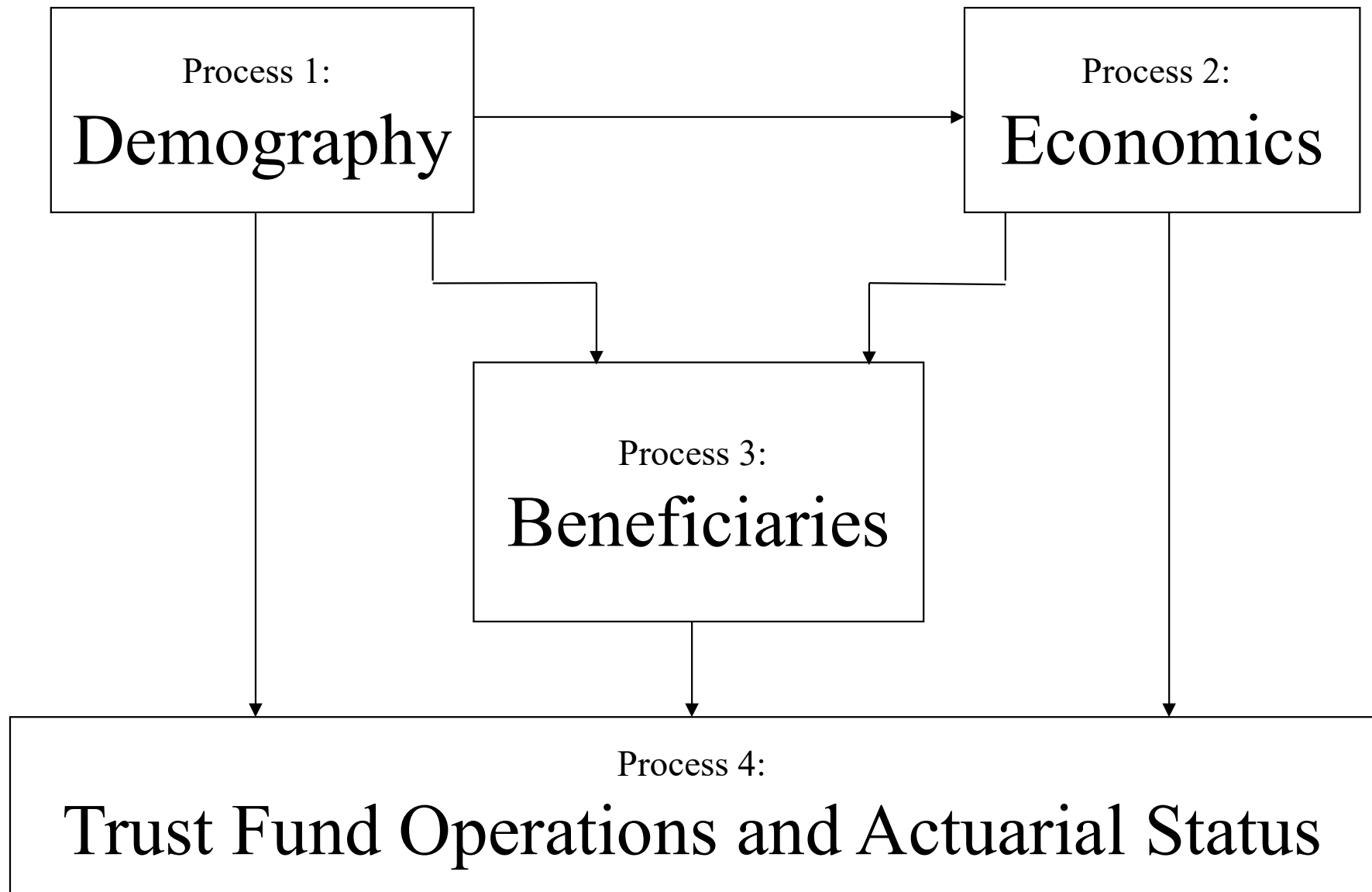
## **Intermediate Assumptions of the 2025 Trustees Report**

**June 2025**

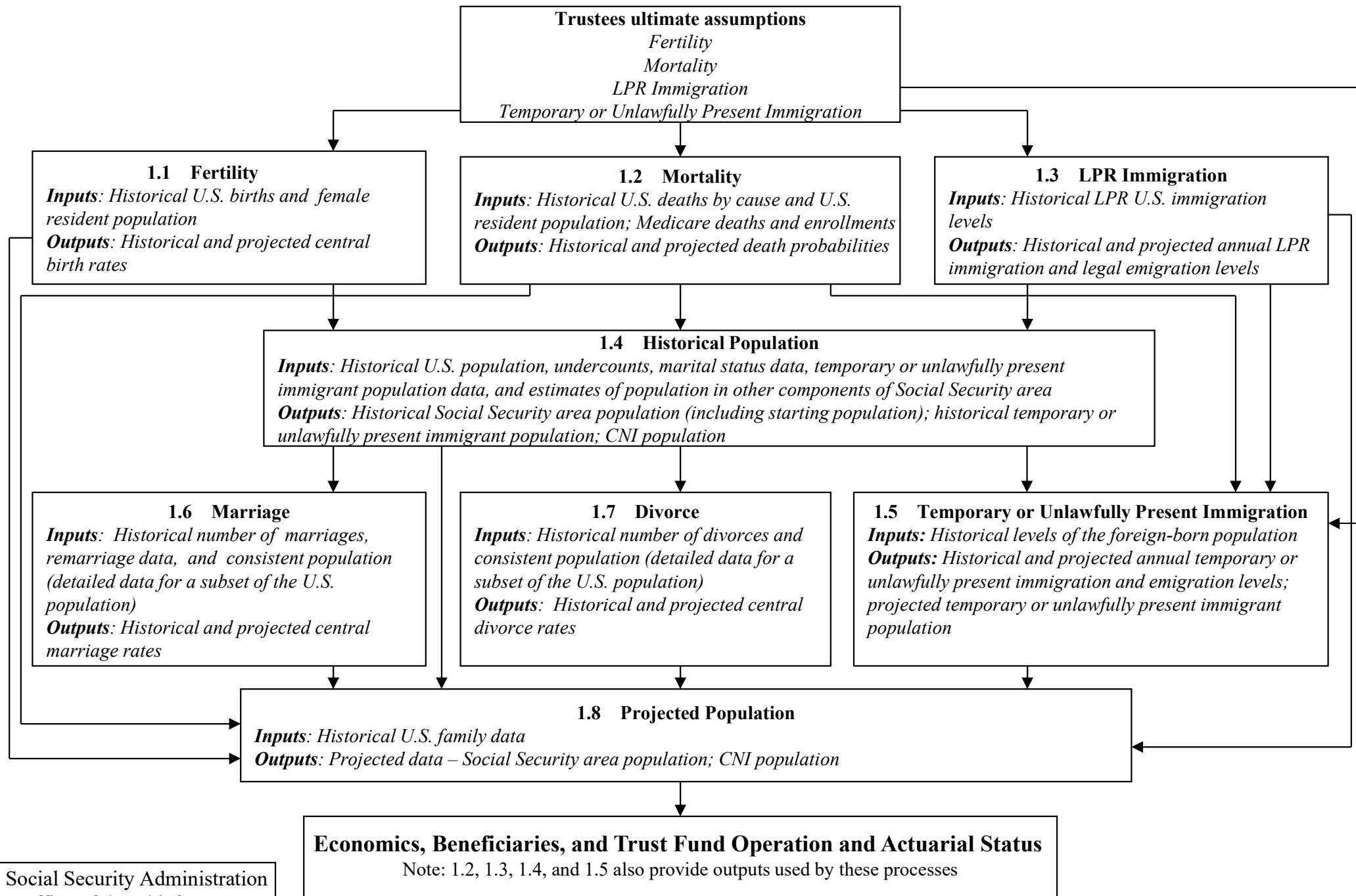
**Office of the Chief Actuary  
Social Security Administration**

# A. Flow Charts

# Chart 1: Overview of Long-Range OASDI Projection Methodology



# Chart 2: Demography – Process 1



# Chart 3: Economics – Process 2

## Trustees Ultimate Economic Assumptions

*Average real wage  
Productivity  
Average hours worked  
Inflation  
Full-employment unemployment rate  
Ratio of OASDI taxable payroll to covered earnings*

### 2.1 U. S. Employment

**Inputs:** Historical BLS data, population (Demography), disability prevalence rates (from prior TR), life expectancies (from Demography), & economic factors  
**Outputs:** Historical & projected labor force participation & unemployment rates by age and sex

### 2.1 Real & Potential GDP, Nominal GDP

**Inputs:** Historical NIPA (BEA) data  
**Outputs:** Real, potential, and nominal GDP

### 2.2 Class of Worker

**Inputs:** Historical BLS data, population (Demography), & economic factors  
**Outputs:** Wage workers & self-employed by age and sex

### 2.2 U. S. Wages & Income

**Inputs:** Historical NIPA (BEA) data & employment (BLS) by sector  
**Outputs:** Wages & SE income by sector

### 2.3 AWI Series

**Inputs:** Historical AWI, Wages  
**Outputs:** Historical and Projected AWI

### 2.3 Covered Employment

**Inputs:** Historical U.S. & covered employment data, population including temporary or unlawfully present immigrant population & DACA immigrants (Demography)  
**Outputs:** Covered worker rates, covered worker levels, & total employed (all by age, sex, type of worker)

### 2.3 Taxable Maximum

**Inputs:** Historical taxable maximum, AWI  
**Outputs:** Historical & projected taxable max.

### 2.3 Average Covered Earnings

**Outputs:** Projected average covered earnings by type of worker

### 2.3 Covered Earnings

**Inputs:** Historical NIPA & covered earnings data by sector  
**Outputs:** Historical & projected covered earnings by type of worker

### 2.4 Average Taxable Earnings

**Inputs:** Taxable earnings, covered workers  
**Outputs:** Average taxable earnings

### 2.4 Taxable Earnings

**Inputs:** Historical distribution of earnings  
**Outputs:** Taxable wages, taxable SE income & multi-employer refunds

**Beneficiaries,  
Trust Fund Operations and Actuarial Status**

### 2.4 Effective taxable payroll

**Outputs:** Effective taxable payroll

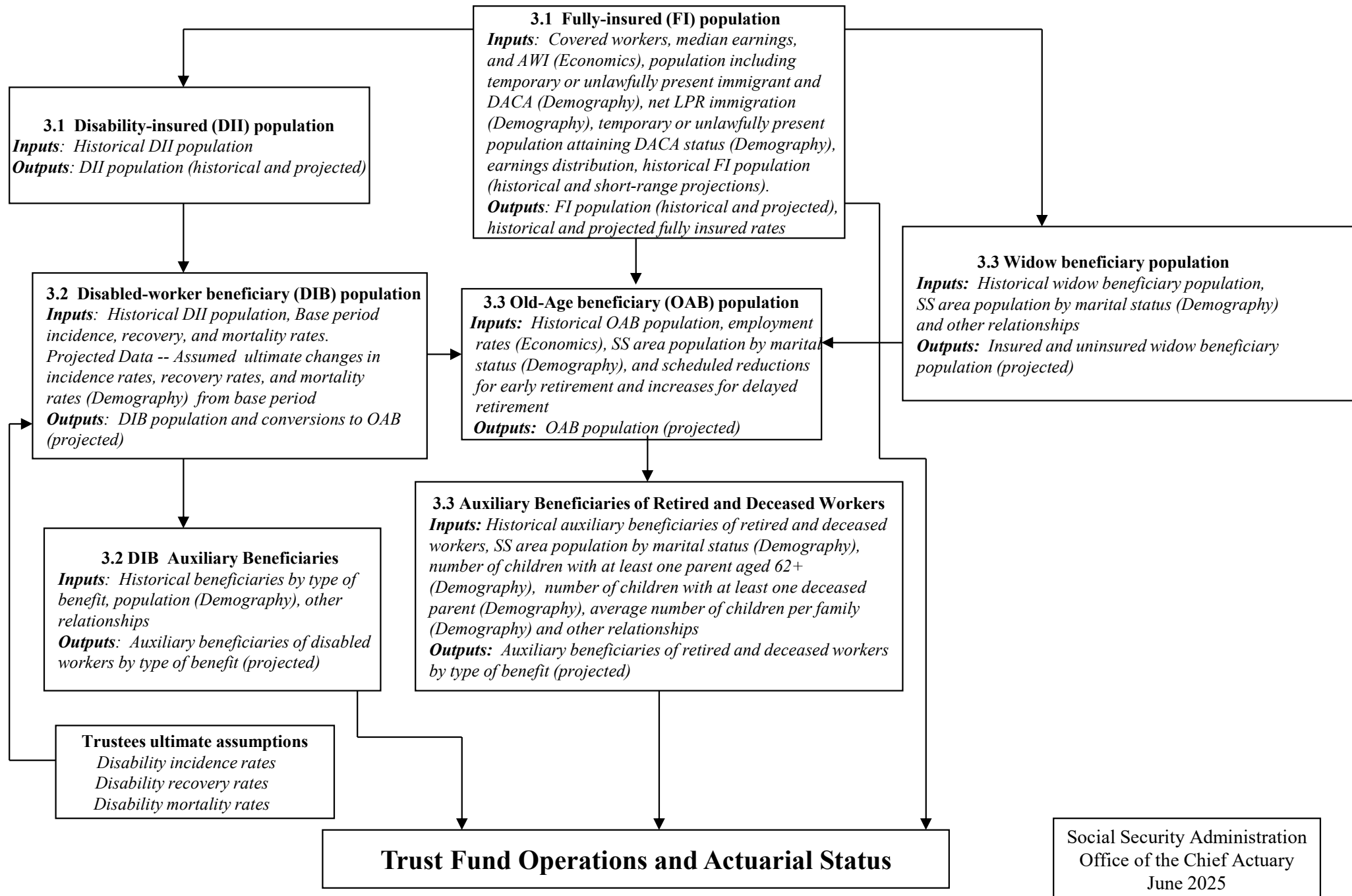
### 2.5 Revenues

**Outputs:** Short-range payroll tax revenue

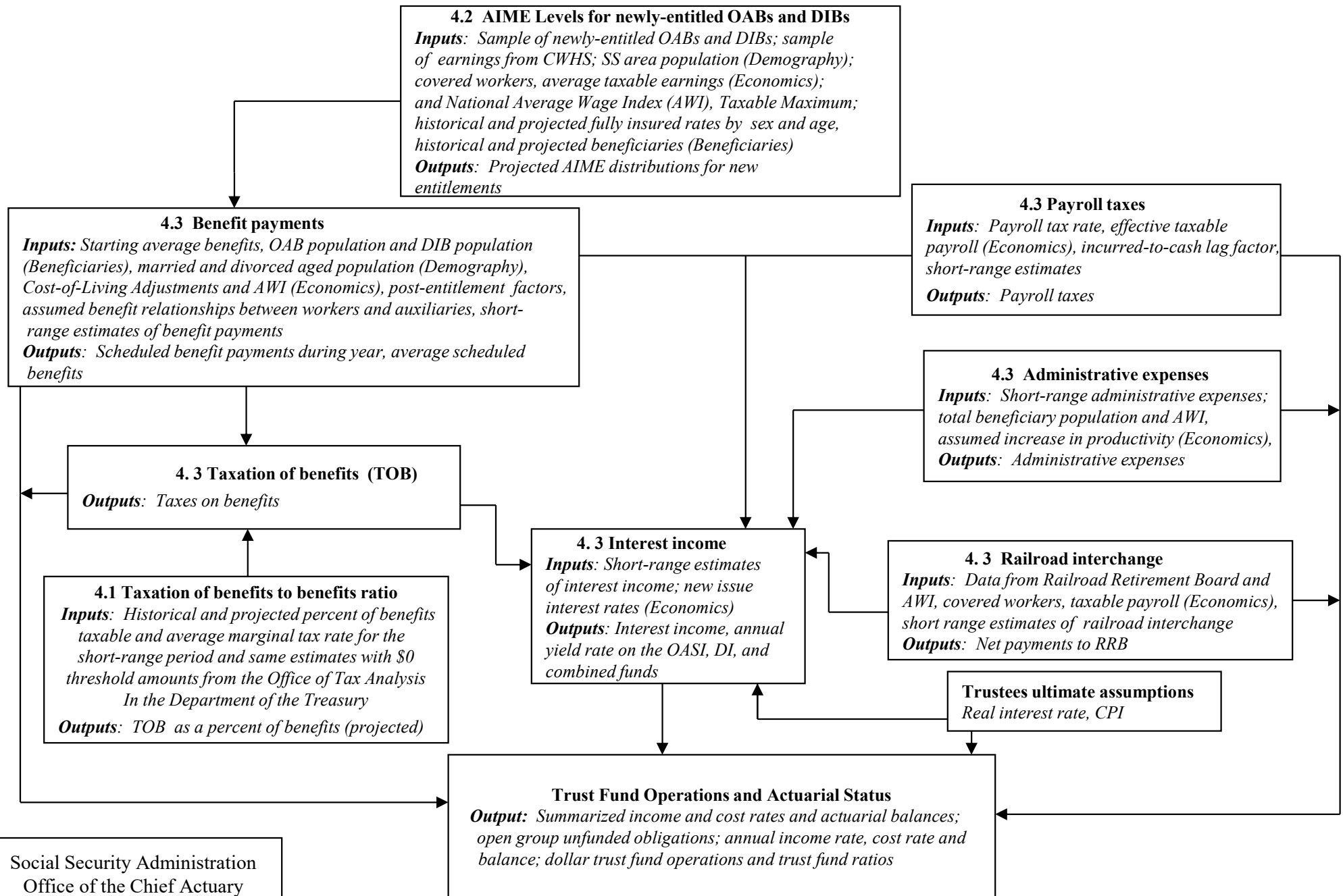
**Short-Range Trust Fund Operations**

Social Security Administration  
Office of the Chief Actuary  
June 2025

# Chart 4: Beneficiaries – Process 3



# Chart 5: Trust Fund Operations and Actuarial Status – Process 4



# B. Process Descriptions

The long-range programs used to make projections for the annual Trustees Report are grouped into four major processes. These include Demography, Economics, Beneficiaries, and Trust Fund Operations and Actuarial Status. Each major process consists of a number of subprocesses. Each subprocess is described in terms of three elements:

- This overview attempts to provide a general description of the purpose of each subprocess. This element introduces key projected variables used in the subprocess. Some variables are represented as being dependent in an equation, where the dependent variable is *defined* in terms of one or more independent variables. Independent variables may include previously calculated dependent variables or data provided from outside the subprocess. Other key variables are referenced by “(·)” following the variable name. This symbol indicates that the calculation of this variable cannot easily be communicated by an equation and, thus, requires a more complex discussion.
- Input Data – Data used in the subprocess are described. These data include those from other subprocesses, ultimate long-range assumptions provided by the Board of Trustees of the OASDI Trust Funds, data from other offices of the Social Security Administration, and data from outside the Social Security Administration (e.g., estimates of the U.S. population). Data description includes data source and data detail (e.g., define age detail of data). In addition, this element includes how often additional data are expected to be received.
- Development of Output – The key variables are described in greater detail, including the level of disaggregation of the data.