



Myths and Facts About Social Security

The Social Security Trustees estimate that the combined Old-Age, Survivors, and Disability Insurance (OASDI) trust funds will go bankrupt in 2033.¹ In order to prevent dramatic payroll tax increases on the working class or a flat 23 percent benefit cuts for all retirees, changes to the program need to occur soon.

Myth: “I’ve paid for my benefits, so the program pays me back out of what has been saved up.”

FACT: Workers’ payroll taxes are spent right away on today’s retirees, and the money received each year is now less than the required benefits paid to retirees.²

Myth: “You get out of Social Security what you put in.”

FACT: Social Security uses a formula that can give you more or less than your total taxes paid, depending on your lifetime earnings and when you claim your benefits. All but the highest earners—people earning over one and a half times the average earner—receive more in Social Security benefits than they paid in payroll taxes, as long as they reach their full retirement age and live long enough to collect their benefits.³

Myth: “The existence of a trust fund means the program is fully funded for the long term.”

FACT: The trust funds are an accounting reserve that will run out in 2033. When the trust funds run out, it will mean that every dollar of Social Security payroll tax revenue plus interest the government credited to itself will have been paid out to Social Security recipients. After that, benefits must be cut for every single existing retiree by the percentage of the shortfall (~23%) unless the law changes or the shortfall is closed.⁴

Myth: “Social Security will be bankrupt by the time today’s under-40 workers retire.”

FACT: Even if the trust funds were allowed to go bankrupt and no changes were made to the program, all retirees would still get a majority of their benefits. Existing tax revenue is projected to cover around three-quarters of all promised benefits.

Myth: “Congress raids the trust funds and spends the money elsewhere.”

FACT: Historically, the government has never kept its surplus funds in a savings account as a household might. Instead, any surplus payroll tax revenue that wasn’t immediately needed for Social Security recipients was lent to the government. In exchange, the government credited the Social Security trusts funds with the surplus and paid interest on the balance. Today, however, payroll taxes aren’t enough to cover benefits, so Social Security is drawing down its funds’ balances.

Myth: “Only retirees collect Social Security.”

FACT: Social Security also pays disabled workers, surviving spouses, and children of deceased or disabled workers. The combined trust funds are often referred to as OASDI, which stands for Old-Age, Survivors, and Disability Insurance.

Myth: “Immigrants who haven’t paid taxes can immediately draw benefits.”

FACT: To qualify, all recipients—including those who are legal immigrants—must work and pay payroll taxes for at least 10 years (a total of 40 quarters).⁵

Myth: “Eliminating the taxable maximum (so all earnings were subject to Social Security taxes) would permanently fix Social Security’s solvency problem.”

FACT: Lifting the cap would close most of the shortfall, but not all of it. If the new, higher taxes paid were *not* counted toward that individual’s future benefit payment formula, they would close 73 percent of the long-run shortfall. If they *were* credited for future benefits, they would close 53 percent of the long-run shortfall.⁶

ENDNOTES

¹ Social Security Administration (SSA), *2025 OASDI Trustees Report*, <https://www.ssa.gov/oact/TR/2025/index.html>.

² SSA, “Operations of the Combined OASI and DI Trust Funds, in Current Dollars, Calendar Year 1970 Through Year of Reserve Depletion,” Table VI.G8 in *2025 OASDI Trustees Report*, <https://www.ssa.gov/oact/TR/2025/lr6g8.html>.

³ C. Eugene Steuerle and Karen E. Smith. “Social Security Taxes and Medicare Benefits and Taxes: 2023,” Urban Institute. July 2023, https://www.urban.org/sites/default/files/2023-12/social_security_medicare_tpc.pdf.

⁴ SSA, *2025 OASDI Trustees Report*.

⁵ SSA, “FAQ: Can noncitizens receive Social Security benefits or Supplemental Security (SSI)?,” December 30, 2022, <https://www.ssa.gov/faqs/en/questions/KA-02447.html>.

⁶ SSA, “Provisions Affecting Payroll Taxes,” E2.1 and E2.2, https://www.ssa.gov/oact/solvency/provisions_tr2024/payrolltax.html.



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