



Written by [Bob Adelman](#) on May 9, 2018

More Than 62 Million Americans Now Receive Social Security Benefits

According to the Social Security Administration, [more than 62 million Americans](#) are now receiving benefits from the program. That's an increase of 330,318 in just the last three months. Doing the math, that means at the current rate of increase, every month 110,000 more people on average are receiving benefits than the previous month, increasing the demand for those benefits by \$150 million every month. That's based on the average check being received, according to the trustees, of \$1,360 every month.



And this from a program that is using up its assets faster than they are being replenished through payroll taxes. Just how long can this last?

When Social Security became law, Section 709 was written in anticipation for times like these. When assets dwindled to less than 20 percent of the program's total annual payouts, the trustees were to inform Congress: "If the Board of Trustees ... determines at any time that the balance ratio [assets versus annual payouts] ... for any calendar year may become less than 20 percent, the Board shall promptly submit to each House of the Congress a report setting forth its recommendations for statutory adjustments ... to maintain the balance ratio ... at not less than 20 percent."

This is recognition from the very beginning that Social Security was unsustainable and that "statutory adjustments" would have to be made from time to time to keep the program from going bankrupt.

The letter the trustees sent to both Houses of Congress last July was very explicit: "The projected reserves expressed as a percentage of annual program cost [the balance ratio] of the DI [Disability Insurance] Trust Fund will fall below 20 percent for calendar year 2026 based on ... our assumptions."

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Right behind the DI Trust Fund is the Old Age and Survivors Insurance (OASI) Trust Fund, which trustees estimate will run out of money before 2035. Naturally, the trustees recommended an increase in the payroll tax or a reduction of benefits, or a combination of both.

In its summary statement on the dreadful condition of the program made public, the trustees were equally candid: "Both Social Security and Medicare face long-term financing shortfalls ... due to rapid population aging caused by the large baby-boom generation entering retirement and lower birth-rate generations entering employment."

That combination is the death knell for any Ponzi scheme, even one such as Social Security that had to be forced onto a recalcitrant populus for their own good. But the trustees were opaque when it came to telling the public just how deep in the hole the program really is. It descended into statistical obfuscation to hide the real number.



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The real number had to come from a college professor who has spent most of his professional life analyzing the maze of Social Security and trying to make sense of it: Boston University Professor Laurence Kotlikoff. A research associate of the National Bureau of Economic Research and formerly on President Ronald Reagan's Council of Economic Advisors, Kotlikoff used his conclusions about Social Security as one of his platforms when he ran as a write-in candidate for the presidency in 2016:

The system is in horrible financial shape. Its fiscal gap — the present value of its projected future benefit commitments net of both its projected future taxes and the value of its trust fund — is \$26 trillion....

Social Security is 31 percent underfunded.

[That's] another way of saying that Social Security's 12.4 percent FICA payroll tax rate needs to rise, immediately and permanently, by almost one third to permit the system to pay all of its promised benefits over time.

Remember, now, this is a college professor running for political office! He admitted as much that "telling the vast majority of American workers they need to fork over another 4 percent of their pay for the rest of their working lives and receive absolutely nothing in return is not something our politicians have been eager to do."

Perhaps that's a good indicator of just how likely Congress is likely to do anything substantial about Social Security before 2026.

An Ivy League graduate and former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at [LightFromTheRight.com](#), primarily on economics and politics. He can be reached at badelman@thenewamerican.com



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