



Will Social Security Run Out of Money?

Life is uncertain, and it's often these unknowns that cause the most worry—for instance, the future of Social Security benefits.

Financial planning can help alleviate some of these worries by providing clarity and by making sure your Social Security benefits are appropriately accounted for in your long-term financial strategy.

How Social Security Began

Congress established the Social Security program to provide a reliable fixed income for retirees. In the beginning, there were more workers paying their share of the payroll tax—now known as Federal Insurance Contributions Act (FICA) tax—into the plan than there were retirees receiving benefits, so excess funds were used to create a trust to house the growing surplus.

From 1984 to 2009, the total amount of money gathered from FICA taxes exceeded the amount of money that the Social Security program was paying in benefits, and funds accumulated in the trust.

However, by 2010, things changed. The number of retirees receiving benefits was higher than originally expected, likely due to high unemployment rates and an aging population that collectively retired after the 2008–2009 financial crisis. The fund began paying out more than it was receiving. To meet its financial obligations, the Social Security program needed to use a portion of its trust to cover the deficit.

Social Security Changes, Past and Future

Multiple adjustments have already been made to the program, like increasing the Social Security *wage base limit*, which is the amount of income subject to Social Security taxes. Another change redefined *full retirement age*, which is the age when a person can begin collecting their full Social Security benefits. Changes such as these began in 1983, and small adjustments continue to be made.



Some likely future adjustments could include another change to full retirement age or further adjustments to the amount of income that is subject to Social Security taxes. Both major political parties have proposed these changes, and other strategies, as solutions to shore up any gap in benefits. Although privatization of the Social Security trust has been proposed a few times over the years, recently, it has not been a major topic of discussion. We believe privatization is an unlikely change.

2025 Social Security Changes

The Social Security Fairness Act, signed into law on January 5, 2025, effectively repeals the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) rules. This means that individuals who were previously subject to WEP and GPO may benefit from an increase in their Social Security benefits. However, the timeline of when these changes will take effect has not yet been determined by the Social Security Administration.

What impact will this change have on the viability of Social Security? Likely, it will speed up the timeline for when Congress must make Social Security decisions, but it won't change how likely or unlikely those changes are.

The Viability of Benefits

When people talk about potential Social Security changes, they often express concern that the program will be eliminated, and they won't receive the benefits they're counting on.

Even in the unlikely event that Congress doesn't make further adjustments, and the trust fund portion becomes depleted, Social Security benefits won't vanish overnight. Benefits would be reduced but not eliminated entirely.

According to a recent study by the Social Security Trustees, by 2035, even if the fund were depleted, Social Security would still be able to pay 83 percent of scheduled benefits from the incoming payroll tax portion of the fund. In 2098, it would still be able to cover 73 percent of scheduled benefits.

In other words, even if Congress chose to do nothing at the time to correct the depletion (a highly unlikely strategy for any Congressional delegation), the program would still be able to pay a sizeable portion of benefits for multiple generations.

Regardless of what happens in future legislation, planning for Social Security benefits is an important part of building your retirement income plan. To prepare for a range of potential futures, talk with your financial advisor. They can help you model different scenarios and stress-test your plan against outcomes like a reduction in benefits. Knowing you're prepared for whatever may happen can help provide perspective.



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