



# NRLN Focus



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## ***The NRLN Clarion Call...*** Date for Social Security's financial short fall moves closer

By Bill Kadereit, NRLN President



The Social Security Trustees' report to Congress issued on June 9, 2026, has once again documented the decades of inaction by Representatives and Senators. We continued to elect and reelected members of Congress who knowingly abandoned the futures of today's retirees and our children by not taking action to preserve Social Security.

The June 9, 2026, Trustees report stated that the fund from which most retirees (and future retirees) receive their monthly Social Security check – the Old-Age and Survivors Insurance (OASI) Trust Fund – will only be able to pay 100% of total scheduled benefits until the fourth quarter of 2032. That is one quarter earlier than projected last year. At that time, the fund's reserves will become depleted and continuing program income will only be sufficient to pay 78% of total

scheduled benefits unless Congress acts.

Fortunately, The Disability Insurance (DI) Trust Fund is projected to be able to pay 100% of total scheduled benefits through at least 2100, the last year of the Trustees' report's projected 75-year period.

The primary reasons for the OASI Trust Fund's shortfall include:

**Mass Retirement of the Baby Boomer Generation:** The large baby boomer generation has been retiring and claiming Social Security benefits en masse, drastically increasing the number of beneficiaries.

**Shrinking Worker-to-Beneficiary Ratio:** The workforce that pays payroll taxes into the system is growing slower than the number of retirees collecting benefits. In 1960, there were roughly 5 workers for every 1 beneficiary. In 2026, the ratio is approximately 2.9 workers paying into the system for each person receiving Social Security benefits. While the number of workers actively paying Social Security taxes is roughly 183 million, their payroll tax contributions help support over 75 million beneficiaries.



**Recent Tax Law Changes:** On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act passed by Congress.

A provision in the bill impacted Social Security funding by reducing the revenue collected from the taxation of benefits because a portion of those taxes is deposited directly into the trust funds. Nearly 90% of Social Security beneficiaries will no longer pay federal income taxes on their benefits (up to \$6,000 for singles and \$12,000 for married couples). This loss of revenue has accelerated the program's trust funds' insolvency date.

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**Social Security Fairness Act** passed by Congress and signed into law by President Biden on January 5, 2025, impacts the program funding by adding roughly \$196 billion in obligations to the system. By repealing the Windfall Elimination Provision and Government Pension Offset, it increased benefit outlays and accelerated the projected insolvency of the Social Security trust funds. The repeal of the two previous laws increased payments for an estimated 3.2 million public-sector workers and surviving spouses.

**Rising Economic Inequality and the Payroll Tax Cap:** Social Security is primarily funded by a payroll tax on wages, but that tax is capped at a certain maximum amount of earnings (\$184,500 as of 2026). Because wages for the highest-earning Americans have grown much faster than the rest of the population, a shrinking share of total national earnings is actually subject to the Social Security payroll tax.

The Social Security Trustees point out that lawmakers have a number of options for changes that would reduce or eliminate the long-term financing shortfalls. The most often discussed options for rescuing Social Security are:

**Raising full retirement age:** Today, the Full Retirement Age (FRA) for benefits that are not discounted is 67 for anyone born in 1960 or later. Lawmakers talk about pushing that age as high as 70. People could still collect Social Security as early as age 62, but they would receive a reduced benefit.

**Raising the payroll tax rate.** Another option is increasing the payroll tax that funds Social Security. Currently, workers and employers each pay 6.2% of wages toward Social Security for a combined 12.4%. Self-employed workers pay the whole 12.4%. Lawmakers could raise the payroll rate to generate additional revenue.

**Lifting or eliminating the Social Security wage cap.** Social Security taxes only apply to wages up to a certain limit. In 2026, earnings above \$184,500 are not taxed for Social Security.

**Means testing Social Security recipients.** With means testing, wealthier retirees would see reduced Social Security payments, or perhaps no Social Security at all.

**The NRLN opposes raising the full retirement age (FRA)** because it diminishes lifetime benefits. While some are willing and able to work more years, individuals who have worked in physically demanding jobs and/or have health issues may not be capable of extended years of work.

While age discrimination laws are intended to protect workers age 50 and older, companies regularly find a way to lay off older, long-time workers who have higher salaries and hire younger workers with a lower salary who may have more current skills. It is often difficult for a person age 50 and older to find a well-paying job. Pushing the FRA to age 70 is a long time to wait to receive full Social Security benefits.

**The NRLN supports closing funding gap** through a modest increase (possibly between 0.5% and 1.5%) in the current payroll tax rate of 6.2% for employees and 6.2% for employers and eliminating the wage cap of \$184,500 in 2026. The tax should be reduced once funding is sufficient for the 75-year projected period.

The Social Security Administration's (SSA) Office of the Chief Actuary calculated that completely eliminating the taxable maximum would close about 70% of the shortfall and extend the OASI trust fund's life to about 2060.

**Social Security has failed to keep up with inflation.** In 1980, the average retired worker received \$341.40 per month from Social Security. By contrast, as of April 2026, the average monthly Social Security benefit was \$2,081.16. Even though benefits have had a large dollar increase over the past 46 years, actual purchasing power has not increased in line with inflation.

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**A problematic COLA formula is largely to blame.** Social Security COLA is based on changes to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). But that index does not accurately reflect the expenses Social Security recipients tend to face because it tracks the spending patterns of workers, and specifically those in urban areas.

The NRLN advocates that the COLA calculation be changed to Consumer Price Index for Elderly (CPI-E) based on older Americans' spending patterns, including high medical costs. Usually, the CPI-E would provide seniors with a slightly larger COLA.

**It's time for Congress and the Executive Branch to make bold moves to preserve Social Security.** The first step to keeping America's promise to its older or disabled citizens is to recognize that **Social Security is not a welfare benefit paid for by the U.S. Government.** Most of the current 75 million beneficiaries and their former employers paid into the Social Security Trust for decades.

Our Congressional and Executive branches spend endless time (and years) finding ways to spend more or less on discretionary expenditures. They lower individual and corporate taxes to fuel the economy and their job tenure, especially in an election year. Mandatory expenses (Social Security and Medicare) are not discretionary – Congress and the Executive Branches are their CEO's, they must honor, fund and protect their mandatory obligations, not tear them down.



## A View from Washington, DC

### Predictable Comments from Capitol Hill

By Alyson Parker, NRLN Executive Director

It is predictable that some members of Congress would be quoted in news articles following June 9, 2026, Social Security Trustees' report to Congress that the Old-Age and Survivors Insurance (OASI) Trust Fund is in deeper financial trouble. But will their words produce results?

On June 10, 2026, Representative Jason Smith (MO=08), chairman of the House Ways and Means Committee, was quoted in The Hill Newspaper article about the comment he made during a joint subcommittee hearing. He said: "Congress needs to get their act together to address Social Security and the insolvency that's coming, instead of poking blame at other people whenever it is our duty and our responsibility."

Sens. Dick Durbin (IL), Bill Cassidy (LA), Tim Kaine (VA) and Thom Tillis (NC) said in a joint statement issued on June 10, 2026, in a press release picked up in a number of news reports: "It's clear now that Congress shouldn't delay any longer. Several of us have been coming together to talk about how we can strengthen Social Security for current and future generations of retirees."

On June 11, 2026, Senator Rick Scott (FL) said in a Newsmax interview: "It's really frustrating. This place is like kick the can, kick the can, kick the can. Don't do it. Don't do the hard things. Well, the hard thing is to take care of the American people."

Representatives Tom Cole, (OK-04) and Tom Suozzi (NY-03) on June 10, 2026, introduced the Social Security Commission Act. Representative Cole said in a statement emailed to Newsweek: "I am going to tell you the truth that many of my fellow politicians in Washington refuse to acknowledge: the solvency of Social Security is at a critical point, and millions of Americans who have paid into this program throughout their working lives may not receive the money they deserve. Therefore, doing nothing on Social Security is not an option. As a Congress we must act."

The Social Security Commission Act would set up a framework to propose reforms:

- Creation of a 13-member bipartisan commission to study Social Security's finances

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- A specific appointment structure: Eight members are chosen by congressional leadership (evenly split), four by the Chairs and Ranking Members of the House Ways & Means and Senate Finance committees, and the 13th member (the Chair) is appointed by the president.
- A requirement that at least two of the congressional appointees must be non-elected, outside experts.
- A requirement to produce a solvency plan within one year.
- Recommendations must receive bipartisan approval (at least nine of 13 members) before advancing.
- The final proposal would be fast-tracked for a vote in Congress without amendment.

Representative Gus Bilirakis (FL-12) had reintroduced on June 2, 2026, the Commission on Sustaining Medicare and Social Security Act as a way to break political gridlock on reforms needed before the trust fund shortfall forces automatic benefit reductions. It would:

- Create a bipartisan commission composed of experts charged with analyzing Social Security and Medicare finances.
- The panel would propose solutions lawmakers could consider or vote on.
- The commission would assess whether cost-of-living adjustments accurately reflect seniors' expenses.

The NRLN advocates Congress should not pawn off to a Commission which would meet behind closed doors to develop its recommendations to be fast-tracked in Congress. A Commission provides political cover for members of Congress. Instead of a Commission, current Congressional committees should step up to propose the recommendations. Committee members and the members of Congress who vote on the recommendations should be held accountable for any legislation on Social Security.

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