

# Financial Markets This Week

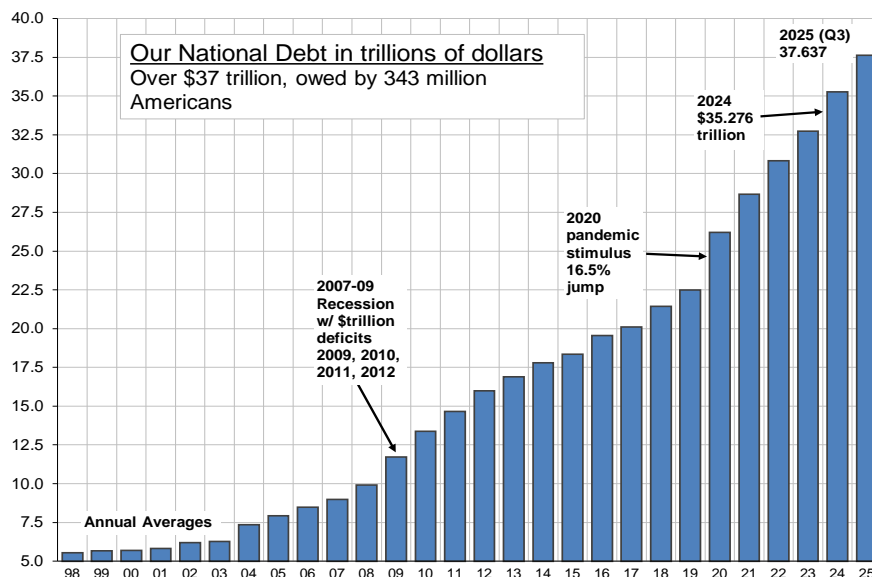
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Christopher S. Rupkey, CFA  
Chief Economist  
crupkey@fwdbonds.com

## SOCIAL SECURITY 2026

Social security collects taxes from workers, but the program pays out more than they take in. The difference is made up by auctioning Treasury securities to the public for cash, just like other expenditures the Federal government makes when it does its “deficit spending.” There is no real money in the Social Security Trust Fund. The original money that went in there is an accounting, place-holder

entry, nonmarketable securities; the actual cash was used at the time it was collected to fund other Federal government spending, like Army tanks, food stamps, border security, etc. It isn’t running out of money. The reality is the payment of social security benefits to retirees “boosts” the Federal budget deficit right now. In FY2025 the social security shortfall was \$314 billion (payments 1.411 tln, receipts 1.097 tln) which is part of the reason for the FY2025 \$1.775 trillion deficit under Trump 2.0.



This year’s [annual report](#) from the trustees of Social Security and Medicare said the Social Security Trust Fund will run out of money in 2033. The date the reserves are “projected to become depleted.” The baby boom generation born from 1946 to 1964 is 62 to 80 years old in 2026 and will have used up all the money the government saved for them by the time they are 69 to 87 years old in 2033. Seven years from now. A hoax. It’s gone. The reality is social security is taking taxpayer money today.

The table on the next page shows the social security contributions over 45 years of a worker’s lifetime. Every so often, a politician wants to allow some privatization of the social security system which would never work as the amounts are too large for everyone to find a place to invest their nest egg. But it is still intriguing to think about what if you had saved all your social security contributions over the years. Would you be better off today if you invested your retirement savings on your own?

Assuming you made the maximum social security earnings base level of income each year along the way, your first social security tax contribution of 4.7% on your earnings of \$29,700 in 1981 was \$1,396. Your last contribution 45 years later in 2025 is a 5.3% OASI tax on \$176,100 of taxable earnings or \$9,333 saved for your retirement. Add up all 45 years and you accumulated \$211,174. Double that if

you convinced your employer to match your annual contributions like the Federal government does for you. You are really saving 10.6% of your income in 2025 up to a maximum of \$176,100.

Over 45 years, whether it is \$211,174 or double that, \$422,348, which includes your employer contribution, it isn't enough to match the maximum benefit social security will pay you at full retirement age in 2025 which is [\\$4,018 per month](#)... for life, and indexed to inflation each year. Social security would pay you \$48,216 per year and if you had to pay that out of your own savings here, you would have exhausted that retirement money after 8 years. If you invested the money, the table here shows a big difference between investment returns averaging 5% per year or 10% per year. With a 5% return in the table (assumes 5.3% contributed by you and 5.3% from your employer), you would have \$1,179,614 after 45 years, and \$4,396,221 if you had investment returns of 10%. It is intriguing to think whether social security could be privatized, but doing so would distort private markets, and take away money the Federal government is using to pay current expenses. And investing prudently with a mix of stocks and bonds, it will be harder to achieve a 5% annual rate of return on your investment than it was over the past 45 years

Review and Outlook: Don't worry about 2033 or whatever year the trustees say

the social security "fund" runs dry. It is happening already: every month the American taxpayer is on the hook for paying for the social security benefit checks for the elderly that are not covered by the social security taxes that are subtracted from worker paychecks each month. 10.6% from workers is a lot, but it comes up short, and there is no real money in the trust fund to cover the difference. Don't blame social security for the \$37 trillion national debt. Retirement benefits for the elderly. This isn't a business. The program doesn't have to add up and have contributions match outlays. This is the U.S. government where taxes are collected and the monies spent for the greater public good.

45 YEARS OF SOCIAL SECURITY CONTRIBUTIONS						
WHAT IF YOU INVESTED IT YOURSELF?						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Years		SS	OASI	Max	Future	Future
On the		Earnings	Tax	Contri-	Value	Value
Job	Year	Base \$	Rate %	bution	at 5%	at 10%
1	1981	29,700	4.7	1396	25084	203496
2	1982	32,400	4.775	1482	25369	196446
3	1983	35,700	4.775	1705	27785	205379
4	1984	37,800	5.2	1966	30512	215287
5	1985	39,600	5.2	2059	30443	205035
6	1986	42,000	5.2	2184	30751	197692
7	1987	43,800	5.2	2278	30541	187423
8	1988	45,000	5.53	2489	31781	186161
9	1989	48,000	5.53	2654	32285	180520
10	1990	51,300	5.6	2873	33277	177612
11	1991	53,400	5.6	2990	32990	168075
12	1992	55,500	5.6	3108	32655	158804
13	1993	57,600	5.6	3226	32277	149830
14	1994	60,600	5.26	3188	30377	134603
15	1995	61,200	5.26	3219	29217	123578
16	1996	62,700	5.26	3298	28508	115097
17	1997	65,400	5.35	3499	28804	111007
18	1998	68,400	5.35	3659	28691	105544
19	1999	72,600	5.35	3884	29002	101841
20	2000	76,200	5.3	4039	28720	96265
21	2001	80,400	5.3	4261	28860	92338
22	2002	84,900	5.3	4500	29024	88642
23	2003	87,000	5.3	4611	28326	82577
24	2004	87,900	5.3	4659	27256	75846
25	2005	90,000	5.3	4770	26578	70598
26	2006	94,200	5.3	4993	26494	67175
27	2007	97,500	5.3	5168	26116	63208
28	2008	102,000	5.3	5406	26020	60114
29	2009	106,800	5.3	5660	25947	57221
30	2010	106,800	5.3	5660	24712	52019
31	2011	106,800	5.3	5660	23535	47290
32	2012	110,100	5.3	5835	23107	44319
33	2013	113,700	5.3	6026	22726	41607
34	2014	117,000	5.3	6201	22272	38923
35	2015	118,500	5.3	6281	21484	35838
36	2016	118,500	5.3	6281	20461	32580
37	2017	127,200	5.3	6742	20917	31793
38	2018	128,400	5.3	6805	20109	29175
39	2019	132,900	5.3	7044	19822	27452
40	2020	137,700	5.3	7298	19560	25858
41	2021	142,800	5.3	7568	19319	24378
42	2022	147,000	5.3	7791	18940	22814
43	2023	160,200	5.3	8491	19658	22602
44	2024	168,600	5.3	8936	19703	21625
45	2025	176,100	5.3	9333	19600	20533
Total				\$211,174	\$1,179,614	\$4,396,221

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