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Updated: April 1, 2010

Since it was created in 1935, Social Security has been the centerpiece of the nation's social contract, an intergenerational commitment to provide at least a subsistence income to the most vulnerable of citizens. It is not only the biggest government entitlement plan, comprising over 20% of the federal budget, but also the most universal and the most popular.

The future of Social Security has been debated for decades; efforts to change it have failed often enough that it has been called the "third rail" of American politics. Shortly after being re-elected in 2004, President George W. Bush launched a campaign to partially privatize the system in legislation that quickly died.

The chief question hanging over the system is the question of how demographics will shape its finances. In 1982, a bipartisan commission came up with a plan that forestalled an impending shortfall through a tax increase that also generated a significant surplus. This surplus was put into an off-budget account known as the Social Security trust fund and loaned to the federal government. Repayment of the loans would provide a cushion for the day when the retirement of the Baby Book generation meant that the system was paying out more than it was taking in.

That day was expected to come in 2016. But in March 2010, Social Security officials said that a drop in revenue caused by the recession that followed the collapse of the real estate bubble meant that payments would exceed revenue this year.

Payments have risen more than expected during the downturn, because jobs disappeared and people applied for benefits sooner than they had planned. At the same time, the program's revenue has fallen sharply, because there are fewer paychecks to tax.

But officials said they did not expect the recession to alter projections that show that the program will not exhaust its funds until about 2037.

According to the Social Security administration, in 2009 nearly 51 million Americans received \$672 billion in Social Security benefits. The recipients are retirees and their dependents, under-age survivors of deceased workers and the disabled, among others. The money for this colossal endeavor comes from payroll taxes (known as Federal Insurance Contributions Act taxes) on current workers and on their employers.

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Highlights From the Archives

Social Security Benefits Not Expected to Rise in '10

By ROBERT PEAR

The absence of a cost-of-living adjustment will be a shock to older Americans already hit by the economic slowdown.

May 3, 2009 | US | NEWS

Insurers Faulted as Overloading Social Security

By MARY WILLIAMS WALSH

Insurers are forcing many people who file disability claims with them to make dubious Social Security applications, lawsuits say.



Social Security Navigator

A list of resources from around the Web about Social Security as selected by researchers and editors of The New York Times.

- Official U.S. Social Security Administration website
- White House Speeches, Visits & News on Strengthening Social Security
- Congressional Budget Office History of Social Security from SSA
- AARP perspective on Social Security and Retirement
- Project on Social Security Choice
- The Cato Institute

- Public Agenda
- Social Security Debate, Analysis and Topics
- The Center on Budget and Policy Priorities
- Social Security Administration Benefit Calculators
- Social Security Programs Throughout the World
- Social Security Administration

DOCUMENTS

- Social Security Reform: Possible Effects on the Elderly Poor and Mitigation Options
- Congressional Research Service, April 4, 2008

OTHER COVERAGE

- Trade In Your Social Security Check
- Forbes February 7, 2008
- Playing the Waiting Game: Taking Social Security Too Soon Can Cost You
- USNews.com January 31, 2008
- Turning 62: The Retirement Boom Begins
- USAToday.com January 13, 2008
- Social Security: When to Start Collecting
- Consumer Reports October 2007
- Company Pensions Are as Pass as Gold Watches
- USNews.com June 3, 2007

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The system is projected to pay out more in benefits this year than it receives in taxes, a tipping point toward insolvency that was not expected before 2016.

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Next Big Issue? Social Security Pops Up Again

By JACKIE CALMES

Addressing solvency of Social Security could well become next big issue

for Pres Obama and Congressional Democrats; many budget analysts say program offers likeliest source of sort of large savings needed to bring projected annual deficits to sustainable levels; some liberals are mobilizing to oppose any changes to Social Security benefits, arguing program does not face imminent crisis; however, moderate Democrat and House Majority Leader Steny H Hoyer has called for both parties to compromise ...

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LETTER; Hard Times for Retirees

AARP chief operating officer Tom Nelson letter comments on Alicia H Munnell and Andrew G Biggs March 8 Op-Ed opposing proposed onetime \$250 payment to Social Security recipients to make up for lack of cost-of-living adjustment this year

March 13, 2010

MORE ON SOCIAL SECURITY (US) AND: COST OF LIVING, MUNNELL, ALICIA H, BIGGS, ANDREW G, NELSON, TOM

Adjusting to Reality

By ALICIA H. MUNNELL and ANDREW G. BIGGS

There's no case for giving a cost-of-living adjustment to Social Security recipients on either equity or stimulus grounds.

March 8, 2010

MORE ON SOCIAL SECURITY (US) AND: AMERICAN RECOVERY AND REINVESTMENT ACT (2009), UNITED STATES ECONOMY, DISABILITY INSURANCE, CONSUMER PRICE INDEX, MEDICARE, MEDICINE AND HEALTH, COST OF LIVING, RETIREMENT, HANDICAPPED