Social Security and Retirement: What Does the Future Hold?

Social Security provides retirement, disability, and survivor benefits to millions of Americans, with retirement benefits representing an important source of income for many. As of September 2025, about 54 million retirees and their families received monthly Social Security benefits. [1] But with the program facing a long-term funding challenge, an important question follows: What could Social Security look like for the next generation?

The answer is not yet clear. What we do know is that the program is approaching an important financial turning point. What happens next will depend on decisions that have not yet been made.

How is Social Security funded, and why is it under pressure?

Social Security is funded largely through payroll taxes paid by current workers. When the program collects more than it needs to pay scheduled benefits, the excess goes into trust funds. Those reserves can then be used when incoming revenue is not enough to cover benefits. [4]

The challenge is that the balance between workers paying into the system and people receiving benefits has changed over time. Program costs have exceeded total income since 2021, and under current projections, costs are expected to remain higher than income throughout the 75-year projection period. [4]

There is also a historical dimension to the challenge. Social Security was created in 1935 during the Great Depression, when older Americans faced significant economic insecurity. The original program was designed to provide a basic source of income in old age and help protect against poverty. Since then, Americans have generally lived much longer. For example, for the 2025 birth cohort, the Social Security Administration projects that those who reach age 65 will live, on average, another 21.6 years for men and 24.1 years for women. [5] While this extended life expectancy is a positive development, it means that each retiree will collect benefits for many more years than before. Combined with falling birthrates, the ratio of workers paying into the system to people receiving benefits will fall from 4.0 in 1965 to a projected 2.3 in 2035. [4] The result is a program operating in a very different demographic environment than the one in which it was created. [2]

Social Security was designed for a different America, and its current financing structure faces a long-term imbalance. The question now is how the program will have to change to remain solvent and continue to help protect many older Americans from poverty.

What could happen in 2032?

The latest Social Security Trustees Report projects that the Old-Age and Survivors Insurance trust fund will have enough reserves to pay full scheduled benefits until the fourth quarter of 2032. [4] That date is important because it represents a potential turning point for the program. If the reserves are depleted and no changes are made, payroll taxes and other program income would still be collected. Under current projections, however, that income could cover only about 78% of scheduled retirement and survivor benefits. [4]

This does not mean Social Security suddenly disappears in 2032. It means the program would face a gap between the money coming in and the benefits scheduled to be paid. Without changes, scheduled Social Security benefits would be reduced to about 78% of the benefits currently scheduled. [4]

Closing that gap could require some combination of additional revenue, changes to benefits, or other adjustments to the program. One frequently discussed approach is increasing the amount of earnings subject to Social Security taxes. In 2026, Social Security taxes apply to earnings up to $184,500. [3] Raising or removing that taxable maximum could increase revenue flowing into the program.

Another possibility is changing how benefits are structured, including raising the retirement age, adjusting benefit levels based on income or wealth, or increasing contribution rates. These are among the policy approaches that could be considered, but the specific changes that may ultimately be adopted remain uncertain.

The projections are estimates, not guarantees. They depend on assumptions about the economy, population, employment and other factors over the coming decades. The Trustees have indicated that legislative action would be needed to address the projected shortfall, but exactly what changes could be made remains unknown. [4] That uncertainty is important as the rules people see today are not necessarily the rules that future retirees will live under.

What could this mean for different generations?

The funding challenge raises a broader question about how the costs and benefits of Social Security are distributed across generations. Today's workers are largely funding benefits for today's retirees while also paying into a system they may rely on decades from now. As the number of workers relative to beneficiaries changes, younger generations may face a different balance between what they contribute to the program and what they ultimately receive.

That does not mean younger generations will necessarily receive no Social Security benefits. Rather, it highlights uncertainty around what those benefits could look like, how much workers may contribute, and how much of their retirement income they may ultimately expect the program to provide.

For people already approaching retirement, these questions may feel more immediate. For younger workers, they may be decades away. Either way, the future of Social Security is not only a question of when someone might claim benefits. It is also a question of what the program itself will look like when they get there.

Consider the household, and the next generation

Social Security also affects more than the individual receiving a benefit. Spouses and families may depend on Social Security as part of their household income, and survivor benefits can provide critical support to children who lose a parent. The Social Security Administration notes that “married couples have two lives to plan for,” highlighting the importance of considering retirement and family financial security at the household level. [1]

For younger families, there is another consideration: the next generation may spend decades contributing to a system whose future rules are still uncertain. This makes the conversation about Social Security broader than individual retirement benefits. It also raises questions about what the program should provide, who should contribute, and how its costs should be shared over time.

How uncertainty can shape our thinking

Uncertainty about Social Security can influence how people interpret the information surrounding it. It is easy to anchor on the rules we know today and assume they will remain largely unchanged. At the same time, frequent headlines about funding shortfalls or proposed changes can make the latest development feel more important than the longer-term picture. And when retirement is decades away, it can be difficult to recognize how much can change between now and then.

These tendencies can make it harder to separate what is known today from what is simply being projected. A projection about 2032 is not the same thing as a prediction of exactly what will happen. Keeping that distinction in mind can help put current Social Security headlines and projections into context.

What does this mean for retirement?

For most people, Social Security is one piece of a larger retirement picture. The key question is how much of that picture Social Security will represent in the future. As the program faces a projected funding gap, some combination of higher contributions, changes to benefits, or later eligibility will likely be needed to close it.

Social Security's future remains uncertain, but the projected funding shortfall does not mean the program simply disappears. It does mean that the rules people plan around today may change. Whether that means paying more into the system, receiving different benefits, or waiting longer to receive them, the eventual outcome will depend on future policy decisions.

For individuals and families, the broader question may be less about predicting exactly what Social Security will look like decades from now and more about recognizing that it may not look the same as it does today. Planning for retirement therefore means considering not only what Social Security provides now, but how its role could change over time. A financial advisor can be a great source of context around Social Security and how it may fit within an individual's broader financial picture.

References:

[1] Social Security Administration, Understanding the Benefits.

[2] Social Security Administration, Social Security Programs in the United States: Historical Development.

[3] Social Security Administration, Contribution and Benefit Base*, 2026*.

[4] Social Security Administration, 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds.

[5] Social Security Administration, Life Tables for the United States Social Security Area 1900–2100.