

# SOCIAL SECURITY BY THE NUMBERS



How and why the nation's largest retirement system is imperiled.

As the United States copes with historic inflation and economic pressure, debate over the future of the Social Security system has intensified. Under the Trustees' intermediate assumptions, Social Security's total cost is projected to be higher than its total income in 2022 and all later years. Total cost began to be higher than total income in 2021, and it has exceeded non-interest income since 2010. Here are some of the most salient numbers to underscore the growing risk that many Americans may outlive their savings.

65  
MILLION

At the end of 2021, the Old Age, Survivors, and Disability Insurance (OASDI) program was providing benefit payments to about 65 million people: 50 million retired workers and dependents of retired workers, 6 million survivors of deceased workers, and 9 million disabled workers and dependents of disabled workers. Some 75 million baby boomers are expected to retire by 2030.

\$1,669

What the average retired worker receives each month. The maximum initial monthly benefit for 2022 by retirement age, according to bankrate.com, is as follows:

- At age 62: \$2,364
- At age 65: \$2,993
- At age 66: \$3,240
- At age 70: \$4,194

8.7%

The latest estimated cost-of-living adjustment for 2023.

57%

The percentage of retired U.S. adults who say they rely on Social Security as a major income source, according to a 2019 Gallup poll, which also found 38% of nonretirees expect it to be a major source for them.

\$20.4  
TRILLION

Experts' forecast of the Social Security system's cash shortfall over the long term, which is defined as the next 75 years

2034

When the Old-Age and Survivors Trust (OASI), which pays 48.1-million-plus retired workers each month, is expected to exhaust its cash reserves.

23%

The amount by which the OASI benefits might need to be cut by 2034 to sustain payouts through 2096 without any further reductions.

2.3

While there were about 2.8 workers for every OASDI beneficiary in 2021, the ratio of workers to beneficiaries is expected to reach 2.3 by 2033 when the baby-boom generation will have largely retired, and will generally decline very gradually thereafter due to increasing longevity, according to the Trustees' latest report.

42%

According to the Pew Research Center, Democrats and Republicans are united in their skepticism about the future of Social Security. Among those who are still working, identical shares from each party — 42% — say they don't expect to receive benefits when they stop working.

## The Takeaway: Redefine Diversification

- We cannot emphasize enough the need for investors of all ages to save more for retirement, given much longer life expectancy. To increase potential return, investors will need to accept more volatility and not convert temporary volatility into permanent loss.
- For most people, invest they must. So, the issue is not whether or not to be in equities or credit. It's how do you want to get your equity/credit exposure and balance cheap beta with differentiated active management. That may include diversifying more into non-correlated assets.
- We believe durability of earnings, pricing power, strength of balance sheet, and valuation will matter more going forward.
- The dominant determinant of long-term financial outcomes is not investment performance, but investor behavior. Identifying imbalances should always be a priority.
- Look to Virtus to provide potential smoother ride access to asset classes that are essential building blocks to a well-diversified portfolio that will weather multiple market cycles.



### Explore Virtus for Retirement Income Solutions

For more on how Virtus strategies can help in retirement planning, visit [virtus.com](https://www.virtus.com) or call 800-243-4361.

Diversification does not assure a profit or protect against losses.

All investments carry a certain degree of risk, including possible loss of principal.

**Not insured by FDIC/NCUSIF or any federal government agency. No bank guarantee. Not a deposit. May lose value.**

Distributed by **VP Distributors, LLC**, member FINRA and subsidiary of Virtus Investment Partners, Inc.

4682 11-22 © 2022 Virtus Investment Partners