

Future Social Security Cuts?

Quick-Take: The Committee for Responsible a Federal Budget (now there's a committee with a lot of work ahead of it!) recently calculated that the Social Security Trust Fund will be depleted sometime in 2032. At that time, those who receive Social Security (SS) retirement benefits will face a cut in their monthly SS benefit. The Committee projects those forced cuts will range from \$459 a month to \$556 a month per recipient. The Committee's report projects that the average cut to a Michigander who is then receiving SS benefits will see their monthly benefit cut by \$523. No information was provided for how this projected cut in SS benefits was calculated by the Committee. No doubt that as we near 2032 more and more studies will be released in an attempt to sway Congress to act. It is possible that the size of these future SS cuts will be even more dramatic if large cost-of-living adjustments are made to SS benefits between now and 2032. For example, the most recent projected inflation adjustment to SS benefits for 2027 is estimated to be about 3.7%, and perhaps even larger if we see gasoline prices remain high throughout the summer.

Conclusion: This projected diminution in SS retirement benefits is something to think about as individuals near their full retirement age and are planning for their retirement years.

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