

Retirees Face \$17,400 Cut To Social Security Benefits In 2033

AUGUST 9, 2023 • [SUZANNE WOOLLEY](#)

A new analysis puts a dollar figure on the cuts Americans could see to Social Security benefits in 2033, when analysts expect payroll taxes that flow into the program won't be enough to cover monthly payments to retirees.

Many Americans have heard about the potential for benefits to be cut a decade from now if no changes are made to the program. To put the impact in more real-world terms—and prod policymakers to act sooner—a new analysis by the Committee for a Responsible Federal Budget calculated the potential hit to annual benefits in dollar terms.

It estimates that a typical, newly retired, dual-income couple would see a drop of about \$17,400, amounting to roughly \$1,450 a month. Couples who earned more in their careers on average could see roughly \$23,000 in benefits cut. And couples with lower earning would see about \$10,600 less, representing a larger potential drop as a share of income.

The potential benefit cuts stem from a projection that by 2033 the amount of payroll taxes flowing into Social Security's Old-Age and Survivors Insurance Trust Fund will be less than what's needed to pay full benefits. Social Security is a "pay-as-you-go" system, meaning it can't borrow to address shortfalls.

For years, reserves increased, making it so the program was able to maintain benefits at promised levels. But those reserves are expected to run dry in 10 years, as fewer workers pay into the system to support a growing population of retirees. Once the reserve is gone, benefits will need to shrink to match the money available, unless politicians adjust the program. The last time benefits had a major overhaul was in 1983.

This article was provided by Bloomberg News.