DID YOU KNOW?

Social Security isn't just for retirees. It also provides disability, survivor, and family benefits, helping millions of Americans in times of need.

Chapter 1
Understanding Social Security

Social Security is a critical benefit to Americans of all ages, especially retirees, the vast majority of whom receive Social Security retirement benefits. This chapter explains the basics — what Social Security is, where the money comes from, whether it will run out someday, and more.

What Is Social Security?

Social Security is a federal social insurance program in the United States administered by the Social Security Administration (SSA). It provides financial support for retirees, surviving spouses, children of deceased workers, and people with disabilities.

What Is the Social Security Number?

The Social Security number (SSN) is a nine-digit number used to identify people in the United States. It was created in 1936 as part of the implementation of the Social Security Act of 1935. It's written like this: AAA-GG-SSSS. Originally, the first three numbers (AAA) showed where you lived when you got the number, the middle two (GG) were used to sort records, and the last four (SSSS) were just a sequence. As of 2011, the government assigns these numbers randomly to make them more secure. Over time, the SSN has become a key way to identify people for things like jobs, taxes, and government benefits.

What Are the Social Security Trust Funds?

The Social Security trust funds are two financial accounts managed by the U.S. Department of the Treasury:

- **Old-Age and Survivors Insurance (OASI) Trust Fund:** This fund consists of retirement and survivor payments.
- **Disability Insurance (DI) Trust Fund:** This fund is for disability insurance.

If the SSA collects more money than it needs for current payments, the surplus is invested in special U.S. Treasury bonds, which earn interest to help grow these funds.

What's the Difference between Social Security and Supplemental Security Income?

Social Security and Supplemental Security Income (SSI) are vital government programs for almost 75 million Americans. They serve different purposes and have different eligibility requirements.

Social Security is an earned benefit that people qualify for by working and paying Social Security taxes known as Federal Insurance Contributions Act (FICA). Social Security provides retirement, survivor, and disability benefits based on your (or your spouse's) work history and earnings. In general, the more you work and contribute, the higher your monthly benefit will be.

SSI is a needs-based program designed to assist older adults and people with disabilities who have limited income and resources. Different from Social Security, SSI does not require a work history; it's funded by general tax revenues. Monthly payments are usually lower. Many people who receive SSI also qualify for Medicaid.

Medicaid is run jointly by federal and state governments to provide health care and long-term care coverage for more than 78.5 million Americans, including children, parents, low-income adults, older adults, and people with disabilities. The government sets general standards for Medicaid, but specific eligibility requirements and coverage details vary by state. Your income must fall below certain levels to qualify. Each state has different rules for Medicaid eligibility, and in some cases even different names for the program, but it's usually based on your household income, age, disability, family size, and sometimes assets.

What Is the Social Security Fairness Act?

The Social Security Fairness Act was signed into law in January 2025. It's a major reform for restoring full Social Security benefits to millions of public servants such as teachers, firefighters, and police officers. These individuals were previously penalized under two provisions — the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) — which previously reduced or eliminated benefits for people who worked in jobs not covered by Social Security.

Should I Be Worried about the Future of Social Security?

Many Americans are worried about the future of Social Security. According to the latest trustees report, ongoing income along with trust fund reserves will allow scheduled Social Security benefits to be paid until 2034.

Without Congressional action, Social Security would be able to pay about 81 percent of scheduled benefits in 2035 when the trust funds run out. Nobody wants such a sudden reduction in payments to more than 69 million Americans, so it's highly likely Congress will intervene.