



Social Security: Its History, Who Qualifies, and How to Protect Its Future

Social Security has helped Americans maintain financial stability for more than 90 years. Best known for its monthly retirement checks, the program also provides income to eligible workers with disabilities and families who lose a wage earner.

Its future depends on decisions about how much money the government collects and how much the program promises to pay. Understanding that challenge begins with understanding what Social Security is—and how it developed.

A Safety Net Born During the Great Depression

President Franklin D. Roosevelt signed the Social Security Act on August 14, 1935, during the Great Depression. The economic crisis had exposed how quickly people could lose their savings, jobs, and ability to support themselves in old age.

The original retirement program covered a limited portion of the workforce. Payroll tax collection began in 1937, and monthly retirement benefits began in 1940. The first monthly retirement check, for \$22.54, went to Ida May Fuller, a retired legal secretary in Vermont.

Congress expanded the program over time. Amendments in 1939 added benefits for eligible dependents and survivors. Disability insurance followed in 1956. Legislation enacted in 1972 established automatic cost-of-living adjustments, with the first automatic increase taking effect in 1975. These changes helped Social Security evolve into broader protection for workers and their families. [SSA's history of Social Security](#)

Who Is Eligible?

Eligibility depends on the type of benefit. A person may qualify through their own work record or, in some cases, through a family member's record.

Retired workers. Most workers need 40 Social Security credits, generally earned over at least 10 years of covered employment. Workers can earn up to four credits annually. The credits establish eligibility; earnings history and claiming age determine the payment amount. [Social Security credits](#)

Retirement benefits can generally begin at 62, but claiming early reduces the monthly payment. Full retirement age is 67 for people born in 1960 or later. Waiting beyond full retirement age increases the benefit until age 70. [Retirement claiming ages](#)

Workers with disabilities. Social Security Disability Insurance, or SSDI, generally requires sufficient work credits, recent covered employment, and a medical condition meeting SSA's disability standard. The condition must generally prevent substantial gainful work and be expected to last at least 12 months or result in death. Younger workers may qualify with fewer credits. [Disability eligibility](#)

Family members and survivors. Eligible spouses, certain former spouses, and children may receive benefits based on a worker's record. After a worker dies, eligible spouses, former spouses, children, and dependent parents may qualify for survivor benefits. Age, marital status, disability, dependency, and other requirements affect eligibility. [Family benefits](#), [survivor benefits](#)

Supplemental Security Income, or SSI, is a separate program administered by SSA. It helps eligible people with limited income and resources who are 65 or older, blind, or disabled. Unlike Social Security retirement benefits, SSI does not require a work history. [SSI eligibility](#)

How Social Security Is Financed

Social Security operates primarily through taxes collected from current workers and employers. Those revenues help pay current beneficiaries; payroll deductions are not deposited into individual retirement investment accounts.

In 2026, employees and employers each pay a Social Security tax of 6.2% on covered earnings up to \$184,500. Self-employed workers generally pay the combined 12.4% rate on covered net earnings. Medicare taxes are separate. [SSA's 2026 fact sheet](#)

The program also receives income from taxes on some beneficiaries' Social Security payments and interest on trust fund reserves. Reserves accumulated when revenues exceeded expenses and are invested in special U.S. Treasury securities. [Social Security trustees' report summary](#)

Why the Program Faces a Shortfall

An aging population puts pressure on a system financed largely by workers' earnings. Baby boomers have moved into retirement, while lower birth rates and longer lifespans affect the balance between workers paying taxes and people receiving benefits.

The 2026 trustees report projects that the retirement and survivor trust fund can pay scheduled benefits in full until late 2032. After reserves are depleted, continuing income would cover about 78% of scheduled benefits at that time.

Combining the retirement and disability funds would extend full funding to 2034, with about 83% payable afterward. However, the funds are legally separate; combining their resources would require legislation. These are projections that change as economic conditions, demographics, and laws change. [2026 trustees' projections](#)

Does That Mean Social Security Will Go Bankrupt?

“Bankrupt” can give the misleading impression that every payment would stop.

The actual problem is that projected revenue will not cover all scheduled benefits once reserves are exhausted. Workers and employers would still pay Social Security taxes, providing substantial continuing income. But without legislative changes, the program could not pay all benefits promised under the current formula. [SSA's financial outlook](#)

That distinction should provide perspective without minimizing the problem. A substantial benefit reduction would be difficult for households that depend heavily on their monthly payments.

What Congress Can Do

To preserve full scheduled benefits, Congress must provide sufficient additional revenue. Alternatively, it could reduce future benefit obligations or combine revenue increases with benefit changes.

The main options include:

- **Tax more earnings.** Raising or eliminating the taxable earnings cap would collect more from higher earners. The financial effect depends partly on whether those earnings also generate additional benefits.
- **Increase payroll tax rates.** A higher rate would bring in more revenue while increasing costs for workers and employers.
- **Change future benefits.** Congress could alter benefit formulas or cost-of-living adjustments, potentially protecting lower-income beneficiaries while slowing growth elsewhere.
- **Raise the full retirement age.** This would reduce benefits at a given claiming age and place additional pressure on people unable to work longer.
- **Provide other revenue.** Additional taxes or general government funding could support benefits, with consequences for the broader federal budget.

SSA's actuaries evaluate these options and their effects. No single approach is required; the challenge is selecting a package large enough to close the shortfall and deciding how its costs should be shared. [SSA's analysis of reform options](#)

Why Acting Sooner Matters

Congress has addressed a Social Security financing crisis before. The bipartisan 1983 amendments combined several changes, including taxation of some benefits and a gradual increase in full retirement age from 65 to 67. [The 1983 amendments](#)

Earlier action would give workers, employers, and retirees more time to adjust. Delaying decisions leaves fewer years to phase in changes before reserves run short.

Social Security's future is a question of public policy, funding, and priorities. Protecting it requires lawmakers to align its revenues with its commitments while considering the people who depend on those commitments.