



Social Security Payments Could Drop by £500 Monthly by 2032

Description

The millions of Americans dependent on Social Security may face a significant reduction in their monthly benefits, potentially averaging \$500. This situation could arise if the retirement trust fund becomes insolvent, which is projected to happen by the end of 2032. This would result in a 24% decrease in the typical benefit payment, according to a report from the Committee for a Responsible Federal Budget, an organisation focused on fiscal policy.

The Social Security trust fund helps manage the program's finances by covering the difference between its income and obligations. As the baby boomer generation retires, the number of beneficiaries has increased, leading to a funding shortfall. If the fund is exhausted, beneficiaries' payments will automatically decrease unless Congress takes action to support the program.

The report indicates that 10% to 23% of people in each state could be affected by these cuts. States with the largest potential reductions include Connecticut, Delaware, and Maryland, with average cuts exceeding \$500.

Notably, insolvency would not stop benefit payments entirely, as the program would still receive some revenue from payroll taxes. However, benefits would be paid at a lower level.

The analysis arrives ahead of the Social Security Administration's annual Trustees Report, expected soon, which will provide updated estimates on the trust fund's status. Policymakers need to address these funding issues. One possible solution is to remove the income cap on payroll taxes, which currently exempts high earners from contributing on income beyond \$184,500.

Vocabulary List:

1. **insolvent** //ɪn'sɒlvənt// (adjective): not able to pay what is owed
2. **beneficiaries** //ˌbɛnə'fɪʃəriːz// (noun): people who receive money or help
3. **shortfall** //ˈʃɔːrtfɔːl// (noun): an amount that is less than needed
4. **obligations** //ˌɒblɪ'geɪʃənz// (noun): money someone must pay or give
5. **exempts** //ɪg'zɛmptz// (verb): does not require someone to pay or follow
6. **payroll** //ˈpeɪ,rɒl// (noun): money paid to workers by an employer

Comprehension Questions



Multiple Choice

1. What is the projected year when the retirement trust fund may become insolvent?
 - Option: 2025
 - Option: 2030
 - Option: 2032
 - Option: 2035

2. According to the report, what is the potential average reduction in monthly benefits that Americans may face?
 - Option: \$300
 - Option: \$400
 - Option: \$500
 - Option: \$600

3. Which organisation provided the report regarding the Social Security funding shortfall?
 - Option: Committee for a Responsible Federal Budget
 - Option: Social Security Administration
 - Option: American Fiscal Policy Institute
 - Option: National Trust Fund Association

4. What percentage decrease in the typical benefit payment is projected in the report?
 - Option: 10%
 - Option: 15%
 - Option: 20%
 - Option: 24%

5. Which states are mentioned as having the largest potential reductions?
 - Option: Connecticut, Delaware, Maryland
 - Option: California, Texas, Florida
 - Option: New York, Illinois, Pennsylvania
 - Option: Ohio, Michigan, Virginia

6. What is the income cap amount on payroll taxes that high earners are currently exempted from?
 - Option: \$150,000
 - Option: \$160,000
 - Option: \$184,500
 - Option: \$200,000



True-False

- 7. The Social Security trust fund helps manage the program's finances by covering the difference between its income and obligations.
- 8. Insolvency would result in the complete stop of benefit payments to all beneficiaries.
- 9. The number of beneficiaries has increased due to the retirement of the baby boomer generation.
- 10. Congress can take action to prevent automatic decreases in payments if the fund is exhausted.
- 11. The Social Security Administration's annual Trustees Report is expected to provide updated estimates on the trust fund's status.
- 12. States with the largest potential reductions have average cuts less than \$500.

Gap-Fill

- 13. The Social Security retirement trust fund is projected to become insolvent by the end of _____ .
- 14. Beneficiaries may face a potential reduction in their monthly benefits averaging _____ .
- 15. The report indicates that 10% to _____ of people in each state could be affected by these cuts.
- 16. The income cap on payroll taxes currently exempts high earners from contributing on income beyond _____ .
- 17. If the trust fund is exhausted, beneficiaries' payments will automatically _____ unless Congress acts.



18. Some revenue from payroll taxes would still be received, but benefits would be paid at a _____ level.

Answer

Multiple Choice: 1. 2032 2. \$500 3. Committee for a Responsible Federal Budget 4. 24% 5. Connecticut, Delaware, Maryland 6. \$184,500

True-False: 7. True 8. False 9. True 10. True 11. True 12. False

Gap-Fill: 13. 2032 14. \$500 15. 23% 16. \$184,500 17. decrease 18. lower

CATEGORY

1. Business - LEVEL4

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