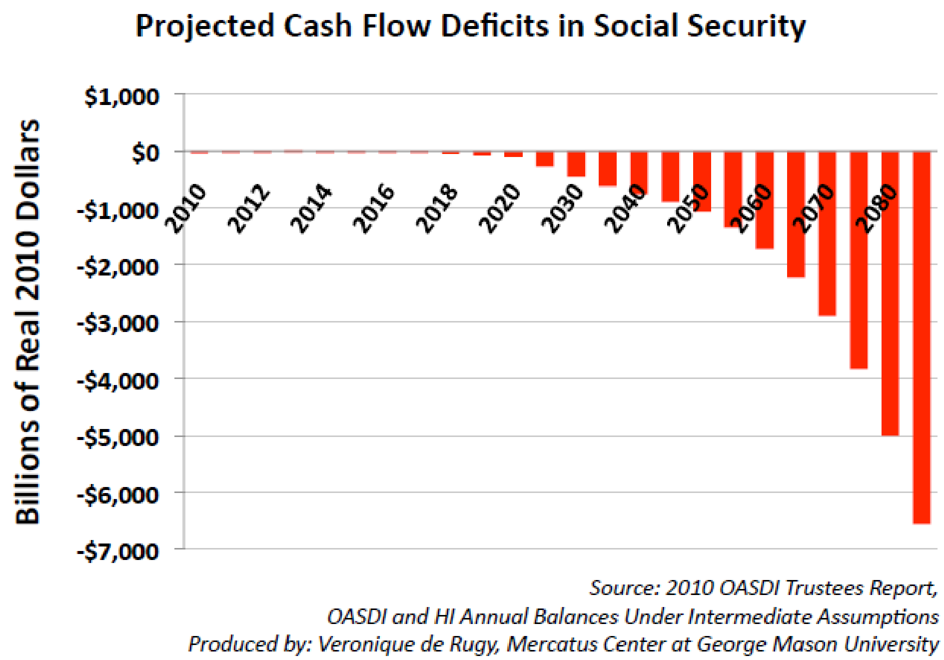

This chart by Veronique de Rugy uses data from the Social Security Administration's (SSA) 2010 OASDI Trustees Report to show, in real terms, anticipated cash flows in the Social Security trust funds from 2010 to 2085. Annual deficits are given for each year from 2010 through 2020; projections are given for every 5th year thereafter. The SSA's intermediate projections illustrate a stark reality: with the exception of the three years projected to immediately follow the economic recovery, Social Security cash flows will be billions of dollars in deficits this year and into the foreseeable future.

Put differently, the amount of money Social Security collects each year will be less than the amount of money it doles out paying out benefits to retirees. The middle-of-the-road projection seen above represents, the Board of Trustees' "best estimate of the future course of the population and the economy". This means that while there is a small chance that cash-flow deficits will be smaller than seen above, there is an equal chance that they will be greater.

Importantly, because the Social Security trust funds are accounting fiction, all of the cash-flow deficits seen above represent real dollars that the federal government will have to plumb from the private economy that year. For years, the federal government has been borrowing from Social Security Trust Fund assets for its daily spending – the fund has nothing left. In the deficit years seen above, when trust funds should be available for use, retirees' funds will have to be sourced from the private economy *again*.

While the Simpson and Bowles plan for improving the federal government's fiscal state may be less than ideal, it appropriately identifies Social Security spending as one of the key contributing factors to the nations' deteriorating fiscal state.

Veronique explains why [cutting Social Security spending is our best bet].