Social Security Solvency & Retirement Planning: Calculating Lost Benefits and Income Solutions

A HealthView Services White Paper

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Introduction

The 2026 Social Security Trustees Report estimates that by 2032, the program will only be able pay 78% of promised benefits. It shows combining the retirement and disability fund would delay the solvency deadline to 2034, when 83% of benefits would be payable. Given its importance to voters, it is possible Congress will take steps to fully-fund the program. But as each year goes by, the cost and financial impact of potential changes on beneficiaries rises.

Unless action is taken, retirees risk losing 17% to 22% of monthly checks in the near future. But even if changes are made that extend solvency, future retirees will be financially impacted, and should plan on reduced Social Security benefits as they build retirement plans.

For planning purposes, assigning a dollar value to potential benefit decreases is a starting point to drive action and build resilient retirement plans. This paper quantifies the impact for a 54-year-old average benefit couple and maximum benefit couple of a 17% reduction in benefits in 2034 (when they first become eligible for benefits). The average couple would lose between **$161,000** and **$194,000** in lifetime Social Security income, while a couple collecting maximum Social Security benefits would see a reduction between **$425,000** and **$509,000**.

The paper also examines the impact of a potential one year adjustment to Full Retirement Age (in keeping with historical precedent of such a change to delay solvency) finding that the average benefit couple would see a **$72,000** reduction, and the loss for the maximum earning couple would total **$252,000**. It should be noted that delaying FRA would only address 15% of the program's insolvency.

Advisors have a key role in outlining potential risks to retirement plans and the steps clients can take to mitigate them. Our new Social Security tool empowers advisors to run a range of scenarios and share actionable solutions.

Assuming a 6% annual rate of return, an average earning couple would need to put aside an additional **$52,000** to **$55,000** today to generate annual withdrawals sufficient to make up for a 17% decline in Social Security benefits. A high-income couple will require between **$123,000** and **$130,000**.

The Cost of Cuts to Social Security Benefits

Removing or modifying the maximum taxable earnings limit, delaying Full Retirement Age (FRA), or several other potential changes would improve Social Security's funding status and extend solvency deadlines. Their effect on solvency is outlined in detail in HealthView' Services' 2024 white paper, **Funding Social Security**.

To help advisors and clients frame the impact on budgets if no changes are implemented to address funding shortfalls, the following cases assume a 17% cut in Social Security benefits starting in 2034.

The cases in this report reveal the dollars lost for a pair of 54-year-old couples - one with national average Social Security benefits, one with maximum Social Security benefits. They first become eligible for retirement benefits at age 62, in 2034.

Each case uses life expectancy data for a 54-year-old from the latest SSA Actuary Life Table: 81 for a male, 84 for a female[1]. In both case studies, three filing scenarios are shown: As early as allowed at age 62, Full Retirement Age (FRA) at age 67, and as late as allowed at age 70. Benefits are displayed in future value with Cost-of-Living Adjustments (COLAs) based on the latest SSA projections. Investment solutions to offset future benefit reductions assume a 6% annual rate of return.

Average Benefit-Eligible Couple: Jacob & Elena

	Jacob	Elena
Current Age	54	54
Life Expectancy	81	84
Primary Insurance Amount	$2,071	$1,137
Benefit Reduction Assumption	17%	

Jacob and Elena, who are entitled to national average FRA benefits[2], are estimated to receive around $1 million in future-value lifetime benefits, with some variation based on chosen claim age. Regardless of when they file, they will lose a minimum of **$160,000** in lifetime retirement income. If filing at FRA, Jacob and Elena can anticipate an average annual reduction in benefits of just over $10,000 – a substantial amount for the average retired couple.

Impact of Benefit Reduction, Average Earning Couple

	File at 62	File at 67 (FRA)	File at 70
Current Expected Lifetime Benefits	$948,986	$1,084,299	$1,144,308
Benefits Lost From 17% Reduction	$161,328	$184,331	$194,532
Required Investment Today	$55,048	$54,550	$52,854

With a 6% annual return, they would need to make a **one-time investment of at least $50,000** today to make up for the decline in Social Security benefits. The required investment for different filing ages is similar because when a claim is made later, there are additional years of investment returns. Because our projections are based on Social Security's projected actuarial longevity, if Jacob and Elena live longer, the value of benefit reductions - and the investment needed - would be greater.

Maximum Benefit-Eligible Couple: Marco & Zoe

	Marco	Zoe
Current Age	54	54
Life Expectancy	81	84
Primary Insurance Amount	$4,152	$4,152
Benefit Reduction Assumption	17%	

An affluent 54-year-old couple, Marco and Zoe, will each receive the maximum Social Security benefits of $4,152 at FRA[3]. Since their benefits are higher, the dollar-value of what they will lose is also greater.

Their lifetime benefits would be reduced by between **$425,000** and **$508,000**. If they file at age 70, they would experience a benefit decrease of more than $32,000 just in their first year receiving Social Security.

A one-time investment of $130,000 or less (with a 6% annual return) would be required today to address this shortfall in Social Security income.

Impact of Benefit Reduction, Maximum Earning Couple

	File at 62	File at 67 (FRA)	File at 70
Current Expected Lifetime Benefits	$2,500,727	$2,852,020	$2,993,050
Benefits Lost From 17% Reduction	$425,124	$484,843	$508,819
Required Investment Today	$130,883	$129,233	$123,873

Retirement Healthcare Cost Index

Social Security is a key source of retirement income for Americans. Healthcare is one of the most significant expenses. For more than a decade, HealthView Services' *Retirement Healthcare Cost Index* has measured the impact of healthcare costs on retirement budgets by showing the percentage of Social Security benefits needed to cover total projected medical expenses, including Medicare Part B, Part D, Medigap premiums and out-of-pocket costs for hospitalization, doctor visits, tests, and prescription drugs.

The Index shows that the portion of Social Security required to cover healthcare needs rises through retirement, as health-related cost inflation outpaces COLAs. For the average earning couple, Jacob and Elena, it shows that **80%** of their Social Security benefits will be needed to fund projected lifetime health expenses. If benefits are reduced by 17%, this grows to **96%**.

Many Americans planning for retirement are unaware that Medicare Part B premiums will be deducted directly from Social Security, so benefit checks are often smaller than anticipated. Although *The Index* includes total projected healthcare expenses (including deductions from benefits as well as premiums paid to insurers and out-of-pocket costs), lower benefits would reduce both the net income from Social Security checks after Part B has been deducted and the expected income available to cover remaining retirement expenses.

Jacob & Elena's Retirement Healthcare Cost Index: File at 67

Percent of Benefits to Fund Healthcare ***With Current Expected Benefits***		**Percent of Benefits to Fund Healthcare** ***With 17% Reduction to Benefits***	
At Age 67	61%	At Age 67	73%
Highest Annual	98%	Highest Annual	119%
Average Annual	80%	Average Annual	96%

Retirement Planning Scenarios

Many clients are concerned about the solvency of Social Security and whether they can rely on future benefits. A key takeaway from the Trustees Report is that Social Security has the money to cover *most* of its obligations. If legislators implement updates to fund the program, it may remain fully funded and able to meet its benefits promises for years to come. **Still, program changes to extend solvency will come at a cost**: higher individual/employer contributions to Social Security and/or actions that reduce benefits (like an adjustment to FRA or COLAs).

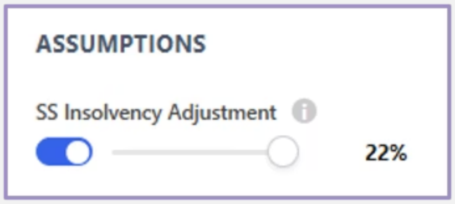
To address downside risk, running through a range of planning scenarios with an advisor that include the possibility of a 17% cut (or a more modest 10% decline), delaying FRA, and/or reducing COLAs, is prudent. The tables below show how these modifications would affect both sample couples, assuming benefits are claimed at age 67.

Impact of Potential Policy Changes

	Average Couple		High Earning Couple	
Potential Policy Change	**Lifetime Impact**	**Required Investment Today**	**Lifetime Impact**	**Required Investment Today**
One Year FRA Delay	$72,287	$21,392	$252,522	$75,628
0.5% COLA Reduction	$108,570	$30,094	$307,670	$87,009
Both of the Above	$193,233	$56,713	$477,290	$138,152

Running The Numbers for Individual Clients - ClaimSync

There are significant variables to consider when projecting personalized Social Security benefits, including marital status, PIA, claim age, and life expectancy. The cases in this paper provide reference points, but clients and advisors should calculate projected benefit projections and the impact of a range of claim age scenarios and potential benefit reductions.



HealthView Services' new ***ClaimSync*** tool gives advisors a resource to dynamically calculate personalized benefits for clients and optimize Social Security claiming strategies based on factors including retirement claim age and projected longevity. The tool includes the ability to incorporate an assumed benefit rate reduction to calculate the loss of Social Security benefits that clients want to plan around – and the additional savings required to eliminate the gap.

For more information on this Data Report or Social Security, please contact Michael Daley, at **mdaley@hvsfinancial.com**. Find out more about *ClaimSync* and HealthView's range of retirement, Social Security, healthcare and long-term care planning solutions and data, contact Ron Mastrogiovanni at **rmastro@hvsfinancial.com**.

About HealthView Services

HealthView Services is a leading provider of healthcare cost-projection and related retirement planning data, software and APIs for use by financial institutions and their advisors. HealthView's suite of services – which includes tools to project Medicare premiums and out-of-pocket expenditures, long-term care expenses, Social Security optimization strategies, and longevity planning — aligns with the firm's mission to help Americans prepare for key retirement challenges. HealthView is a thought leader and has produced substantial educational content on a **range of key topics**.

HealthView annually evaluates 530 million data points taken directly from medical claims. Cost analyses provide the most comprehensive and precise calculations possible. HealthView's solutions are used by top financial institutions across the industry. When implemented, a 20% increase in retirement plan contributions and in one case over $100 million in annual product sales have been attributed to our solutions.

Citations

1: **https://www.ssa.gov/oact/STATS/table4c6.html**

2: **https://www.ssa.gov/news/en/cola/factsheets/2026.html**

3: **https://www.ssa.gov/news/en/cola/factsheets/2026.html**

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