



Press Release

Social Security Financing: From FICA to the Trust Funds

PAULINA ENCK | SEPTEMBER 14, 2023

In a new primer, Vice President for Economic Policy Gordon Gray explains Social Security's complex financial management system, including the path from the collection of Federal Insurance Contributions Act (FICA) payroll taxes, through a maze of government agencies, and finally to the more than 65 million retirees, survivors, and disabled Americans counted among the program's beneficiaries.

Key points:

- Social Security, the United States' most significant safety-net program for retirees, survivors, and the disabled, is primarily funded through FICA taxes withheld from workers' paychecks.
- These taxes are invested in special Treasury securities held in two Trust Funds, which are credited with FICA tax receipts, but not directly; rather, there is a multistep, multi-agency process, which is subject to revision and can take years.
- While labyrinthine, the process by which FICA taxes are disbursed to the Trust Funds is designed to ensure that the program is credited with no less than exactly what it is owed.

[Read the analysis](#)