

STRENGTHEN SOCIAL SECURITY

...don't cut it.

Social Security Disability Insurance Works for the United States

Social Security Disability Insurance (SSDI) provides insurance against a risk faced by all Americans: the experience of a life-changing disability or illness that renders one unable to support oneself through work. When workers who have paid into Social Security become incapable of substantial work, as defined by the program's strict eligibility criteria, they can expect a portion of their wages to be replaced by SSDI. For these disabled workers and their families, Social Security is a lifeline.

Who is Protected by Social Security Disability Insurance?

SSDI protects virtually all workers in America, whether they are currently receiving benefits or not. For all face the risk of experiencing a severe disability during their working years. Indeed, about 1 in 4 of today's 20-year-olds will become disabled before reaching age 67.ⁱ SSDI delivers benefits to disabled workers and their families, while also providing insurance to existing workers against the risk of becoming disabled in the future.

- Over 150 million workers nationwide enjoy SSDI protection today.ⁱⁱ
- 4.8 percent of all Americans aged 18-64 received SSDI benefits in 2013.ⁱⁱⁱ
- Of the nearly 58 million Americans receiving Social Security benefits in 2013, 10,985,999 – or 18.9 percent – were SSDI beneficiaries.
 - SSDI provided benefits to 8,940,950 disabled workers in 2013.
 - 156,672 spouses and 1,888,377 children of disabled workers also received vital benefits from SSDI in 2013.^{iv}
 - An estimated 1 million veterans receive SSDI.^v

For the majority of Americans who experience a work-limiting disability before retirement, SSDI is the primary, and often only protection against lost wages. Ninety percent of workers aged 21-64 whose earnings were covered by Social Security were fully insured for SSDI in 2013. In contrast, only 32 percent of workers in the private sector have any private, long-term disability insurance.^{vi}

SSDI Benefits are Vital, but Modest

Workers who experience a disability severe enough to meet Social Security's strict eligibility standards face economic insecurity due to lost wages and the higher health care costs associated with disability. For these workers, SSDI benefits are a vital source of income. SSDI benefits also – like all Social Security benefits – stimulate the American economy.^{vii} Yet, critical as they are, these benefits are quite modest – just barely enough to keep an individual out of poverty. For workers whose wages support dependent spouses and children, these benefits are even more critical.

- Of the \$812 billion received by Social Security beneficiaries nationwide in 2013, \$140.1 billion (17.2 percent) went to SSDI beneficiaries.^{viii}

- The average annual SSDI benefit for a disabled worker is \$13,983, just \$2,213 over the federal poverty level for an individual in 2015.^{ix}
- Eligible spouses of disabled workers receive an average annual benefit of \$3,781.
- Eligible children of disabled workers receive an average annual benefit of \$4,194.^x

The majority of disabled workers rely on these modest benefits for most, or, in some cases, all of their income. SSDI benefits represent at least half of the income of 4 in 5 disabled workers, and the only source of income for 3 in 10.^{xi}

Like all Social Security benefits, SSDI provides critical antipoverty protection as well. Even with Social Security Disability Insurance benefits, nearly 1 in 5 disabled workers had incomes below the poverty line in 2010; without SSDI, nearly half would have been poor.^{xii} To ensure that American workers and their families continue to be protected against the grave financial risks of disability, SSDI benefits must not be cut.

SSDI Beneficiaries Face Strict Eligibility Criteria

To receive SSDI, disabled workers must meet one of the strictest sets of eligibility criteria in the developed world.^{xiii} A worker must have a disability expected to last at least one year, or end in death. Furthermore, the disability must be severe enough that it limits a worker's ability to engage in "substantial gainful activity."^{xiv} Because the criteria for eligibility are so strict, SSDI beneficiaries have some of the most severe impairments, are unlikely to return to work, and tend to have higher death rates than the general population.^{xv} Indeed, 1 in 5 male and nearly 1 in 6 female beneficiaries die within five years of being approved for benefits.^{xvi}

Social Security is One System Providing Multiple Protections

Some claim rebalancing Social Security's disability and retirement insurance funds would amount to the disabled "stealing" from seniors. Yet these funds do not represent two fixed groups of beneficiaries, but two types of insurance protection that Social Security provides to virtually all American workers, based on one and the same formula.

The System's Two Funds Must be Rebalanced by 2016

Unless contributions to Social Security's disability and retirement funds are rebalanced, the disability fund will face a shortfall by the end of 2016, causing SSDI benefits to be cut by one fifth. Some see the disability shortfall as evidence of a need to cut benefits or fundamentally alter the program. Yet the shortfall was long anticipated, is easily explained predominately by demographic and economic factors, and is by no means attributable to fraud or abuse.^{xvii} Moreover, Congress has reallocated payroll contributions between Social Security's retirement and disability funds 11 times in the past, and the combined effect of the last two rebalancings in 1983 and 1994 was to shift funds away from the disability to the retirement fund.^{xviii} A temporary corrective rebalancing now would extend the solvency of the disability fund through 2033, while shortening the projected solvency of the much larger retirement fund by only one year (from 2034 to 2033).^{xix}

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- ⁱ Social Security Administration, “Fact Sheet,” April 2, 2014. <http://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>
- ⁱⁱ The total disability-insured population at the end of 2014 was 151,092,000. Social Security Administration, “Estimated number of workers insured in the event of disability, by age group and sex, on December 31, 1970-2014). <http://www.ssa.gov/oact/STATS/table4c2DI.html>
- ⁱⁱⁱ Social Security Administration, *Annual Statistical Report on the Social Security Disability Insurance Program, 2013*, December 2014, Table 8. http://www.socialsecurity.gov/policy/docs/statcomps/di_asr/2013/sect01b.html#table8
- ^{iv} Social Security Administration, *Annual Statistical Supplement, 2014*, February 2015, Table 5.J2. <http://www.ssa.gov/policy/docs/statcomps/supplement/2014/5j.html>
- ^v These are 2010 data. Michelle Stegman Bailey and Jeffrey Hemmeter, “Characteristics of Noninstitutionalized DI and SSI Program Participants, 2010 Update,” Research and Statistics Note no. 2014-02, Social Security Administration, February 2014. <http://www.ssa.gov/policy/docs/rsnotes/rsn2014-02.html>
- ^{vi} Social Security Administration, “Fact Sheet,” April 2, 2014. <http://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>
- ^{vii} Gary Koenig and Al Myles, “Social Security’s Impact on the National Economy,” AARP Public Policy Institute, October 2013. http://www.aarp.org/content/dam/aarp/research/public_policy_institute/econ_sec/2013/social-security-impact-national-economy-AARP-ppi-econ-sec.pdf
- ^{viii} Social Security Administration, “Monthly Statistical Snapshot, January 2015,” March 2015. http://www.socialsecurity.gov/policy/docs/quickfacts/stat_snapshot/index.html?qs
- ^{ix} Social Security Administration, “Monthly Statistical Snapshot, January 2015,” March 2015. http://www.socialsecurity.gov/policy/docs/quickfacts/stat_snapshot/index.html?qs The federal poverty level for an individual is \$11,770 in 2015. U.S. Department of Health and Human Services, “2015 Poverty Guidelines,” January 22, 2015. <http://aspe.hhs.gov/poverty/15poverty.cfm>
- ^x Social Security Administration, “Monthly Statistical Snapshot, January 2015,” March 2015. http://www.socialsecurity.gov/policy/docs/quickfacts/stat_snapshot/index.html?qs Annual benefits calculated based on monthly benefit amounts for December 2013.
- ^{xi} These are 2010 data. Michelle Stegman Bailey and Jeffrey Hemmeter, “Characteristics of Noninstitutionalized DI and SSI Program Participants, 2010 Update,” Research and Statistics Note no. 2014-02, Social Security Administration, February 2014. <http://www.ssa.gov/policy/docs/rsnotes/rsn2014-02.html>
- ^{xii} Michelle Stegman Bailey and Jeffrey Hemmeter, “Characteristics of Noninstitutionalized DI and SSI Program Participants, 2010 Update,” Research and Statistics Note no. 2014-02, Social Security Administration, February 2014. <http://www.ssa.gov/policy/docs/rsnotes/rsn2014-02.html>
- ^{xiii} Organization for Economic Cooperation and Development (OECD), “The Sickness, Disability and Work: Breaking the Barriers—A Synthesis of Findings across OECD Countries,” OECD Publishing, 2010. doi: http://www.oecd-ilibrary.org/social-issues-migration-health/sickness-disability-and-work-breaking-the-barriers_9789264088856-en
- ^{xiv} Social Security Administration, “Disability Benefits,” May 2014. <http://www.ssa.gov/pubs/EN-05-10029.pdf>
- ^{xv} Center on Budget and Policy Priorities, “Policy Basics: Social Security Disability Insurance,” March 12, 2015. <http://www.cbpp.org/cms/index.cfm?fa=view&id=4029>
- ^{xvi} Social Security Administration, Office of the Chief Actuary, “Death Experience by Select Age and Duration,” Table 13.
- ^{xvii} “Chart Book: Social Security Disability Insurance,” Center on Budget and Policy Priorities, August 4, 2014. <http://www.cbpp.org/cms/index.cfm?fa=view&id=4169>; Social Security Works, “Social Security Disability Insurance: Trust Fund Finances and Solutions Explained,” May 2015. http://www.socialsecurityworks.org/wp-content/uploads/2014/05/DI-Trust-Fund-Finances-and-Solutions-Explained_FINAL.pdf
- ^{xviii} Kathy Ruffing and Paul N. Van de Water, “Boosting Disability Insurance Share of Social Security Payroll Tax Would Not Harm Retirees,” Center on Budget and Policy Priorities, December 2, 2014. <http://www.cbpp.org/cms/index.cfm?fa=view&id=4241>
- ^{xix} Kathy Ruffing and Paul N. Van de Water, “Boosting Disability Insurance Share of Social Security Payroll Tax Would Not Harm Retirees,” Center on Budget and Policy Priorities, December 2, 2014. <http://www.cbpp.org/cms/index.cfm?fa=view&id=4241>