Social Security Disability Benefits: A Lifeline for Workers with Disabilities

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The Social Security Administration (SSA) estimates that just over one in four of today’s 20-year-olds will become disabled before the age of 67.¹ Yet, only about 32 percent of workers in the private sector are covered by private long-term disability insurance.² For these and many other workers, Social Security will be their only lifeline in the event of a disability that prevents them from working.³

Despite the importance of Social Security to people with disabilities, SSDI benefits could be cut in the near future. The 2014 Social Security Trustees Report⁴ states that assets in the Disability Insurance Trust Fund will be depleted in 2016, after which the Social Security program can pay only 81 percent of promised SSDI benefits. Any cut in benefits, especially a 20-percent cut, will be devastating to the well-being of many beneficiaries.

This Fact Sheet provides a general overview of the SSDI program and highlights the significance of Social Security benefits to the financial security of workers with disabilities.

Benefits for workers with disabilities and their dependents make up about 17 percent of total benefits paid.⁵

- In March 2015, SSA paid $11 billion in benefits to 9 million workers with disabilities, nearly 150,000 of their spouses, and almost 2 million of their children.⁶

- In the same month, the average SSDI benefit was almost $1,165 (or $13,980 per year), with men receiving larger benefits than women ($1,289 compared with $1,033 per month, respectively).

- The majority of SSDI beneficiaries are ages 50 and over. Almost three out of four (73 percent) of SSDI beneficiaries are ages 50 or older, compared with 17 percent between the ages of 40 and 49, and 10 percent under the age of 40.⁷

- Individuals receiving Social Security Disability Insurance (SSDI) benefits are more reliant on them than those receiving other kinds of Social Security benefits.

- SSDI beneficiaries are less likely to have household earnings, assets, or pensions.

- More than one-third of SSDI beneficiaries (37 percent) depend on Social Security for nearly all (90 percent or more) of their family income.

- Social Security benefits keep 39 percent of SSDI beneficiaries out of poverty.
In order to receive SSDI benefits, a person must meet both work and medical requirements.

**Work Requirements**

- Social Security work requirements are based on units called “quarters of coverage” or “credits” (1 quarter is $1,220 of covered earnings in 2015). Up to 4 quarters can be earned in a year. The younger a person becomes disabled, the fewer quarters are needed to be eligible for SSDI benefits. For example, someone becoming disabled before age 24 would need at least 6 quarters (about 1.5 years of work), while someone becoming disabled at age 61 would need 40 quarters (at least 10 years of work).

- In addition to earning a certain number of quarters, people who become disabled after age 31 must also meet a “recency of work” test, which roughly states that a person must have worked at least 5 years in the 10 years before becoming disabled.

**Medical Requirements**

- SSA defines “disability” as the inability to engage in a certain level of work, called “substantial gainful activity (SGA),” which is the ability to earn at least $1,090 per month (in 2015, if non-blind) due to a severe physical or mental impairment expected to last at least a year or result in death. Generally, the worker must be unable to do any type of work in the national economy—not just the type of work performed before becoming disabled.

**How does SSA determine if someone has a disability?**

SSA determines whether a person is disabled according to a “sequential evaluation process,” which is a five-step process that examines, in order,

1. the person’s current work activity and earnings,
2. the severity of the disability,
3. whether the disability meets one or more of SSA’s medical listings criteria,
4. whether the person can do work he or she has done in the past, and
5. whether the person can perform any work that exists in the national economy.

SSA may deny benefits at any step of the process, even if the applicant meets the criteria in a later step.

**What happens if someone is denied SSDI benefits?**

If SSA denies benefits to a worker, that person can choose to appeal SSA’s decision. The person must appeal within 60 days of receiving the denial notice. Generally, there are four different levels of appeal:

- Reconsideration
- Hearing by an Administrative Law Judge
- Review by the Appeals Council
- Federal Court Review

**SSA’s process for determining whether someone is disabled is very complicated, and the lengthy appeals process means that people could wait months—or even years—before receiving their first SSDI checks.**

- A person who applies for SSDI benefits must wait at least 5 months after their disability onset date (determined by SSA) before receiving them.
- In addition to the required 5-month waiting period, between October 2013 and September 2014, on average, a person waited 110 days (almost 4 months) to receive an initial decision after applying for benefits.
- If SSA denies a person’s initial disability application and the person appeals the decision, the application is sent back to SSA and reviewed by a different person. This second stage of appeal, the Reconsideration stage, can take between 3 to 5 months to complete.
- The majority of disability applications are denied at the Reconsideration level. The next stage of appeal is to request a hearing by an Administrative Law Judge (ALJ). The time between the date someone requested a hearing...
and a decision from the ALJ took, on average, an additional 422 days (or about 14 months).

• If benefits were denied again and the person appealed again, the time from the date someone requested an Appeals Council (AC) review until the AC made a decision took an additional 364 days (or about 13 months) on average.

Not including the Federal Court Review level, a worker who was denied through the first 3 levels of appeal could wait between 2.5 and 3 years to receive a SSDI benefit (from the initial application to the review by the AC).16

Many individuals are ultimately denied SSDI benefits.

• SSA states that the percentage of workers who applied and were awarded SSDI benefits varies from year to year but averaged 38 percent between 2003 and 2012.17

• During that period, SSA awarded SSDI benefits to only 24 percent of workers at the initial claims level, 2 percent at the Reconsideration level, and 11 percent at the hearing levels.

Beneficiaries receiving SSDI benefits are less likely to live in families with other sources of income and are, thus, more dependent on Social Security.

• Older SSDI beneficiaries are half as likely as those receiving other kinds of Social Security benefits to live in a family where at least one member owns an asset or a pension and about two-thirds as likely to live in a family where someone has earnings (Appendix: figure 1).

• Nearly 37 percent of SSDI beneficiaries live in a family that depends on Social Security for at least 90 percent of the family’s total income, compared with 20 percent of non-SSDI beneficiaries (Appendix: table 1).18

• Similar percentages of men and women depend on Social Security for family income, regardless of benefit type. About 36 percent of male SSDI beneficiaries and 38 percent of female SSDI beneficiaries rely on Social Security benefits for 90 percent or more of their family’s income (Appendix: table 2).

Social Security is a lifeline for many SSDI beneficiaries and keeps their families from entering poverty during a time when they are unable to work.

• Social Security keeps 39 percent of SSDI beneficiaries and their families out of poverty (Appendix: table 3).

• Social Security keeps a larger percentage (41 percent) of male SSDI beneficiaries out of poverty than female SSDI beneficiaries (38 percent; Appendix: table 4).

• Even with SSDI benefits, a greater percentage (25 percent) of female SSDI beneficiaries and their families remain in poverty (compared with 19 percent of male SSDI beneficiaries; Appendix: table 4).

Workers with disabilities who have low incomes may receive assistance from the Supplemental Security Income program (SSI).19

When workers apply for SSDI benefits, SSA also asks for information regarding their incomes. If they meet SSI’s strict low-income requirements and SSA’s definition of disability, they can receive SSI benefits or a combination of SSI and SSDI.

• In December 2013, almost 13 million people (ages 18 through 64) received a benefit based on a disability.20

• Of these 13 million, 8 million (62 percent) received only a SSDI benefit, 3.5 million (27 percent) received only an SSI benefit, and 1.4 million (11 percent) received both concurrently.

• In the same month, the average benefit for those receiving solely a SSDI benefit was $1,020 (per month); for those solely receiving SSI, the average benefit was $668, and for those receiving both SSI and SSDI, the combined average benefit was $779.
Appendix

**TABLE 1**

Social Security Income as a Share of Family Income, 2013

<table>
<thead>
<tr>
<th>Social Security Income Share of Family Total Income</th>
<th>SSDI Beneficiaries</th>
<th>Non-SSDI Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>100%</td>
<td>2,459,139</td>
<td>28.6</td>
</tr>
<tr>
<td>90%–99%</td>
<td>748,670</td>
<td>8.7</td>
</tr>
<tr>
<td>50%–89%</td>
<td>2,125,538</td>
<td>24.7</td>
</tr>
<tr>
<td>Less than 50%</td>
<td>3,273,189</td>
<td>38.0</td>
</tr>
</tbody>
</table>


*Note: Includes disabled and nondisabled beneficiaries ages 18 and older with positive Social Security and total family income.*

**FIGURE 1**

Percentage of Social Security Beneficiaries in Families with Earnings, Assets, and Pensions (for those ages 62 to 64)


Note: Includes disabled and nondisabled beneficiaries ages 18 and older with positive Social Security and total family income.
### TABLE 2
**Social Security Income as a Share of Family Income, by Gender, 2013**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Social Security Income Share of Family Total Income</th>
<th>SSDI Beneficiaries</th>
<th>Non-SSDI Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>Male</td>
<td>100%</td>
<td>1,161,357</td>
<td>28.1</td>
</tr>
<tr>
<td></td>
<td>90%–99%</td>
<td>338,412</td>
<td>8.2</td>
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<tr>
<td></td>
<td>50%–89%</td>
<td>1,014,338</td>
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<td></td>
<td>Less than 50%</td>
<td>1,626,061</td>
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</tr>
<tr>
<td>Female</td>
<td>100%</td>
<td>1,297,782</td>
<td>29.1</td>
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<tr>
<td></td>
<td>90%–99%</td>
<td>410,258</td>
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<tr>
<td></td>
<td>50%–89%</td>
<td>1,111,200</td>
<td>24.9</td>
</tr>
<tr>
<td></td>
<td>Less than 50%</td>
<td>1,647,128</td>
<td>36.9</td>
</tr>
</tbody>
</table>


Note: Includes disabled and nondisabled beneficiaries ages 18 and older with positive Social Security and total family income.

### TABLE 3
**The Impact of Social Security Income on Poverty, 2013**

<table>
<thead>
<tr>
<th>Poverty Status</th>
<th>SSDI Beneficiaries</th>
<th>Non-SSDI Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>Above Poverty</td>
<td>3,224,499</td>
<td>37.5</td>
</tr>
<tr>
<td>Above Poverty because of Social Security</td>
<td>3,362,575</td>
<td>39.1</td>
</tr>
<tr>
<td>Below Poverty</td>
<td>2,019,463</td>
<td>23.5</td>
</tr>
</tbody>
</table>


Note: Includes disabled and nondisabled beneficiaries ages 18 and older with positive Social Security and total family income.

### TABLE 4
**The Impact of Social Security Income on Poverty, by Gender, 2013**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Poverty Status</th>
<th>SSDI Beneficiaries</th>
<th>Non-SSDI Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>Male</td>
<td>Above Poverty</td>
<td>1,685,390</td>
<td>40.7</td>
</tr>
<tr>
<td></td>
<td>Above Poverty because of Social Security</td>
<td>1,674,999</td>
<td>40.5</td>
</tr>
<tr>
<td></td>
<td>Below Poverty</td>
<td>779,780</td>
<td>18.8</td>
</tr>
<tr>
<td>Female</td>
<td>Above Poverty</td>
<td>1,539,109</td>
<td>34.5</td>
</tr>
<tr>
<td></td>
<td>Above Poverty because of Social Security</td>
<td>1,687,576</td>
<td>37.8</td>
</tr>
<tr>
<td></td>
<td>Below Poverty</td>
<td>1,239,683</td>
<td>27.8</td>
</tr>
</tbody>
</table>


Note: Includes disabled and nondisabled beneficiaries ages 18 and older with positive Social Security and total family income.
Methodology

This Fact Sheet provides reliance and poverty results based on income data for 2013 from the U.S. Census Bureau, Current Population Survey, March 2014. The population includes individuals ages 18 and older who answered that they receive a Social Security Disability benefit. In addition, the individual must live in a family with positive total income.

Total family income is the sum of all income sources for each member in a family. Income sources include, but are not limited to, earnings, Social Security income, payments from estates/trusts, pension income, assets, rent/royalties, and estates/trusts.

Social Security income is summed across each member of the family to produce a measure of a family’s Social Security income. Because a person receiving SSDI benefits can live in a family where someone else is receiving a different type of Social Security benefit, the family’s total Social Security income includes both SSDI and non-SSDI benefits (such as retirement, spouse, or survivor benefits).


2 Ibid.

3 In addition to receiving wage replacement in the form of Social Security benefits, workers who are deemed eligible to receive SSDI benefits can also receive medical insurance in the form of Medicare after receiving SSDI benefits for 2 years.


6 Few spouses of disabled workers qualify for benefits because spouses must be age 62 or older to receive benefits and disabled workers are often younger than this age. On the other hand, children must be younger than age 18 (or up to age 19, if in school) to receive benefits and more often meet the age criteria.


8 More specifically, this rule (known as the “20/40” rule) says that a person must have earned at least 20 quarters in the 40-calendar quarter period ending with the quarter the person became disabled.

9 If blind, the SGA monthly limit is $1,820 in 2015.

10 The complete list of impairments, used by SSA to determine if a worker can receive SSDI benefits, was titled “The Blue Book” but is no longer in print. Currently, the complete list of impairments can be found on SSA’s website: http://www.ssa.gov/disability/professionals/bluebook.


12 There are 10 states that do not have a Reconsideration level (so, the first stage of the appeals process is the Administrative Law Judge): Alabama, Alaska, California, Colorado, Louisiana, Michigan, Missouri, New Hampshire, New York, and Pennsylvania.


15 The datum for the AC level is the average between October 2012 and September 2013. SSA, Hearings and Appeals, Information about Requesting Review of an Administrative Law Judge’s

16 Information about the length of time between the Federal Court Review request and ruling could not be found.


18 The 37 percent figure (as well as all other figures for the percent of individuals dependent on Social Security for 90 percent or more of their family income) was obtained by adding the rows labeled “100%” and “90%-99%” in the table cited.

19 SSI is not a part of the Social Security program but is administered by SSA. Where Social Security benefits are financed by the payroll tax, SSI benefits are paid for through general revenues.


21 Note: Only those ages 62 to 64 were included so that a more-equal comparison can be made between disabled beneficiaries (who tend to be younger) and other beneficiaries (who tend to be older). At the Full Retirement Age (which can range from age 65 to 66, in this sample), anyone receiving an SSDI benefit has his or her benefit type automatically switched to a retirement benefit (the amount does not change). Therefore, only individuals below the Full Retirement Age were chosen.