

SOCIAL SECURITY FACTS

What Benefits Do People With Disabilities & Their Families Get from Social Security?

“Social Security” is the short name for the Title II Old Age, Survivors and Disability Insurance [OASDI] programs. It insures individuals and family members when a worker retires, dies or becomes disabled. It is not a well-known fact that people with disabilities and their families get Social Security benefits from all three programs:

- Disability Insurance - Disabled workers, their children and spouses
- Retirement Insurance - Retirees with disabilities, disabled adult children, and retired spouses, including those with disabilities
- Survivors Insurance - Disabled adult children, minor children, including those with disabilities, and disabled widow(er)s

Disabled Adult Children Get Benefits From All Three Programs

One group of individuals is especially at risk if there are major changes in the program. They are called “disabled adult children” and many receive one or more types of Social Security benefits for many years. Individuals qualify for “disabled adult children” benefits if they:

- Have a severe disability that began before age 22; and
- Are not married; and
- Are unable to earn more than a certain amount each month. [In 2005, this amount is \$1,380 for individuals who are blind and \$830 for people with other disabilities. This earnings limit is part of the eligibility rules. When people earn above that limit, then they cannot qualify for disability benefits. Social Security calls the ability to earn above that limit “substantial gainful activity” or SGA. The SGA limits go up every year.]

Individuals who meet the disabled adult children eligibility rules can get Social Security based on their parent’s earnings. They only get benefits when that parent becomes disabled, retires or dies. Most disabled adult children get retirement or survivor insurance, but some also get disability insurance. They also can earn benefits from their own wage earnings.

People with Disabilities & Their Families Need Benefits From All Three Programs

Retirement Insurance: When workers with disabilities reach “normal” retirement age, their benefits convert automatically from disability to retirement insurance. Spouses and disabled adult children also qualify. Other people with disabilities also get retirement insurance. Although they did not meet the strict rules for disability insurance, their health may have prevented them from working regular hours. As a result, they earned less and had fewer chances to save money. Parents who must stop working to care for their children with disabilities face the same situation of having less income now and a greater need for Social Security retirement benefits in the future.

Survivors Insurance: Individuals who qualify include minor children and spouses of workers and retirees who have died; disabled widow (er) s; and disabled adult children. For a young family, Social Security provides benefits that are equivalent to life insurance worth \$400,000.

Disability Insurance: Individuals who qualify include disabled workers, their children and spouses, and disabled adult children. About 3 in 10 men and 1 in 4 women become disabled before retiring. For a young family, Social Security provides benefits that are equivalent to disability insurance worth \$350,000. Spouses and disabled adult children also get this insurance.

Why the Current Program Design is Best for People with Disabilities & Their Families

The current Social Security program has a number of features that best meet the needs of people with disabilities and their families. These features are described below along with a warning about why changing any of them is not good for people with disabilities and their families.

Guaranteed monthly payment: Once eligible, workers and their families can expect a set payment each month. A common idea is to change the “Primary Insurance Amount” which is the formula that sets the monthly benefit. A proposal to lower the PIA will cut both retirement and disability benefits because they are set by the same formula. Reducing the PIA will force more people with disabilities further into poverty.

Adjusted each year for inflation: This is called a “cost-of-living adjustment” or COLA. It protects the value of the benefits. Reducing the COLA by even a small amount makes a big difference over time: reducing the COLA by 1 percent will cause a 20 percent benefit reduction after 20 years. Also, the current benefit formula is tied to the “wage index.” Switching to a formula based on the “price index” would seriously reduce benefits and the standard-of-living for everyone who is eligible in the future, especially over time.

Move among all programs: Many people move among Social Security’s three programs based on their work history, age or eligibility category. Two groups are good examples: workers with disabilities and disabled adult children may get different types of Social Security insurance at various points in their lives. Separating the three programs would complicate or eliminate the ability to get different benefits at different times during life.

Same benefit formula: Workers qualify for disability and retirement benefits by paying Social Security taxes. The portion of income replaced depends on each worker’s average earnings. Benefits favor workers with lower earnings who get a larger share of income replaced. In other words, the benefit formula is designed to provide a higher replacement rate for lower wage earners so that they can receive an adequate income. This is especially helpful for workers with disabilities because many are only able to work part time. According to a 2004 Harris Survey, only 35 percent of people with disabilities reported working full or part time, compared to 78 percent of those who do not have disabilities.

The disability community urges Congress to request a **beneficiary impact statement** on every major component of any serious proposal. In a program that affects millions of individuals of all ages, it is essential for policymakers to look beyond the budgetary changes to understand the actual impact on people’s daily lives.

Produced by the **Consortium for Citizens with Disabilities**, 1660 L Street NW, Suite 701, Washington, DC 20036. See www.c-c-d.org. CCD, a coalition of over 100 national consumer, provider & advocacy organizations, advocates for national public policy to ensure the self determination, independence, empowerment, integration & inclusion of the 54 million children and adults with disabilities living in the United States.