

SOCIAL SECURITY FACTS

How Does Social Security Help People With Disabilities & Their Families?

“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. People with disabilities and their families receive 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

More than one-third of all monthly Social Security checks go to over 17 million people who are not retired. They include over 7 million people with disabilities, their spouses and children:

- Almost 6 million disabled workers. To qualify they must have a severe disability that is expected to last at least 12 months or result in death.
- About 1.6 million minor children of disabled workers.
- About 759,000 disabled adult children. These individuals have a severe disability that began before age 22. They qualify when a parent becomes disabled, retires or dies. They get benefits from different Social Security programs depending on their parent’s status.
- Over 200,000 disabled widow(er)s.

Social Security is Social & Family Insurance

Everyone who contributes to Social Security shares the risk of the common life events of death, retirement and disability. A wage earner contributes taxes to earn benefits, but different members of his/her family also qualify. This approach is called “social insurance.” It means that everyone pays into a pool of money to cover themselves and their family if they can no longer work. After they die, their surviving spouse and children may continue to get benefits.

Even younger workers and their families qualify for disability and survivor’s benefits. They receive these important insurance benefits under special eligibility rules.

Once eligible, workers and their families can expect a set payment each month. Benefits are adjusted yearly for inflation to protect their value. Some people move among Social Security’s three programs based on their work history, age or eligibility category. Workers with disabilities are a good example: when they reach “normal” retirement age, their benefits convert automatically from disability to retirement insurance and their benefit amount stays the same.

Social Security Disability & Retirement Insurance Use Same Formula

Workers qualify for both 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 income wage earners so that they can receive an adequate income.

Any changes in Social Security will affect individuals with disabilities and their families since all programs use the same formula to calculate benefits. Since people with disabilities now get all three types of benefits, changes to any part of Social Security will affect them and their families.

Social Security is Essential for People with Disabilities & Their Families

People can plan for retirement over many years. But disability affects anyone at any time and often is completely unexpected. People with disabilities need Social Security benefits because:

- Millions of families face disability. About 3 in 10 men and 1 in 4 women become disabled before reaching normal retirement age.
- Adults with serious disabilities have a very low employment rate. 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. Disabilities can interfere with the ability to work until normal retirement age and save for a family's future.
- Families of workers who become disabled need a guaranteed income. The current value of Social Security is equal to a disability insurance policy worth \$353,000 for a young worker who has a spouse and two young children. Most will never need it, but it is there if they do. And, it is otherwise unlikely that they could have afforded to buy such insurance.

Private disability insurance is not the answer. Only about 28 percent of private sector workers had long-term disability insurance in 2003. Compared to Social Security, individually purchased private disability insurance generally is **not** adjusted for inflation, **not** designed to cover children of disabled workers, and **not** available to workers with disabilities and other health problems.

Social Security Reduces Poverty for Workers with Disabilities & Their Families

Although Social Security reduces poverty, disabled workers and their families still struggle financially. But without Social Security, their circumstances would be even worse:

- The poverty rate among disabled workers who receive Social Security and their families is twice as high as other people who get benefits. However, it is estimated that 55 percent of families of disabled workers would live in poverty without Social Security benefits.
- Social Security is half or more of the total family income for about one in two disabled worker beneficiaries.

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.