

SOCIAL SECURITY FACTS

How Does Social Security Protect Young Workers & Their Families?

If you are a young worker, you are already earning Social Security protection. Social Security insurance is available **now** for young people and their families if they become disabled or die. Disability and death happen at any time, to people of all ages. For people who are 20 years old in 2004: 3 out of 10 men and 1 out of 4 women will have a disability before age 67. For this same age group: 1 in 11 men and 1 in 16 women will die before reaching normal retirement age [67] without having a disability.

The vast majority of workers of all ages pay Social Security taxes. In fact, 96 percent of all workers are in jobs covered by these payroll taxes. The taxes are called “FICA” for the Federal Insurance Contributions Act. Younger workers who pay FICA and continue to work fairly regularly are entitled to disability and survivors insurance for themselves and their families. This insurance is very valuable. For some families, it’s their major source of income. According to SSA, for a young average earner with a spouse and two children, these benefits now equal a life insurance policy worth \$403,000 and a disability policy worth about \$353,000. Very few young workers can afford to buy this amount of private insurance.

Who gets Social Security insurance?

- ✓ Disability insurance for workers with disabilities, their spouses and minor children. Almost half (48 percent) of families with a disabled worker rely on Social Security benefits for half or more of their family income. Close to one-fifth (18 percent) rely on benefits for nearly all of their income and about 6 percent have no other income besides Social Security.
- ✓ Survivors insurance for children and spouses. When workers die, their children get benefits. About 98 percent of children who are under age 18 when their parent dies get benefits. The survivors benefit is based on the earnings of the person who died. The average monthly benefit in 2005 for a widowed mother with two children was \$1,979 [\$23,748 a year].
- ✓ Insurance for disabled adult children. Certain children get benefits after age 18. These are children who are born with a serious disability who are unable to work as adults. They are called “disabled adult children” and get disability, retirement or survivor benefits based on their parent’s circumstances and earnings record.

How do workers earn Social Security insurance?

Workers can earn up to 4 credits for each calendar year when they work in covered jobs even if they are self-employed. People do not have to work the entire year to get all 4 credits, but no one can earn more than 4 credits in any year. The amount needed to earn a credit increases slightly each year. In 2005, workers earn a credit for each \$920 of earnings. To earn all 4 credits in 2005, workers need earnings of at least \$3,680. Workers do not need more than 40 earnings credits [10 years of work] to get disability and survivor insurance for themselves and their families. For disability benefits, there is also a “recency of work” test, described below. Individuals who are blind, however, do not have to meet this requirement.

When can younger workers and their families get Social Security disability insurance benefits?

There are rules for how much work someone needs to qualify for disability benefits:

- Before age 24: Workers who get credits for just 1.5 years can get benefits. They qualify with 6 credits earned in the 3-year period ending when disability starts.

- Age 24 to 31: Workers who get credits for working half the time between age 21 and time of disability can get benefits. Example: if disabled at age 27, they need credit for 3 years of work [12 credits] out of the past 6 years [between ages 21 and 27].
- Age 31 or older: In general, workers must earn at least 20 credits in the 10 years immediately before time of disability. [This is the “recency of work” test. It does not apply to individuals who are blind.] As workers get older, they must earn more credits. Example: a worker ages 31-42 only needs 20 credits, but a person who becomes disabled at age 52 needs 30 credits.

The federal law defines disability for Social Security benefits. The definition is based on workers’ inability to work above a specific dollar amount because of a medical condition. Adults must prove that they cannot do their previous work and the Social Security Administration decides if they cannot do other work because of their medical condition(s). The disability must last or be expected to last for at least a year or result in death.

The amount of the benefit depends on the worker’s previous earnings. When a worker qualifies, the spouse and children also may get monthly benefits. Each eligible child may get up to one-half of the worker’s full disability amount. Spouses qualify at any age if they are caring for the disabled worker’s children who are under age 16 or disabled. At age 16, the children’s benefits continue, but the spouse’s stop unless he/she is old enough to get retirement [age 62 or older], disability [ages 50 to 59], or survivor benefits [age 60] or if the child she cares for is disabled. Normally, benefits stop when children reach age 18 (age 19 if the child is in high school full time) unless they get married earlier or are disabled. There is a family limit based on the amount of the worker’s benefit and the number of family members who also qualify.

When can younger workers and their families get Social Security survivor insurance benefits?

The number of credits needed to get survivor benefits depends on the age of the wage earner when he/she dies. In general, younger workers need fewer credits than older workers. Surviving family members of younger workers can get benefits if the wage earner had credit for one and one-half years of work [6 credits] in the three years before his/her death. How much each family receives is based on the worker’s average lifetime earnings. The higher the earnings, the higher the benefits. The benefits are based on what the worker would have received if he/she had reached full retirement age at the time of death. A widow or widower, at any age, who is caring for a child under age 16 will get 75 percent of the deceased’s benefit. A child under age 18 [19 if still in high school] or an adult disabled child also will get 75 percent of the deceased parent’s benefit. A limit on benefits to a family applies here also.

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 **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.