

Overview: Social Security and People With Disabilities

Consortium for Citizens with Disabilities

Social Security provides benefits to 47 million individuals, including over 7 million people with disabilities, and their spouses and children. Any changes in Social Security will affect everyone who gets benefits – not just people who retire. People with disabilities receive benefits from all three programs that are commonly called “Social Security.” These are insurance programs for when people retire, die, or become disabled. The benefits are designed to insure against poverty in retirement years and against disability limiting a person’s ability to work. They also help spouses and children when workers become disabled, retire, or die. People with disabilities and their families who receive Social Security include:

- Disabled workers and their dependents,
- Retirees with disabilities (although they are not counted in the 7 million),
- Disabled dependents of retirees,
- Disabled survivors, and
- Disabled adult children and disabled widow(er)s. [Disabled adult children are individuals whose disability began prior to age 22 and who receive benefits as adults based on their retired, disabled, or deceased parent’s earning record.]

Social Security disability and retirement insurance use the same formula. By paying Social Security taxes, workers qualify for both disability and retirement benefits. People may get different types of benefits at different times depending on their work history, age and eligibility category. For example, workers who get disability benefits convert to retirement benefits when they reach “normal” retirement age.

Social Security reduces poverty for workers with disabilities and their families. Without benefits, an estimated 55 percent of families of disabled workers would have income less than the federal poverty level. For about 1 in 2 disabled worker beneficiaries, Social Security is half or more of their total family income.

Social Security will face funding issues in the future. When Social Security needs to pay out more for benefits than it has collected from payroll taxes, it will face a shortfall. Social Security will cost more in the future mostly because fewer workers will pay taxes to support each person receiving retirement benefits. But, even then, Social Security will be able to pay reduced benefits from the taxes it collects. According to the Congressional Budget Office [CBO], Social Security can pay full benefits until 2052 and 70-80 percent of benefits after that. Social Security will not be bankrupt. The system is not in crisis and nothing drastic is necessary now.

Many proposals would allow younger workers to create individual private accounts. Workers would invest some of their Social Security taxes in certain stocks and bonds to “pre-fund” their own retirement. When they retire, they would get reduced Social Security benefits based on how much money they put into a private account. Under this approach, people lose a future guaranteed fixed benefit and risk getting smaller benefits because profits from stock market investments are impossible to predict. There is no guarantee that people with private accounts will do better than people who get fixed monthly Social Security payments and they could do much worse.

For people with disabilities, it is important to look at proposed changes to see if, among other things, they:

- **Preserve Social Security to meet the needs of people who are eligible now and in the future.** [This is what people call the “solvency” of Social Security: its ability to pay future beneficiaries.]
- **Preserve the insurance nature of the programs.** Most workers contribute to Social Security through their payroll taxes. When workers become disabled, retire or die, they and some family members are entitled to guaranteed monthly payments. This is why it is a “social insurance” program.
- **Maintain a benefit formula that does not result in deeper poverty.** A common idea is to change the formula that sets the monthly benefit. Proposals to do so would cut both retirement and disability benefits because they are set by the same formula.
- **Protect against inflation.** Social Security benefits are adjusted for inflation to protect their value. This is called a “cost of living” adjustment or COLA. Even small COLA changes would make a big difference over time and seriously reduce future income.
- **Protect disabled adult children and other family members with disabilities.** Family members with disabilities get different types of Social Security benefits. It is essential to provide adequate income for people who depend on workers who retire, die, or become disabled.
- **Prevent substantial costs from affecting the rest of the federal budget.** If workers create individual accounts, the money that they shift from Social Security’s tax base will leave less money to pay current benefits. This “shortfall” is estimated to be almost \$4.9 trillion dollars through 2028. Some suggest that the government can borrow money to cover the transition. But the government will have to borrow so much money that it will increase the national debt for the next 60 years.

If individual accounts are proposed, consider if they protect people with disabilities and their families. Some ideas are to require people to buy an “annuity” [monthly payment for a set time period]. But when workers die, they may have spent their entire private account, leaving nothing for disabled adult children or spouses. A typical annuity does not pass on to surviving dependents; adding that feature reduces the monthly payment.

People with disabilities and their families have an enormous interest in any proposed Social Security changes. These issues are bi-partisan: all policymakers must address the concerns of people with disabilities and their families.

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.