



# Social Security Disability Insurance (SSDI)

## Overview

Social Security Disability Insurance (SSDI) is part of the Old-Age, Survivors, and Disability Insurance (OASDI) program, commonly known as Social Security. OASDI is a federal social insurance program that provides monthly cash benefits to insured workers and their family members in the event of the worker’s retirement, disability, or death. Workers obtain insurance protection by working for a sufficient number of years in jobs covered by Social Security. The program’s SSDI component provides benefits to nonelderly insured workers who experience severe, work-limiting disabilities and to their eligible spouses and children. As with Old-Age and Survivors Insurance (OASI)—Social Security’s retirement and survivors component—benefits are based on a worker’s past earnings in covered employment. The Social Security Administration (SSA) administers OASDI.

## Eligibility Requirements

To qualify for SSDI, workers must (1) be below Social Security’s full retirement age (FRA), (2) be insured in the event of disability, and (3) meet the statutory definition of disability. FRA is the age at which unreduced Social Security retired-worker benefits are first payable, which is 65-67, depending on year of birth. Workers who have attained their FRA are ineligible for SSDI.

To be insured in the event of disability, workers must have worked in jobs covered by Social Security for about a quarter of their adult lives and for at least five of the 10 years prior to the onset of disability. However, younger workers may qualify with less work experience based on their age. In 2019, SSDI provided disability insurance coverage to 156 million workers; about 89% of covered workers aged 21-64 were insured for SSDI that year.

To meet the statutory definition of disability, workers must be unable to engage in any *substantial gainful activity* (SGA) due to any medically determinable physical or mental impairment that is expected to last for at least one year or to result in death. SSA uses an earnings threshold to determine whether an individual’s work activity constitutes SGA, which the agency adjusts annually for average wage growth. In 2020, the SGA earnings limit for most workers is \$1,260 per month. In general, workers must have a severe impairment (or combination of impairments) that prevents them from doing any kind of substantial work that exists in significant numbers in the national economy, taking into consideration their age, education, and work experience. The work need not exist in the immediate area in which the claimant lives, nor must a specific job vacancy exist for the individual. Unlike workers’ compensation (WC) or the Department of Veterans Affairs’ (VA) programs, SSDI does not pay benefits for partial or short-term disabilities.

In addition to providing benefits to disabled workers, SSDI provides benefits to certain dependent family members. Spouses of disabled workers qualify for benefits if they are (1) aged 62 or older or (2) any age and care for an eligible child who is under age 16 or disabled. Children of disabled workers qualify for benefits if they are unmarried and (1) under age 18, (2) aged 18-19 and a full-time student, or (3) aged 18 or older and became disabled before age 22.

## Cash and Medical Benefits

In January 2020, Social Security provided benefits to 9.9 million SSDI beneficiaries, including 8.4 million disabled workers, 112,000 spouses of disabled workers, and 1.4 million children of disabled workers (**Table 1**), whereas Social Security provided benefits to 54.3 million OASI beneficiaries, most of whom were retired workers.

**Table 1. SSDI Beneficiaries, January 2020**

Beneficiary	Number (thousands)	Average Monthly Benefit	Total Monthly Benefits (millions)
<b>Total</b>	<b>9,907</b>	<b>\$1,122</b>	<b>\$11,119</b>
Disabled Workers	8,360	\$1,258	\$10,516
Spouses	112	\$362	\$40
Children	1,435	\$392	\$562

**Source:** Social Security Administration (SSA), “Monthly Statistical Snapshot, January 2020,” February 2020, Table 2.

SSDI benefits begin five-full consecutive months after a worker’s disability onset date. This requirement is known as the *five-month waiting period*. Initial benefits are based on a worker’s career-average earnings in covered employment, indexed to reflect changes in national wage levels. The benefit formula is progressive, replacing a greater share of career-average earnings for low-wage workers than for high-wage workers. SSDI-entitled workers’ benefits are generally adjusted each year to account for inflation through cost-of-living adjustments.

Benefits for dependents are subject to family maximum provisions, which limit the total amount of benefits that can be paid on a worker’s earnings record. Disabled workers who also receive WC or certain other public disability benefits may have their SSDI benefits (and those of their dependents) offset. In January 2020, the average monthly SSDI benefit for a disabled worker was \$1,258, and the total amount paid to disabled workers and their dependents was \$11.1 billion (**Table 1**).

In addition to cash benefits, disabled workers and certain disabled dependents qualify for health care coverage under Medicare after 24 months of entitlement to SSDI (generally 29 months after the onset of disability). This requirement is known as the *24-month waiting period*. Disability beneficiaries with amyotrophic lateral sclerosis or end-stage renal disease are not subject to the 24-month waiting period requirement for Medicare.

### Termination of Benefits

In general, SSDI benefits continue until a disabled worker (1) dies, (2) attains FRA, (3) medically improves, or (4) returns to work (i.e., earns above the monthly SGA limit). Most disabled workers who leave the rolls do so because they attain FRA. Disabled workers who attain FRA are transitioned automatically from SSDI to OASI; however, this change generally does not affect the amount of Social Security benefits paid to them or their dependents.

### Working While on SSDI

Disabled workers are afforded a *trial work period* (TWP) during which time they may test their ability to work and earn any amount for up to nine months (not necessarily consecutive) within a 60-month rolling period without having their benefits suspended or terminated. In 2020, any month in which a disabled worker's earnings exceed \$910 is considered a month of services (i.e., work) and counts toward the nine-month TWP.

Following the exhaustion of the TWP, disabled workers enter an *extended period of eligibility* (EPE). During the first 36 months of the EPE—known as the *reentitlement period*—disabled workers receive benefits only for months in which their earnings are at or below the SGA limit. If their earnings exceed the SGA limit during this period, their benefits are suspended. Disabled workers who earn above the SGA limit in or after the 37<sup>th</sup> month of the EPE have their benefits terminated. Workers who are terminated due to earnings above the SGA limit but who continue to have a qualifying impairment retain Medicare coverage for at least 57 months following the end of the reentitlement period. In 2018, about 0.6% of disabled workers were terminated from the SSDI program due to earnings above the SGA limit.

### Program Integrity

SSA periodically reevaluates a worker's medical status by conducting a *continuing disability review* (CDR). The frequency of a medical CDR depends on the beneficiary's likelihood of medical improvement; about half of disabled workers are scheduled to be reviewed once every three years. Under current law, SSA must find substantial evidence of medical improvement during a medical CDR to find a worker no longer disabled. About 0.5% of disabled workers leave the SSDI rolls each year due to medical improvement. SSA also performs *work CDRs* to determine if a disabled worker is earning above the SGA limit and if eligibility for benefits should continue.

### Financing

Benefits and administrative costs for Social Security are financed primarily by payroll taxes levied on covered workers' earnings, which are credited to the Disability Insurance (DI) and OASI Trust Funds. The combined

Social Security payroll tax rate is 12.4% of a worker's earnings (6.2% for employers and employees, each). The payroll tax is levied on earnings up to an annual limit, which for 2020 is \$137,700. The trust funds also receive income from the taxation of a portion of some Social Security benefits and from interest earned on U.S. securities credited to the trust funds for years in which total income exceeded total cost.

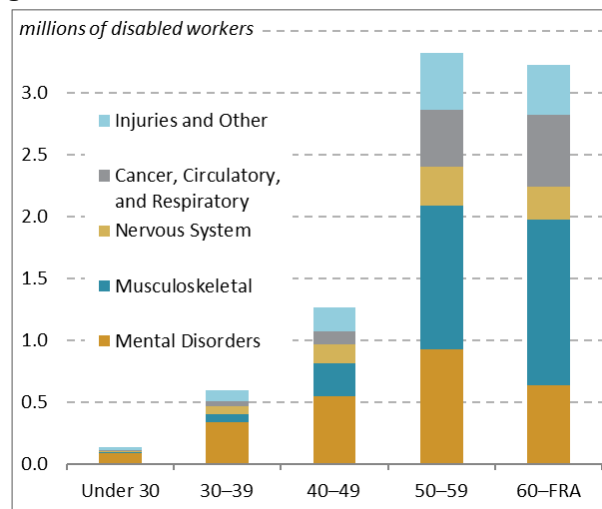
In 2019, total income to the Social Security trust funds was \$1,062 billion, with \$144 billion (or 14%) credited to the DI Trust Fund. That same year, total cost for the trust funds was \$1,059 billion, with \$148 billion (or 14%) coming from the DI Trust Fund. The trust funds held a combined \$2.9 trillion in asset reserves at the end of 2019, with \$93 billion (or 3%) credited to the DI Trust Fund.

The Social Security trustees project that under current law and under their 2019 intermediate assumptions, the trust funds on a hypothetical combined basis will be able to pay benefits in full and on time until 2035. Individually, the DI Trust Fund is projected to be depleted in 2052, and the OASI Trust Fund is projected to be depleted in 2034. Upon depletion of the DI Trust Fund in 2052, continuing revenues would be sufficient to pay about 91% of scheduled SSDI benefits, declining to 87% by 2093.

### Characteristics of Disabled Workers

SSDI provides benefits primarily to older workers; 77% of disabled workers were aged 50 to FRA in December 2018. The most common types of impairments among disabled workers aged 50 to FRA were musculoskeletal disorders (i.e., conditions related to muscles, ligaments, tendons, and bones). The most common types of impairments among disabled workers under age 50 were mental disorders.

**Figure 1. Disabled Workers, by Diagnostic Group and Age, December 2018**



Source: SSA, *Annual Statistical Report on the Social Security Disability Insurance Program, 2018*, Table 24.

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