

Updated September 6, 2019

Chart Book: Social Security Disability Insurance

Introduction

[Social Security Disability Insurance \(SSDI\)](#), an integral part of Social Security, provides modest but vital benefits to workers who can no longer support themselves due to a serious and long-lasting medical impairment. The Social Security Administration (SSA) administers SSDI.

Some 8.5 million people receive disabled-worker benefits from Social Security. Payments also go to some of their family members: 117,000 spouses and 1.5 million children.

SSDI benefits are financed primarily by part of the Social Security payroll tax and totaled about \$144 billion in 2018. That's less than 4 percent of the federal budget and less than 1 percent of gross domestic product. Employers and employees each pay an SSDI tax of 0.9 percent on earnings up to Social Security's tax cap, currently \$132,900. The program's financial transactions are handled through an SSDI trust fund, which receives payroll tax revenues and pays out benefits and which is legally separate from the much larger Social Security retirement fund. Under current projections, the SSDI trust fund will need replenishment in 2052.

The following charts provide important background information about Social Security Disability Insurance.

[Part I: Why Is Social Security Disability Insurance Important?](#)

[Part II: Why Have the SSDI Rolls Grown?](#)

[Part III: Who Receives SSDI?](#)

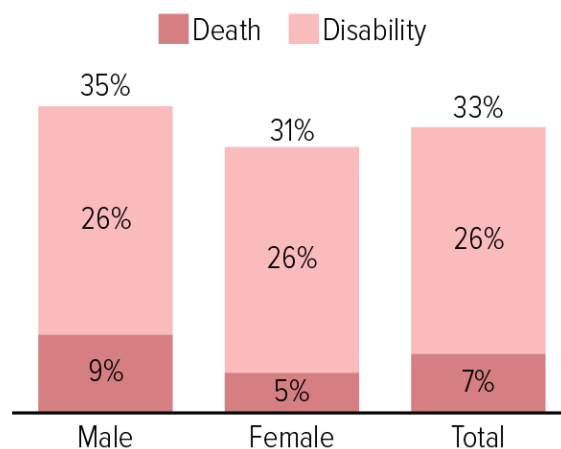
[Part IV: What Financing Issues Does SSDI Face?](#)

Part I: Why Is Social Security Disability Insurance Important?

Social Security is much more than just a retirement program. A young person starting a career today has a [1 in 3 chance](#) of dying or qualifying for SSDI before reaching Social Security's full retirement age.

Young Workers Have 1 in 3 Chance of Death or Disability Before Retirement

Probability of disability or death before reaching
Social Security's full retirement age



Note: Projections are for workers reaching age 20 in 2019, for whom the full retirement age is 67.

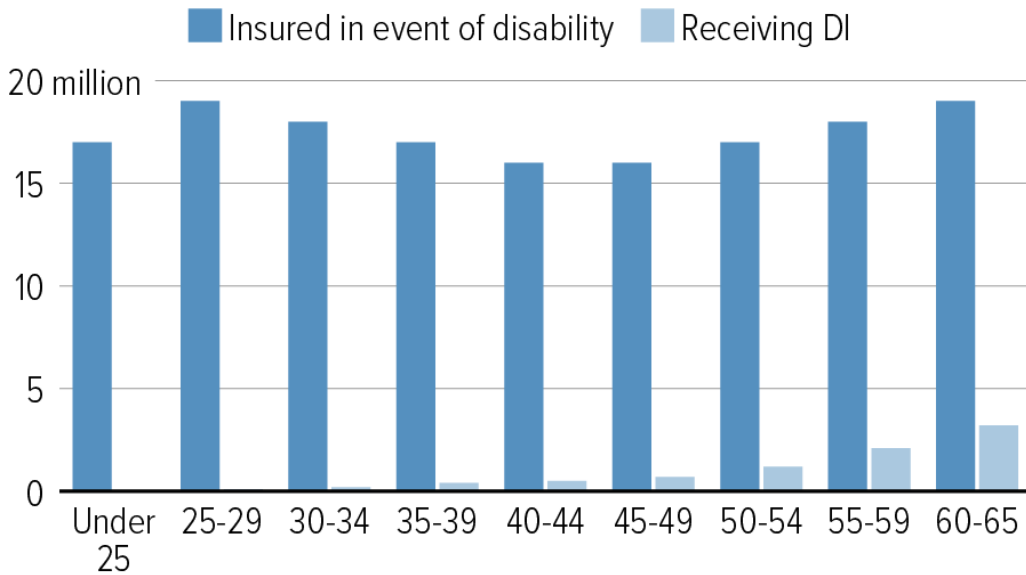
Source: Social Security Administration

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SSDI is an earned benefit that offers vital protection to millions of workers. Through their payroll tax contributions, almost [156 million workers](#) have earned SSDI protection in case of a severe, long-lasting medical impairment. About [8.5 million](#) of them receive disabled-worker benefits from SSDI.

Social Security Disability Insurance Protects Millions of Workers of All Ages

Workers, by age group, 2019



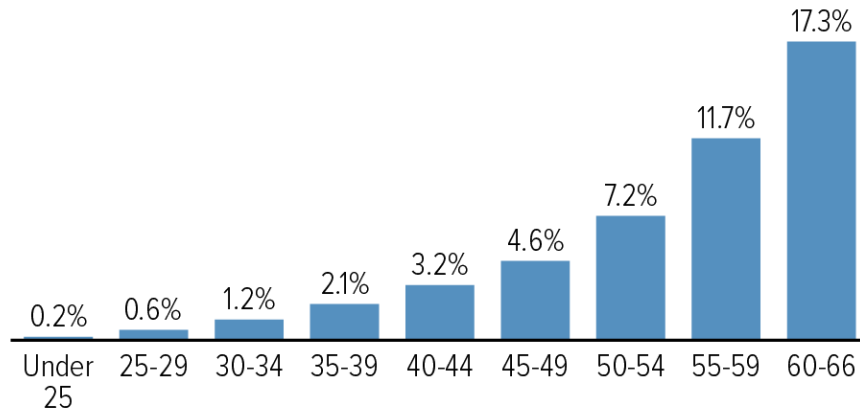
Source: Office of the Chief Actuary, Social Security Administration

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The risk of disability rises with age. People are [twice as likely](#) to collect SSDI at age 50 as at 40 — and twice as likely at age 60 as at 50.

Disability Rates Rise With Age

Disability Insurance recipients as a percent of insured workers, June 2019



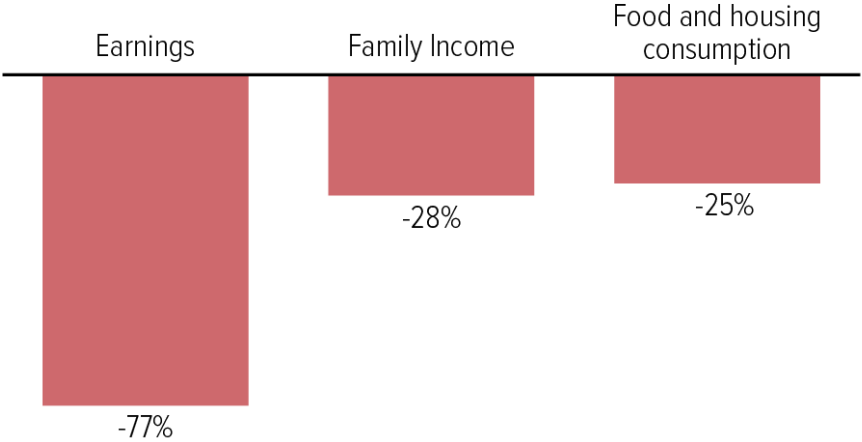
Source: CBPP based on data from Social Security Administration

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Disability can have devastating economic consequences. Not only can disability happen to anyone — especially with advancing age — but it [greatly harms](#) people's economic circumstances. The worker's earnings, total family income, and purchases of essentials like food and housing all fall significantly.

Severe and Chronic Disability Greatly Harms People's Economic Circumstances

Average percentage change, ten years after onset



Note: Family income is after tax and includes both cash and non-cash transfers such as SNAP and housing subsidies. Percentage change is measured relative to values five years prior to the onset of disability. The data are for male household heads age 22 to 61.

Source: Meyer and Mok (2018), Table 6

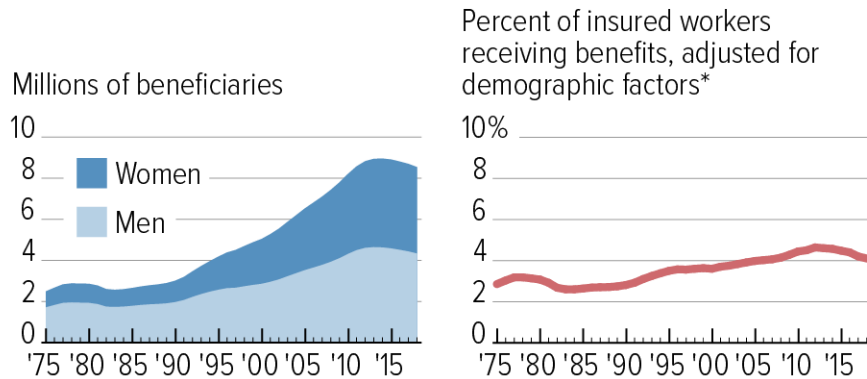
Part II: Why Did SSDI Enrollment Grow?

The number of disability beneficiaries grew substantially in recent decades, though it has since started to decline. The bulk of the increase stemmed from four big [demographic factors](#):

- Population growth
- Aging of the baby boom
- Growth in women’s labor force participation
- Rise in Social Security’s full retirement age from 65 to 66

When adjusted for these factors, the [share](#) of insured workers receiving SSDI benefits grew only [modestly](#), and has declined in the past several years.

Increase in Disability Insurance Rolls Largely Reflects Demographic Factors



*Demographic factors include population growth and aging, growth in women’s labor force participation, and increase in Social Security’s full retirement age.

Source: Office of the Chief Actuary, Social Security Administration

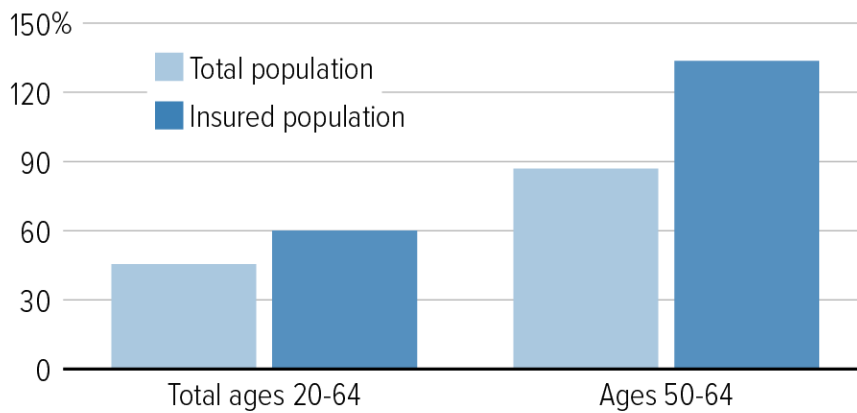
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Not only has the population grown, but the SSDI-insured population has grown even faster, especially in the 50-64 age group. Population growth, aging, and women’s labor-force participation have boosted the eligibility pool for SSDI. Most baby boomers — people born between 1946 and 1964 — are now in their 50s and 60s, years of peak risk for disability. (And female boomers, unlike earlier generations of women, are overwhelmingly likely to have worked enough to be [insured](#) for SSDI.

Those [demographic pressures](#) have already begun to subside, as later charts show.

Insured Population Has Grown Steeply, Especially in Crucial 50-64 Age Group, When Risk of Disability Peaks

Percent growth in total and insured population,* 1980-2019



*Insured workers are those who have worked enough to qualify for Social Security Disability Insurance in case of disability.

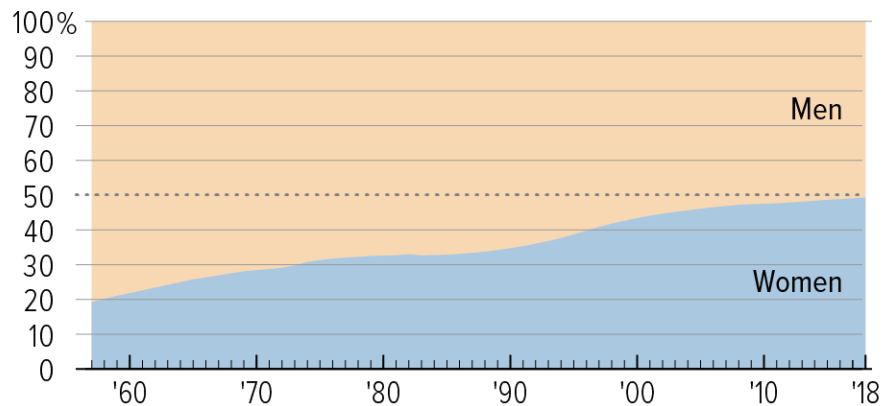
Source: CBPP based on data from Social Security Administration, Office of the Chief Actuary

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Women SSDI beneficiaries have caught up with men. In SSDI's early years, male beneficiaries [vastly outnumbered](#) women. As late as 1990, that ratio was almost 2 to 1. Now, with the growth of women's participation in the labor force, [nearly equal numbers](#) of men and women collect SSDI.

In Contrast to Program's Early Years, Nearly Equal Numbers of Men and Women Now Collect Disability Insurance

Percent of disabled-worker beneficiaries

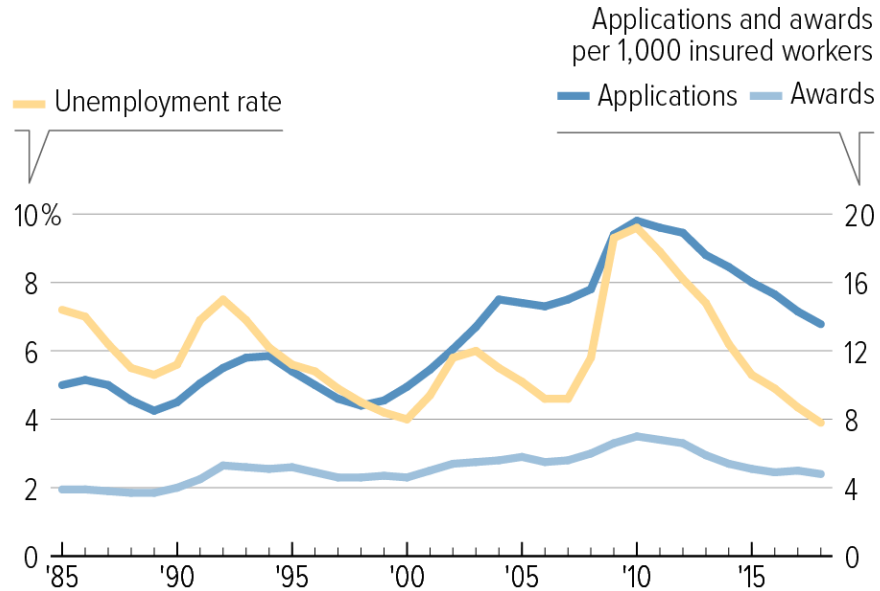


Source: Office of the Chief Actuary, Social Security Administration

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The Great Recession, like previous recessions, swelled SSDI applications much more than awards. Economic downturns lead some workers to seek SSDI benefits, but researchers conclude that a sour economy boosts applications by much more than actual awards, because approval rates fall. Recessions have a much larger effect on SSDI's income, which falls when earnings and employment drop, causing workers to contribute less to Social Security.

Disability Insurance Applications Highly Sensitive to Business Cycle—but Benefit Awards Much Less So



Note: Applications and awards are not age- and sex-adjusted. Beginning around 2003, a change in procedures led the agency to record more applications (without a corresponding increase in awards).

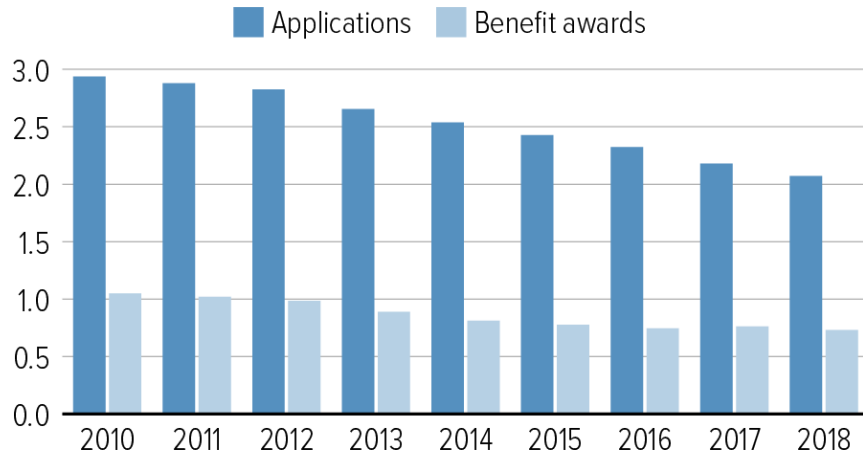
Source: CBPP based on data from Social Security Administration, Office of the Chief Actuary and Bureau of Labor Statistics.

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SSDI growth has leveled off. In fact, since 2014 the [number of beneficiaries](#) has [fallen](#) modestly as demographic and economic pressures on the program have [eased](#). Social Security’s trustees project that the share of Americans receiving SSDI will remain [stable](#) in the coming decades.

Disability Insurance Applications and Awards Have Fallen Significantly Since 2010

In millions



Source: Social Security Administration

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Part III: Who Receives SSDI?

Eligibility criteria are strict, and most SSDI applicants are rejected. Applicants for SSDI benefits [must be](#) —

- Insured for disability benefits (essentially, they must have [worked](#) for at least one-fourth of their adult life and five of the last ten years).
- Suffering from a severe, medically determinable physical or mental impairment that is expected to last 12 months or result in death, based on clinical findings from acceptable medical sources.
- Unable to perform “[substantial gainful activity](#)” (any job that generates earnings of \$1,220 per month for most people, \$2,040 for blind people) anywhere in the national economy — regardless of whether such work exists in the area where the applicant lives, whether a specific job vacancy exists, or whether he or she would be hired.

Lack of education and low skills [are considered](#) for older, severely impaired applicants who can’t realistically change careers — but not for [younger applicants](#).

There is a five-month waiting period for SSDI, but [Supplemental Security Income](#) may be available during that period for poor beneficiaries with little or no income and assets.

SSA weeds out applicants who are technically disqualified (chiefly because they haven’t worked long enough) and sends the rest to state disability determination services (DDS) for medical evaluation. Applicants denied at that stage may ask for a reconsideration by the same state agency, and then appeal to an administrative law judge (ALJ) at SSA. [Roughly half](#) of people who get an initial denial pursue an appeal.

Ultimately — if we follow a cohort of applicants to the end of their application and appeal process — fewer than [4 in 10](#) are awarded benefits. Among applicants who meet the program’s technical requirements, slightly more than half are found medically eligible for SSDI.

Fewer Than 4 of 10 Disability Insurance Applications Are Ultimately Allowed

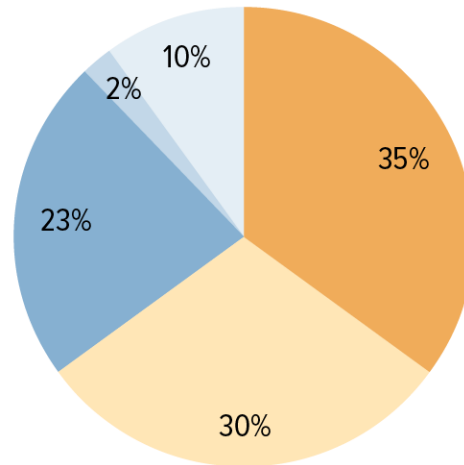
Percent of applications

Allowed (35%)

- Allowed at initial application
- Allowed at reconsideration
- Allowed on appeal to administrative law judge

Denied (65%)

- Denied for medical reasons
- Denied for technical reasons



Source: CBPP based on data from the Social Security Administration. Data are for applications in 2013 through 2015, the most recent years for which nearly complete data are available.

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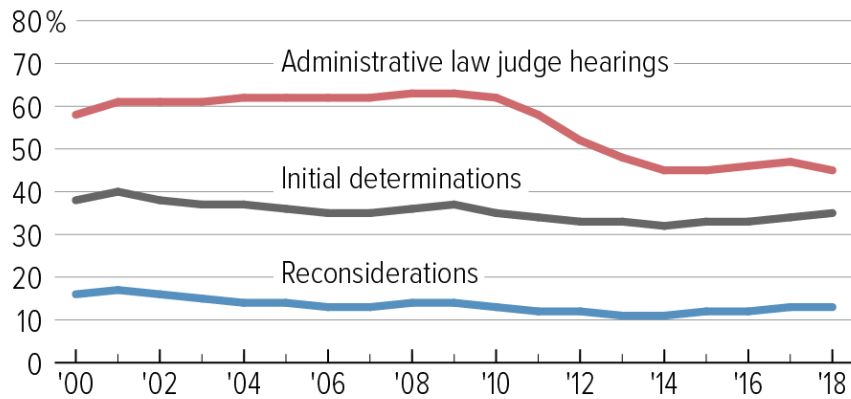
SSA monitors disability decisions at all stages of the process. SSA conducts ongoing quality reviews at all stages of the application and appeal process. Many reviews occur before any benefits are paid, thus reducing errors.

Allowance rates at the initial application and reconsideration stages have been relatively stable over the last decade. However, allowance rates dropped noticeably at the ALJ stage from 2010 to 2014, as SSA strengthened oversight of hearings. (These allowance rates reflect decisions made in a particular year, on applications filed in different years, so they aren't directly comparable to those derived from following a cohort of applicants through their entire process.)

Allowance rates remain higher at the ALJ stage than at the initial stage, however. This is partly because ALJs often see claimants whose condition has deteriorated in the 18 months or so since their application was turned down and whose application is better documented (typically with the help of an attorney) than at the DDS stage.

Disability Allowance Fell Sharply After 2010

Percent of applications allowed



Note: Graph shows allowance rates for Social Security and Supplemental Security Income disability decisions issued in each year, not including claims rejected due to lack of insured status without a determination of disability. Claimants rejected upon initial determination may ask the state to reconsider and then, if rejected again, appeal to an administrative law judge.

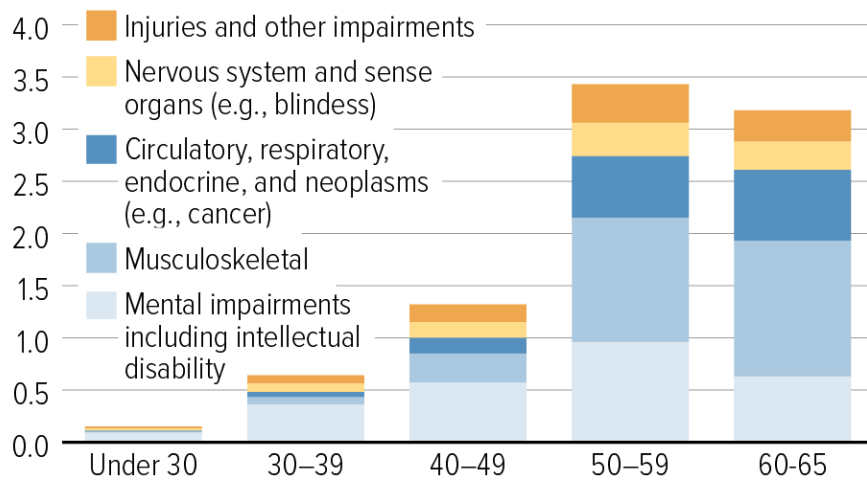
Source: Social Security Administration, Justification of Estimates for Appropriations Committees; Social Security Advisory Board

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SSDI beneficiaries are mostly older and have severe physical or mental impairments. The typical SSDI beneficiary is in his or her late 50s — [75 percent are over age 50](#), and nearly 35 percent are 60 or older — and suffers from a [severe mental, musculoskeletal, or other debilitating impairment](#). Physical disorders dominate among beneficiaries age 50 or older. Mental disorders — including intellectual disability (formerly called mental retardation), mood disorders such as bipolar disease and severe depression, organic mental disorders associated with brain disease or damage, psychotic disorders such as schizophrenia, and other mental impairments — account for about half of beneficiaries under age 50.

Typical Disabled Worker Is Over 50 and Has Severe Mental, Musculoskeletal, or Other Impairment

Millions of beneficiaries, by age and primary impairment, December 2017

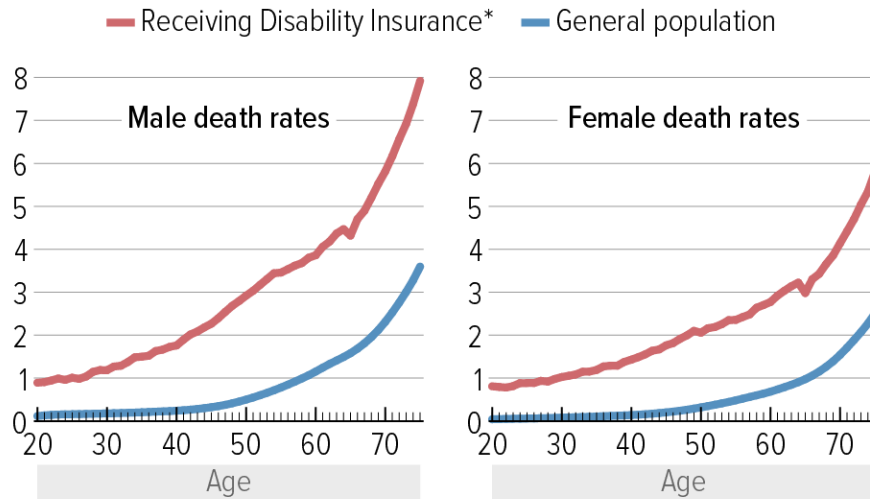


Source: Social Security Administration

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SSDI beneficiaries experience high death rates. [Mortality](#) among older SSDI beneficiaries — who dominate the program’s enrollment — is [three to six times the average](#) for their age group. Many die within a few years of qualifying for SSDI.

Death Rates Higher for Disability Insurance Beneficiaries Than for General Population



*Data for people 66 or older represents former Disability Insurance beneficiaries who have been converted to retirement benefits.

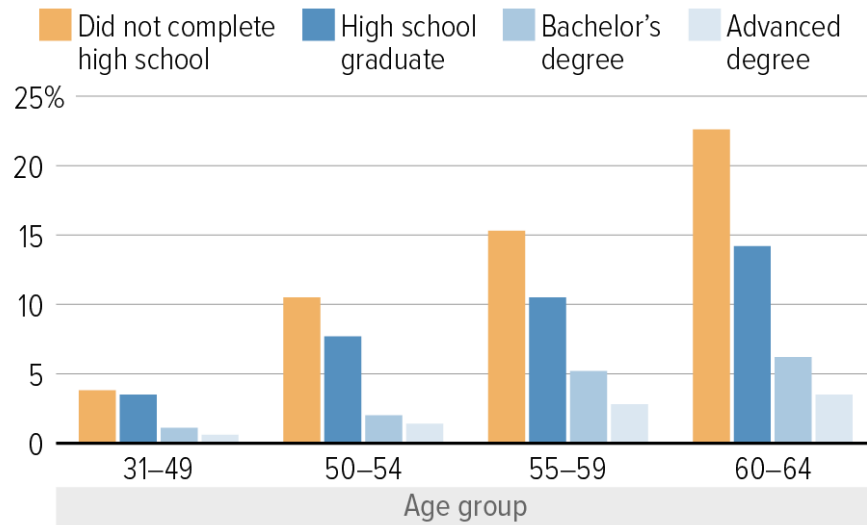
Source: CBPP based on data from the Social Security Administration

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People with limited education are much likelier to collect SSDI. Those with limited [education](#) and skills generally have to do physical work and can't switch to something sedentary. Thus, people without a college degree are [far more likely](#) to collect SSDI.

Disability Insurance Receipt is Highest Among Older Workers With Limited Education

Percent of group receiving Disability Insurance, 2010

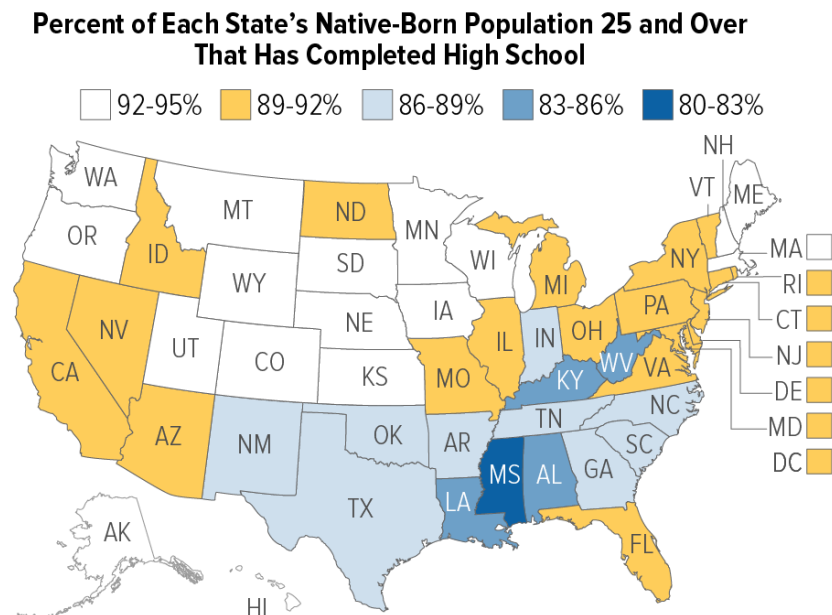
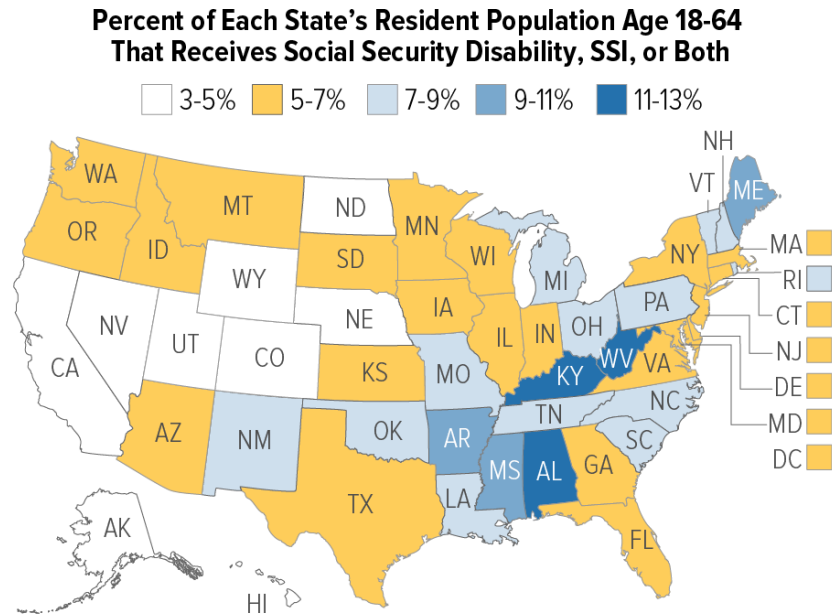


Source: Urban Institute

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Disability beneficiaries exhibit a distinct geographic pattern. States with low high-school completion rates, more older residents, few immigrants, and a blue-collar industry mix tend to have more SSDI beneficiaries. Isolated pockets with unusually high rates of receipt are extreme outliers.

States with Low Educational Attainment Generally Have High Rates of Disability Receipt

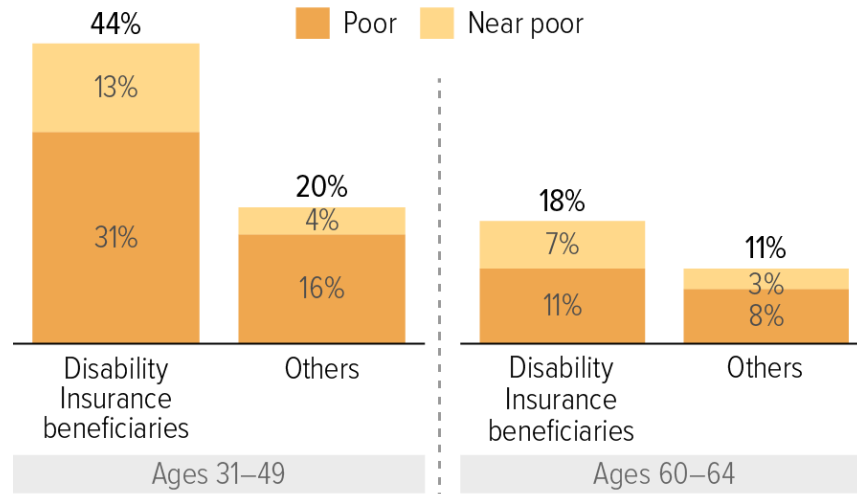


Source: Data for 2013, from Social Security Administration and Census Bureau

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Many SSDI beneficiaries are poor. Poverty rates are about [twice as high](#) for SSDI beneficiaries as for others — even including their benefits. Overall, about one-fifth of all disabled-worker families are poor; without SSDI, [nearly half](#) would be.

Disability Insurance Beneficiaries Have High Poverty Rates



Note: Near poor is defined as income between 100 and 125 percent of the poverty line. The Urban Institute did not publish data for people aged 50–59, but we expect the results would be similar.

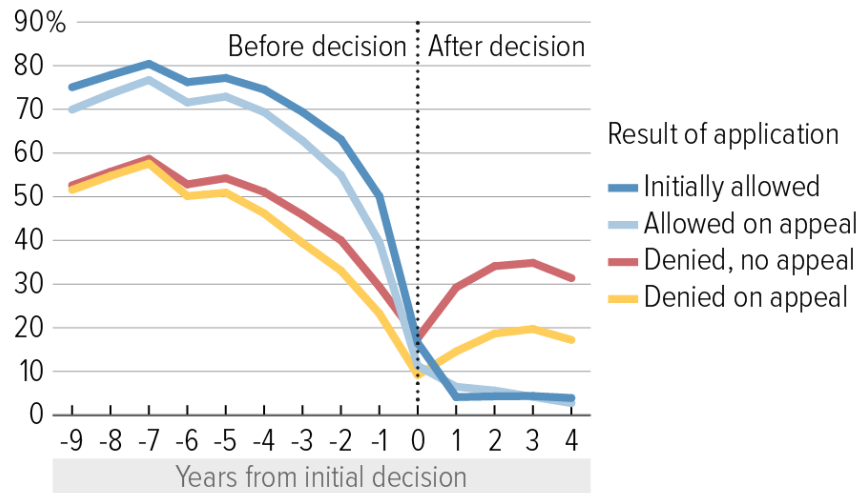
Source: Urban Institute.

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SSDI beneficiaries have limited work capacity. SSDI applicants typically suffer a sharp drop in earnings before turning to the program. The most severely impaired — who are awarded benefits — seldom work afterward. Even rejected applicants fare poorly in the labor market afterward, more evidence that the program’s eligibility criteria are strict.

Disability Insurance Applicants Experience Sharp Drop in Earnings Before Application; Few Work Afterward

Percent of applicants performing substantial gainful activity before and after initial decision



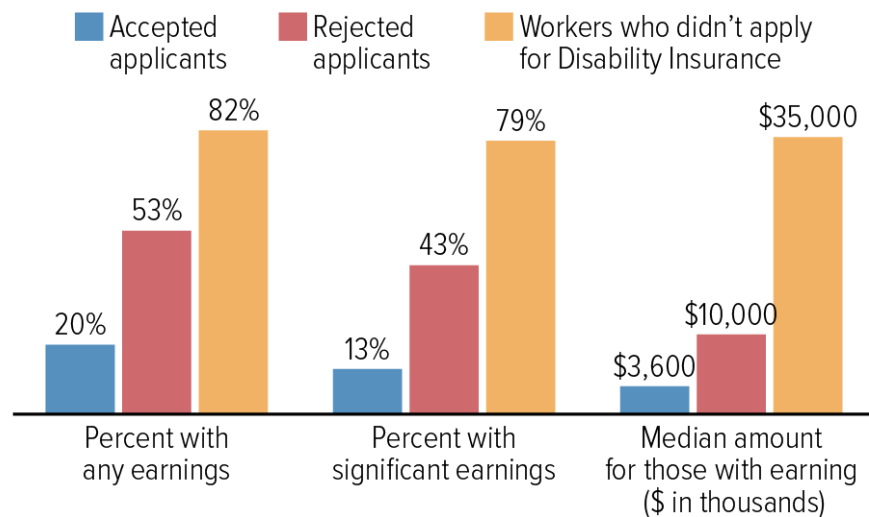
Source: Nicole Maestas, Kathleen Mullen, and Alexander Strand, “Does Disability Insurance Receipt Discourage Work? Using Examiner Assignment to Estimate Causal Effects of SSDI Receipt,” Michigan Retirement Research Center Working Paper 2010-241. Additional plot points, through 4 years after decision, courtesy of the authors.

Although SSDI [allows](#) beneficiaries to supplement their benefits through work, few are able to do so. Program rules [allow and encourage](#) SSDI beneficiaries to earn up to the “substantial gainful activity” level (\$1,220 a month in 2019, about 40 percent of median earnings for a high-school graduate with no college). Beneficiaries may earn unlimited amounts for a nine-month trial work period and a subsequent three-month grace period before benefits are suspended. Even then, they may return to SSDI if their earnings fall. And former beneficiaries who’ve returned to work may keep their Medicare (which is available to SSDI beneficiaries after two years) for seven and a half years after their cash benefits stop.

But most SSDI beneficiaries [can’t work](#). Of beneficiaries who were [tracked](#) for ten years after qualifying, only about 28 percent did *any* paid work, 7 percent had benefits suspended for at least one month because of work, and 4 percent had benefits terminated because of [sustained work](#).

It’s useful, too, to compare SSDI beneficiaries with rejected applicants and with people who’ve never applied for benefits. One careful study found that only one-fifth of beneficiaries aged 45 to 64 — and only about half of rejected applicants — had any earnings two years after application, and even fewer had significant earnings. [In contrast](#), healthy workers of the same age (who didn’t seek SSDI benefits) were likely to work and had substantial earnings.

Disability Insurance Applicants – Including Rejected Applicants – Fare Very Poorly in the Labor Market



Source: CBPP based on von Wachter, Song, and Manchester in American Economic Review, December 2011. Data are for men age 45 through 64. For applicants, work and earnings are for second year after application. Nonapplicants were selected to mimic applicants in terms of age and previous earnings. For simplicity, figures for accepted applicants are a weighted average of those allowed at the initial and appeal levels. “Significant” earnings were defined as the equivalent of three months of full-time work at minimum wage, or about \$2,700 in 2000. Median earnings are expressed in 2000 dollars.

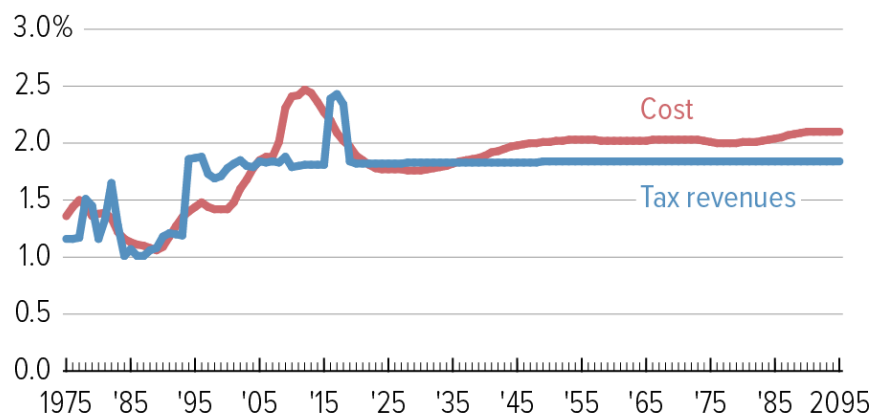
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Part IV: What Financing Issues Does SSDI Face?

SSDI costs have leveled off, but the program faces a long-run funding gap. SSDI costs have stabilized as the baby boomers move from their peak disability-prone years to their peak retirement years. (Disabled workers are converted to retired workers at the full retirement age — currently 66 and [scheduled to rise](#) to 67 — and the oldest baby boomers are fast reaching that milestone.) But SSDI’s costs will still exceed its revenues. Over the next 75 years, its shortfall is projected to be about 6 percent of the program’s [costs](#) or income.

Disability Insurance Costs Have Levelled Off But Remain Above Income

Costs and tax revenues as a percent of taxable payroll



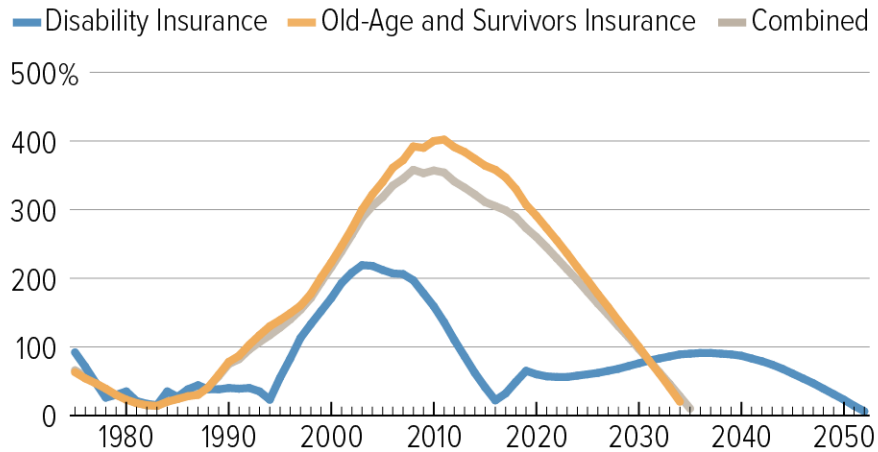
Source: Social Security Administration, 2019 OASDI Trustees Report

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SSDI has financial challenges but doesn’t face “bankruptcy.” The payroll taxes that workers contribute out of every paycheck fund most of SSDI’s costs. In addition, SSDI has built up trust fund reserves, which Social Security’s [trustees](#) estimate will last until 2052. At that point, tax revenues will be enough to pay for 91 percent of benefits — even if policymakers do nothing to strengthen Social Security’s financing (though they always have in the past).

Disability Insurance Trust Fund Is Expected to Be Exhausted in 2052, Combined Trust Funds in 2035

Trust fund assets as a percent of annual costs (trust fund ratio)



Note: Trust fund ratio is balance as a percent of next year's expenditures. In general, a yearly trust fund ratio of 100 percent or greater is desired.

Source: Social Security Administration, 2019 OASDI Trustees Report

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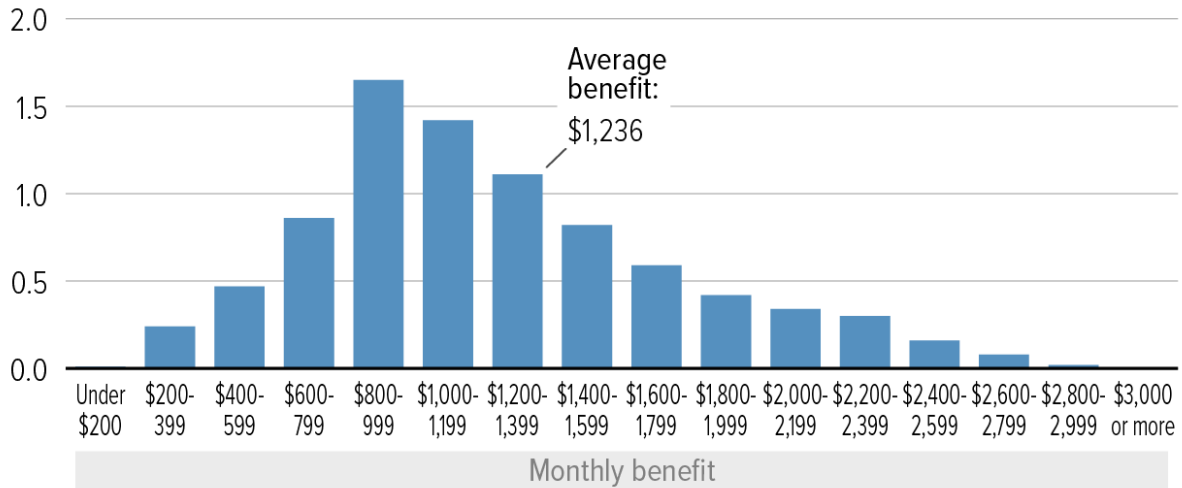
Though the SSDI trust fund has enough funding for more than three decades, policymakers must address overall Social Security financing before then. Overall, Social Security can pay full benefits for 16 more years, the [trustees' annual report](#) shows, but then faces a significant, though manageable, funding shortfall. Policymakers should address Social Security's long-term shortfall primarily by increasing Social Security's tax revenues. Social Security will necessarily require an increasing share of our nation's resources as the population ages, and polls show a widespread willingness to pay more to strengthen the program.

SSDI benefits are **modest**. The average disabled-worker benefit is about [\\$1,236 a month](#), and [90 percent](#) of beneficiaries get less than \$2,000 a month.

Most beneficiaries — especially unmarried ones — [rely](#) on SSDI for most of their income. SSDI benefits replace about half of past earnings for a median beneficiary.

Disability Insurance Benefits Are Modest

Number of beneficiaries (in millions), June 2019



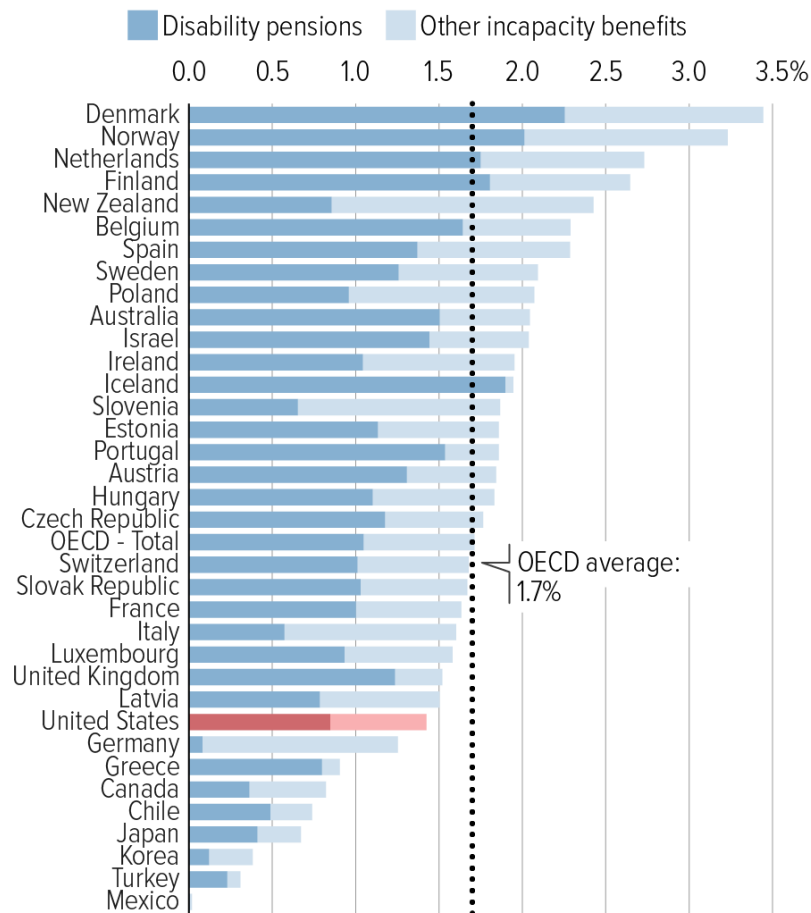
Source: Office of the Chief Actuary, Social Security Administration

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Most other advanced countries spend more than the United States on disability benefits. U.S. eligibility rules are strict, and benefit levels are modest. The Organisation for Economic Co-operation and Development (OECD) [reports](#) that the United States has some of the most stringent eligibility criteria for disability benefits among advanced economies. [OECD statistics](#) confirm that, as a corollary, the United States spends less on disability benefits (as a share of the economy) than most other advanced countries.

U.S. Spends Comparatively Little on Public Disability Benefits

Percent of gross domestic product (2011-13 average)



Note: Incapacity benefits comprise public disability pensions, pensions for occupational injury and disease, publicly paid sick leave, means-tested disability benefits, and other cash benefits. In the United States, “disability pensions” chiefly means Social Security Disability Insurance; “incapacity benefits” include Disability Insurance, workers’ compensation, Supplemental Security Income, and paid sick leave for government employees. Data for Greece and Poland are for 2011-2012.

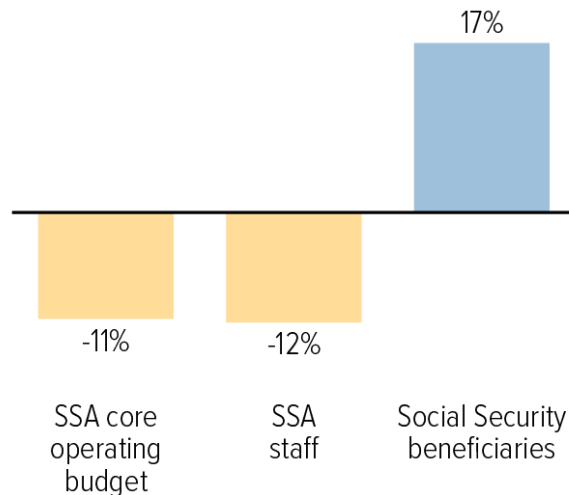
Source: CBPP based on OECD (Organisation for Economic Co-operation and Development) Social Expenditure Statistics.

Social Security’s administrative funding is inadequate. The Social Security Administration’s [administrative funding](#) (which, unlike Social Security benefits, is subject to annual appropriation) has declined in real terms since 2010, even as enrollment has climbed. That has impaired [customer service](#) by increasing wait times at field offices and on the phone. Staff cutbacks have also led to growing delays in processing applications or changing benefits when a beneficiary’s circumstances change.

Another consequence of the cuts is that about [700,000 people](#) await a final decision on their application for SSDI — after paying into Social Security their entire career — or their application for disability benefits from the Supplemental Security Income program. They wait an average of about a year and a half for decisions on their appeals.

Social Security Administration Faces Increased Workload With Fewer Resources

Percent change from 2010 to 2019 (funding adjusted for inflation)



Note: For beneficiaries, figures reflect the change from Sept. 2010 to July 2019; for staff, between fiscal years 2010 and 2019. These are the latest data available.

Source: CBPP analysis based on Social Security Administration and Office of Management and Budget

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