



NOSSCR[™]

National Organization of Social Security Claimants' Representatives

social security disability insurance.

vital protection for American workers and
their families.

Rebecca Vallas, Esq. • NASI • Jan. 30, 2014

social security: purpose

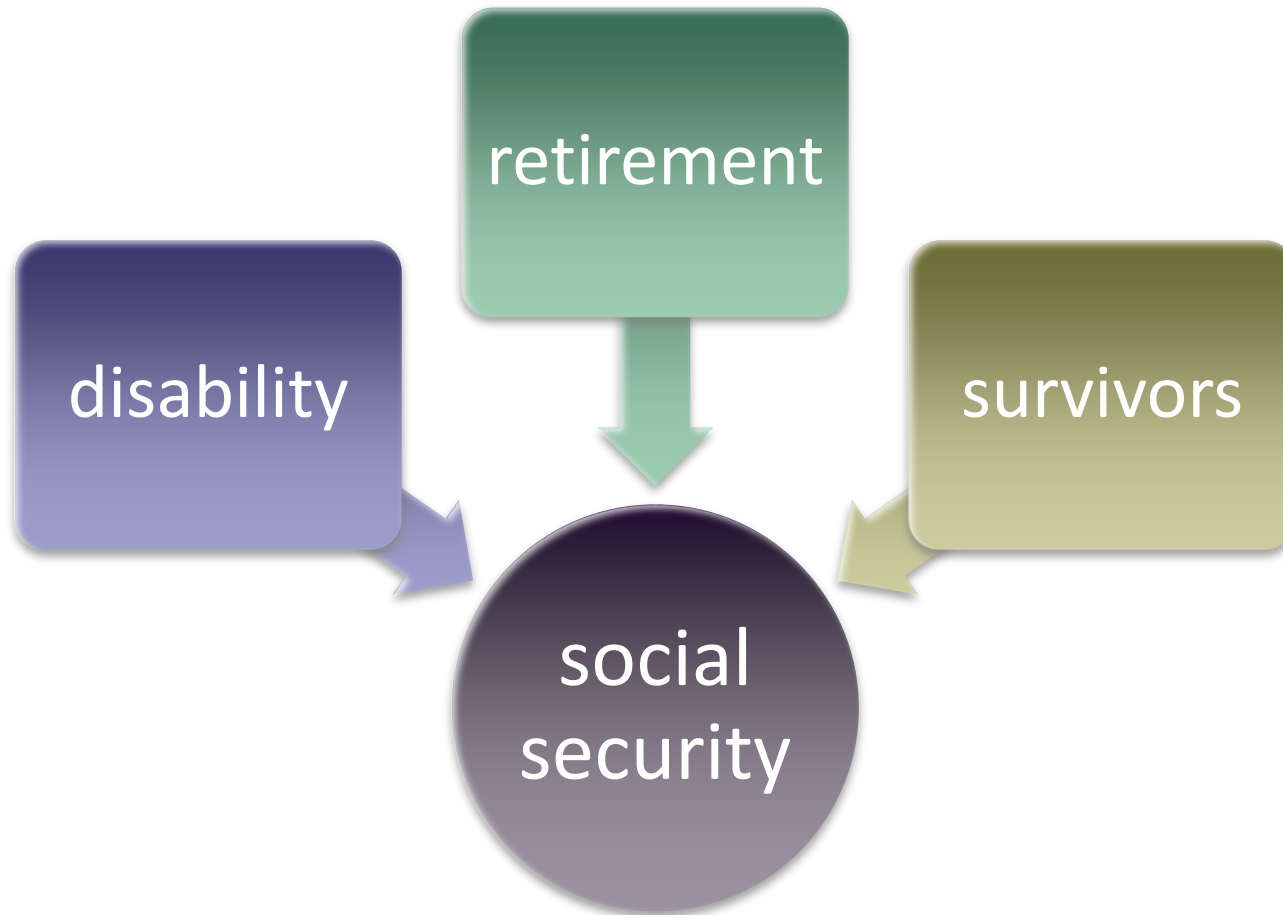
“...security of the men, women, and children of the nation against certain hazards and vicissitudes of life.”

--Franklin D. Roosevelt, January 17, 1935



Signing the Social Security Act of 1935.

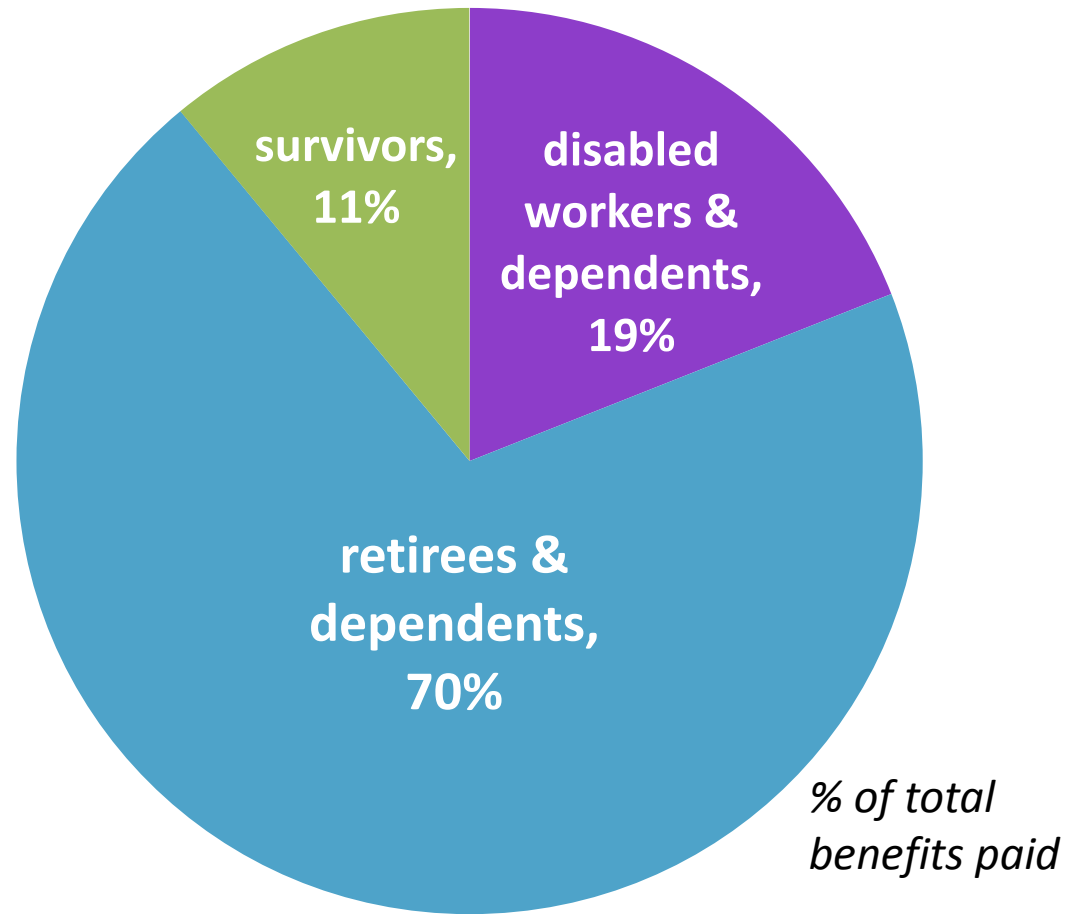
a suite of insurance



who benefits from social security?

More than **9 out of 10** American workers are covered by Social Security.

In 2013, nearly **58 million** American workers and their families received **\$816 billion** in Social Security benefits.



what are the alternatives?

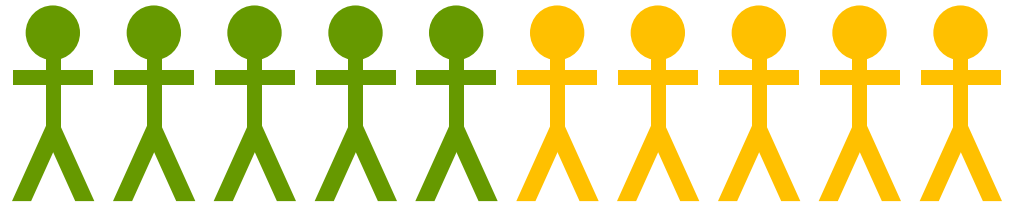
Social Security:

94% of U.S. workers covered



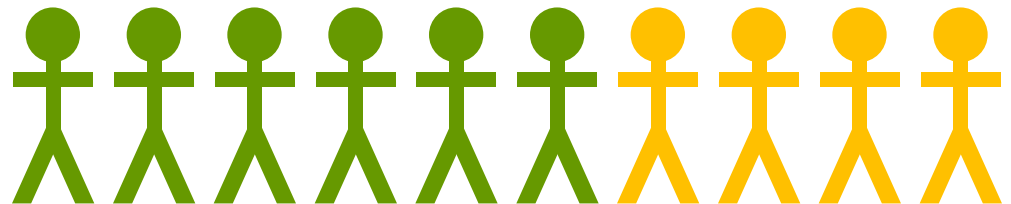
Private Pensions:

51% of the workforce have no private pension coverage



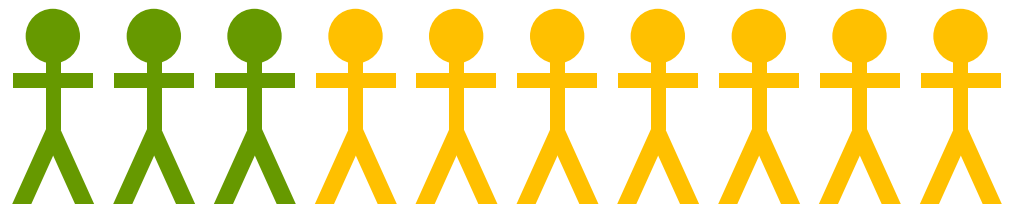
Life Insurance:

41% of civilian workers have no emp.-based life insurance

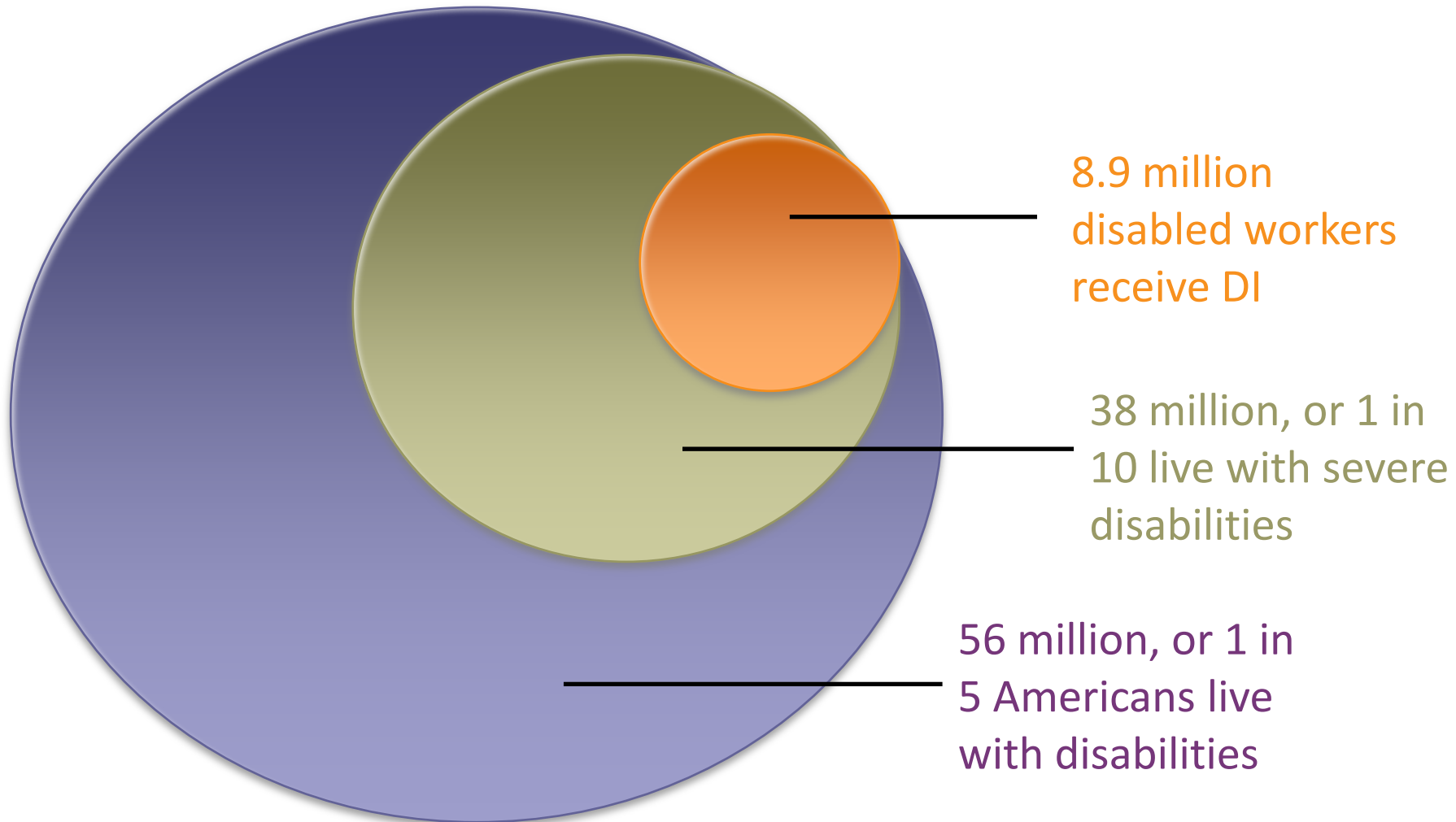


Disability Insurance:

69% of civilian workers have no employer-based long-term DI



who are DI beneficiaries?



who are DI beneficiaries?

Unable to engage in **any substantial gainful activity (SGA)**:

- by reason of any **medically determinable physical or mental impairment(s)**
- which have lasted / will last for a continuous period of no less than **12 month** or **result in death**.



Must be “insured” – significant work history requirement.

SGA: earnings over \$1,070 per month (a little over \$260 per week).

Unable to do *any* work that exists in sig. #'s in the nat'l economy.

Most applicants are denied and **fewer than 4 in 10** are ultimately approved.

who are DI beneficiaries?

a diverse group, including people with:

Severe illnesses. Heart disease, end stage renal failure, advanced cancers, MS.

Mental impairments. Significant intellectual disabilities, severe mental illness.

Severe physical disabilities. Post-polio syndrome, severe cerebral palsy.

Sensory disabilities. Deafness, blindness.

DI beneficiaries: health

Poor health.

3 in 4 (73%) report fair, poor, or very poor health.

Worsening health.

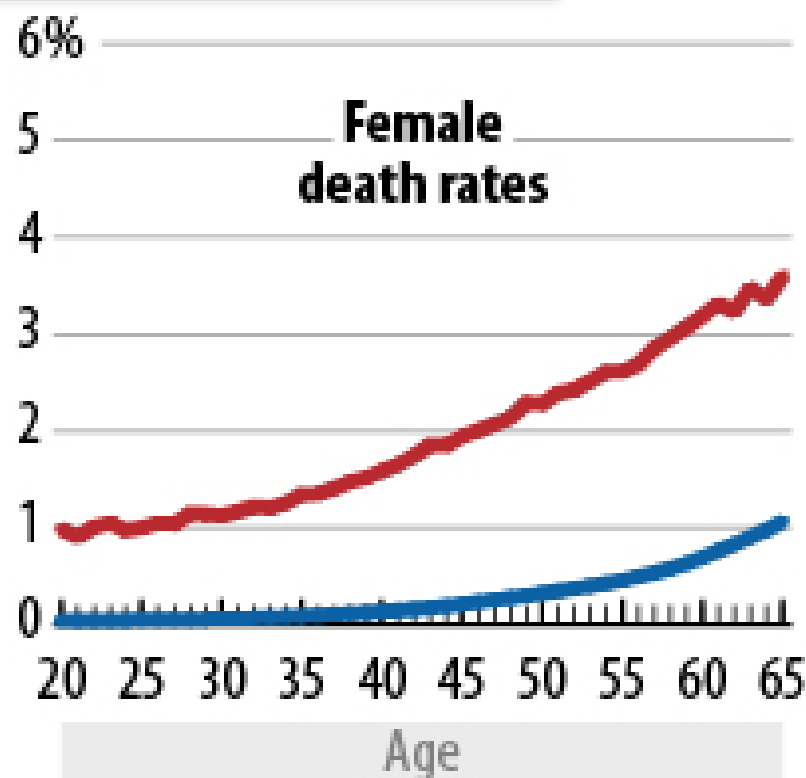
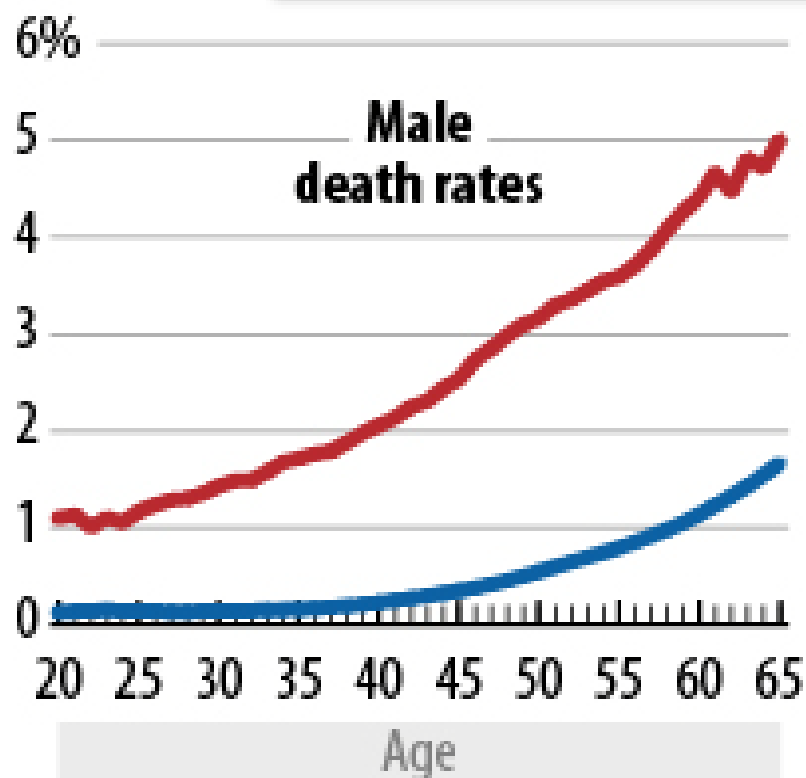
Nearly half (42%) report their health is worse compared to last year.

Terminally ill.

1 in 5 male, and nearly 1 in 6 female DI beneficiaries die within 5 years of receiving benefits. **Beneficiaries are more than 3 times more likely to die than others their age.**

Death Rates Higher for Disability Insurance Recipients Than for General Population

— Receiving disability insurance — General population



Source: CBPP based on data from the Social Security Administration

DI beneficiaries: age

Average age: 53.

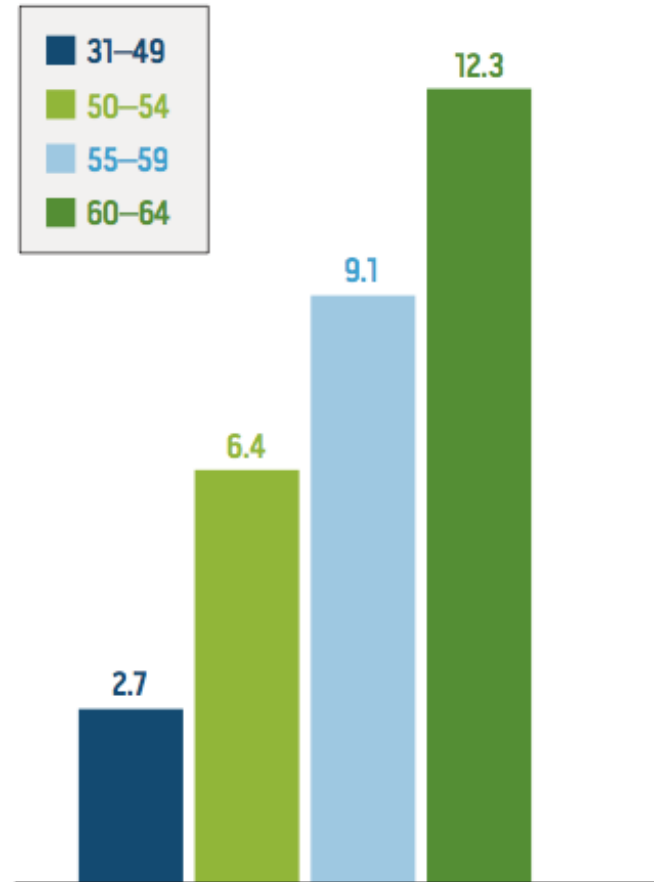
7 in 10 are over age 50.

3 in 10 are over age 60.

Likelihood of disability increases sharply with age.

- Twice as likely to be disabled at age 50 as at 40.
- Twice as likely at age 60 as at 50.

DI Prevalence by Age



Source: Favreault et al., (2013)

benefits are modest

Avg. disabled worker benefit:

\$1,146 per month

\$286 per week

\$38 per day

cf. FPL for an individual: \$957/mo

DI replaces about half of pre-disability earnings for the typical worker.

Even with DI:

1 in 4 beneficiaries live in poverty and most are low-income (<200% FPL).

13% are poor enough that they qualify for SSI.

Beneficiaries are twice as likely as non-beneficiaries to be unable to meet essential expenses.

vital to economic security

DI makes up the **majority of income for over 70%** of beneficiaries.

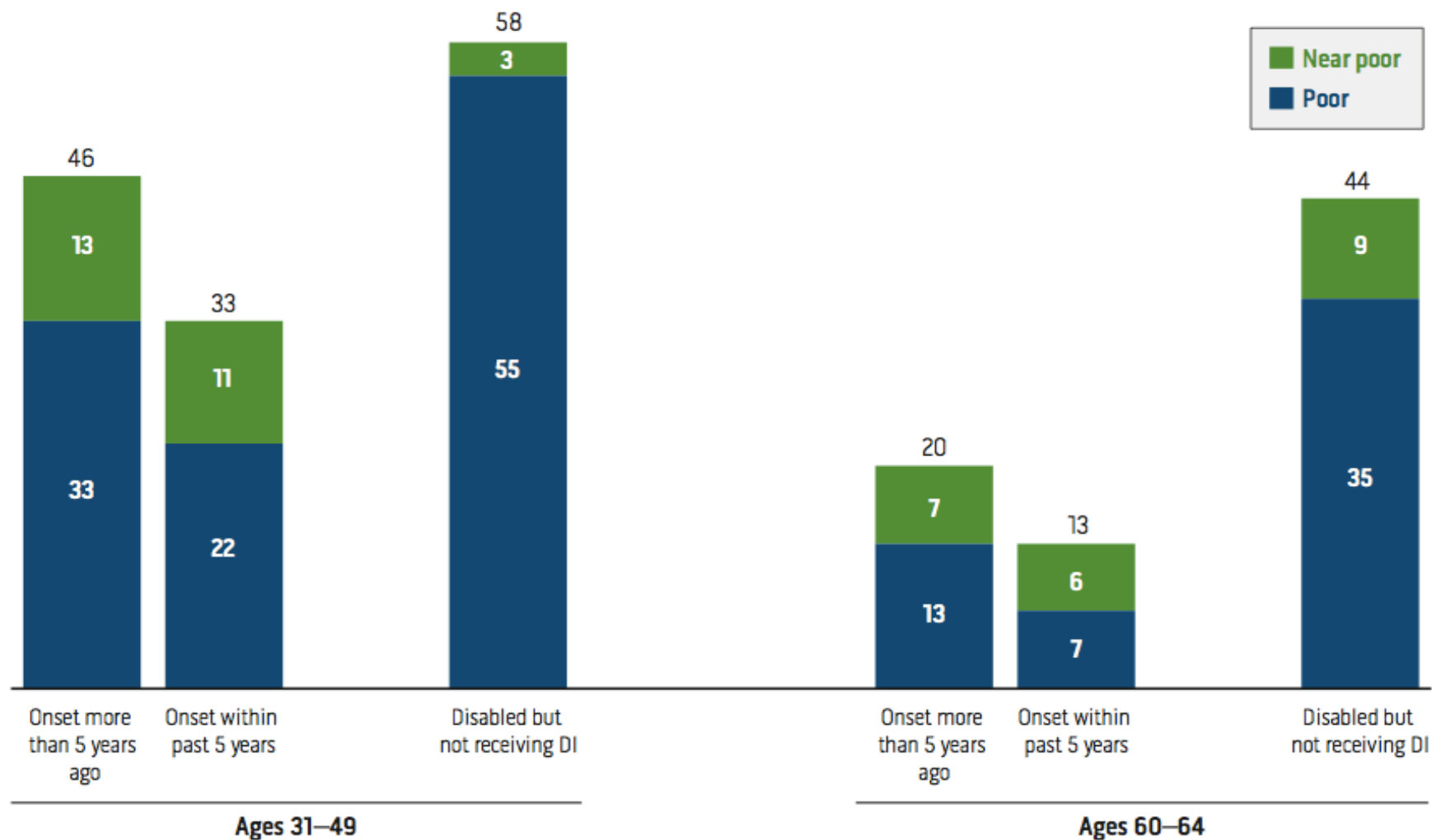
DI makes up **over 90% of income for nearly half** of beneficiaries.



DI receipt **dramatically reduces poverty rates** among people with significant disabilities.

Favreault et al, 2013; see next slide.

Figure 8. Poverty and Near-Poverty Rates among Adults with Disabilities, by Timing of Onset, DI Beneficiary Status, and Age, 2010 (%)



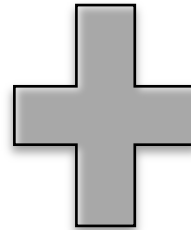
Source: Authors' calculations from MINT7.

Note: Adults not receiving DI benefits are classified as being disabled if they report two or more limitations with activities of daily living and fair or poor health.

Near poverty is defined as income above the federal poverty level but below 125 percent.

purposes, effects of DI

- Strengthen economic security of workers with disabilities;
- Prevent, reduce material hardship, homelessness;
- Maintain health:
 - Access to Medicare;
 - Help with out-of-pocket medical expenses.



- Help secure access to essentials: housing, food, clothing, transportation;
- Help cover the cost of caring for an adult family member with a disability;
- Reduce institutionalization; enable community living.

beneficiary spotlight: Ruth

Ruth* lives alone in an apartment in West Philadelphia. She worked full-time until she was diagnosed with inoperable lung cancer at 61. She went through her savings before applying for DI.

Her monthly DI benefit of \$878 is her sole source of income.

Ruth's Expenses

Rent: \$450

Gas: \$40

Electric: \$30

Food: \$450

Medical: \$75

Bus fare: \$40

Total: \$1085

Ruth's Income

Social Security: \$878

Food Stamps: \$200

Total: \$1078

beneficiary spotlight: Carol

Carol worked for many years as a rare documents conservator at the Library of Congress, until she was hit by a car while riding her bike to work.

She suffered a severe traumatic brain injury that shot her short- and long-term memory, and left her unable to do even basic arithmetic with her 1st grader.

DI helps Carol, her husband & their young son afford their mortgage and monthly bills, and access the care Carol needs to rebuild her life.

beneficiary spotlight: John

John spent 40 years building houses here in DC. One day he collapsed on a job site, breaking multiple bones. After healing, he went back to work – until it happened again.

He was diagnosed with a debilitating heart condition that has left him unable to do even minor repairs on his own home.

DI has helped John keep his home out of foreclosure, put food on the table and afford his life-sustaining medications.

the future of DI

DI trust fund reserves have been projected to be depleted in 2016 / 2017 – since mid-1990s.

What to do? Modest reallocation of payroll taxes between OASI & DI funds to equalize solvency.

Congress has done this 11 times in the past – about equally in both directions – to account for demographic shifts.



“I see little merit in doing anything less than financing OASI and DI on approximately equal terms. But the most important point, of course, is [...] to maintain confidence in the Social Security system as a whole. ***It is damaging to have news stories about DI running out of money in two years. We know it won't be allowed to happen, but some opponents of Social Security have a heyday with this kind of news story.***”

– Robert M. Ball, Commissioner of Social Security from 1962-1973
Testimony to the House Committee on Ways and Means, Subcommittee on Social Security, April 22, 1993

options for rebalancing

Table 1. Social Security Tax Rate (workers and employers each)

Year	Total OASDI	OASI	DI	Shift from current law
Current Law:				
2013+	6.2	5.3	0.9	0.0
Reallocation Plan:				
2013	6.2	5.3	0.9	0.0
2014-2015	6.2	4.8	1.4	0.5
2016	6.2	5.0	1.2	0.3
2017-2019	6.2	5.1	1.1	0.2
2020-2025	6.2	5.2	1.0	0.1
2026+	6.2	5.3	0.9	0.0

Source: Chaplain, Schultz, and Nickerson, 2013 (Social Security Administration, Office of the Chief Actuary).

Table courtesy of NASI.

strengthening social security

what do Americans want?

7 in 10

Americans across generations, political affiliation and income levels preferred this package of reforms.



Eliminate payroll tax cap

Raise payroll tax rate

Increase COLAs

Higher minimum benefit

Source: National survey published 2013 by NASI.

strengthening DI to better support workers with disabilities

Key principle: Reforms should be made with the needs of workers, beneficiaries in mind – not driven by cost savings.

To consider:

- **Decouple access to services and supports from DI**
- **Strengthen DI work incentives**
 - Earnings offset; continued attachment
 - WIPA / PABSS
 - IRWEs
 - Title II demo authority
- **Fully fund SSA, improve wage reporting**
- **Other federal agencies (e.g., DOL, Ed.)**

Rebecca Vallas, Esq.

Deputy Director

NOSSCR Government Affairs Office

202-550-9996

Rebecca.Vallas@NOSSCR.org

Additional slides for discussion

Trends in SSI childhood benefits

- 2000-2011: number of children receiving SSI increased from 847,000 to 1.28 million
- Almost all of this increase is due to rise in number of low-income children during same period (see next slide)
 - Number of children <200% FPL grew by 5.8 mil
- Share of low-income children who receive SSI: 3-4%, 2000-2011
- Rates of child SSI receipt vary with state unemployment levels*

*Lynn Karoly and Paul Davies, “The Impact of the 1996 Childhood Disability Reforms: Evidence from Matched SIPP – SSA Data” (Ann Arbor, MI: University of Michigan Retirement Research Center, 2004).

Children Receiving SSI and Low-income Children, 1996-2011

