



Millions of families face disability. In fact, according to the Social Security Administration, about 3 in 10 men and 1 in 4 women will become seriously disabled prior to reaching the Social Security Retirement age. Disability can cause severe, often unexpected, financial hardship. For instance, studies show that over \$1 million in retirement assets can be lost if a 50 year old suffers a two year disability and does not have any disability insurance.ⁱ By safeguarding against this risk, Social Security Disability Insurance (SSDI) protects against poverty in retirement years. The program also provides important benefits to disabled individuals' family members, especially to their children: children account for over 20 percent of all disability beneficiaries with nearly 1.8 million recipients.

What is Social Security Disability Insurance?

SSDI provides cash benefits to eligible, disabled Americans. The program provides monthly benefits to people who have worked in the past and paid their Social Security taxes. Compared to SSDI, private disability insurance generally is *not* adjusted for inflation, is *not* designed to cover children of disabled workers and is *not* available to workers with disabilities and other health problems.

Who pays for SSDI?

When you work, 85 cents of every Social Security tax dollar you pay goes to the Old-Age and Survivor's Insurance (OASI) trust fund which pays monthly benefits to current retirees and their families and to surviving spouses and children of workers who have died. The other 15 cents goes to the SSDI trust fund to pay benefits to people with disabilities and their families.

Who is eligible for SSDI?

In order to qualify for SSDI, an individual must (1) Have an eligible disability; (2) be the primary wage earner of their family; (3) have paid their FICA taxes; (4) be younger than the Social Security retirement age; (5) be insured for benefits; and (6) go through an application process.

Who Receives SSDI?

- Nearly 8 million disabled workers.
- More than 1.8 million minor children of disabled workers.
- More than 930,000 disabled adult children.ⁱⁱ
- Nearly 240,000 disabled widow(er)s.



If approved, how much is the SSDI benefit?

There is no flat rate that beneficiaries receive. Instead, the disability benefit is linked through a formula to a worker's earnings before he or she became disabled. The following figures show how the disability insurance benefits compare to prior earnings for a worker who became eligible for benefits in 2005.ⁱⁱⁱ

Earnings Before Disability*	Annual DI Benefit	% of Earnings Replaced by DI
\$15,000	\$9,160	61%
\$30,000	\$13,960	46%
\$55,000	\$20,320	37%
\$90,000	\$25,570	28%

*Average indexed earnings

How long do the benefits last?

Beneficiaries receive inflation-protected benefits as long as they remain disabled. Once a person reaches the retirement age, then they will automatically start receiving the regular retirement benefits from Social Security.

How do I apply for SSDI?

- **By Phone:** To apply for SSDI it is recommended that an individual call or visit their local Social Security office to schedule an appointment with an SSA representative. To reach an SSA office near you, call 1-800-772-1213.
- **Online:** Visit <http://www.socialsecurity.gov/disabilityonline/>.

Did you know?



For a young worker with a spouse and two children, Social Security provides benefits that are equivalent to disability insurance worth \$465,000.



About 22 percent of families with disabled workers live below the poverty line. But without Social Security, their circumstances would be even worse!



In 2008, disabled worker beneficiaries received an average monthly benefit of \$1,063.10.

Additional Resources on SSDI:

- <http://www.ada.gov/> - The official website of the ADA covers disability rights.
- <http://www.disability.gov/> - This Federal government website provides comprehensive information about disability programs, services, laws and benefits.

ⁱ Study available at: <http://www.northwesternmutualnews.com/studies/impact-of-disability-on-retirement/>

ⁱⁱ These individuals have a severe disability that began before age 22. They qualify when a parent becomes disabled, retires or dies.

ⁱⁱⁱ <http://www.nasi.org/learn/socialsecurity/disability-insurance>

