

SOCIAL SECURITY

FACT SHEET

Disability Insurance Is Vital to Women's Economic Security

September 2014 | Joan Entmacher

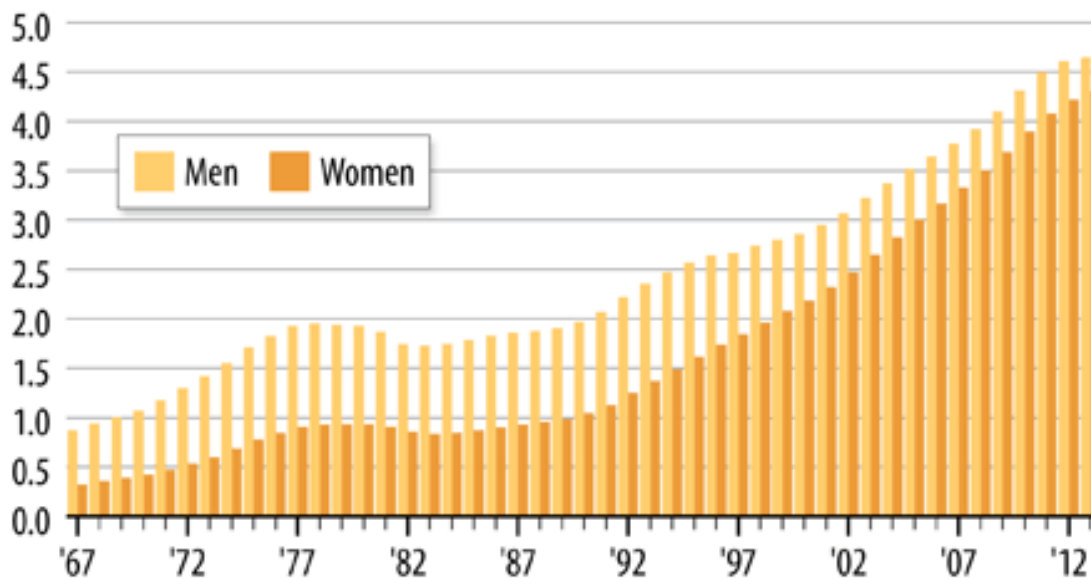
Social Security Disability Insurance (DI) is a core component of Social Security. It insures workers who have suffered a serious and long-lasting disability, providing modest but vital income to support them and their families when they are unable to work. Workers earn disability insurance protection by working and contributing to Social Security; as women's labor force participation has increased, so has the importance of DI to women's economic security.

Women now rely on DI benefits at nearly the same rate as men.

- Decades ago, male DI recipients greatly outnumbered female recipients. Now, with the increase in women's employment, the numbers are nearly equal.¹

Nearly Equal Numbers of Men and Women Now Receive Disability Insurance (DI)

Male and female beneficiaries of DI in millions



Source: Office of the Chief Actuary, Social Security Administration.

Center on Budget and Policy Priorities | cbpp.org



Millions of women and children rely on income from DI.

- Over 4.2 million women received DI benefits as disabled workers in December 2012.²
- Nearly 155,000 additional women received benefits as the spouse of a disabled worker, representing 95 percent of those receiving benefits as the spouse of a disabled worker.³
- 1.9 million children of disabled workers receive support from DI benefits.⁴

DI benefits are especially important to women of color.

- More than one in four Black women (26 percent) and more than one in five other women of color (21 percent) who received Social Security received benefits as disabled workers. In comparison, 12 percent of white women who received Social Security received benefits as disabled workers.⁵

DI benefits are modest, but critically important for those who receive them.

- The average DI benefit for female disabled workers is \$993 per month (\$11,916 per year); for male disabled workers, the average benefit is \$1,256 per month (\$15,072 per year).⁶
- Even with income from DI, 22 percent of female disabled worker beneficiaries and 15 percent of male disabled worker beneficiaries are poor.⁷ But without income from DI, half of disabled workers would be poor.⁸

Congress can ensure vital DI payments continue with a simple and routine step.

- DI benefits are financed by Social Security payroll taxes. Of the 6.2 percent of earnings (up to a cap of \$117,000 in 2014) paid by workers and their employers, 5.3 percent goes into the Old-Age and Survivors Insurance (OASI) Trust Fund and 0.9 percent goes into the Disability Insurance (DI) Trust Fund.⁹
- DI is fully financed until 2016; however, at that point the DI Trust Fund will be exhausted and contributions will cover only 81 percent of benefits.¹⁰
- The DI shortfall in 2016 was predicted by the Trustees 20 years ago. It is largely the result of known demographic trends: a growing labor force, including in DI-eligible women; the aging of the baby boomers into disability-prone years; and the increase in Social Security's full retirement age.¹¹
- Changing the allocation of the payroll tax to rebalance the Trust Funds would ensure that Social Security can pay all promised benefits in full until 2033. This is a step Congress has taken 11 times in the past, and in both directions: shifting from OASI to DI six times and from DI to OASI five times.¹²

1 Center on Budget and Policy Priorities (CBPP), *Chart Book: Social Security Disability Insurance* (Aug. 2014), <http://www.cbpp.org/cms/?fa=view&id=4169>.

2 U.S. Social Security Administration (SSA), *Annual Statistical Supplement to the Social Security Bulletin, 2013* (Feb. 2014), at Table 5.D1, <http://www.socialsecurity.gov/policy/docs/statcomps/supplement/2013/5d.html>.

3 NWLC calculations based on *id.* at Table 5.F1, <http://www.socialsecurity.gov/policy/docs/statcomps/supplement/2013/5f.html>.

4 *Id.* at Table 5.E1, <http://www.socialsecurity.gov/policy/docs/statcomps/supplement/2013/5e.html>.

5 NWLC calculations based on SSA, *Annual Statistical Supplement to the Social Security Bulletin, 2010* (Feb. 2011), at Table 5.A7, <http://www.ssa.gov/policy/docs/statcomps/supplement/2010/5a.html>. Data are reported for "White," "Black" and "Other." The 2010 Annual Statistical Supplement is the latest to report this beneficiary data by gender, race and ethnicity.

6 SSA, *Annual Statistical Supplement, 2013*, *supra* note 2, at Table 5.E2, <http://www.socialsecurity.gov/policy/docs/statcomps/supplement/2013/5e.html>.

7 Michelle Stegman Bailey and Jeffrey Hemmeyer, SSA Office of Retirement and Disability Policy, "Characteristics of Noninstitutionalized DI and SSI Program Participants, 2010 Update," Research and Statistics Note No. 2014-02 (Feb. 2014), at Table 5, <http://www.ssa.gov/policy/docs/rsnotes/rsn2014-02.html>.

8 *Id.* at Table 6.

9 Board of Trustees, *The 2014 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (2014) at 7 and 143, <http://ssa.gov/oact/TR/2014/tr2014.pdf>.

10 *Id.* at 4.

11 Virginia Reno, Elisa Walker and Thomas Bethel, National Academy of Social Insurance, *Social Security Disability Insurance: Action Needed to Address Finances* (Jun. 2013), http://www.nasi.org/sites/default/files/research/SS_Brief_041.pdf.

12 Kathy Ruffing and Paul Van de Water, CBPP, *Congress Needs to Boost Disability Insurance Share of Payroll Tax by 2016, Traditional Step Would Avert Trust Fund Depletion, Benefit Cuts* (Jul. 2014), <http://www.cbpp.org/cms/index.cfm?fa=view&id=4168>.