Social Security Disability Insurance

- 155 million workers under age 66 are insured against becoming unable to work
- 8.7 million workers now receive DI benefits
  - 1.7 million “dependents” – mostly children
- Many more protected from loss of insured status
  - And from lower retirement benefits
- Benefits replace 40% to 45% of career earnings on average
  - About 80% for very-low earner, about 28% for steady maximum earner
Solvency of the DI Trust Fund

Reserve depletion in 2032; 2008 recession offset “new economy”; cycles still happen


- "New Economy" irrational exuberance
- 2008 Recession back to reality
- Tax-Rate Reallocation
Changing Age Distribution Over Last 20 and Next 20 Years Mainly Due to Macro Aging—permanent level shifts
Increased Work by Women Raised Female Insured Rates; Male Rates a Little Lower at Younger Ages

Percent of Population Ages 15 to NRA that is Insured for Disability

- Male
- Female

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Recent Favorable Disability Experience

- Applications and incidence are at historic low levels
- Numbers of beneficiaries have been declining since 2013
- Prevalence rates have peaked and are dropping
- What about the future?
  - Are declines temporary, or the new state?
  - Possibilities:
    - Economy and jobs—*temporary*
    - Drop in hearings allowance rates—*temporary*?
    - Increased health care (ACA)
    - Field office consolidations
    - Attorney representation
    - Something more fundamental?
Applications Are Still Dropping in 2018!

Note: All historical and projected series include disabled worker, disabled adult child, and disabled widow(er) receipts. DIBs represent about 94% of total title II DDS receipts.

Current estimate for CY 2018 based on data through mid-November, 2018.
Disability Incidence Rate Falls to Historic Lows
DI disabled worker incidence rate rose sharply in the recession, and has declined since the peak in 2010 to extraordinarily low levels for 2016 and 2017.

DI Age-Sex-Adjusted Incidence Rates:
Historical and Intermediate Assumptions for 2012 through 2018 Trustees Reports

Average 1990-2017 5.23
Ultimate Assumption 5.40
Fewer Disabled Worker Beneficiaries
Fewer now and in near term based on recent applications and incidence rates

Disabled Worker Beneficiaries
In Current Payment Status at End of Year (in thousands)

2008 TR (no recession)
2017 TR
2018 TR

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Effect of the Economy on DI Incidence—2018 TR

[Graph showing the relationship between the economy and DI incidence rates from 1970 to 2025. Key events labeled include:
- Recession (1974)
- SSI Outreach 1990
- 1970-74: Large benefit increases
- 1980 Amendments: PER, CDRs, Lower Family Max, EPE
- 1984 Amendments: Revised mental listing, medical improvement standard for CDRs, consideration of multiple impairments
- 1996 Amendments: DA&A, special CDR funding]
Disabled Worker Prevalence Rates (all through age 64)

DI Disabled Worker Prevalence Rates (Under 65 and per 1,000 insured Population)
Comparison of Gross and Age-Adjusted to the 2000 Insured Population
Ultimate Incidence Rate Assumptions and Historical Averages
Most Recent Ultimate Incidence Rate is 5.4
Appendix
187% Increase in Disabled Worker Beneficiaries
How much is due to changes in population size, NRA, age distribution, recession, more women insured and filing?

![Chart showing DI Disabled Worker Beneficiaries: from 2010 to 1980, in thousands. The chart indicates a 187% increase above 1980. Population size, age distribution, NRA, and the 2010 recession are factors contributing to the increase.](chart)

Age 20-64 pop increases 41%
Age distribution increases 38%
Incidence Rates, etc
DI Cost as Percent of GDP Has Peaked, but Scheduled Income Is Too Low

Note: Recession raised DI Cost/GDP by 15% for 2010

DI Cost

DI Income

Tax-Rate Reallocation

Baby Boomers reach ages 25-44 in 1990

Baby Boomers reach ages 45-64 in 2010

Note:
Recession raised DI Cost/GDP by 15% for 2010

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Most of the Recession Effect is From Less GDP, not More DI Cost
Disability Incidence Rate Projected to Rise to Ultimate Level by 2027
Sharp increase in the projected disability incidence rate in 2018 and 2019 due in part to the reduction of the ALJ backlog.
Age-Adjusted Disability Incidence Rates:
Male at all-time low; female has caught up to male

New Disabled Worker Awards per 1,000 Exposed (Incidence)

New Awards per 1,000 Exposed
Male
Female

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DI Incidence Rates Ages 60-64
DI Incidence Rates Ages 50-54

Male DIB Award Incidence Rates
Ages 50-54

Female DIB Award Incidence Rates
Ages 50-54

- historical
- ultimate
- regressed value

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DI Incidence Rates Ages 45-49

Male DIB Award Incidence Rates  
Ages 45-49

Female DIB Award Incidence Rates  
Ages 45-49
DI Incidence Rates Ages 40-44

Male DIB Award Incidence Rates
Ages 40-44

Female DIB Award Incidence Rates
Ages 40-44
DI Incidence Rates Ages 35-39

Male DIB Award Incidence Rates
Ages 35-39

Female DIB Award Incidence Rates
Ages 35-39

- historical
- ultimate
- regressed value
DI Incidence Rates Ages 30-34

**Male DIB Award Incidence Rates**
Ages 30-34

**Female DIB Award Incidence Rates**
Ages 30-34
DI Incidence Rates Ages 20-24

Male DIB Award Incidence Rates
Ages 20-24

Female DIB Award Incidence Rates
Ages 20-24

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DI Incidence Rates Ages 15-19

Male DIB Award Incidence Rates
Ages 15-19

Female DIB Award Incidence Rates
Ages 15-19

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DIBs awarded through June 2018 by year of entitlement and primary diagnosis code, *males under age 30 at entitlement*
DIBs awarded through June 2018 by year of entitlement and primary diagnosis code, *males age 30-39 at entitlement*
DIBs awarded through June 2018 by year of entitlement and primary diagnosis code, *males age 40-49 at entitlement*
DIBs awarded through June 2018 by year of entitlement and primary diagnosis code, *males age 50-59 at entitlement*
DIBs awarded through June 2018 by year of entitlement and primary diagnosis code, *males age 60 and over at entitlement*
DIBs awarded through June 2018 by year of entitlement and primary diagnosis code, *females under age 30 at entitlement*
DIBs awarded through June 2018 by year of entitlement and primary diagnosis code. *females age 30-39 at entitlement*
DIBs awarded through June 2018 by year of entitlement and primary diagnosis code, *females age 40-49 at entitlement*
DIBs awarded through June 2018 by year of entitlement and primary diagnosis code, *females age 50-59 at entitlement*
DIBs awarded through June 2018 by year of entitlement and primary diagnosis code, *females age 60 and over at entitlement*
Age-Sex-Adjusted Death and Recovery Rates

Disabled Worker Age-Sex-Adjusted Death and Recovery Rates: 2018

Trustees Report

Death Rate

Recovery Rate
Comparison of General Population Mortality to Disabled Worker Mortality

Age-Sex-Adjusted Comparison of SSA General Population Mortality to Disabled Worker Mortality*

* For purposes of comparison, the general population death rates and the disabled worker death rates are calculated using the year 2000 exposure from the disabled worker population. Historical data and projections are from the 2018 Trustees Report.

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DI Disabled Worker Recovery Rates (per 1,000 Beneficiaries)
Comparison of Gross and Age-Sex Adjusted to the 2000 Disabled Worker Population