



CONSORTIUM FOR CITIZENS
WITH DISABILITIES

SOCIAL SECURITY FACT SHEET #7

A Checklist: Effect Of Proposed Changes On People With Disabilities & Their Families

Social Security benefits are critical for more than 11 million people with disabilities and their families. They receive benefits from Social Security's retirement, survivors and disability insurance programs. All three programs use the same benefit formula, so changes in one affect them all. The need for disability benefits is critical. About 3 in 10 men and 1 in 4 women become disabled before reaching normal retirement age.

Although Social Security reduces poverty, disabled workers and their families still struggle financially. But without Social Security, their circumstances would be even worse. More than one-half of disability insurance beneficiaries rely on Social Security for at least 75 percent of their income. For most of them, these benefits provide at least 90 percent of their total income. For families with a disabled worker, Social Security insurance provides about half their income.

Many people talk about how to make Social Security "solvent" or able to pay future benefits. It is possible to make it more secure financially with small changes over 20 to 30 years. But it is not necessary to make any drastic changes right away. Any changes should follow these principles:

- Keep Social Security's current structure based on payroll taxes.
- Preserve Social Security as a social insurance program for everyone who is eligible.
- Guarantee monthly benefits adjusted for inflation.
- Preserve Social Security to meet the needs of people who are eligible now and in the future.
- Restore Social Security's long-term financial stability.

This checklist helps evaluate how changes might affect individuals with disabilities and their families.

DOES THE PROPOSED CHANGE

- ✓ **Ensure a benefit formula that does not force more people with disabilities into poverty?** A common idea is to change the formula that sets the monthly benefit. A proposal to use a different formula that would lower the Primary Insurance Amount (PIA) would cut retirement, survivor and disability benefits because they are set by the same formula. Reducing the PIA will force more people with disabilities further into poverty. It is essential to set benefits at adequate levels.
- ✓ **Provide protection against inflation?** Social Security benefits are adjusted annually, as necessary, to keep up with inflation to protect their value. This is called a "cost-of-living adjustment" or COLA. Reducing the COLA by even a small amount makes a big difference over time: Reducing the COLA by 1 percent will cause a 20 percent benefit reduction after 20 years. Also, the current benefit formula is tied to the "wage index." Switching to a formula based on the "price index" would seriously reduce benefits and the standard-of-living for all future beneficiaries, especially over time. It is essential to maintain a benefits formula that provides adequate future income.

- ✓ **Protect disabled adult children and other family members with disabilities?** Family members with disabilities get different types of Social Security benefits. They include disabled surviving spouses and disabled adult children (individuals who become disabled before age 22 who are unable to work to a substantial extent). Changing the benefit formula and COLA will reduce their benefits. It is essential to provide adequate income for people who depend on workers who retire, die or become disabled.
- ✓ **Consider the impact of raising the retirement age on people with disabilities?** Raising the normal retirement age (NRA) will have implications for both the retirement and disability insurance programs. For example, older workers who develop chronic or disabling conditions after years of manual jobs may find that they must retire early when they can no longer do physical labor. If their conditions do not qualify for disability insurance, then they might apply for and receive early retirement benefits, receiving reduced benefits for life. On the other hand, some workers who develop severe chronic or disabling conditions do qualify for disability insurance. If the retirement age is increased, this group of workers, who may be below the new normal retirement age, could substantially increase the number of people applying for and receiving disability insurance. This could create new pressures on the disability insurance program.
- ✓ **Consider adequately the impact on people with disabilities and their families?** The disability community urges policymakers to request a beneficiary impact statement on every major component of any serious proposal. In a program that affects millions of individuals of all ages, it is essential for policymakers to look beyond the budgetary changes to understand the actual impact on people's daily lives now and in the future.

Produced by the **Consortium for Citizens with Disabilities** (CCD) Social Security Task Force. See www.disabilityandsocialsecurity.org for more information about the Task Force's public education and outreach campaign. To learn more about CCD, a coalition of over 100 national organizations, go to www.c-c-d.org.