

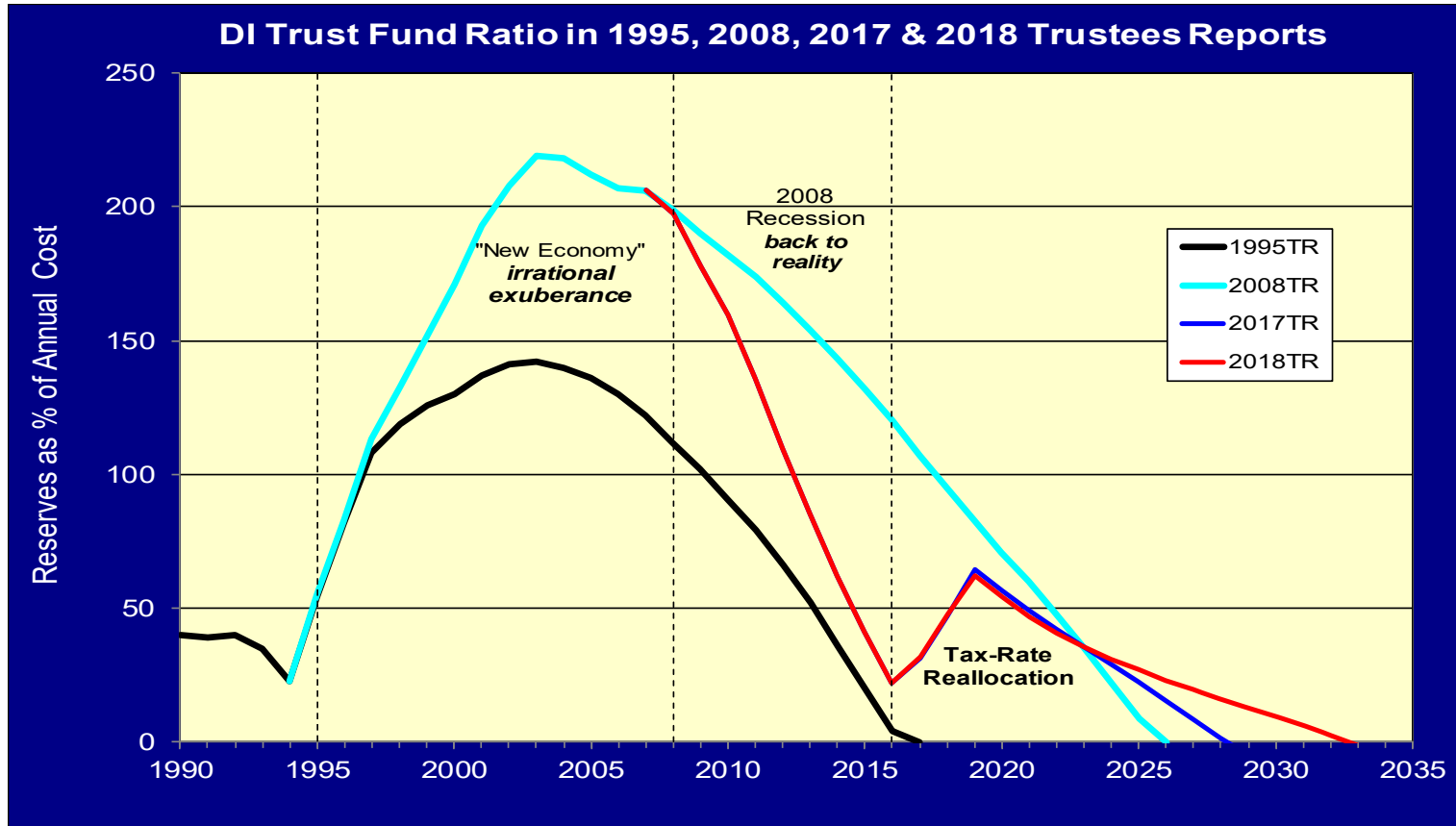
Disability Experience, Assumptions, and Projections

**Karen Glenn and Steve Goss
Office of the Chief Actuary
Social Security Administration**

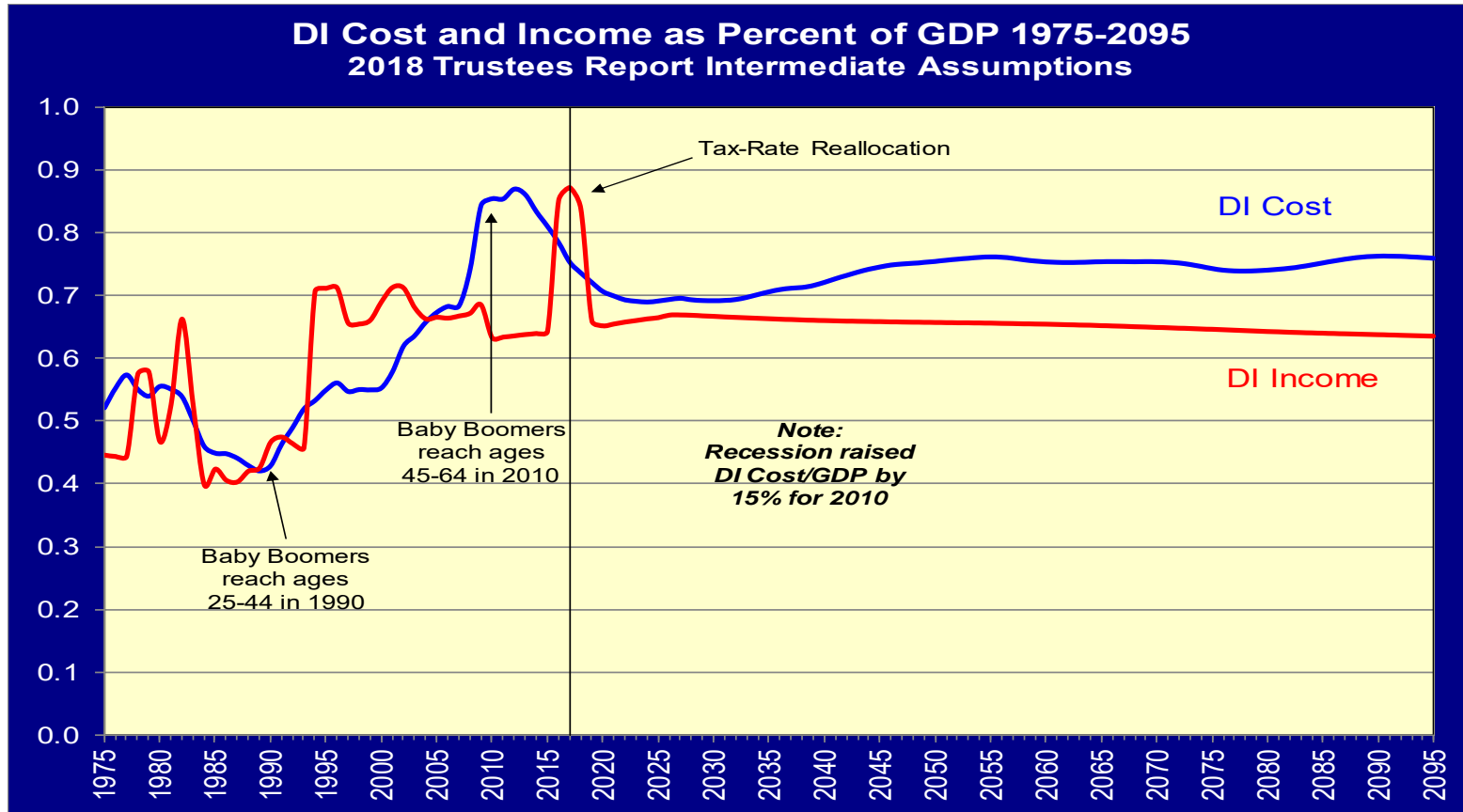
**NBER Summer Institute
July 25, 2018**

Solvency of the DI Trust Fund

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

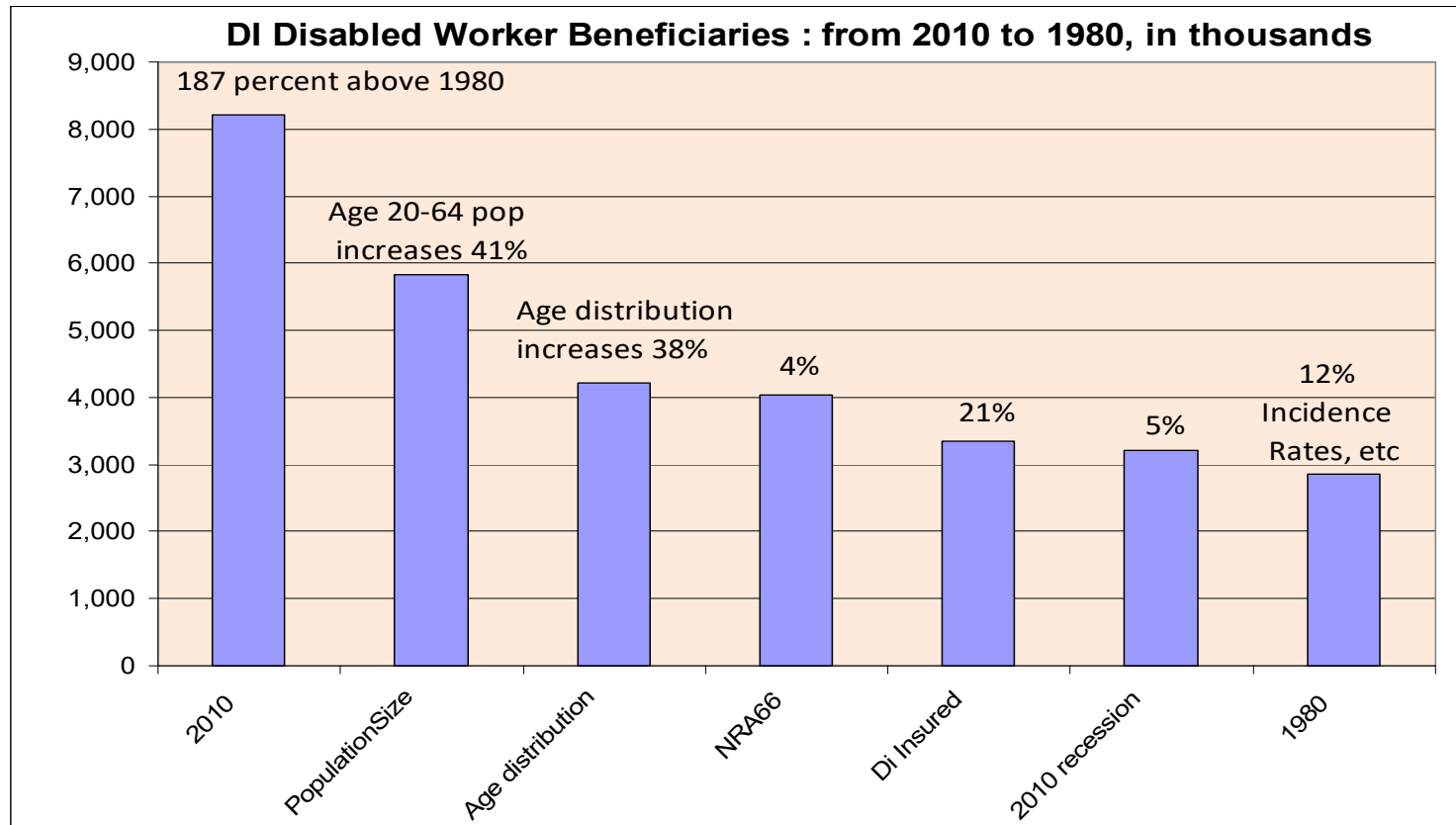


DI Cost as Percent of GDP Has Peaked, but Scheduled Income Is Too Low

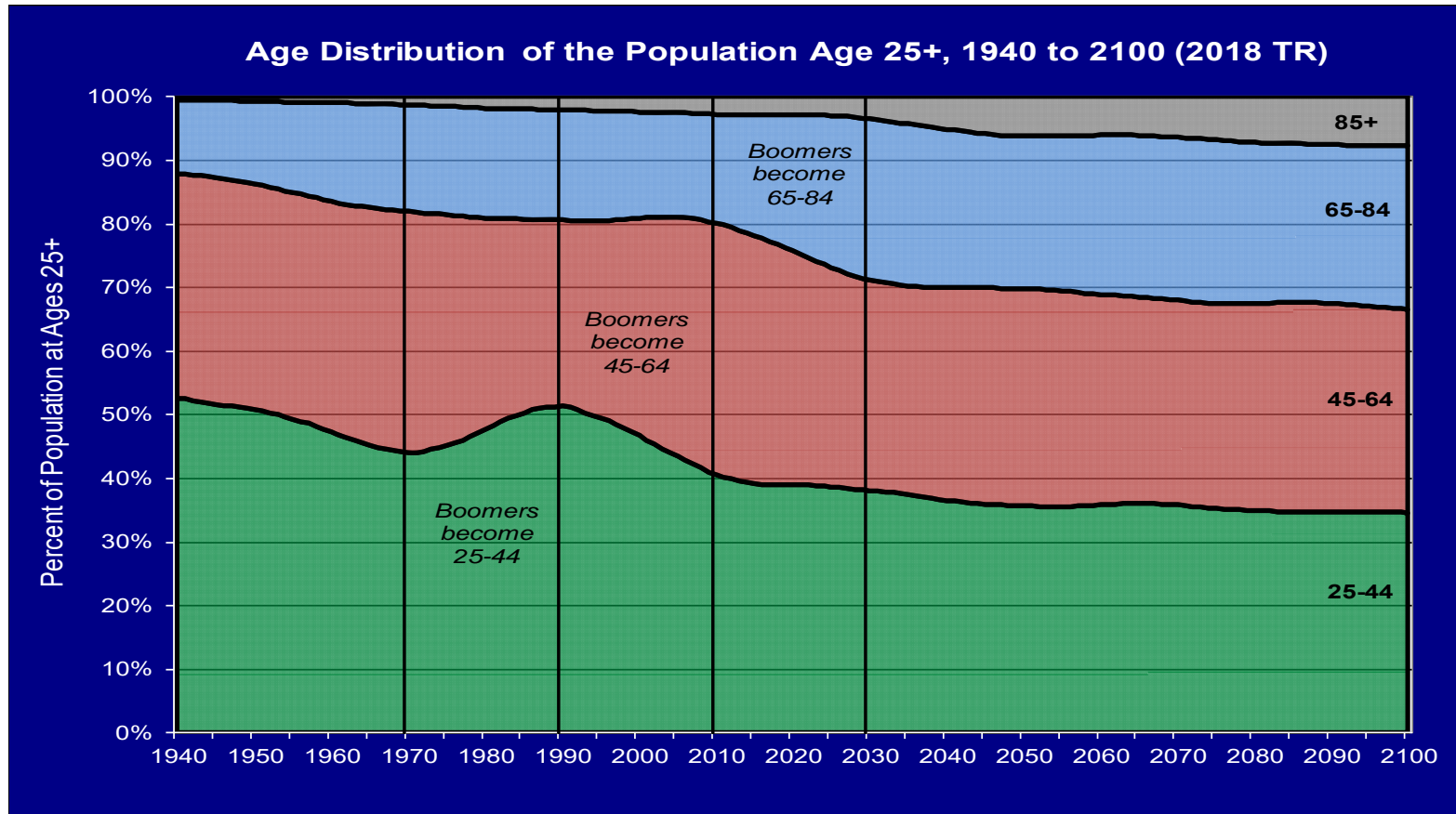


187% Increase in Disabled Worker Beneficiaries

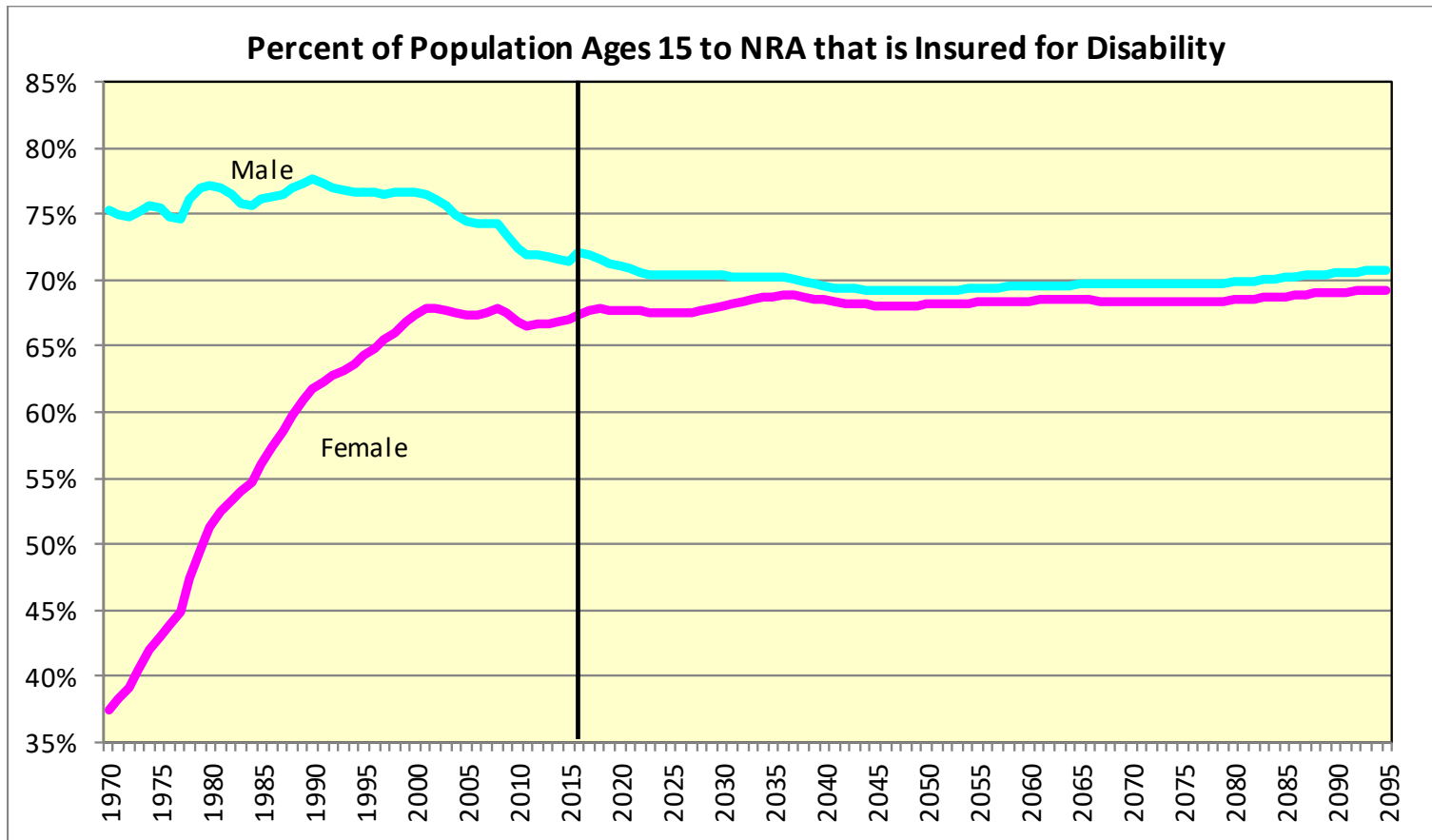
How much is due to changes in population size, NRA, age distribution, recession, more women insured and filing?



Changing Age Distribution Over Last 20 and Next 20 Years Mainly Due to Macro Aging—permanent level shifts

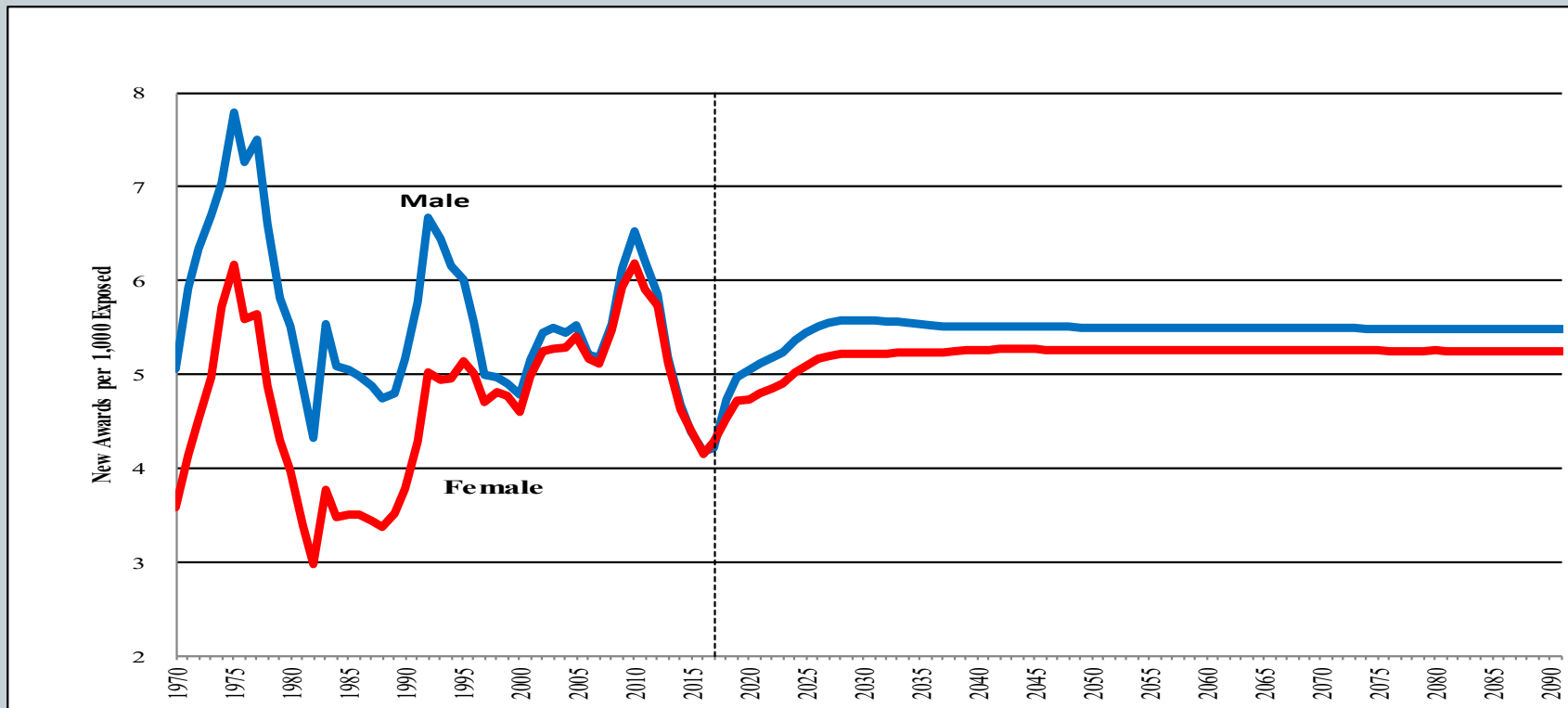


Increased Work by Women Raised Female Insured Rates; Male Rates a Little Lower at Younger Ages

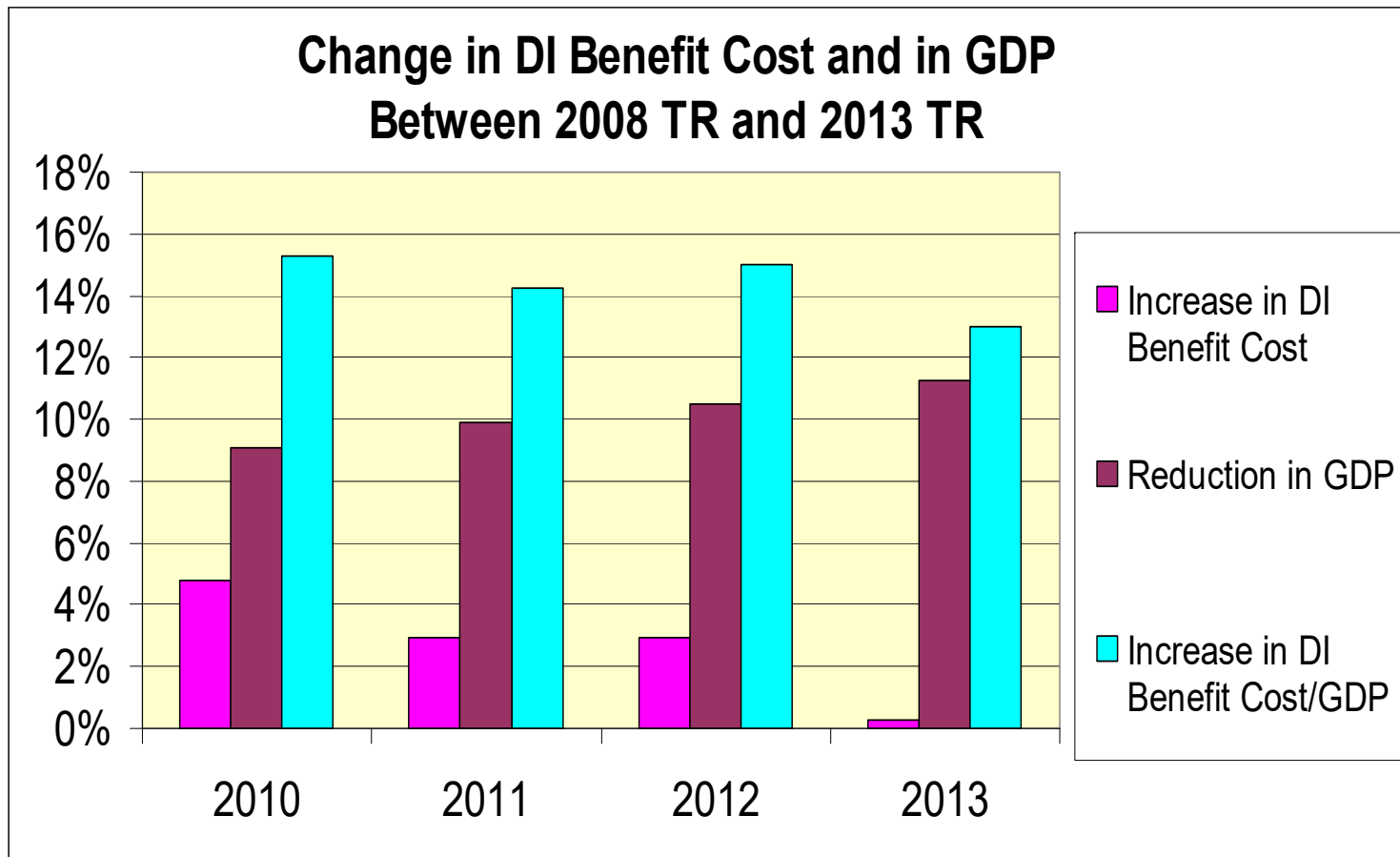


Age-Adjusted Disability Incidence Rates: Male at all-time low; female has caught up to male

**New Disabled Worker Awards per 1,000 Exposed (Incidence)
Age-Adjusted (2000) — 2018 Trustees Report**



Most of the Recession Effect is From Less GDP, not More DI Cost

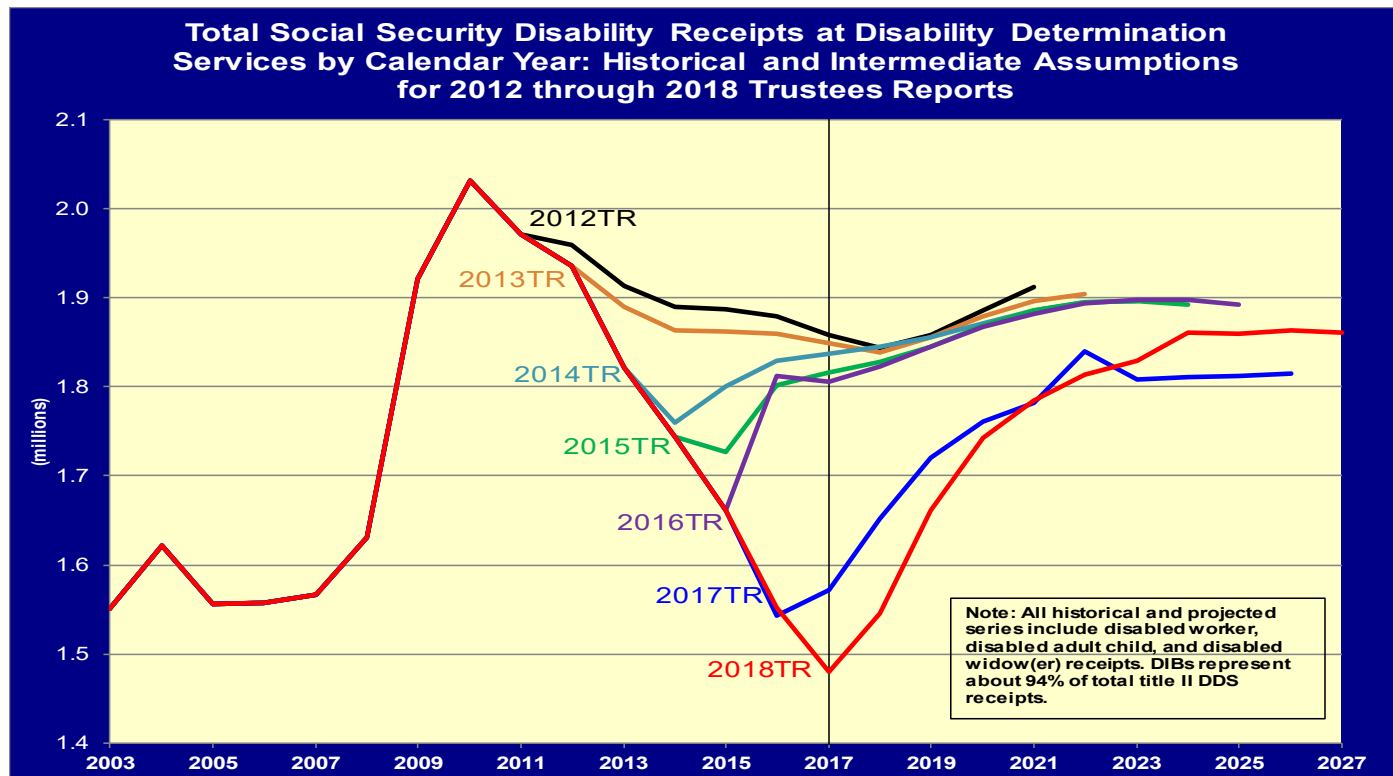


Recent Favorable Disability Experience

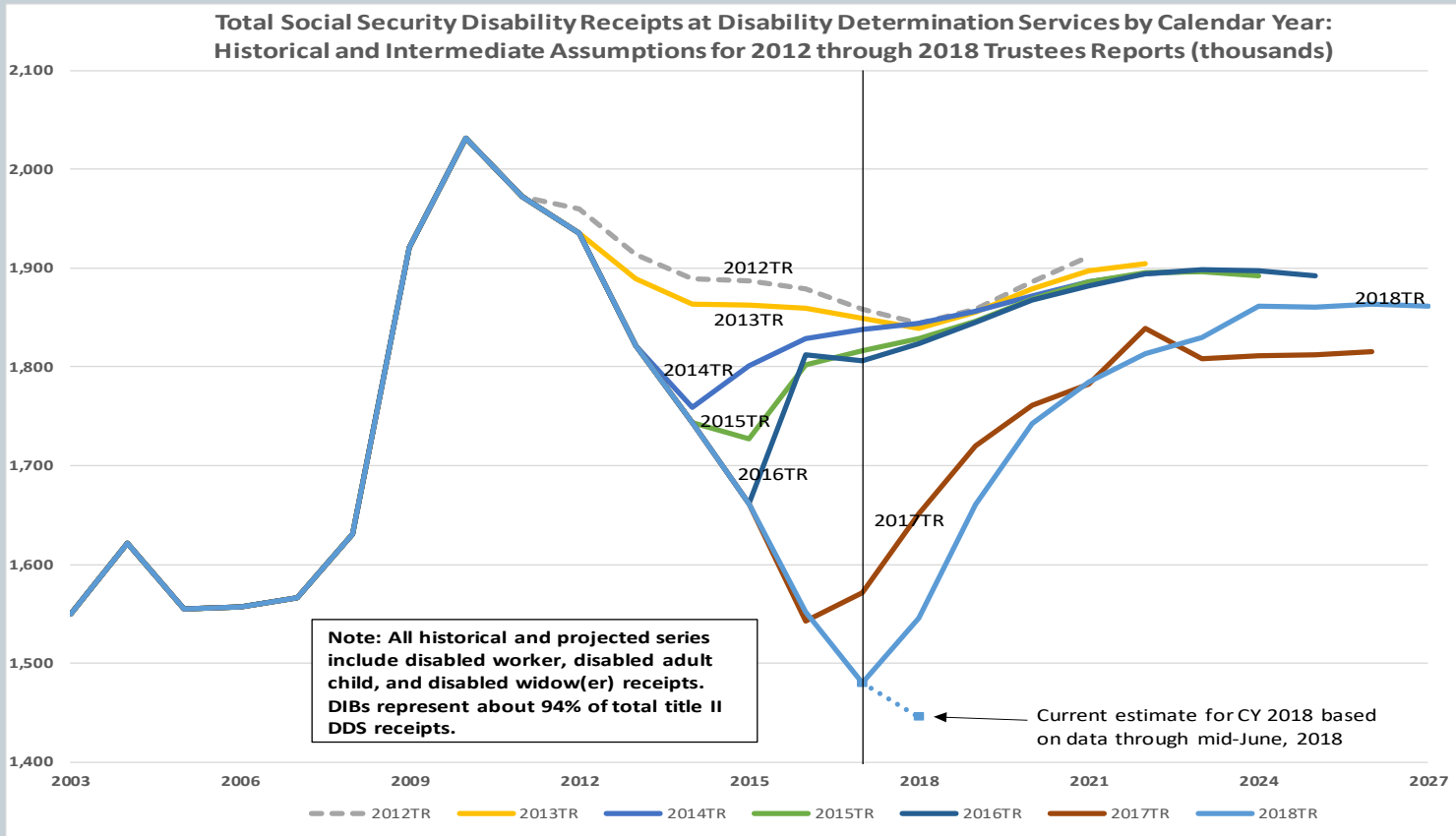
- Applications and incidence are at historic low levels
- Numbers of beneficiaries have been declining since 2013
- Prevalence rates have peaked and are dropping
- What about the future?
 - Are declines temporary, or the new state?
 - Possibilities:
 - ✦ Economy and jobs—*temporary*
 - ✦ Drop in hearings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

Applications for Disability Benefits Continue to Fall

At the peak of the last economic cycle in 2007, applications were low, but increased rapidly in the recession to over 2 million in 2010; in 2016 and 2017, with the economy still below the sustainable full-employment level, applications dropped below the 2007 level

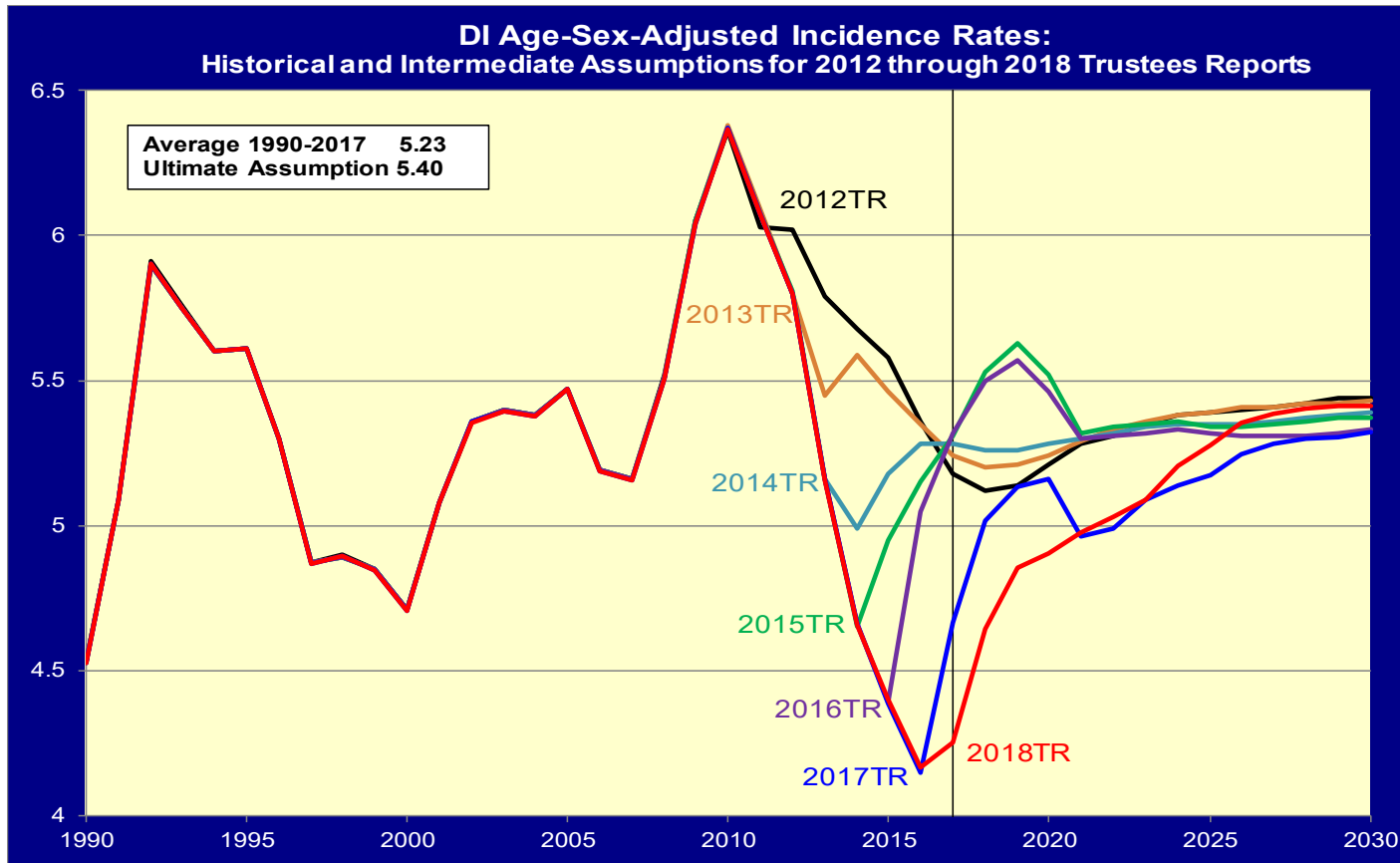


However, Applications Are Still Dropping in 2018!



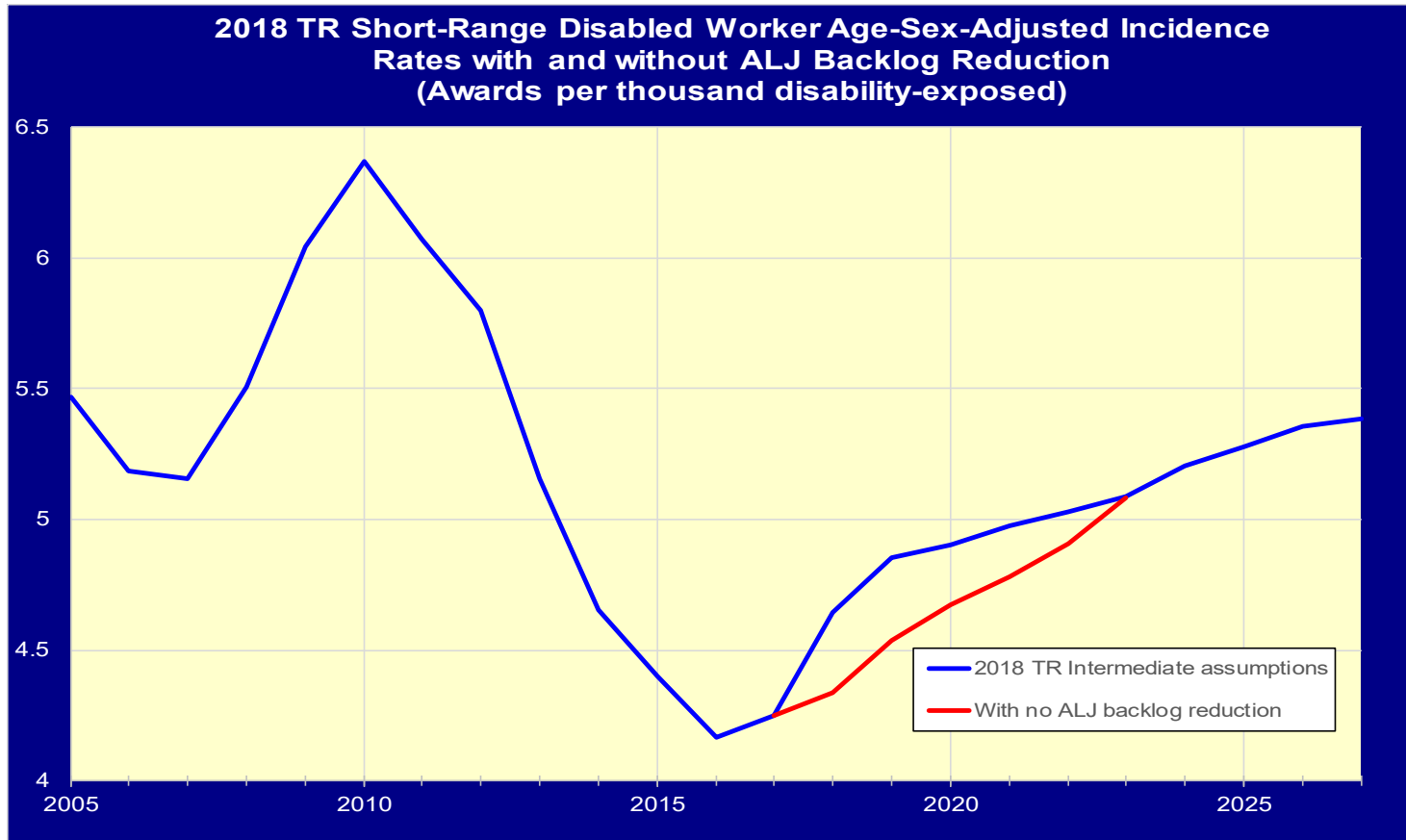
Disability Incidence Rate Falls to Historic Lows

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



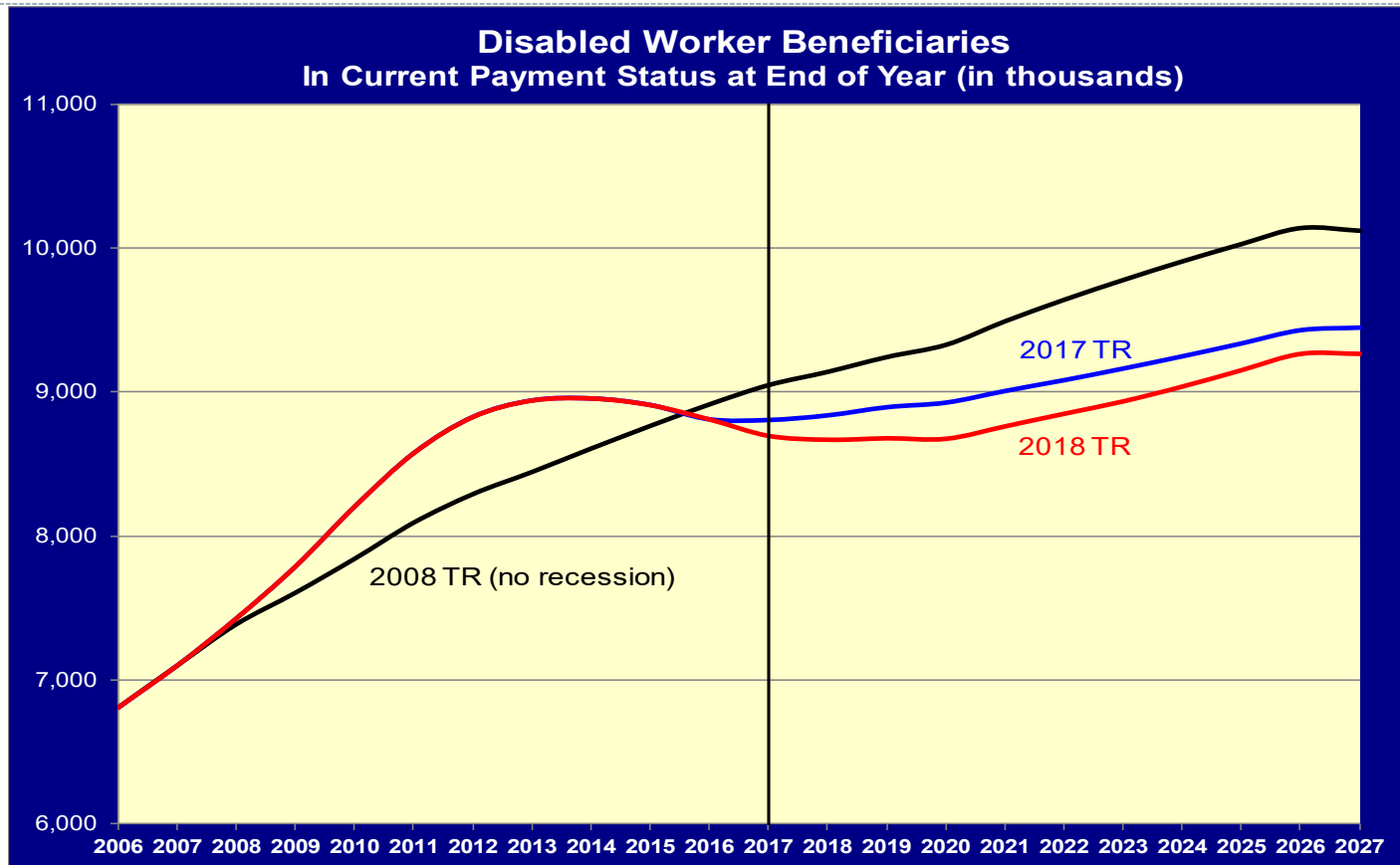
Disability Incidence Rate Projected to Rise to Ultimate Level by 2027

Sharp increase in the projected disability incidence rate in 2018 and 2019 due in part to the reduction of the ALJ backlog—*Note additional effect on lower average benefit level*

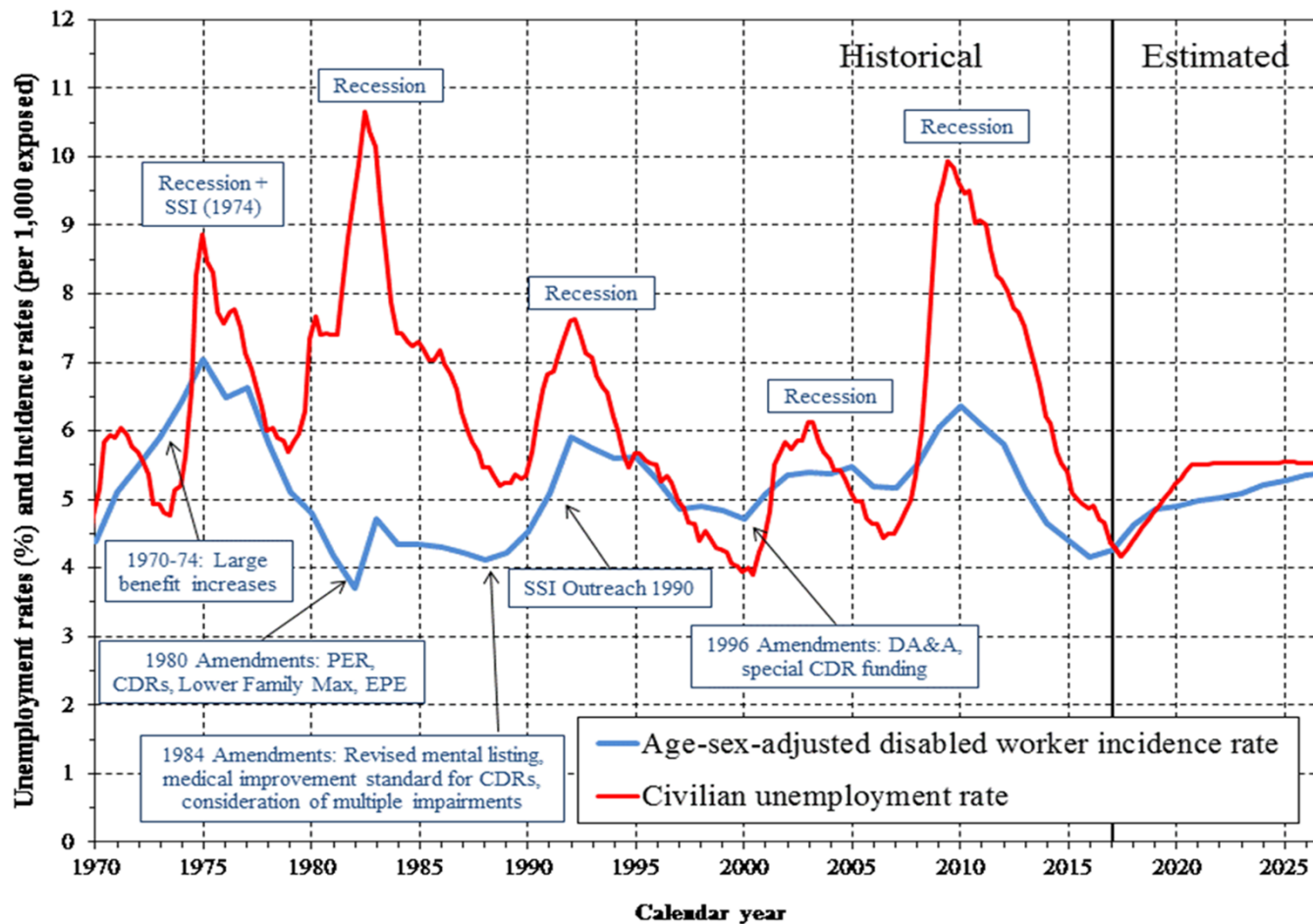


Fewer Disabled Worker Beneficiaries

Fewer now and in near term based on recent applications and incidence rates

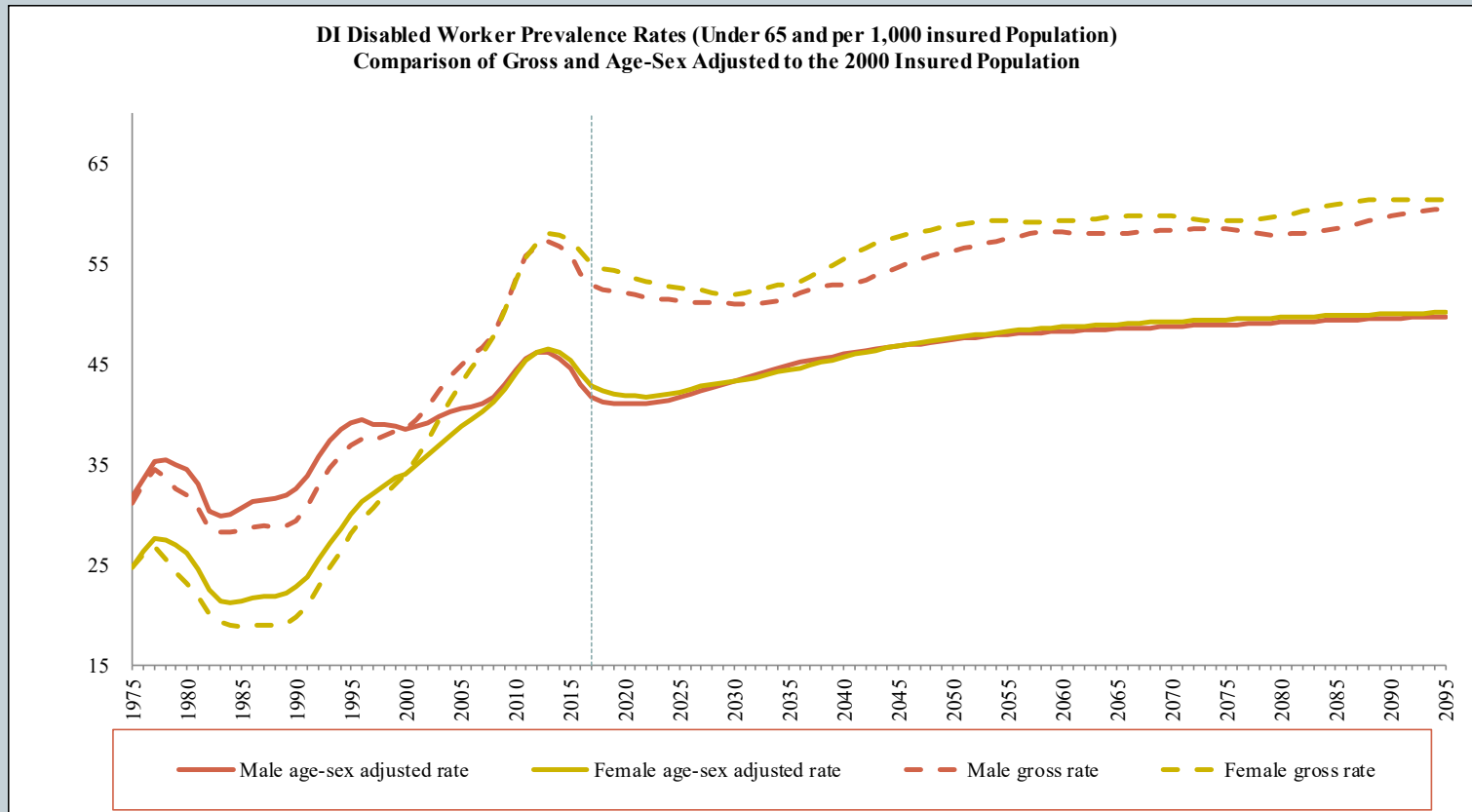


Effect of the Economy on DI Incidence—2018 TR



Disabled Worker Prevalence Rates (all through age 64)

Rates more consistent across years



Ultimate Incidence Rate Assumptions Will Determine Future Prevalence and Cost

