

Social Security Disability Insurance

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Agenda

Background

- Social Security program and composition; types of disability benefits
- Definition of disability
- Application and decision process

Historical experience

Projections and thoughts for the future

Social Security Program

Social Security is comprised of two major benefits programs

- Old Age and Survivors Insurance (OASI): Retirement and survivor benefits
- Disability Insurance (DI): Disability benefits

Disability benefits payable under both, but primarily DI

- DI is primarily disability benefits, along with benefits to certain dependents
- OASI pays disability benefits to several relatively small groups (widows, adult children)
- Disabled workers “convert” to retired worker status upon attainment of Normal Retirement Age, and are no longer counted as disabled

Disability Benefit Types

Social Security Disability

- Disabled workers – insured for benefits on their own earnings history
 - Fully insured + generally need 20 QCs out of the last 40 quarters (ages 31+)
 - 7.1 million, 84% of disabled beneficiaries in 6/2025
- Disabled adult children – at least age 16 with a disability beginning before age 22
 - Children of a beneficiary entitled to Social Security (retired or disabled worker)
 - Surviving children of a deceased worker who had the appropriate insured status
 - 1.2 million, 14% of all disabled beneficiaries in 6/2025
- Disabled widow(er)s – at least age 50, survivor of a deceased spouse and disabled
 - 0.2 million, 2% of all disabled beneficiaries in 6/2025

Definition of Disability

Inability to engage in substantial gainful activity (SGA) due to a medically determinable impairment expected to result in death or last a continuous period of at least 12 months

- Includes mental and physical impairments

SGA = \$1,620 per month in 2025. Adjusted by average wages each year

Working at or above SGA generally results in a finding of not disabled at application

- Post-entitlement: Periodic reviews to ensure beneficiaries still meet the definition of disability (based on medical improvement) + rules regarding working at or above SGA are different

Application Process

File an application for benefits:

- At any of SSA's field offices (FOs)
- Over the telephone through the 800-number system
- Over the internet (for most Social Security claimants)

FOs/PCs evaluate whether the claimant is

- Working at SGA
- Insured for benefits (for Social Security disabled worker benefits)

If FOs do not deny a claim, gather medical evidence and forward to claimant's state Disability Determination Services (DDS)

- Responsible for determining if applicant is disabled
- Each state has at least one DDS, some have multiple

Decision Process

Five-step sequential evaluation process

- Step 1: Working at or above SGA?
- Step 2: Impairment severe?
- Step 3: Impairment meets/equals listing of impairments?
 - Severe impairments that generally preclude work: ALS, cancer, heart failure, etc.
- Step 4: Perform past relevant work?
 - As performed by applicant
- Step 5: Adjust to performing other work in the national economy?

Application can be denied at any step except 3

Application can only be allowed (determined disabled) at steps 3 and 5

Appeals Process

For denials, there is an administrative appeals process

- Reconsideration at the DDSs
- Hearing before an Administrative Law Judge
- Appeals Council

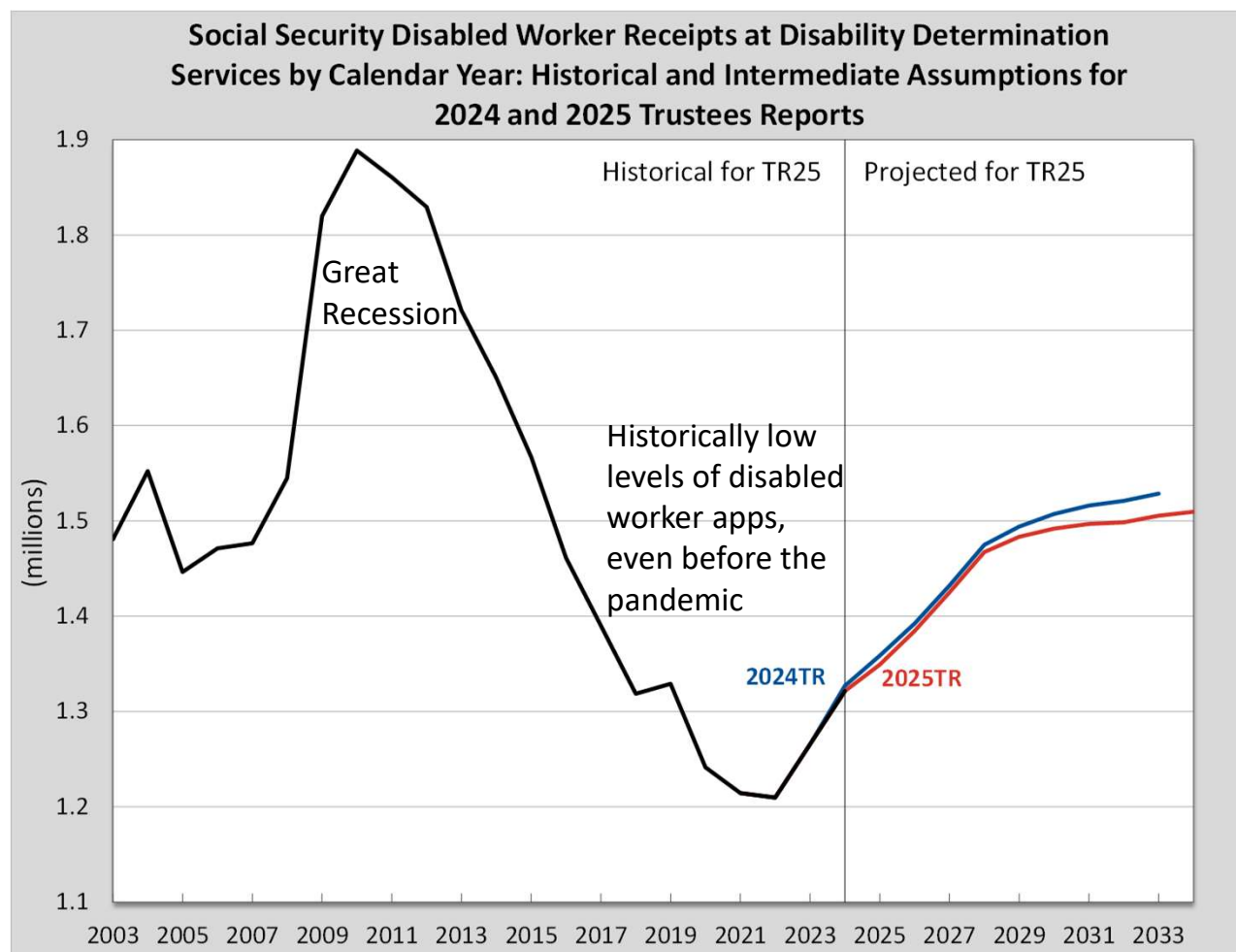
If all appeals are made without success, claimant can appeal to the Federal Court system

Applications for Disability Benefits Remain Near Historically Low Level

At the peak of the last economic cycle in 2007, applications were low, but increased rapidly in the 2008 recession from 1.5 million in 2007 to 1.9 million in 2010.

From 2017 through 2022, applications dropped to well below the 2007 level.

Applications increased in 2023 and 2024 but remain near historically low levels.



Applications for Disability Benefits Remain Near Historically Low Level

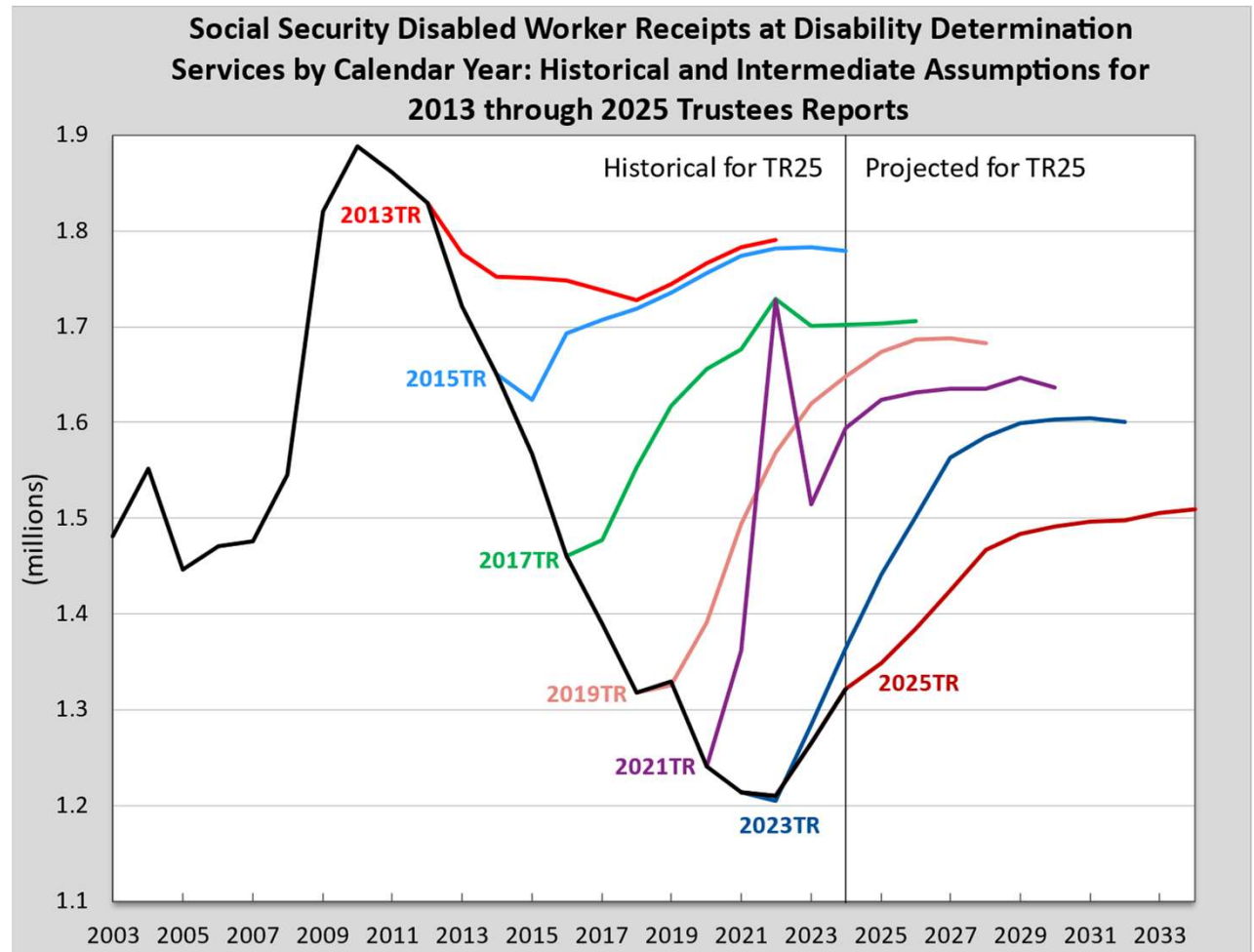
The Trustees have reduced the ultimate disability incidence rate:

5.4 per thousand to 5.2 for the 2019 Trustees Report,

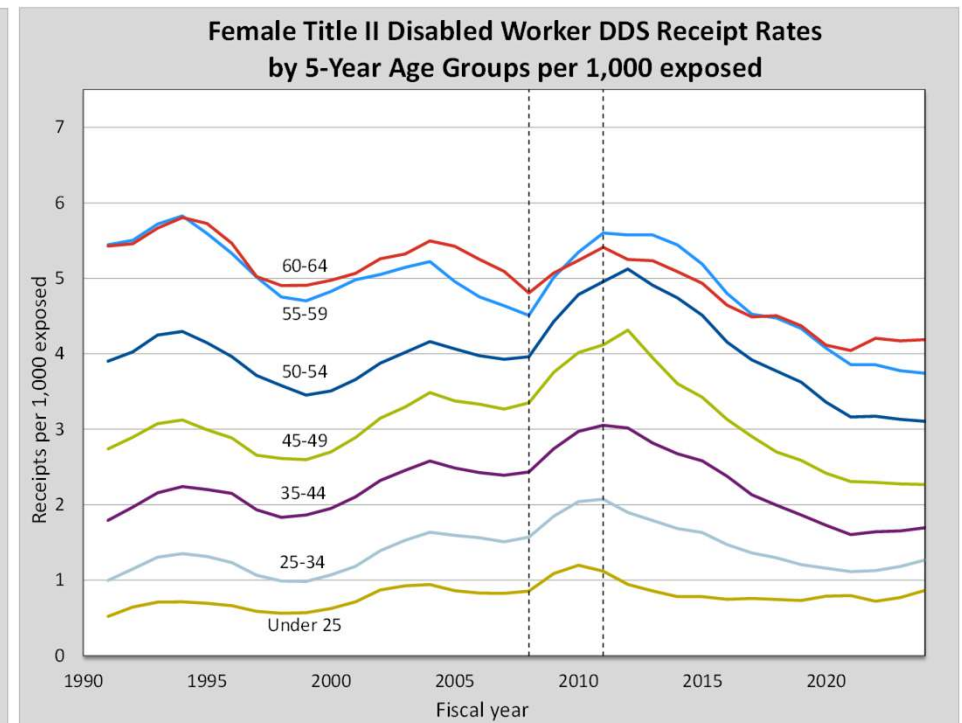
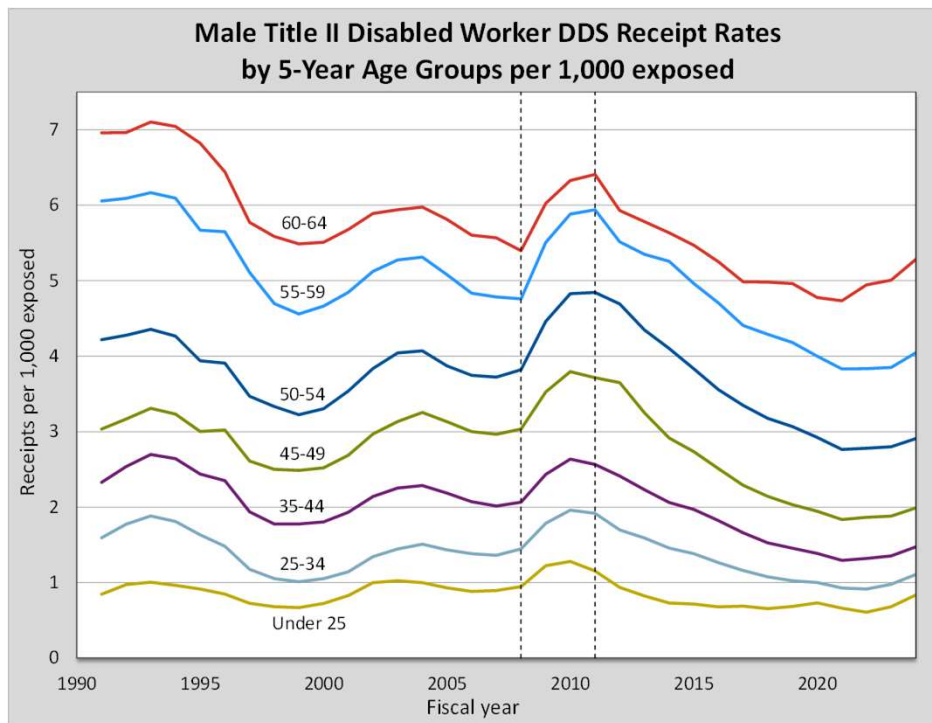
5.0 for the 2020 TR;

4.8 for the 2022 TR;

4.5 for the 2024 TR



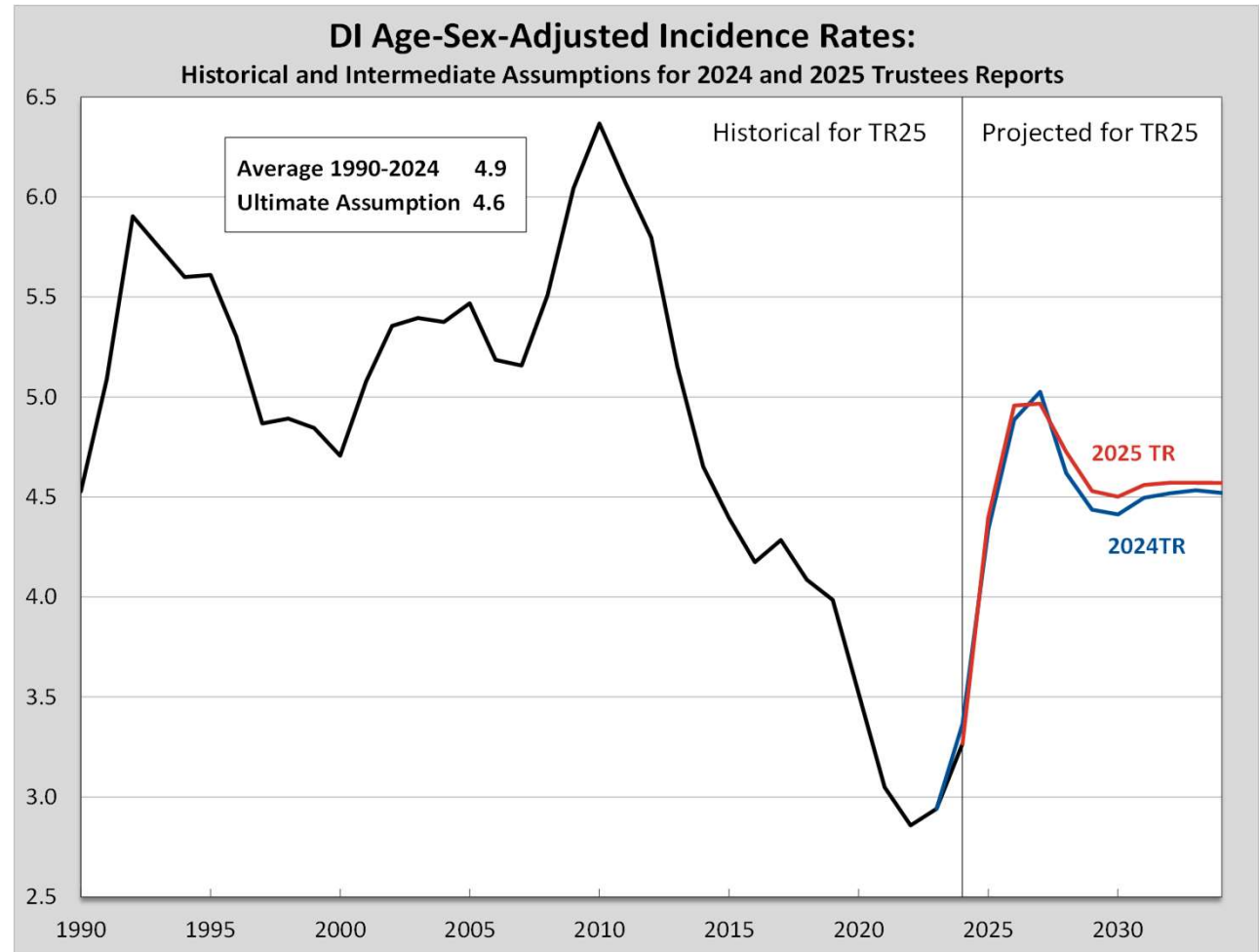
Disabled Worker Receipt Rates (at DDS) have been trending downward since 1990, especially at older ages



Disability Incidence Rate Also Remains Near Historically Low Level

DI disabled worker incidence rate rose sharply in the 2008 recession and has declined since the peak in 2010 to extraordinarily low levels in 2016 through 2022.

Incidence rates increased slightly in 2023 and 2024 and are projected to rise in order to reduce pending claims.

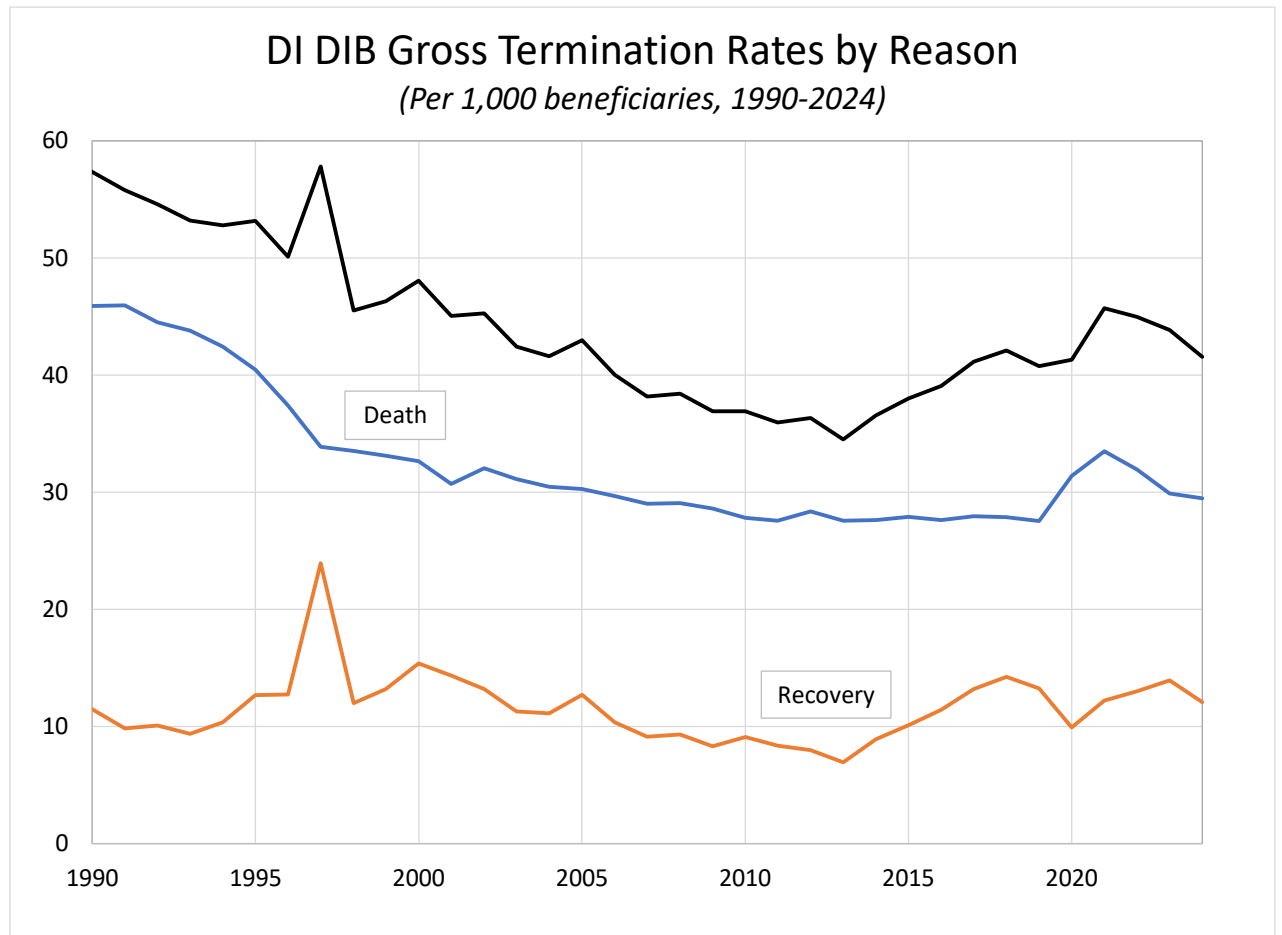


Termination Experience

Recovery rates:

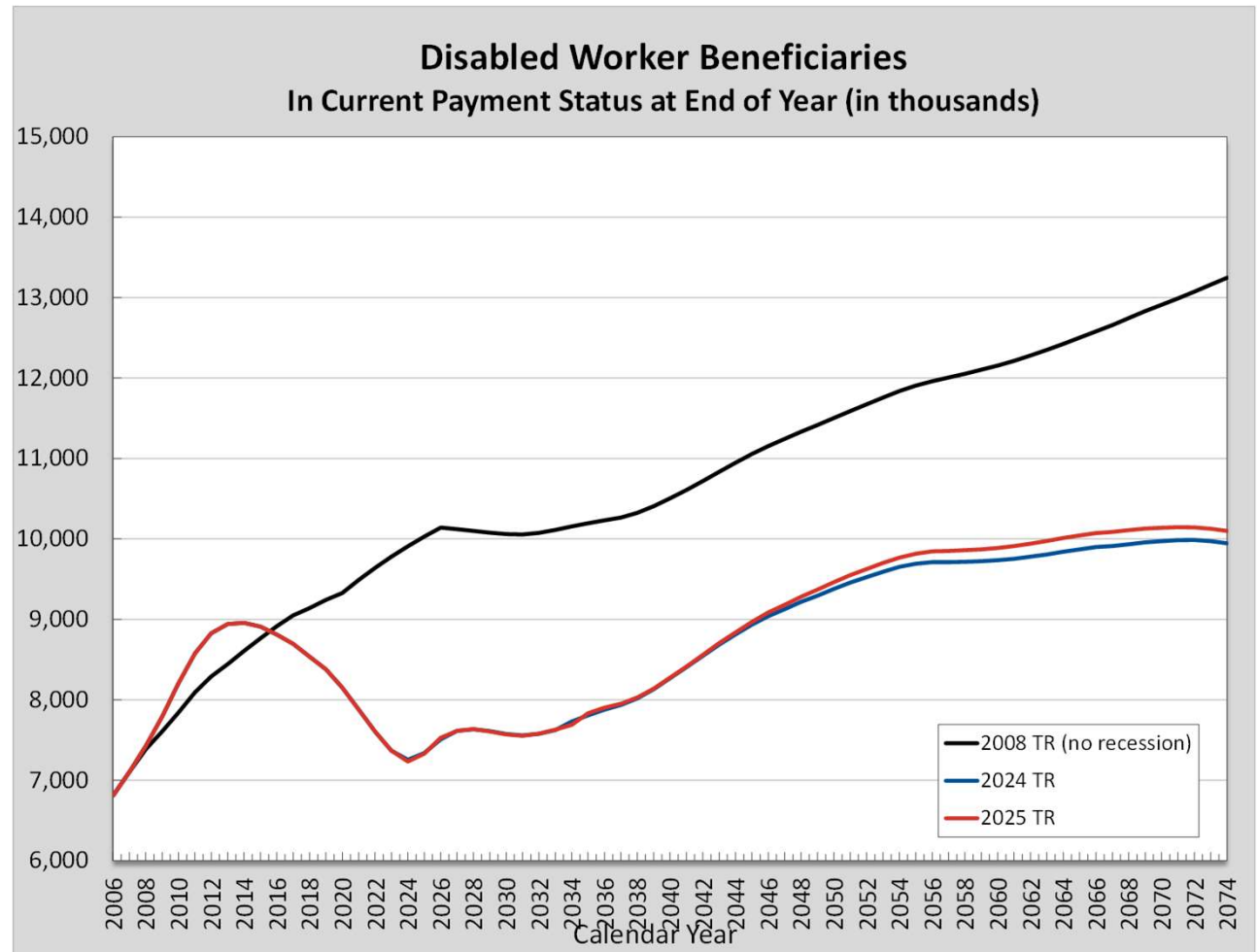
- Medical improvement related to ability to work. Periodic reviews subject to Congressional appropriations.
- Work during entitlement above SGA; special rules allow beneficiaries to test ability to work without loss of benefits

Death termination rates declined significantly through the 1990s, and declined at slower rate into the early 2010s



Disabled Worker Beneficiaries

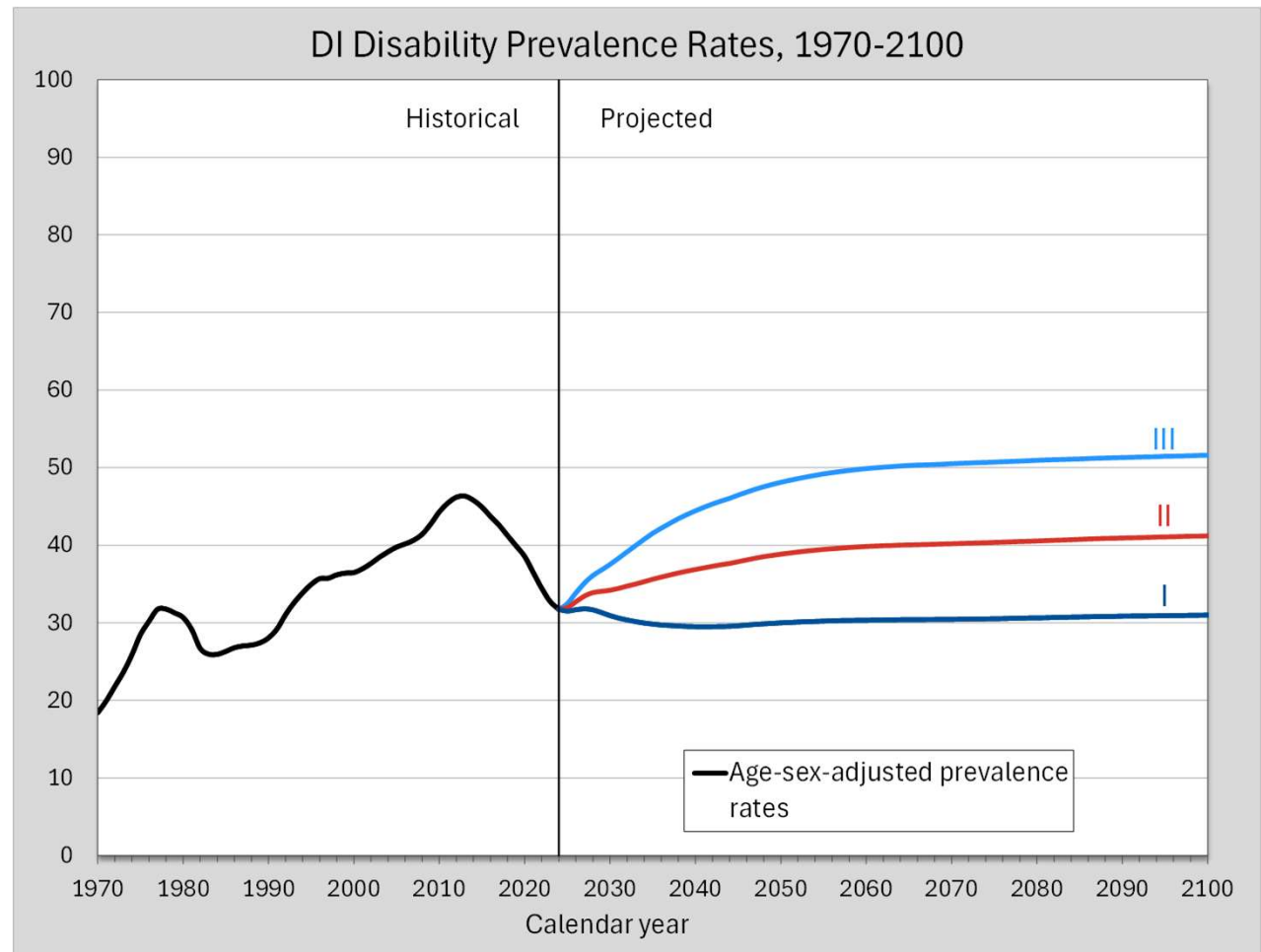
Slightly higher in the long-term based on implementation of the past relevant work regulation.



Disabled Worker Prevalence Rates

When will prevalence rates begin to rise again?

The TR projections assume the incidence rate will ultimately rise to 4.5 per thousand, from the levels seen since 2016 of between 2.9 and 4.3 per thousand.



Recent Favorable Disability Incidence Experience

- Applications and incidence are at historic low levels
- Numbers of beneficiaries have been declining since 2013 and are well below earlier expectations that fully reflected demographic changes
- Prevalence rates have peaked and are dropping
- What about the future—are the declines temporary, or the new state?
- Possibilities:
 - Economy and jobs—*temporary?*
 - *Increased labor demand due to aging of the population*
 - Drop in hearings allowance rates—*temporary?*
 - Increased access/affordability of health care (ACA)
 - Employer accommodations (ADA)
 - Field office consolidations
 - Something more fundamental? Changing nature of work?

Resource information

2025 Social Security Trustees Report: <https://www.ssa.gov/OACT/TR/2025/index.html>

Actuarial Study #125, Social Security Disability Insurance Program Disabled Worker Experience:
https://www.ssa.gov/OACT/NOTES/pdf_studies/study125.pdf

2025 Trustees Report Long-Range Disability Assumption Memo:
https://www.ssa.gov/OACT/TR/2025/2025_Long-Range_Disability_Assumptions.pdf

Contact us by email at actuary@ssa.gov.