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Understanding the Disparate Impacts of the Social Security Disability Insurance Family Maximum Rules

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Key Findings and Policy Implications

This paper analyzes how SSDI family maximum rules affect the economic security of households with SSDI beneficiaries, and whether the application of these rules increases or decreases socioeconomic disparities. It uses data from the Consumer Expenditure Survey and the National Beneficiary Survey. The paper finds that:

- There are large gaps in income and expenditure between SSDI beneficiary and actively working households that generally increase with the number of potential dependents. Indeed, larger households receiving SSDI benefits generally have lower incomes than smaller households with SSDI beneficiaries.

- Among households with one potential dependent, the mean annual post-tax income of households receiving SSDI benefits is 85 percent of that for households not receiving SSDI benefits. Among larger households, the mean annual post-tax income of households receiving SSDI benefits is between 42 and 51 percent of households not receiving benefits.

- The analysis of household expenditures reveals similar patterns. SSDI recipient households with one dependent have expenditures equal to about 80 percent that of households that are not SSDI beneficiaries. SSDI recipient households with three or more dependents have expenditures of about 62 percent that of households that are not SSDI beneficiaries.

This paper advances our understanding of financial wellbeing among SSDI recipient families with dependents, and especially the role of family maximum rules. While many dependents of SSDI beneficiaries are eligible for additional SSDI payments, the results of this study suggest that SSDI policies are more effectively insuring smaller households with dependents than larger households with dependents.

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