



Security Matters

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Social Security Disability Insurance and Intergenerational Economic Mobility

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- *Practitioner applications provided by the Center for Financial Security, UW-Madison*

Summary

Children of parents with disabilities face disadvantages in economic opportunity. This project looks at a child's access to opportunity in the US when his or her parents' experience a disability. One sign of economic opportunity is moving up the income scale, which looks at the expected earnings rank for children whose parents were at the 25th income percentile. Evidence suggests children whose parents are in poorer health or have a work-limiting disability face lower economic opportunity when compared to peers whose parents are in better health.

Researchers compare patterns of economic movement for children whose parents self-report a work-limiting disability, and have a history of applying to Social Security Disability Insurance (DI) before the child turns 26 years old. DI applicants who receive benefits right away are thought to have worse health relative to DI applicants that are rejected at first because at least one disability examiner decided their case did not qualify for DI benefits. Children whose parents are initially denied DI but are later accepted after appeal, appear to have less upward economic progress than those parents who were awarded DI benefits without delay. These findings suggest that DI awards could help ease lower economic opportunity for children of parents with disabilities.

Key Findings

- Children of parents with work-limiting disability typically face disadvantages in access to economic opportunity.
- Upward economic mobility is higher for children of parents with the most severe conditions.
- DI could potentially lessen some, but not all, of these disadvantages for children of parents with severe health conditions.
- Further research is needed to better understand the relationship between parental disability, access to DI benefits, and children's economic opportunity.

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Practitioner Ideas

Financial counselors, coaches, and educators are interested in helping their clients increase access to economic opportunity. This study shows that children whose parents have a work-limiting disability may also face limitations with moving up economically. When a parent shares that they have a disability that is limiting their earning power, financial counselors could:

- Offer to jointly review the qualifications and timeline for Social Security disability benefits to help clients understand the program. A person must have worked in jobs covered by Social Security to have earned enough work credits to be eligible for DI. If a person is still working and they make over a certain amount per month, they will usually not be considered disabled.
- Discuss the Supplemental Security Income (SSI) program. SSI pays benefits to disabled adults and children who have limited income and resources. Because SSI is a needs-based program for people who are aged, blind, or disabled, the amount of benefits received is based partly on current income. Generally, the more income available, the less the SSI payment will be. It's also important to know that receiving housing assistance does not affect SSI benefits.
- Consider additional resources to increase the household's economic stability. Review programs the household is already participating in and any gaps in services that might be available. Resources could include parental job training programs, Head Start for young children, higher education opportunities for older children, and access to transportation or health care.

Financial practitioners can broaden their focus on family financial health when assessing and addressing a client's concerns. This intergenerational lens can help address current and future economic opportunities for both parents and their children.

Key Resources

Adult Disability Starter Kit, Social Security Administration – available in English and Spanish
https://www.ssa.gov/disability/disability_starter_kits.htm

Government Benefits, Information and eligibility requirements for government programs
<https://www.usa.gov/benefits>

211 Resource and Referral Network, United Way Worldwide
<https://www.211.org/>

CareerOneStop, US Department of Labor American Job Center network
<https://www.careeronestop.org/>

