

Junior Scholar Research Brief



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Disability and Wealth: Exploring the Liquid Asset Trajectories of SSI and SSDI Applicants

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Research conducted by Madelaine L'Esperance, as part of the 2019 Junior Scholar Intensive Training (JSIT) research award competition. Please visit the [JSIT training page](#) for details on the training program.

Summary

Currently, 13% of people in the US population have a disability. Experiencing a disability has negative impacts upon economic well-being measured by earnings, consumption and family income. The Social Security Administration (SSA) offers two programs to alleviate financial strain for individuals with a disability: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). This report seeks to describe the using liquid asset trajectories for approved and denied applicants. This report employs a panel event study approach using data from the 1992-2016 Health and Retirement Study to examine the role of program application timing for liquid asset accumulation.

Key Research Findings

- Descriptive evidence shows disability program applicants experience declines in liquid assets, including bank deposits, retirement savings, vehicle value leading up to application that persists years following disability onset.
- Those eventually denied benefits tend to have lower liquid assets even before disability application than approved applicants.
- Large differences in liquid asset accumulation exist between SSI applicants with above median and below median net worth.
- Disability application timing does not significantly impact household financial distress after controlling for fixed individual and year heterogeneity as well as time-varying applicant characteristics.

Implications for Policy and Practice

Disability programs can protect households from financial hardship. Individuals denied SSI and SSDI may be more susceptible tapping into liquid assets to cope with lost earnings and health expenses resulting from a disability. While descriptive findings support prior findings that the disability application and approval process affect household finances, I do not find corroborating evidence using a panel event study approach. Disability application is a critical point in the wealth trajectory of people with disabilities, particularly for SSDI applicants who experience persistent declines in all liquid asset categories studied. Streamlining the application process may mitigate negative effects that accompany long wait times for application review and approval.

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