



HEATHER SCHREIBER'S

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SOCIAL SECURITY ADVISOR

Social Security Planning for Retirement

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GUEST EXPERT: Jean Priest

J Priest Solutions
Retirement & Insurance
Olive Branch, MS

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Disability Insurance: A Crucial Part of Social Security

Our recent issues have highlighted the ever-growing need for consumers, along with the financial and tax professionals who serve them, to educate themselves and advocate for those they serve. According to SSA Commissioner, Martin O'Malley, the SSA operates at an annual cost of under 1% of benefit payments. We have recounted the resulting effect of this low operating cost on Social Security recipients and applicants: longer phone waiting times, staff attrition, and fewer trained representatives handling consumer questions. To add fuel to the fire, that number is projected to fall to an all-time low of just 0.94% during fiscal year 2024.

According to the SSA's [2023 Annual Statistical Supplement](#), roughly 8.9 million people received disability benefits in 2022, representing 13.5% of total benefits paid from Social Security. Of the benefits paid by Social Security Disability Insurance (SSDI), 86% went to disabled workers, and the remaining amount was paid to family members. It is estimated that one out of four people will become disabled before age 67, making SSDI a crucial arm of the program for many who pay into the system.

Supplemental Security Income (SSI) also is paid to disabled beneficiaries with limited income and resources.

This issue of *Social Security Advisor* focuses on SSDI benefits rather than SSI benefits.

Patience Required

According to O'Malley, disability incident rates have declined since 2018. Even with lower incident rates, staffing issues have contributed to longer waiting times at local SSA field offices and state agencies. Disability applicants wait, on average, eight months for an initial determination and an additional seven months for an appeal if their first application is denied. People with severe health conditions, discussed later, may be expedited through the disability review process within as little as 30 days. It may be advisable to work with a reputable attorney to expedite the process and have a greater likelihood of approval.

In 2023, the average age of applicants receiving a disability award was 56; the most common diagnosis category was musculoskeletal system and connective tissue. The average benefit awarded was \$1,537 monthly, totaling over \$18,000 yearly. On average, SSDI benefits replace about half of a disabled worker's final earnings prior to the disability. In some cases, benefits to family members also may be payable.

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