

Sources of Income of People Age 50 to 64 with Work Disabilities

Introduction

People with disabilities are disproportionately poor. A 2004 Harris survey asked people with and without disabilities to pick the income category that “best describes your total 2003 household income” (before taxes and from all sources).¹ The results “showed that people with disabilities are far more likely than other Americans to have a household income of \$15,000 or less (26 percent versus 9 percent).”²

The same survey showed that the majority of people with disabilities are not in the workforce. In fact, only 35 percent of people with disabilities reported being employed full or part time, compared to 78 percent of those who do not have disabilities.³

According to the March 2005 Current Population Survey, more than seven million people age 50 to 64 (over 14 percent of that age group) identify themselves as being prevented from working by a disability or health condition⁴ (Table 1).

The proportion of 50 to 64-year-olds who are work disabled varies by racial and ethnic group. For whites and Hispanics age

50 to 64, only 13.3 percent and 14.9 percent, respectively, are work disabled; for African Americans the portion is 22.7 percent (Table 1).

Table 1
Percentage of Persons Age 50 to 64 with a Work Disability by Race/Hispanic Origin and Sex in 2004

	Total Population	Persons with Work Disability	Percent of Persons with Work Disability
	N (in 1,000)	N (in 1,000)	%
Total	49,258	7,045	14.3
Men	23,668	3,360	14.2
Women	25,590	3,685	14.4
White	37,924	5,060	13.3
Men	18,455	2,466	13.4
Women	19,470	2,594	13.3
African American	5,053	1,149	22.7
Men	2,239	522	23.3
Women	2,813	627	22.3
Hispanic	4,109	614	14.9
Men	1,981	275	13.9
Women	2,127	339	15.9
Other¹	2,173	221	10.2
Men	993	96	9.6
Women	1,180	125	10.6

¹ Includes American Indian and Asian Pacific American.
Data Source: U.S. Bureau of the Census March 2005 CPS.

The age 50 to 64 work-disabled population⁵ is not evenly distributed across racial and ethnic groups. African Americans age 50 to 64 are disproportionately work-disabled. They represent 10.3 percent of all 50 to 64 year olds but a much higher portion -- 16.3 percent -- of all those with work disabilities⁶ (Table 2).

⁵ In this Data Digest the terms “work-disabled” and “work disability” mean only those people who identify themselves as being prevented from work or limited in the kind or amount of work they can do by their disability or health condition. For further discussion of the terms, see “Limitations of the Data” and footnote 7.

⁶ The proportion of whites, African Americans, and Hispanics does not necessarily add up to 100 percent there is a fourth category in the data: “other.” Other includes American Indians and

¹ 2004 National Organization on Disability Harris Survey of Americans with Disabilities. Summary accessed September 13, 2005 at <http://www.nod.org/index.cfm?fuseaction=page.viewPage&pageID=1430&nodeID=1&FeatureID=1422&redirected=1&CFID=3977430&CFTOKEN=87401015>.

² Testimony of Alan Reich before the House Government Reform Subcommittee on Human Rights and Wellness, U.S. House of Representatives, Washington D.C., June 24 2004. Accessed July 31, 2006 at http://www.nod.org/Resources/harris2004/harris2004_reich.doc

³ Ibid.

⁴ U.S. Bureau of the Census March 2005 Current Population Survey.

	Total Population		Total Persons with Work Disability	
	N (in 1,000)	%	N (in 1,000)	%
Sex				
Total	49,258	100.0	7,045	100.0
Men	23,668	48.1	3,360	47.7
Women	25,590	52.0	3,685	52.3
Race				
Total	49,258	100.0	7,045	100.0
White	37,924	77.0	5,060	71.8
African American	5,053	10.3	1,149	16.3
Hispanic	4,109	8.3	614	8.7
Other ¹	2,173	4.4	221	3.1

¹ Includes American Indian and Asian Pacific American.
Data Source: U.S. Bureau of the Census March 2005 CPS.

presented here. These data do not include people with a disability who are in the labor force.

The data in this Data Digest represent *only those people who identify themselves as being prevented from work or limited in the kind or amount of work they can do by their disability or health condition*. Thus, when the terms “work disability” or “work-disabled” are used in this paper, they are used in the context of this definition.

Primary Disability Income Sources

This Data Digest provides information on the sources of income, levels of benefits, and poverty status for work-disabled individuals age 50 to 64 by sex, race and Hispanic origin.

Limitations of the Data

Several national surveys include questions about disability and work.⁷ However, because disability or limitation can be defined in numerous ways, none of the surveys is fully satisfactory.

The data provided here on people age 50 to 64 are based on question 62b in the March Income Supplement of the CPS. The March 2005 Income Supplement counts a person as having a “work disability” if he or she says “yes” to the following question: “Do you have a health problem or disability which prevents you from working or which limits the kind or amount of work you can do?”⁸ The data describing the “yes” respondents are

Asian Pacific Americans. This category accounts for just over 2 million people 50 to 64 and 221,000 people 50 to 64 with work disabilities.

⁷ Two of the most prominent surveys that include some kind of health status/disability and work questions are the Current Population Survey (CPS) and the Survey of Income and Program Participation (SIPP).

The four most important sources of income for people age 50 to 64 with work disabilities are: 1) Social Security programs (3.2 million beneficiaries); 2) asset income (2.3 million beneficiaries); 3) Supplemental Security Income (1.2 million beneficiaries); and pension or retirement income (over 900,000 beneficiaries)¹⁰ (Table 3).

Social Security Old Age, Survivors (OASI) and Disability Insurance (SSDI)

With its nearly universal coverage, Social Security is the predominant source of income for those age 50 to 64 who have a

⁸ This question (Q62b) as described by the Census Bureau was not designed to determine disability but rather to serve as an “income screener.” It identifies people who volunteer that disability is the reason that they are not in the labor force and then state they would be unable to take any kind of job during the coming six-month period. However, it is often used to identify work disability. See www.census.gov/hhes/www/disability/cps/cpstable explanation.pdf, accessed January 23, 2006.

⁹ This includes Social Security Disability Insurance with 2.5 million beneficiaries.

¹⁰ These benefit sources are not mutually exclusive.

Table 3
Sources of Income for Persons Age 50 to 64 with a Work Disability by Sex in 2004

Income Sources	All		Men		Women	
	Number with Income	Percent of Persons Age 50 to 64 with Work Disability	Number with Income	Percent of Persons Age 50 to 64 with Work Disability	Number with Income	Percent of Persons Age 50 to 64 with Work Disability
	N (in 1,000)	%	N (in 1,000)	%	N (in 1,000)	%
Social Security Disability Insurance (SSDI)	2,520	35.8	1,273	37.9	1,247	33.8
Other disability income (other than SSDI) ¹	788	11.2	421	12.5	367	10.0
Pension retirement income	928	13.2	577	17.2	351	9.5
Asset income ²	2,305	32.7	1,126	33.5	1,178	32.0
Any Social Security income	3,185	45.2	1,547	46.0	1,638	44.5
Supplemental Security Income (SSI)	1,238	17.6	516	15.4	722	19.6
More than one other disability income source	21	0.3	14	0.4	7	0.2
With other disability and SSDI income	213	3.0	106	3.1	107	2.9
With other disability and SS OASI income	63	0.9	31	0.9	32	0.9
With other disability and any SS income	244	3.5	120	3.6	124	3.4
With other disability, and SSI income	95	1.3	43	1.3	51	1.4

¹ Other disability income sources include: Workers' Compensation, company or union's disability, federal government disability, U.S. Military retirement disability, state and local gov. employee disability, U.S. Railroad retirement disability, accident or disability insurance, Black Lung Disability, state temporary sickness, and other or don't know.

For more information see SSA website, <http://www.socialsecurity.gov/dibplan/dqualify3.htm>.

² Asset income includes interest, dividends, and rent income.

Data Source: U.S. Bureau of the Census March 2005 Current Population Survey.

work disability. Close to half of the age 50 to 64 work-disabled population (45.2 percent) receive some type of Social Security benefits. These benefits include Social Security Old Age and Survivors Insurance (OASI) and Social Security Disability Insurance (SSDI).¹¹

The portion of age 50 to 64 work-disabled whites and African Americans who receive some type of Social Security benefit is similar (47 percent and 46 percent, respectively), but the portion of Hispanics who receive Social Security is more than 10 percentage points lower (35 percent) (Table 4).

¹¹ A non-Social Security-covered person with a disability may be able to receive Old Age and Survivors or Disabled Widow(er)'s benefits based on a spouse's work record. A disabled adult child may be able to receive benefits based on a parent's work record.

SSDI is the part of Social Security designed specifically for workers who become disabled. To qualify for SSDI, the person must have a severe impairment which prevents him from engaging in substantial gainful activity. Social Security may find that a person is engaged in substantial gainful activity if he or she has earnings which exceed a particular threshold.¹² The person must have worked and contributed to Social Security for a specific period based on his or her age at the time of disability.¹³

Because of the breadth of its coverage, SSDI represents the largest single

¹² The earnings threshold of Substantial Gainful Activity (SGA) is \$900 for non-blind individuals and \$1,500 for those who are blind in the current year, 2007. The amount is indexed annually to wage growth.

¹³ The dependents of an SSDI beneficiary also may be eligible for benefits based on the disabled worker's record.

Table 4
Sources of Income for Persons Age 50 to 64 with a Work Disability by Race/Hispanic Origin in 2004

Income Sources	White		African American		Hispanic	
	Number with Income	Percent of Persons Age 50 to 64 with Work Disability	Number with Income	Percent of Persons Age 50 to 64 with Work Disability	Number with Income	Percent of Persons Age 50 to 64 with Work Disability
	N (in 1,000)	%	N (in 1,000)	%	N (in 1,000)	%
Social Security Disability Insurance (SSDI)	1,869	36.9	423	36.8	177	28.8
Other disability income (other than SSDI)	575	11.4	114	9.9	82	13.4
Pension retirement income	760	15.0	100	8.7	47	7.7
Asset income	1,956	38.7	190	16.5	108	17.6
Any Social Security income	2,375	46.9	527	45.8	217	35.3
Supplemental Security Income (SSI)	780	15.4	252	21.9	164	26.7
More than one other disability income source	14	0.3	5	0.4	0	0.0
With other disability and SSDI income	175	3.5	22	1.9	14	2.3
With other disability and SS OASI income	54	1.1	5	0.4	3	0.5
With other disability and any SS income	202	4.0	26	2.3	14	2.3
With other disability, and SSI income	75	1.5	11	1.0	8	1.3

Data Source: U.S. Bureau of the Census March 2005 Current Population Survey.

source of income for those 50 to 64 with work disabilities. SSDI benefits are the source of income for more than one-third (35.8 percent) of the age 50 to 64 group with disabilities: 36.9 percent of whites and 36.8 percent of African Americans. As in the “all Social Security benefits” category, a smaller portion of Hispanics receives SSDI benefits -- 28.8 percent (Tables 3 and 4).

The fact that Social Security provides benefits across a broad group of work-disabled people does not necessarily mean that all these beneficiaries are financially well off. The median SSDI benefit amount for individuals age 50 to 64 was \$9,799 -- just under the poverty threshold for 2004.¹⁴

Asset Income

Just under one-third of the age 50 to 64 work-disabled population receives income

from assets, defined here as including interest, dividends, and rent income. The difference between the portion of men and the portion of women age 50 to 64 with work disabilities who have assets is unremarkable (33.5 percent of men and 32 percent of women) (Table 3). However, there are notable differences by race and Hispanic origin. Well over one-third (38.7 percent) of whites have income from assets, whereas only one-sixth of African Americans and just over one-sixth of Hispanics (16.5 percent and 17.6 percent, respectively) have income from assets (Table 4).

A work-disabled individual’s receipt of assets, however, does not indicate financial comfort. The median annual income from assets for all individuals age 50-64 with work disabilities was just \$223.

Supplemental Security Income

SSI is a means-tested program for people with low or no income and low or no assets who are aged, blind, and/or disabled. Federal SSI benefit payments come from federal general revenues -- *not* the Social

¹⁴ For further discussion of people who are work disabled and the poverty threshold, see page 7 and footnote 23.

Security trust funds.¹⁵ (It is possible for a person with a disability to receive benefits from both Social Security and SSI if his or her Social Security benefit amount is below the SSI threshold and the person meets the other SSI requirements such as asset limits.)¹⁶ The largest proportion, by far, of the 7 million SSI recipients is eligible for benefits because of either blindness or disability. As of 2004, almost 77,000 SSI recipients were blind and over 5.7 million were disabled.¹⁷ Of those blind and disabled SSI recipients, over 20 percent were people age 50 to 64 with work disabilities.

People with disabilities, in general, have fewer sources of income and are more likely to be poor than those without disabilities. In the category of people age 50 to 64 with work disabilities, almost 18 percent have income and assets low enough to receive SSI benefits (Table 3). A larger portion of women than men age 50 to 64 with work disabilities receive SSI (19.6 percent vs. 15.4 percent) in the same age group. Also, a larger portion of work-disabled minorities receive SSI than do work-disabled whites -- 26.7 percent of Hispanics, 21.9 percent of African Americans, and 15.4 percent of whites (Table 4).

The median annual income from SSI in 2004 for persons age 50 to 64 with work disabilities was \$6,768. This is significantly

¹⁵ Money for state assistance programs for SSI recipients (often called state supplements) comes from state general revenues.

¹⁶ In 2004, the SSI income limit was \$564 per month for an individual and \$846 per month for a couple. The asset limits were \$2,000 for an individual and \$3,000 for a couple -- excluding home and vehicle and a \$1,500 life and \$1,500 burial insurance policy. Accessed at <http://www.ssa.gov/policy/docs/statcomps/supplement/2005/2b-2c.html#table2.b1>.

¹⁷ Data accessed from SSA April 25, 2006 <http://www.ssa.gov/policy/docs/statcomps/supplement/2005/7a.html#table7.a3>.

below the 2004 poverty threshold of \$9,827 individuals under age 65.¹⁸

Pension or Retirement Income

The fourth largest source of income for those 50 to 64 with work disabilities is pensions or retirement income. Some people who may not, for various reasons, qualify to receive a benefit based on their disability, or who find the disability benefits inadequate, are able to take retirement or pension benefits.

It is worth highlighting that pension or retirement income is received by a very small portion of work-disabled 50 to 64-year-olds. Just over 13 percent of those in the 50 to 64 work-disabled population receive income from pension or retirement sources. Of those with pensions or other retirement income, significantly more are men than women (17.2 vs. 9.5 percent, respectively), and significantly more are white than African American or Hispanic (15 percent, 8.7 percent and 7.7 percent, respectively) (Tables 3 and 4).

The median annual pension or retirement income for a person age 50 to 64 with a work disability is \$9,600 -- \$227 below the poverty threshold for those younger than 65.

Other Disability Income Program Sources

In addition to OASI, SSDI, and SSI benefits, individual assets, and pension and retirement income, there are numerous other sources of income for certain people with disabilities.¹⁹ The CPS asks about payments received as a result of a health problem or disability. Respondents can report income from the sources identified in Table 5.

¹⁸ Threshold weighted average accessed at <http://www.census.gov/hhes/www/poverty/threshld/thresh04.html>.

¹⁹ In Tables 3 and 4, these sources of income are covered under "Other disability income." In Table 6, they are broken out by individual source.

Table 5
Other Disability Income Sources¹ for Persons Age 50 to 64 with a Work Disability
by Sex and Race/Hispanic Origin in 2004

Other Disability Income Sources	Recipients as Percent of Persons Age 50 to 64 with Work Disability Who Have Other Disability Income Sources ²					
	All	Men	Women	White	Black	Hispanic
	%	%	%	%	%	%
Workers' Compensation	2.3	1.9	2.8	2.4	3.8	0.0
Company or Union's Disability	31.3	34.4	27.7	31.8	26.0	31.8
Federal Government Disability	7.8	7.3	8.3	8.4	4.0	7.9
U.S. Military Retirement Disability	2.9	4.1	1.5	3.2	2.9	1.8
State and Local Gov. Employee Disability	19.9	16.3	24.1	17.3	25.1	31.0
U.S. Railroad Retirement Disability	2.5	4.5	0.2	3.1	0.0	2.2
Accident or Disability Insurance	14.0	14.1	13.8	14.8	17.4	5.5
Black Lung miner's Disability	0.2	0.4	0.0	0.3	0.0	0.0
State temporary sickness	0.4	1.2	0.0	0.9	0.0	0.0
Other or don't know	20.8	19.2	23.4	20.4	25.3	20.0

¹ Other than SSDI. See Table 3 footnote 1.

² Percentages in columns do not add up to 100 percent because persons with disabilities may have more than one source of other disability income.

Data Source: U.S. Bureau of the Census March 2005 CPS.

Only 11.2 percent of people age 50 to 64 with work disabilities receive benefits from any of the ten other types of disability income listed in Table 5. In contrast, close to half receive some type of Social Security benefit and over one-third receive SSDI benefits (Table 3).

Of the 11.2 percent receiving any of the benefits in Table 5, company and union plans provide income to the greatest number of those with work disabilities. Almost 247,000 or 31.3 percent of those 50 to 64 with work disability who receive income from the other disability income sources in Table 5, receive income from a company or union plan.

Almost 20 percent of those who have income from "other disability income" receive income from a state and local government employee disability plan. Individual accident or disability insurance provides income to another 14 percent (Table 5).

Whereas a negligible proportion (0.3 percent) of those age 50 to 64 with work disabilities have benefits from more than one of the 10 other disability income sources

category, 3.5 percent have benefits from Social Security as well as one of the ten other sources of income (Table 3).

Poverty among the Population Age 50 to 64 with Work Disabilities

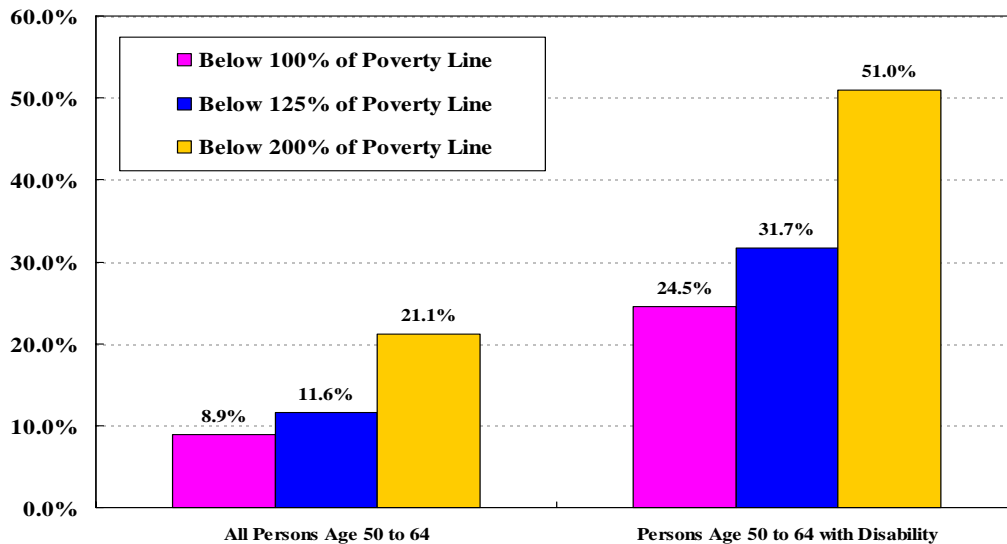
Over the past 50 years the poverty rate of the total population in the United States has been significantly reduced. In 1959, 20 percent of Americans lived in poverty. Similarly, 21.5 percent of people age 55 to 64 were in poverty.^{20, 21} By 2004 the proportion of those who were poor had dropped to 12.7 percent.²²

²⁰ The 1959 poverty data were accessed at: <http://www.ssa.gov/policy/docs/statcomps/supplement/2005/3e.html#table3.e2>

²¹ The age 55 to 64 age break is the closest to our 50 to 64 age segment provided by these early data. They are shown here to provide a context for the discussion of poverty and work disability.

²² U.S. Bureau of the Census, *Income, Poverty, and Health Insurance Coverage in the United States: 2004*, Report P60, n 229, August 2005, Table B-2, pp. 52-7. This drop is due in part to the fact that the poverty threshold is indexed to prices, and real wages have increased faster than prices.

Figure 1
Percentage of Persons Age 50 to 64 and Persons Age 50 to 64 with Work Disability
Below 100% of the Poverty Line, 125% of the Poverty Line, and 200% of the Poverty Line



Data Source: U.S. Bureau of the Census March 2005 CPS.

Today, less than one-tenth (8.9 percent) of all people age 50 to 64 fall below the poverty threshold.²³ However for those with work disabilities in the same age group, nearly one-quarter (24.5 percent) are poor; this is higher than the 1959 poverty rate for all people. Even using 200 percent of the poverty line as a rough indicator of a minimally adequate standard of living,²⁴ the portion of the population age 50 to 64 with work disabilities that falls below this threshold is 51 percent. That compares to 21.1 percent for those in the same age group without disabilities (Figure 1).

African Americans age 50 to 64 with

work disabilities are disproportionately poor. Whereas over one-fifth (21.5 percent) of whites and just over one-quarter (25.8 percent) of Hispanics with work disabilities fall below 100 percent of poverty, almost one-third (32.9 percent) of African Americans age 50 to 64 with work disabilities are poor (Figure 2).²⁵

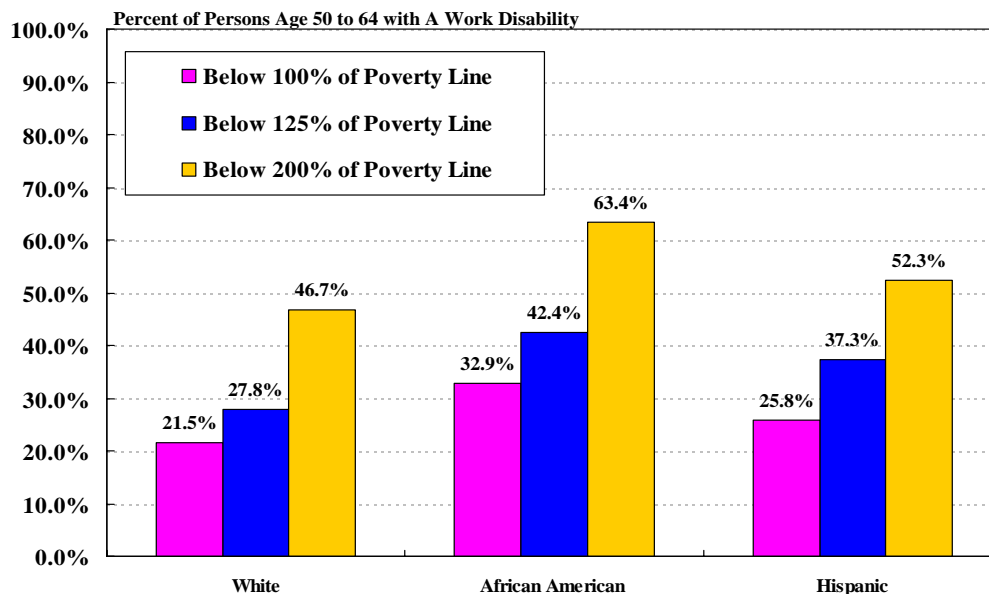
The proportions are similar for those below 200 percent of the poverty line as well. Less than half (46.7 percent) of whites and just over half of Hispanics (52.3 percent) in the 50 to 64 work-disabled population fall below the 200 percent mark, whereas almost two-thirds of age 50 to 64 African Americans with disabilities are below 200 percent of poverty.

²³ The poverty threshold in 2004 was \$9,827 for an individual under age 65 and \$11,481 for a two-person family.

²⁴ Noted in AARP's *The State of 50+ America: 2006* accessed at: http://www.aarp.org/research/health/healthquality/ifty_plus_2006.html.

²⁵ The incidence of impairments, injury, chronic disease, and disability is associated with low-income occupations. African Americans make up a large segment of workers earning low and moderate wages.

Figure 2
Percentage of Persons Age 50 to 64 with Work Disability
Below 100% of the Poverty Line, 125% of the Poverty Line, and 200% of the Poverty Line
by Race/Hispanic Origin in 2004



Data Source: U.S. Bureau of the Census March 2005 CPS.

Conclusions

The data presented here underscore two important facts. First, African Americans are disproportionately represented among the age 50 to 64 population with work disabilities. Second, Social Security (the work-related benefit) and SSI (the means-tested benefit), continue to be the primary sources of income protection for people age 50 to 64 with work disabilities. Despite the existence of numerous other sources of income, few people actually qualify for and receive benefits from programs other than OASDI and SSI.

Written by Ke Bin Wu and Laurel Beedon

AARP Public Policy Institute

601 E St., NW

Washington, DC 20049

202-434-3870; E-Mail: ppi@aarp.org

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