Comments on “The Material Well-being of Disabled Retirees”
Bruce Meyer and Wallace Mok

Jody Schimmel Hyde

Presented at the DRC Annual Research Meeting
Washington, DC

August 3, 2016
Strengths of this study

- Longitudinal trajectory—good to see the PSID!
  - Long period before and after retirement
  - Would be nice to understand how data availability affects both periods
- Multiple facets of disability
  - Age at onset, severity, SSA benefit receipt
- Multiple measures of well-being
  - Income, consumption, poverty
  - Time use data in the PSID
Workers with disabilities have lower material well-being

- Relative to non-disabled retirees, workers with disabilities in their retirement years experience:
  - Lower income
  - Reduced consumption
  - Higher rates of poverty
- Consistent with earlier studies showing declines after disability onset
  - This study: around retirement age, gaps between disabled/not persist or grow
Interpreting the disability measure used in the study

- More than half of workers experience a work-limiting health condition at least once

- Individuals in the *not-chronic-severe* may not be the group we typically think of as workers with disabilities
  - Temporary, not significantly limiting

- 308 of 1,851 classified as *chronic-severe*
  - 43 percent received SSDI/SSI benefits prior to age 62 (7 percent of the total)
Outcomes are worse for those with onset at younger ages

- Relative to those with onset at older ages, those with onset from ages 18-49 have:
  - Larger declines in consumption
    - Effects of increased medical expenditures?
  - Higher poverty

➤ Policies to offer early intervention to those with onset early in work life could have lasting impact
Receipt of disability benefits changes the picture

- Relative to *chronic-severe* non-beneficiaries, SSI/SSDI beneficiaries:
  - Have smaller declines in consumption around retirement
    - SSDI benefits convert to OASI at full retirement age (FRA)
  - Are consistently more likely to be in poverty
    - Low monthly cash benefit
    - Loss of earnings during the years of highest wages

⇒ The importance of supporting work in the transition to retirement
What about those who claim early retirement?

- Analysis considers benefit receipt until age 62
  - Early OASI claimers may have significant work limitations
    - May be considered for SSDI when they apply for OASI
    - If they receive OASI before FRA, they face actuarial reduction in monthly benefit amount

- Early OASI claimers may be very vulnerable
  - Understanding this group may help provide context about potential effects of proposals align SSDI and OASI prior to FRA