

Disabled Women and Their Economic Wellbeing

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Key Findings and Policy Implications

This paper examines the economic effects of disability on women using 44 years of data from the Panel Study of Income Dynamics. The paper finds that:

- A woman reaching the age of 60 has a 62% chance of ever experiencing a disability and a 19% chance that the experience will be of a serious form, characterized by the permanence and severity of the limitation. Women are more likely than men to have experienced disability by a given age in the first half of their working years, but are less likely to have experienced a serious disability prior to retirement.
- The onset of disability for women is associated with a fall in labor supply, family income and consumption. The fall varies with the degree of disability but tends to be smaller than that of disabled men. By the tenth year after disability onset, an average disabled woman is estimated to suffer from a 25 percent drop in earnings, but only a 6 percent drop in after-tax income and a 4 percent drop in food and housing consumption. Women suffering from a chronic and severe disability are estimated to experience an 82 percent drop in earnings, a 20 percent drop in after-tax income, and a 10 percent drop in food and housing consumption.
- Disability of a woman is associated with higher divorce rates that depend on the nature of the disability.
- While there are few significant changes in the labor supply of husbands of disabled women, even among families with seriously disabled wives, time-use data suggest that they do decrease working hours and spend the extra time with their disabled wives in a variety of activities, mostly watching TV.

This project has substantial policy implications because of the differences in work and earnings histories of men and women, and the long-term growth in labor force participation of women and, by consequence, disability insurance eligibility. For example, the number of women receiving SSDI benefits has increased by about 75 percent over the past decade. Given that women have relatively lower earnings than men and the that SSDI benefits depend on past earnings, knowledge of whether the present system sufficiently guarantees a disabled woman's well-being is of vital importance to the design of the disability insurance system.

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This research was supported by the U.S. Social Security Administration through grant #DRC12000002-02 to the National Bureau of Economic Research as part of the SSA Disability Research Consortium. The findings and conclusions expressed are solely those of the author(s) and do not represent the views of SSA, any agency of the Federal Government, or the NBER.