

The Long Reach of Education: Health, Wealth, and Disability Insurance Participation

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Key Findings and Policy Implications

This paper examines both direct and indirect linkages between education and DI participation. It focuses particularly on the correlation between education and health, wealth, occupation, and employment; all of which are in turn correlated with DI participation. We call these indirect linkages “pathways.” The paper uses data from the Health and Retirement Study data for the 1992-2012 period, and data from the National Health Interview Survey (NHIS), Survey of Consumer Finances (SCF) and Current Population Survey (CPS) for a longer period going back to 1972. Among the key findings:

- Among women, nearly all of the negative relationship between education and DI claiming can be attributed to the indirect effect of education through the pathway variables. Roughly three-quarters of the DI participation “gap” between women with high and low levels of education is due to health differences by education. A little under one-quarter of the “gap” is accounted for by differences in wealth associated with different levels of education. The effects of the other pathway variables and the direct effect of education are minimal.
- Among men, the pathway variables as a group account for more than half of the total effect of education on initial DI take-up. Health is also the most important pathway, accounting for 37.5 percent of the gap between women with high and low levels of education. Also paralleling the results for women, wealth is the second most important pathway, accounting for about 16 percent of the “gap.” For men, however, we find a large direct effect of education on DI participation for men, explaining about 43 percent of the gap.
- Between 1972 and 2012, the fraction of the population with low levels of education has declined dramatically, suggesting reduced DI participation. However, this has been roughly offset by upward pressure on DI rates arising from increasing educational disparities in health, wealth, and employment.

Understanding the pathways through which education affects DI participation is important in designing policies that may reduce disability rates, and in projecting likely future trends in DI participation.

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