

How Does Contingent Work Affect SSDI Benefits?

MATTHEW RUTLEDGE, ALICE ZULKARNAIN, SARA KING

Key Findings and Policy Implications

This paper examines how DI application, receipt, potential benefits, and insurance status differ for workers who hold contingent work arrangements, compared to workers in more traditional jobs. Contingent work arrangements include independent contractors, consultants, and those in temporary, on-call, and “gig economy” jobs. The study uses data from the Health and Retirement Study, linked to administrative data on DI applications and earnings, and focuses on workers in their 50s and early 60s. The paper finds that:

- Based on their work histories, contingent workers are 6 percentage points less likely than traditional workers to be eligible to apply for DI. Still, nearly 86 percent of older contingent workers have accumulated sufficient job experience to make DI application available to them should their health deteriorate.
- Among those eligible to apply for DI benefits, contingent workers are 2.2 percentage points less likely to apply than traditional workers. This difference represents about one-quarter of the mean application probability for non-contingent workers (8.4 percent). Contingent workers are also 2.4 percentage points less likely to be awarded benefits; about one-third lower than the mean rate for non-contingent workers.

The study has increasing policy relevance, as contingent workers make up an increasing share of the labor force. Contingent workers tend to have less job security, lower and more unstable earnings, and shorter reported work histories toward DI eligibility. The results suggest that even the contingent workers who need DI benefits the most – those with chronic conditions and work limitations – are less likely to apply for and be awarded benefits.

MATTHEW RUTLEDGE is a Research Economist at the Center for Retirement Research as well as a Professor at Boston College.

ALICE ZULKARNAIN is a Research Economist at the Center for Retirement Research at Boston College.

SARA KING is a Research Associate at the Center for Retirement Research at Boston College.

Complete DRC Working Papers available on our website: <http://www.nber.org/aging/drc/papers/>

This research was supported by the U.S. Social Security Administration through grant #DRC12000002-06 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.

