



# SOCIAL SECURITY ADVISOR

## Social Security Planning for Retirement

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### Making the Most of Social Security Disability Income

In our [June 2021](#) and [July 2021](#) issues, we examined the eligibility, application, and on-going review process for a Social Security Disability Income (SSDI) benefit. Since then, a 5.9% cost-of-living adjustment (COLA) boosted the average monthly SSDI benefit to \$1,358, or \$20,370 a year; for couples with children, the average SSDI benefit is \$2,383 a month, or \$28,596 a year.

Considering that qualification for SSDI must meet a strict definition of total disability, it's likely that many recipients will welcome every dollar they receive from this program. Nevertheless, SSDI benefits may be reduced if individuals are collecting benefits under some other form of disability insurance.

Those other forms may have more liberal eligibility criteria for benefits, compared to those for SSDI, so it's possible that some SSDI recipients will have another income stream, based on their disability. Once the total disability benefit tops certain thresholds, a cutback may result.

term disability coverage through their workplace. About 35% of workers have access to employer-provided long-term disability insurance, which generally becomes effective after short-term benefits run out.

In addition, workers' compensation offers benefits in cases of illness or injury that were job-related. The National Council on Compensation Insurance has reported that approximately 10% of current SSDI beneficiaries have at one time qualified for workers' comp benefits.

Moreover, workers also may buy private disability income insurance; benefits from such private policies or from pensions will not reduce a worker's SSDI benefits, according to the SSA. However, a private insurer may reduce its promised disability benefit, based upon the amount of income received under SSDI. An individual receiving disability benefits from non-SSDI sources may run into some form of offset that reduces total payments.

**Example 1:** Ann has gone through the Social Security Disability application process and has been awarded a favorable determination due to the severity of her condition. However, for the months leading up to the SSDI award, Ann had been receiving workers' comp due to a workplace

#### On or Off the Job

Some disability insurance plans offer benefits for illnesses or injuries that are not work-related. According to the Federal Bureau of Labor Statistics, roughly 40% of workers have short-

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