

Social Security Disability Insurance and Retirement Benefits

PRACTICE TIP • February 2021

Stacy Cloyd, National Organization of Social Security Claimants' Representatives

Some early retirement beneficiaries may be able to increase their monthly income and access to health benefits by filing for Social Security Disability Insurance (SSDI) and/or Supplemental Security Income (SSI). This Practice Tip will discuss the possibilities and considerations.

Eligibility for Retirement Benefits

People who are insured¹ for Social Security retirement benefits are eligible to begin receiving benefits as early as age 62. However, monthly benefits increase for every month that a person waits to claim benefits, until age 70. The “full retirement age,”² the reduction for early claiming,³ and the enhancement for delayed claiming⁴ all vary based on a claimant's year of birth.

Eligibility of People Aged 62+ for Social Security Disability Insurance

Some people who are eligible for retirement benefits (i.e., they have attained age 62 and have the appropriate insured status) may also have physical and/or mental impairments that could qualify them for Social Security Disability Insurance (SSDI). As discussed below, receiving SSDI can provide financial and medical benefits. It is not possible to receive SSDI for disability that begins after the full retirement age, and there would not be any additional benefits from doing so.

Being insured for SSDI has additional requirements than being insured for retirement benefits. The qualifying work credits needed for eligibility must have been earned recently enough: for older people, the requirement is 20 of the past 40 quarters, or—roughly speaking—five of the past ten years.⁵

In addition to disability insured status, the Social Security Administration (SSA) uses a sequential evaluation process⁶ to determine medical eligibility for SSDI. Individuals must:

- not be performing “substantial gainful activity”⁷ (\$1,310 a month in earnings in 2021⁸ for non-blind individuals, though some types of income are excluded);
- have at least one severe impairment that has lasted or is expected to last at least 12 months or that is terminal; and
- be unable to return to past relevant work and be unable to perform a significant number of other jobs in the national economy.

Simultaneous Application for SSDI and Retirement Benefits

The application for Social Security retirement benefits asks “are you, or during the past 14 months have you been unable to work because of illnesses, injuries, or conditions?” Checking “yes” to this question will indicate to SSA that a disability benefits claim should also be taken. However, even if the person has worked a limited amount (less than “substantial gainful activity”) they still may be eligible for SSDI. It may be necessary to communicate with SSA about the fact that the claimant wants to apply for retirement and disability benefits simultaneously.

People who are waiting for decisions on their SSDI claims can also apply for retirement benefits. It may

be useful to explain in the “remarks” section at the end of each benefits application that the claimant has also applied for another type of benefit so that SSA staff are aware of this and can avoid improper payments or delays.

If the retirement claim is processed first (as is common because it takes more time to determine disability), SSA should begin paying the retirement benefits and then make an adjustment if the disability benefits are awarded. Since disability benefits are generally higher than early retirement benefits, a person awarded disability benefits may see an increase in their monthly benefits⁹ and potentially a lump-sum payment for previous months.¹⁰ The precise amount of the retroactive and ongoing benefits depends on the beneficiary’s work history, their age when they claimed retirement benefits, their age when their disability was found to begin (known as the “onset date”), and when they applied for disability benefits. This is a complicated calculation: for some people, the difference between early retirement and disability benefits could be quite large, while for others it may be only a few dollars per month. In addition, Section 202(q)(7)(F) of the Social Security Act allows disability beneficiaries to instead elect to receive reduced retirement benefits and then have their benefits adjusted at full retirement age; that can be a preferable option for people whose disability benefits are offset by workers’ compensation or other public disability benefits, but which option a person should choose depends heavily on their individual financial circumstances, life expectancy, marital status, and other factors.

Practice Tip

One thing to consider is that there is a five-month wait for SSDI benefits to become payable after the onset date.¹¹ For example, if a person becomes disabled on January 10, 2019, the first month of benefits for which they would be eligible is July 2019. Retirement benefits can help fill the financial gap caused by the five-month waiting period for people who are age 62 and older.

Additionally, SSA will only pay 12 months of retroactive SSDI. Therefore, if the person in the above example applied for SSDI in October 2020, even if SSA found that they became disabled on January 10, 2019, they would not receive benefits beginning July 2019: they would only get 12 months of retroactive benefits (so, beginning November 2019). Again, this can affect how benefits are adjusted when people apply for retirement and disability benefits concurrently and the retirement benefits are adjudicated before the disability claim is awarded.

Application for SSDI After Receipt of Retirement Benefits

People who become disabled after claiming early retirement benefits but before their full retirement age, or who were disabled when they claimed retirement benefits but did not submit an application for SSDI, are not out of luck. They can still submit SSDI applications. If they are found to be insured for disability benefits and meet the other medical and non-medical requirements for SSDI, an adjustment could be made to their ongoing benefits and potentially up to 12 months of retroactive benefits from before their SSDI application. The amount of the adjustment will depend on the claimant’s earnings history, how old they were when they claimed retirement benefits, their full retirement age, the onset date of their disability, when they applied for SSDI, and other factors.

Calculations are more complicated for claimants who apply for SSDI after reaching their full retirement age because of the 12-month limit on retroactive payments of SSDI from when the application is filed.¹² If a person who is less than 12 months past their full retirement age¹³ alleges that he or she has been disabled within the past 12 months, SSA should consider whether that person is eligible for SSDI. However, SSA will not process SSDI claims for people who are older than that or who are alleging disability from before that time.¹⁴

Example

People born in 1943-1954 have a full retirement age of 66. Someone who is 66 years and 8 months when they allege that their disability began at age 65 and 9 months could have an SSDI claim processed, while someone who is 72 years old and attempts to file an SSDI claim would not have it processed. There is no penalty for filing a claim that cannot be processed other than it taking up the claimant's time and possibly causing frustration. It will not reduce the person's retirement benefits.

Effect on Medicare Eligibility

People who are insured for Medicare¹⁵ become eligible at the age 65, or after 24 months of receiving SSDI.¹⁶ It is possible that someone could have earlier eligibility for Medicare if they received SSDI than if they claimed early retirement benefits. For example, a person whose disability began in the first month they were 62 could be eligible for SSDI five months later, and for Medicare two years after that. Such a person would get Medicare several months before turning 65. People whose disabilities are found to have begun before age 62 might see an even bigger difference between eligibility for Medicare based on age and based on receipt of SSDI. However, someone whose disability onset occurred later in life might qualify for Medicare at age 65 before their receipt of SSDI would qualify them for it.

Benefits on Another's Record

If a person has worked enough to be insured for Social Security retirement benefits and reaches retirement age¹⁷ or dies,¹⁸ or is insured for disability benefits and becomes disabled,¹⁹ it may be possible for certain members of that worker's family to receive benefits on the worker's Social Security record rather than their own. Spouses, divorced spouses, young children, adult children who became disabled before age 22, stepchildren, and parents all have different rules for how they can be eligible on someone else's Social Security record. There is a "family maximum" of the amount of benefits that can be paid on the record of one insured person.²⁰

When applying for retirement and/or disability benefits, it is important to think not just about whether the claimant is insured for these benefits, but whether they have a relative on whose record they might claim and whether they have relatives who may be eligible on their records. For this reason, it is important to answer all questions on the benefits applications about marriage and family relationships as completely and accurately as possible.

If someone who was receiving early retirement benefits switches to disability benefits and their monthly benefits increase, this could also have an effect on family members receiving benefits on that person's record.

The Social Security Administration is supposed to check whether people are eligible for higher benefits on their own record or on that of a relative. When they award benefits to someone, they are also supposed to check if any family members might be eligible for new or increased benefits as a result of the award. However, SSA often fails to perform these checks properly²¹ so it is important for claimants and those who assist them to consider whether auxiliary benefits may be payable and ask the agency about them.

SSI and Title II Benefits

People who meet Social Security's definition of disability or who are aged 65 and older, and who have low income and resources, may be eligible for Supplemental Security Income (SSI). There is no difference in the amount of SSI that a person would receive based on age versus disability.

It is possible for someone who receives a small amount of Social Security retirement benefits or SSDI to also be eligible for SSI, if their countable income and resources are low enough. The maximum total monthly benefits for such “concurrently eligible” people is \$20 more than the maximum for SSI only; in 2021, the SSI maximum is \$794,²² so concurrently eligible individuals will get no more than \$814 per month. There are many people receiving SSDI or Social Security retirement benefits whose income and resources are low enough to also receive SSI but who have not applied for it. Applying for SSI can be useful for those people, not just because SSI provides more financial stability but because in some states, receiving SSI provides a pathway to Medicaid, housing assistance, and other benefits.

Concurrently eligible people who switch from early retirement to SSDI would see their SSI go down by the same amount that their other benefits increased. Therefore, there would not be a financial benefit to switching, but as described above, in some cases the switch could allow for earlier Medicare eligibility.

Considering Representation

People who are contemplating a simultaneous retirement and SSDI claim, or who are already receiving retirement benefits but believe they may be eligible for SSDI, may apply on their own or may choose to appoint a representative to handle their claims. Talking with a representative may help people understand their particular circumstances and how much they might receive if awarded benefits. The [Eldercare Locator](#) provides information on local aging services programs, as well as Older Americans Act Title III-B Legal Assistance providers. Additionally, the [LawHelp.org](#) website lists nonprofit legal aid programs in each state, and the National Organization of Social Security Claimants’ Representatives has a [referral service](#) for private attorneys.

Please contact ConsultNCLER@acl.hhs.gov for free case consultation assistance. Sign up for our email list and access more resources at [NCLER.acl.gov](https://ncler.acl.gov).

This Practice Tip was supported by a contract with the National Center on Law and Elder Rights, contract number HHSP233201650076A, from the U.S. Administration on Community Living, Department of Health and Human Services, Washington, D.C. 20201.

Endnotes

- 1 ssa.gov/oact/progdata/insured.html
- 2 ssa.gov/benefits/retirement/planner/ageincrease.html
- 3 ssa.gov/benefits/retirement/planner/agereduction.html
- 4 ssa.gov/benefits/retirement/planner/delayret.html
- 5 ssa.gov/OP_Home/cfr20/404/404-0130.htm
- 6 ssa.gov/OP_Home/cfr20/404/404-1520.htm
- 7 ssa.gov/OP_Home/cfr20/404/404-1574.htm
- 8 ssa.gov/oact/cola/sga.html
- 9 For more information on the difference between early retirement and disability benefits, see [POMS RS 00615.110B.3](#) which explains that SSDI will be reduced by the number of months of early retirement benefits that were paid. See also [POMS RS 00615.010](#) (Entitlement to DIB After reduced RIB – Method of Reduction: Reduce the DIB primary insurance amount (PIA) by the amount the RIB would be reduced if the number holder attained full retirement age (FRA) in the first month of entitlement (MOET) to DIB) and [20 CFR § 404.317](#) (“Your [disability] benefits may also be reduced if you were entitled to other retirement-age benefits before you attained full retirement age (as defined in § 404.409).”).
- 10 People entitled to past-due SSDI benefits will receive the difference between the SSDI amount owed and what they already received in early retirement benefits for any overlapping months per [20 CFR § 404.407\(a\)](#).
- 11 <https://www.congress.gov/bill/116th-congress/senate-bill/578/>, signed into law on December 22, 2020, eliminates the five-month waiting period for people with ALS.
- 12 See [POMS GN 00204.030E](#). As explained in [POMS DI 10105.080A](#), “To become entitled to a Disability Insurance Benefit (DIB) or to establish a period of disability, the number holder (NH) must meet all requirements in a month in which he or she has not yet attained full retirement age (FRA).” See also [20 CFR § 404.315\(a\)](#).
- 13 ssa.gov/benefits/retirement/planner/ageincrease.html
- 14 See [POMS DI 10105.015B](#).
- 15 <https://www.medicare.gov/your-medicare-costs/part-a-costs>
- 16 With the five-month SSDI waiting period, Medicare eligibility will not come for at least 29 months from the onset date of disability. There are exceptions for people with end-stage renal disease and ALS; see [medicare.gov/sign-up-change-plans/how-do-i-get-parts-a-b](https://www.medicare.gov/sign-up-change-plans/how-do-i-get-parts-a-b)
- 17 ssa.gov/benefits/retirement/planner/applying7.html
- 18 ssa.gov/benefits/survivors/onyourown.htm
- 19 ssa.gov/benefits/disability/family.html
- 20 ssa.gov/policy/docs/ssb/v75n3/v75n3p1.html
- 21 See, e.g., oig.ssa.gov/sites/default/files/audit/full/pdf/A-13-18-50714.pdf (over 8000 child SSI recipients may have been eligible for benefits on the record of a deceased, retired, or disabled insured worker) and oig.ssa.gov/sites/default/files/audit/full/pdf/A-13-13-23109.pdf (over 15,000 retirement beneficiaries could be eligible for higher benefits on the records of their deceased spouses or ex-spouses).
- 22 www.ssa.gov/oact/cola/SSI.html