



Highlights of [GAO-08-26](#), a report to congressional requesters

## Why GAO Did This Study

Many recent Social Security reform proposals to improve program solvency include elements that would reduce benefits currently scheduled for future recipients. To date, debate has focused primarily on the potential impact on retirees, with less attention to the effects on other Social Security recipients, such as disabled workers and dependents. As these beneficiaries may have fewer alternative sources of income than traditional retirees, there has been interest in considering various options to protect the benefits of disabled workers and certain dependents.

This report examines (1) how certain elements of Social Security reform proposals could affect disability and dependent benefits, (2) options for protecting these benefits and how they might affect disabled workers and dependents, and (3) how protecting benefits could affect the Social Security program. To conduct this study, GAO used a microsimulation model to simulate benefits under various reform scenarios. GAO also interviewed experts and reviewed various reform plans, current literature, and GAO's past work.

## What GAO Recommends

Congress should consider the potential implications of reform on disability and dependent beneficiaries.

GAO received general and technical comments from SSA and the Department of the Treasury, which were incorporated as appropriate.

To view the full product, including the scope and methodology, click on [GAO-08-26](#). For more information, contact Barbara Bovbjerg at (202) 512-7215 or [bovbjergb@gao.gov](mailto:bovbjergb@gao.gov).

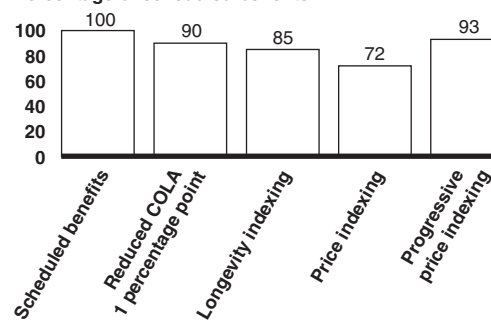
# SOCIAL SECURITY REFORM

## Issues for Disability and Dependent Benefits

### What GAO Found

We considered several reform elements that could improve Social Security Trust Fund solvency by reducing the initial benefits received or the growth of individual benefits over time. According to our simulations, these reform elements would reduce median lifetime benefits for disabled workers by up to 27 percent (see graph) and dependents by up to 30 percent of currently scheduled levels. While the size of the benefit reduction could vary across individuals, it could be substantial for the vast majority of these beneficiaries, depending upon the reform element.

**Simulated Median Lifetime Benefits for Disabled Workers (1985 Cohort)**  
Percentage of scheduled benefits



Source: GAO analysis of GEMINI data.

Note: Currently scheduled benefits are not attainable under current funding levels.

Options for protecting the benefits of disabled workers and dependents from the impact of reform elements include, among others, a partial exemption, whereby currently scheduled benefits are maintained until retirement age. For example, while simulations showed that one reform element could decrease median lifetime benefits of disabled workers to about 89 percent of currently scheduled levels, a partial exemption could restore them to about 96 percent. Further, these protections could be more targeted. For example, a larger cost of living adjustment would result in more rapid benefit growth for those disabled workers who receive benefits for a prolonged period of time. Some protections for dependent benefits could be targeted to a single group of dependents, such as widows, while others could affect multiple groups. For example, increasing the maximum benefit a family can receive could protect a wider group of beneficiaries, including children and spouses of disabled workers, and disabled adult children.

While it may be desirable to protect the benefits of disabled workers and certain dependents, such protections would come at a cost to Social Security. Protecting benefits could lessen the impact that a reform element would have on solvency. In addition, such protections could create incentives to apply for Disability Insurance, if disability benefits remained stable while retirement benefits were reduced.