

WHERE DOES ALL THIS MONEY COME FROM?

By David F. Chermol, Esquire

The Social Security disability system costs the federal government billions and billions of dollars every single year. So where does this money come from? You. That's the short answer. But it comes from you in two very different ways reflecting the two distinct disability programs administered by the Social Security Administration.

The first way in which you pay for the Social Security disability system is as a federal income taxpayer. Part of the money you pay in income taxes goes to fund the Supplemental Security Income (SSI) program. SSI is a disability program for the very poor. The disability benefits granted by this program are not earned through work. Instead, they are given out based upon economic need. Because this welfare program is: (1) viewed as a "handout" by some; (2) funded directly by income tax; and (3) effectively paid to non-workers by those currently working, SSA is generally very strict about the monetary eligibility requirements. Therefore, any income or assets you have are extremely important in determining your eligibility for this program.

The other way in which you pay for the Social Security disability system is through the FICA tax. This is one of the itemized taxes that you see taken out of your pay check each week. Your FICA contributions help pay for the Disability Insurance Benefits (DIB) program. DIB is a disability program for long-time workers who have contributed FICA taxes for a significant period of time. Therefore, the disability benefits granted by this program are earned through work. You can think of it as a disability insurance policy which the federal government forced you to buy. Because DIB is something you effectively bought through your labor as an insurance policy, it does not matter what assets or non-earned income you receive.

Both of these disability programs are administered by SSA. Both employ the same definition of disability in order for someone to receive benefits. However, because the source of funding for these programs are different, the two programs employ totally distinct technical eligibility standards. I hope you found this article enlightening. If you are unsure whether you might be eligible for either of these programs, you are welcome to call my office.