



Social Security Newsletter

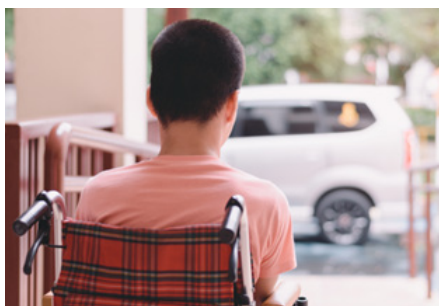
This is a newsletter of interest to professionals who provide services to potential Social Security disability and SSI claimants. © 2023

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Totally Disabled Before Age 22? DAC Benefits Can Be Advantageous

SOCIAL SECURITY DISABILITY INSURANCE benefits (SSDI) require that a disabled claimant worked and paid into the Social Security system with FICA taxes. These are paycheck withdrawals, matched by an employer, which are sent to Social Security trust funds so that benefits can be paid to current beneficiaries. The general rule for people 28 and older is that they have paid FICA taxes for 40 quarters lifetime, and for 20 of the quarters of the 40 prior to the onset of total disability.

FOR MANY YOUNG people with severe mental and physical impairments, they do not have the ability to work those quarters to qualify for SSDI. SSI may be an alternative, but it provides more limited cash benefits, does not provide Medicare eligibility and has different return to work rules. SSI is not an option for claimants who have more than \$2,000 in any non-excludable assets. Also, it is often not possible if the claimant is married to a non-DAC spouse.



HOWEVER, THERE IS AN ALTERNATIVE PROGRAM referred to as "Child's Insurance Benefit" or, more colloquially as "Disabled Adult Child's" (DAC) benefits. We will use the common form of DAC benefits in this article.

TO QUALIFY FOR DAC BENEFITS, a claimant must prove total disability prior to age 22 and must have a parent who is either on Social Security disability, Social Security retirement or have passed away with sufficient FICA quarters to qualify for Social Security. The DAC

recipient must also be unmarried or married to another DAC recipient.

IF THESE REQUIREMENTS ARE MET, then disability benefits will be based upon the parent's Primary Insured Amount (PIA). If the parent is living, the benefit is approximately 50% of the parent's PIA. It is about 75% if the parent is deceased.

THERE ARE SIGNIFICANT BENEFITS in switching from SSI to SSDI as a Disabled Adult Child. The SSDI is not means tested so inheritances or awards will not impact benefits. DAC benefits include Medicare coverage and better return to work rules.

HOWEVER, THIS PROGRAM CONTAINS a marriage penalty. DAC benefits end if the beneficiary marries anyone other than another DAC beneficiary. There is no logical explanation for this restriction.

DAC ELIGIBILITY IS BASED upon the adult disability standards. A child on SSI will have to file a new application when a parent becomes SSDI eligible, dies or retires. That will require current medical proof of the adult standards being satisfied.

PROFESSIONALS WORKING WITH SSI recipients should always be aware of their family situation to determine whether DAC eligibility is possible. The most challenging cases are when SSI begins in the mid-20s or later so that there is no medical evidence prior to age 22. Being aware of the historical medical treatment is critical.

CONTACT US

Want to learn more about these issues? Our in-service presentations on SSDI and SSI issues often qualify for Continuing Education Units for social service providers. We look forward to being of service to the community!