

SHIFT TO FLAT ANTI-POVERTY BENEFIT FOR SSDI

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TOPLINE: Lawmakers should shift Social Security's Disability Insurance (SSDI) program to a flat benefit, essentially eliminating poverty among SSDI beneficiaries and reducing payroll taxes for workers.

BACKGROUND: Like Social Security's old-age or retirement benefits, SSDI benefits are both contributory and progressive, meaning that lower-income earners receive smaller benefits than higher-income earners, but lower earners' checks replace a higher percentage of their previous earnings. A primary goal of the SSDI program is to prevent poverty among individuals with disabilities, but the program's progressive benefit formula provides the lowest benefits to those who are least likely to have substantial savings or non-SSDI income—younger individuals with lower earnings histories. [More than half](#) of all disability insurance benefits (54% in 2025) are below the poverty level. Moreover, whereas retirement is something nearly all Americans plan to do at some point and thus a contributory benefit structure makes sense, relatively few people anticipate becoming disabled. Consequently, a flat benefit at or above the poverty level would better meet the SSDI program's goal of preventing poverty among the disabled. This would increase benefits for millions of the lowest-income SSDI recipients and allow for a significant reduction in the SSDI payroll tax. Higher-income earners who would receive lower SSDI benefits if they were to become disabled could purchase private disability insurance—at significantly lower costs than SSDI—to supplement SSDI.

Action Item (Congress):

- **Enact a [flat, anti-poverty benefit](#) for all new SSDI recipients.**
 - To prevent an increase in illegitimate SSDI claims from those who would receive higher benefits, this reform should not be implemented before the reforms described in the memo 'Limit SSDI to Intended Population' on p. 131.

How It Would Make Life More Affordable:

- Anti-poverty benefits would reduce other welfare program costs by reducing the number of individuals with disabilities who are considered to be living in poverty.
- A flat benefit would enable a significant SSDI payroll tax cut for all workers.

Related Legislation: Making DI Work for All Americans Act ([H.R. 4854 \[116th Congr.\]](#)).

BOTTOMLINE: A flat SSDI benefit would better meet the program's anti-poverty intent and allow for a significant SSDI payroll tax cut for all workers.