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Elder Law • Special Needs Planning • Estate Planning

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Work History Requirements for Social Security Disability Insurance

Most people know that a worker must have worked and paid into the Social Security system in order to collect Social Security retirement and disability benefits. People who are particularly aware of their retirement rights may even know that in order to collect Social Security retirement benefits they must have worked and received at least 40 "quarters" in order to qualify for such benefits. But when it comes to qualifying for Social Security Disability Insurance (SSDI) coverage, the work history requirements become much cloudier in the minds of most people. This article is intended to dispel these clouds.

Earning Work Credits

Title II of the Social Security Act provides retirement, disability, dependents, and survivors benefits ("Old-Age, Survivors, and Disability Insurance Benefits," commonly known as "OASDI"). However, to receive any kind of Title II Social Security benefit a worker on whose work record the benefit is to be calculated must have accumulated enough work credits.

A worker can earn up to four Social Security credits per year, maximum. Before 1978 a worker had to earn a certain amount in each quarter of the year to earn a credit. Hence the credits were called quarters. In that year Congress changed the rules so that workers could earn up to four credits if they earned over a certain amount in one calendar year, no matter when in the year the income was earned. Nevertheless, the credits are still referred to as quarters, and eligibility is said to depend on the number of quarters of coverage (or QC's) earned. The terms "credits" and "quarters" are now used interchangeably.

The amount that needs to be earned to receive a credit increases each year; in 2011 the amount is \$1,120 (thus, in 2011 \$4,480 earns the maximum four "quarters of coverage" even if it is all earned in the same quarter of the year). In 2012 the amount that must be earned to receive a credit goes up to \$1,130, and \$4,520 will earn the maximum four quarters. Of course, the work must have been done in "covered employment" that was subject to Social Security taxes.

Most important here, the number of credits needed to qualify for benefits (referred to as "insured status") depends on the particular Social Security benefit being claimed and the age of the claimant. For example, compare retirement coverage with disability coverage.

Social Security Retirement Benefits vs. Disability Benefits

To be insured for Social Security Retirement Insurance (RIB) benefits, a worker must be "fully insured." He or she becomes fully insured by having 40 earned quarters – typically four per year for 10 years of work. There is no requirement that these credits have been earned during any particular time period. On the other hand, in order to claim Social Security Disability Income (SSDI) benefits a worker must be "insured for disability" – which is a different and more complicated standard. First, the worker must have accumulated a certain number of credits that vary with the worker's age. Second, depending on the age of the worker at the time of disability, credits must be acquired during a certain time period.

The Number of Credits Required

The number of credits a worker needs to be insured for disability goes up with age.

- If a worker becomes disabled after reaching age 42 he or she must have earned one credit for each calendar year after the worker turned 21 and the year before the worker becomes disabled. So, for example, if a worker becomes disabled at age 50, he or she will need 28 work credits. The credits required top out at 40 work credits for age 62 or older.
- For workers who become disabled from age 31 through age 42, a minimum of 20 work credits is required. So, for example, if a worker becomes disabled at age 42, he or she will need 20 work credits. This is only one credit per year for the 20 years between age 21 and age 41, the year before the age of disability. As a result, it may not be that hard to become insured. However, a worker who becomes disabled just after turning age 31 will still need to have earned the 20 credit minimum – in much less time
- Workers ages 24 through 30 (i.e., until their 31st birthday) have a rule to make it easier to qualify for disability benefits in light of their short work history. They have a "special insured status" if they earn only half the credits they could have earned working full time from the quarter after the quarter they turned 21 through the quarter the disability began. So, for example, if a worker becomes disabled at age 27 the worker would need to have only 12 credits during the six years between age 21 and 27 (rather than the 24 he or she would normally have accrued by working full time). Those 12 credits could be earned anytime during those six years. For example, a worker would qualify by earning two credits per year for the six years or by earning four credits per year during the past three years.
- If a worker becomes disabled before the quarter in which he or she reaches age 24, he or she needs only six credits earned during the 12 quarter (i.e., three year) period ending with the quarter in which the disability occurred. Note that because under this rule the worker can go back 12 quarters, some of them may have been earned before reaching age 21.

When Credits Earned

In addition to the number of credits required for disability coverage, workers over the age of 30 must have acquired their credits recently. Specifically, these workers must have acquired at least

20 work credits within the ten year (i.e. 40 quarter) period just before the occurrence of the disability. This is often called the "20/40 rule."

There are two limited exceptions to this rule. First, a worker will be insured for disability without having to meet the 20/40 rule if he or she is disabled under the Social Security statutory standard for blindness (i.e., having no better than 20/200 vision in the better eye with glasses or other corrective lenses, or having a visual field of 20 degrees or less). Second, there is a rare exception for workers over the age of 31 who were previously disabled before reaching the age of 31.

The following is a summary of the work credit requirements for SSDI for most individuals:

Became Disabled	Required Credits for SSDI	When Credits Earned
Before 24	6 credits in 3 years before disability began	Credits can be earned before 21
24-30	1 credit for each year between 21 and date disability began	Credits start with quarter after the quarter worker turned 21
31-42	20	20 in prior 10 years
43-61	1 credit for each calendar year between 21 and year before disability began	20 in prior 10 years
62 to full retirement age	40	20 in prior 10 years

Failing to Qualify for Disability Benefits

There are a surprising number of ways that a worker can fail to be insured for disability benefits. For example:

- A worker may have worked 10 years and accumulated a full 40 credits, but then took off time to raise her children. Returning to work in 2004, and becoming disabled in 2008, she had only 16 recent credits, i.e., within the last ten years (4 years X 4 credits/year = 16). The worker would need to work another year, or long enough to fill in the lacking four credits, and earn at least \$4,480. This might be hard for her to do if she is disabled. Furthermore, if she does perform the necessary extra work she might then have difficulty showing she is disabled.
- If the worker is age 27 when he is seriously injured in a car accident, he nonetheless might fail to qualify for benefits. Maybe he has the 12 credits that he needs (as described above), but it turns out he earned two of them before he turned 21, so they don't count.
- A worker age 31 was in graduate school until age 26. He has just been diagnosed with MS and is unable to work because of his medical condition. He started working full time when he was 27 but was only able to accumulate 16 credits by the year he was age 30, rather than the required 20 minimum.

Conclusion

Workers should be aware that their hard work and faithful payment of Social Security taxes may not be enough to guarantee them disability benefits if they become disabled. Eligibility for such benefits will depend on complex calculations that take into account the age of the worker, the amounts he or she has earned, and when the income was earned.

This installment was written by Special Needs Alliance member Gregory Wilcox, of the Law Office of Gregory Wilcox in Berkeley, California. His firm focuses on government benefits and estate planning for the elderly and for individuals with disabilities. Greg is a Certified Elder Law Attorney (CELA); co-author of *Special Needs Trusts: Planning, Drafting, and Administration and California Elder Law Resources, Benefits, and Planning*; and a board member of California Advocates for Nursing Home Reform (CANHR) in San Francisco.

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