



LAW OFFICES OF  
**DANIEL BERGER**  
NY DISABILITY

Specializing in Social Security and SSI Disability Law

¡Hablamos Español!  
(718) 588-4715



# 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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## Just What is “Social Security”?

### **PRESIDENT FRANKLIN ROOSEVELT**

signed the Social Security Bill in August, 1935. At that time, he wanted to create a social insurance plan “...against the hazards and vicissitudes of life.” It was a much more limited plan than we have today and was based upon the concept of “pay as you go.” Workers and employers pay into the Social Security Trust Funds and current beneficiaries receive monthly benefits.

**THIS SYSTEM, CREATED** during the Great Depression, has been modified and expanded until today more than 71 million Americans receive a Social Security benefit each month. More than One trillion dollars will be paid during the year and for most of the elderly this is their primary, or sole, source of income.

**DISABILITY BENEFITS BEGAN** in 1956; Medicare was added in 1965; and Supplemental Security Income benefits for the poor and disabled were added in 1975.

**IN AUGUST 1994**, after multiple studies, commissions and political wrangling, President Clinton signed a bill establishing the Social Security Administration as a separate agency and removed the trust funds from the general budget. The program is run by a Commissioner (presently an Interim Commissioner Dr. Kilolo Kijakazi) who is appointed by the President, and the Social Security Advisory Board which is an independent

agency which researches current issues and make recommendations to the Commissioner, President and Congress.

**TODAY, THE SOCIAL SECURITY** Administration operates the retirement program, the survivors program, Social Security Disability Insurance, Supplemental Security Income benefits and Medicare.



**EXCEPT FOR SSI, BENEFITS** for these programs are paid from the Social Security Trust Funds. There are trust funds for Retirement, Disability and Medicare. The U.S. Treasury manages these funds and deposits Social Security and Medicare payroll taxes from workers and employers into the funds. Along with interest income from mandatory investments in U.S. Treasuries, these payments fund the Social Security programs.

**NO ONE HAS AN “ACCOUNT”** at Social Security that is holding their retirement money or investing for them. Social Security is a contract between the citizens and the federal government assuring people who meet the requirements of the programs that

they will receive assistance. The monthly benefits come from the Trust Funds.

**SOCIAL SECURITY RETIREMENT** is the largest program paying benefits to more than 50 million Americans and their dependents. Social Security Disability Insurance benefits are paid to more than 8 million beneficiaries and their dependents and almost 6 million survivors receive benefits. In addition, SSI benefits are paid from general tax revenues, but administered by Social Security and account for another 7 million people.

**NO ONE GETS RICH LIVING** off of Social Security benefits. The average monthly retirement benefit is about \$1,754/month or just more than \$21,000 a year. The average SSDI benefit in 2023 is \$1,347/month and the maximum SSI payment is \$914/month. Social Security is a safety net and for more than 12% of men, and 15% of women, over 65 these benefits make up 90% or more of their monthly income.

**SOCIAL SECURITY IS A** huge program that provides benefits which allow people to keep their homes, access the health insurance system and maintain at least a minimal sustainable lifestyle. It is a critical piece of the social fabric in the United States and the hope is that Congress will take whatever steps are needed to protect these benefits going into the future.