Abstract

Dynamic Programming Model Estimates of Social Security Disability Insurance Application Timing

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This paper develops a dynamic programming model of the Social Security Disability Insurance (SSDI) application timing decision. We estimate the time to application from the point at which a health condition first begins to affect the kind or amount of work that a currently employed person can do. We use Health and Retirement Study (HRS) and restricted access Social Security earnings data for estimation. Our results show that the type of work-limiting health condition, presence of employer accommodation, and the relative value of income in the application state to income in the work state significantly affect the timing of SSDI application.