

What is the workers' compensation offset for Social Security?

If you suffered a workplace injury or illness that is so severe that you are unable to return to any kind of job, it's important to know that multiple types of long-term financial benefits may be available. Depending on your injuries, you may be eligible for permanent total disability compensation through workers' compensation, Social Security Disability Insurance benefits – or both.

Permanent disability benefits are generally two-thirds of a worker's average weekly wages, and they last for a lifetime. They're given for work-related injuries that leave a worker unable to work. Social Security Disability Insurance (SSDI) benefits are available to anyone with an injury or illness who has a qualifying work history and is unable to do any substantial work for at least a year. SSDI is available regardless of how the injury or illness happened.

You can receive both types of benefits if you are eligible, with one caveat. Social Security may reduce your monthly payments to prevent you from earning more than 80 percent of your previous earnings. This is called an offset.

Social Security bases the offset on your average current earnings, which is typically the highest of;

- The average monthly wage on which your disability benefits are based
- The average monthly wage during your five best paid years
- The average earnings during your highest paid year of the last five years

Some workers' compensation cases end with a lump sum settlement rather than ongoing payments. In those cases, an experienced attorney can explain how your workers' compensation offset may work.

For more information, see our recent article on SSDI and workers' compensation benefits.