SSI and Social Security Benefits: The Work Incentive Rules

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BIA-Ma Conference
March 30, 2017
Social Security Administration (SSA)

- SSA is a federal agency. It administers two different types of cash benefits.
  - 1. Social Security Insurance
  - 2. Supplemental Security Income (SSI)
- Each has a different set of work rules.
What is Social Security Insurance?

- Earn Social Security Insurance benefits by working and paying Social Security taxes (FICA) on wages.
- These are not needs-based benefits.
- Adults with insured status can get a disability or retirement benefit on their own wage records.
- Certain dependents or survivors of insured wage earners may be eligible for benefits on the wage earner’s record.
Who Can Get Social Security Disability Insurance (SSDI)?

- **SSDI** is a Social Security insurance program that pays a monthly cash benefit to people who are:
  - **Disabled** = same definition of disability as with SSI (for adults), **AND**
  - **Insured** = worked and earned Social Security credits by paying FICA taxes close to disability onset. For most adults, this means working for about 5 of the last 10 years before disability onset.
Social Security Insurance Benefit Amounts

- The Social Security Insurance benefit amount personal to the wage earner. It is based on how long the wage earner worked and paid FICA – and how much s/he earned.

- Dependents’/survivors’ benefits are based on the wage earner’s amount.

- Medicare comes with SSDI
What is SSI?
(Supplemental Security Income)

- SSI is needs-based with strict income & asset rules.
- Must have less than $2000 in countable assets (less than $3000 if married)
- Must have less countable income that the SSI benefit amount.
- No work history needed for eligibility
- SSI pays a monthly cash benefit to:
  - Disabled or blind individuals ages 0-65
  - People 65 and older
- SSI has strict immigration status requirements.
- SSI comes with MassHealth (Medicaid).
SSI Benefit Amount

- The maximum monthly SSI payment is set each year by SSA. The maximum 2017 Federal benefit is $735 p/mo. With maximum Mass. state supplement (SSP), the maximum payment in 2017 is $849.39.
- Monthly SSI/SSP benefit amount depends on:
  - whether recipient is disabled, blind, or aged;
  - the recipient’s living arrangement;
  - whether recipient is single or married; and
  - whether the recipient has any other income
- All changes must be reported to SSA!
SSI Income and Asset Counting Rules Overview

- Most income counts to reduce the SSI benefit.
- Earnings from work are favored with large deductions.
- Income that remains after the month of receipt becomes a resource.
- Not all assets are countable resources.
- Some examples of assets that are not counted:
  - The home that the individual lives in.
  - Household goods and personal effects.
  - One automobile of any value per family.
  - Life insurance (face value up to $1500).
  - Burial funds (up to $1500); burial spaces.
SSI Benefits and Work

- For SSI recipients the issue is the amount of gross monthly earnings and how much is countable.
- **A good estimate**: about half of gross monthly earnings count against the SSI benefit.
- The actual formula is $65 plus half of the rest.
- The $20 general income deduction can also be used if not used on unearned income.
SSI and Work – Effect of Wages
Example 1

- Carmen lives by herself in a rent subsidized apartment and receives $735 in SSI disability benefits in 2017. She has no other income.

- She takes a job paying $885 in gross wages per month.

- What is the effect on her SSI?
SSI and Work – Effect of Wages

Example 1

- $400 of Carmen’s gross monthly wages is **countable** [$885 - 85 ($65 + $20) divided by 2 = $400].

- Carmen’s SSI benefit will be **$335** ($735 - $400 = $335).

- Carmen remains eligible for some SSI. Her total gross monthly income will be **$1220**. ($885 + 335).
SSI and Work – Effect of Wages
Example 2

- Joe lives by himself in a rent subsidized apartment and receives $520 in SSDI (or disabled adult child benefits) and $325 in SSI disability benefits per month in 2017.
- He also takes a job paying $885 per month in gross wages.
- These wages make him SSI ineligible.
SSI and Work – Effect of Wages Example 2

- $520 SSDI - $20 = $500 countable SSDI
- $885 gross wages - $65 = $820. 
  $820 divided by 2 = $410 countable wages.
- $500 + $410 = $910, more than the maximum SSI payment amount for his living arrangement ($735).
- Joe loses SSI but Joe’s total gross monthly income with the wages is $1405 ($520 + $885).
SSI Benefits and Work
- IRWE Deductions

- Impairment Related Work Expenses - (IRWEs) can be deducted from gross monthly wages.
- IRWE deductions are in addition other permitted earned income deductions
SSI Benefits and Work
IRWE Deductions

- IRWEs are:
  - impairment related items and services
  - needed in order to work
  - out of pocket
  - paid in a month when working

- Examples: service animal expenses; uncovered medical expenses like co-pays or acupuncture; work transportation needs made necessary due to disability.
Blind Work Expense Deduction

- Examples of BWEs
  - service animal expenses;
  - transportation to and from work;
  - taxes;
  - attendant care services;
  - visual aids;
  - translation of materials into Braille;
  - lunches;
  - professional association dues.
Student Earned Income Deduction

- The Student Earned Income Deduction is for SSI recipients who:
  - Are under age 22;
  - Regularly attending school.
- In 2017, the student earned income deduction is $1790 per month up to $7200 per calendar year.
- This deduction is in addition to other permitted earned income deductions.
Plan to Achieve Self-Support (PASS)

- A PASS allows SSI recipients to save $$ for a vocationally achievable and feasible goal.
- If approved by SSA and exactly followed, income and resources put in the PASS account don’t count for SSI.
- Set aside income and resources to use to achieve an occupational goal.
- PASS must be in writing and include budget (& business plan if self-employment).
How Does Work Affect SSDI?

The rules for SSDI and work are completely different than for SSI. It’s like being on another planet.
What Happens When SSDI Recipients Work?

- It’s much more complicated than with SSI and completely different.
- 9 month trial work period
- 36 month extended period of eligibility
- Substantial Gainful Activity
- (These rules also apply to the Disabled Adult Child Dependent/Survivor benefit)
What You Need to Know About SSDI When Going to Work

- Have I completed my 9-month **Trial Work Period**? When?

- If yes, when does/did my 3-year **Extended Period of Eligibility** end?

- Are my countable earnings above the **Substantial Gainful Activity** level?
SSDI & Trial Work Period

- 9 “service” months
  - Use a trial work month with gross earning (840 gross in 2017)
  - No deductions apply.
- Keep your benefits no matter how much you earn as long as you remain medically disabled.
- 1 Trial Work Period per period of disability.
Extended Period of Eligibility (EPE) - An All or Nothing Deal

- 36 months starting with the month after the last (9th) month of the Trial Work Period.

- Get SSDI in months where no SGA.

- Get no SSDI in months with SGA level earnings.
After the 36th month of EPE – The Cliff

- If you have SGA level wages at end of the 36 months, SSDI terminates.
- Otherwise, SSDI terminates with the first month of SGA after the 36th month.
Remember Joe who receives both SSI and SSDI and works?

- Joe’s example is on slide 12. We covered the effect of his wages on his SSI on slide 13.
- $885 p/mo. in gross wages is enough to use trial work months, if he has any left to use. It is also less than SGA so he does not have to worry about loss of benefits.
- But he must report his wages to SSA to avoid future problems!
Expeditied Reinstatement

- A faster way to reapply for benefits if you have lost eligibility because of work.
- Apply within 60 months of losing SSI or SSDI due to work.
- Can receive up to 6 months of prospective benefits while SSA completes the formal eligibility determination.

- Must report to SSA anything that might affect benefit eligibility and amount as soon as the change happens.
- Report by the 10th day of the month after the month of the change.
- Representative payees share reporting duties with benefit recipients.
- Be sure to be able to show that you reported.
- This can help avoid or reduce overpayments.
Free Counseling on Work and Benefits

- Free service available to SSI and SSDI recipients working or planning to work.
- Project Impact for Essex, Barnstable, Bristol, Dukes, Nantucket, Norfolk and Suffolk counties, 617-204-3854.
Useful Websites

- www.socialsecurity.gov
- www.mass.gov/MassHealth
- www.masslegalservices.org
- www.cms.hhs.gov/home/medicare.asp