

## **WORK AND BENEFITS**

### **Questions and Answers: Social Security Disability Benefits and Work Incentives**

---

#### **1. Is the withholding before or after taxes?**

When an individual receiving Supplemental Security Income (SSI) reports their wages to the Social Security Administration (SSA), SSA always uses the gross monthly wages (before tax withholding) to calculate the adjusted SSI check.

#### **2. What is the most I can make before I lose my Supplemental Security Income (SSI)?**

The good news is that when you receive SSI, you are always better off when you work! When you work, your monthly SSI check may slowly get smaller as you earn more money. Social Security DOES NOT decrease your SSI check dollar-for-dollar by what you earn.

Social Security counts less than half of what you earn! So, for every \$2 you earn, your SSI check is only reduced by \$1. That means you're always better off financially when you're working! Social Security also has many work incentives that are income exclusions that can help you reduce the amount of income that is counted and continue to receive your SSI cash benefit while exploring work.

**The important thing to remember is that, even if your SSI checks stop because of your earnings, you will still have more money than you had when you were only getting SSI and not working!**

Many people are afraid that if they work enough to cause the loss of the SSI check, they will also lose the Medi-Cal coverage that comes with SSI. This is NOT true due to an SSI work incentive known as "1619(b)." 1619(b) allows some SSI recipients to keep their Medi-Cal after their countable earned income is too high to allow them to get SSI checks, if they meet certain requirements. With 1619(b), in 2022 you can earn up to \$54,082 a year (\$55,439 for individuals who are blind) and still keep your Medi-Cal from SSI!

#### **3. Can I get SSI if I work full-time but only earn \$1,200 per month?**

Social Security uses a formula, or calculation, to determine how much your SSI checks will be, depending on how much you earn every month. If you earn \$1,200 per month, no matter how many hours you work, Social Security will use a formula to determine how much SSI you will get. First, they subtract \$85 from the \$1,200, and then they divide the remainder by two. This means that only \$557.50 would be subtracted from your SSI check each month. I know that sounds like a lot less, but remember you are earning \$1,200! So, add together the \$1,200 and your adjusted SSI check of \$374.22, and you get \$1,574.22! That's a lot more than your SSI check of \$931.72! Can you think of something you would like to buy for yourself with that extra money you earn from a job?

#### **4. Can a home-schooled student be eligible for the Student Earned Income Exclusion (SEIE)?**

A home-schooled student may qualify for the SEIE. You and your family may be afraid that working will cause the loss of your monthly SSI checks and your Medi-Cal. If you qualify for the SEIE, you can earn quite a lot of money without losing your SSI checks. You can increase your income, keep your Medi-Cal, build work experience and achieve greater financial independence!

SEIE is an SSI work incentive that allows SSI recipients, who are students under age 22 and regularly attending school, to earn up to \$2,040 per month and still receive a full SSI check! There is an annual limit of \$8,230 (2022 amounts). The SEIE may not be applied automatically, therefore you should report school attendance to Social Security when reporting employment.

If you are home-schooled, you may be considered "regularly attending school" if:

- You are instructed in grades 7-12 for at least 12 hours a week; and
- The instruction is in accordance with a home school law of the state or other jurisdiction in which you reside.

If you are home-schooled because of a disability, you may be considered "regularly attending school" by:

- Studying a course or courses given by a school (grades 7-12), college, university or government agency; and
- Having a home visitor or tutor who directs the study.

**5. Will the Social Security Administration (SSA) automatically adjust for Impairment-Related Work Expenses (IRWEs), or is this something I need to apply for?**

You can use IRWEs to lower the amount of earned income Social Security counts. For example, if you are paying for a bus pass each month, which costs \$55, and you use the bus to get to and from work, since you pay for it, you need it in order to work, and you are unable to drive due to your disability, Social Security may be able to approve this as an IRWE and subtract \$55 from your earnings to decrease your countable income. This could increase the amount of your monthly SSI checks!

This adjustment is not automatic, you need to request IRWEs from Social Security. The request should accompany your wage reports to Social Security and should include receipts of the IRWE expense, and proof of wages. Social Security will decide if you can deduct the expense.

**6. If a student is participating in WorkAbility, as part of their high school program, does that money earned affect their SSI check?**

When you have SSI, all earned and unearned income MUST be reported to Social Security. In this situation, it is likely that the Student Earned Income Exclusion (SEIE) can be used, meaning that the SSI check amount would probably stay the same. (Please refer to the SEIE information above.)

**7. When my job ends, is there any way for me to get my full SSI check back?**

If it is a short-term job, like a few months, you would most likely get your full monthly SSI check back again after your job ends. Because you are still considered to be an SSI recipient, you can simply report to Social Security that your job has ended, and your full SSI check would be re-calculated and started up again. You would not have to re-apply or do anything special to get your full check back. Remember that you must continue to meet Social Security's definition of disability and have resources under the allowable limits (\$2,000 for one person) for the SSI program!

## **8. If I lose my SSI and then am unable to work, will my SSI be reinstated?**

If your SSI check went to zero due to your earnings from work, you are using the 1619(b) work incentive to keep your Medi-Cal and you are unable to work, you would let Social Security know that you are not working and your SSI check can be reinstated.

You may get a job where you are making enough money that you are no longer eligible for SSI benefits, but something happens and you are unable to work or lose your job. You probably will not have to reapply for SSI benefits if you are eligible for a safety net called Expedited Reinstatement (EXR). If less than five years have passed since your SSI terminated because of excess earned income (or a combination of earned and unearned income), and you are unable to work, you may be able to have your SSI benefits start again right away through a request for EXR. EXR allows you to get up to six months of temporary cash benefits and Medi-Cal while Social Security does a medical review to decide if you meet the requirements to have your SSI benefits reinstated.

If you have been ineligible for SSI and/or Medi-Cal for any reason other than work or medical recovery, you may be able to restart your SSI cash payment and/or Medi-Cal coverage within 12 months without a new application.

## **9. How do I open an Achieving a Better Life Experience (ABLE) Account?**

You can open an ABLE account online. California's ABLE account program is CalABLE. Many other states offer ABLE programs, and each state's program options are different so it's a good idea to compare the programs to determine which ABLE Account will work best for you. You can compare the programs on the ABLE National Resource Center (NRC) website.

## 10. What is the difference between PASS and CalABLE? Can you take advantage of both?

ABLE accounts are tax-advantaged savings accounts for individuals with disabilities and their families. An ABLE account allows individuals with disabilities, who became disabled before the age of 26, to save money without losing eligibility for programs like SSI and Medi-Cal. If you meet the age requirement and receive SSI or Social Security Disability Insurance (SSDI), you are automatically eligible to open an ABLE account. You do not need to have a specific vocational goal, and you can have an ABLE account for a very long time. This is not a work incentive provided by Social Security.

Eligible individuals, family, friends, and employers can contribute up to \$16,000 a year without affecting the account beneficiary's public disability benefits. Your CalABLE account will not count against your eligibility for federal or California state benefits, unless your account exceeds a balance of \$100,000. Once your account exceeds \$100,000 your SSI would be suspended and your eligibility for California state and local means-tested programs could be at risk. Your account balance will never affect your eligibility for Medi-Cal. ABLE account owners who work can save even more!

Money in your ABLE account can be used to pay for Qualified Disability Expenses (QDE). Earnings and withdrawals from a CalABLE account are federal and California state tax-free, as long as the funds are used for QDEs.

A Plan to Achieve Self-Support (PASS) is an SSI work incentive that can help people with disabilities who receive Social Security disability benefits transition to financial independence. If you receive SSI or can become eligible for SSI, a PASS allows you to set aside income or resources for expenses related to your work goals. To get started you must submit an application for a PASS to be reviewed and approved by Social Security. Your PASS must be in writing, identify a specific work goal, describe the steps you will take, and the items and services needed to reach your work goal. When you have an approved PASS, Social Security does not count the money you set aside to help you reach your work goal as income and/or resources for SSI. Therefore, your SSI check can be increased or maximized in order to pay for food and housing, while investing your other money and resources into your career. The Social Security PASS Specialist is your resource for any questions about PASS.

An individual can apply for a PASS through Social Security and can also open an ABLE account.

## **11. Are there any tax benefits for family members that deposit money in an individual's ABLE account?**

Contributions to the ABLE account, which can be made by any person (the account beneficiary, family and friends), must be made using post-taxed dollars and will not be tax deductible for purposes of federal taxes, however some states may allow for state income tax deductions for contribution made to an ABLE account.

Before investing in any ABLE program, you should consider whether your home state provides its taxpayers with favorable state tax or other benefits that are only available through investment in the home state's ABLE program. For more information talk to the ABLE program or your financial or tax advisor.

### **Additional Resources**

Social Security's Red Book - A Guide to Work Incentives

<https://www.ssa.gov/redbook/index.html>

Social Security's The Work Site

<https://www.ssa.gov/work/home.html>

California Disability Benefits 101

<https://ca.db101.org/>

CalABLE

<https://calable.ca.gov/>

ABLE National Resource Center

<http://ablenrc.org/>