

SEIE

Your Path to Success!

Answers To Your Work Questions
From NYS PROMISE

Student-Earned Income Exclusion

How the Social Security Administration
Can Help You Earn Income and Keep a
Portion of Your Cash Benefits

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New York State
PROMISE
your Path to Success!

This brochure includes
calculations and numbers that
reflect 2018 standards.

In This Guide

The purpose of this guide is to educate New York youth with disabilities and their families about special rules of the Supplemental Security Income (SSI) program that apply to work and wages earned by students.

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Supplemental Security Income

The amount you can receive from Supplemental Security Income (SSI) is based on the amount of “other” income you receive and is only intended to bring a beneficiary up to a certain minimum level of income. This minimum level of income is known as the Federal Benefit Rate (FBR). The FBR in 2019 is \$771 per month and this amount typically changes every year.

Some states, like New York, also supplement the FBR. In New York in 2019, individuals “living alone” and having no unearned or earned income will receive \$858 per month in SSI cash benefits (including an \$87 state supplement). SSI beneficiaries “living with others” in 2019 and having no unearned or earned income will receive \$771 in SSI cash benefits (including a \$23 state supplement), but only if they pay their fair share of household expenses. Individuals who live with others but do not pay a share of expenses for food or housing costs will be classified as “living in the household of another.” An individual in this last group, with no other income, will receive \$514 in SSI cash benefits (including a \$500 federal payment and a \$23 state supplement). In New York, an SSI beneficiary who receives at least \$1 of SSI is automatically eligible for Medicaid.

How will My SSI Cash Benefits be Impacted by Going to Work?

The General Rule

When an SSI beneficiary works, the Social Security Administration (SSA) will decrease the monthly cash benefit a little bit at a time as earnings go up. SSA uses gross earnings (before taxes) to decide how much to subtract from the SSI payment. To understand how the SSI calculation works, it is important to understand that SSA considers earned and unearned income differently and allows certain income exclusions against both. Here is how the amount is figured under the usual rules:

Step One

- The first \$20 of unearned income (Social Security Disability benefits, unemployment benefits, income deemed available from a parent or spouse, etc.) is excluded or not counted. The remaining balance is considered the net countable unearned income.

Step Two

- If there is no unearned income, then the \$20 exclusion is taken from earned income (such as wages or self employment income).
- SSA will disregard (or exclude) the next \$65 of gross earned income.
- SSA will disregard one half of remaining earned income. What is left is considered the individual's countable earned income.

Step Three

- If the individual had net countable unearned income from the first step remaining after the \$20 exclusion, that amount is added to the countable earned income. When the two amounts are combined, this equals the total net countable income.

Step Four

- The net countable income is then subtracted from the SSI cash benefit rate depending on the individual's living arrangement.

Step Five

- The amount left over is the amount of the person's adjusted monthly SSI cash payment.

A Special Rule Applies to the Earned Income of Full-Time Students:

In 2019 the SSI Student-Earned Income Exclusion allows full-time students, under age 22, to work and have the first \$1,870 gross earned income per month (up to \$7,550 per year) excluded or not counted.

In the following pages we provide examples that show how a young person's wages are treated under the general rules and how they are treated differently when the Student-Earned Income Exclusion applies. This means that the young person is rewarded by either staying in school or continuing his or her education.

The Student-Earned Income Exclusion (SEIE) – Key Requirements:

If you are under age 22 and regularly attend school, the SSI program will not count up to \$1,870 of gross earned income per month in 2019 (up to \$7,550 per year) when SSI calculates your payment amount. These amounts are adjusted each year based on the cost of living.

“Regularly attending school” means you take one or more courses of study and attend classes:

- In a college or university for at least 8 hours a week
- In grades 7-12 for at least 12 hours a week
- In a training course to prepare for employment for at least 12 hours a week (15 hours a week if the course involves shop practice)

If you are home taught 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
- Having a home visitor or tutor who directs the study

The SSI program applies the SEIE against earned income before the general income exclusion (\$20) or the earned income exclusion (\$65 earned income disregard and 50 percent disregard of what remains).

Four Examples

The first two examples explain what happens to the SSI payment when a young person stops going to school and takes a job, with earnings going up after 6 months. The third and fourth examples involve a similar young person who remains in school and works, earning similar amounts and benefitting from the Student-Earned Income Exclusion.



EXAMPLE 1: SSI beneficiary drops out of school and takes a part-time job.

Eric is age 18, has a disability, lives with his parents, and recently dropped out of school. He receives **SSI payments of \$771** per month and has no other income. In January he takes a part-time job and earns **\$485 per month in gross wages**.

The SSI program will disregard the first \$85 each month (\$20 disregard as there is no unearned income and the \$65 earned income exclusion). Then, an additional 50% of his wages will be disregarded or not counted. What is left is net countable earned income. The net countable earned income is subtracted from the **SSI cash benefit rate** in New York for a person who lives with others. The amount left over is the amount of Eric's adjusted SSI cash payment.

\$485	Gross wages
- \$85	Income not counted (combined \$20 unearned and \$65 earned income disregard)
<hr/>	
\$400	
- \$200	Additional 50% earned income disregarded
<hr/>	
\$200	Net countable earned income
\$771	2018 SSI cash benefit base rate (living with others)
- \$200	Net countable unearned income
<hr/>	
\$571	New monthly SSI cash benefit

Under the usual SSI earned income work incentives, Eric's combined income of \$1,058 (\$485 wage + \$57 SSI) is \$283 more than before he started working. This is because \$283 of his wages is not counted. Since he still gets an SSI payment, he continues to get Medicaid automatically.

EXAMPLE 2: Eric increases his wages to \$1,085 per month after 6 months on the job.

Eric continues working at the \$485 per month rate for 6 months. Then, in July his employer increases his hours and rate of pay to \$1,085 per month. Since Eric has not returned to school, the SSI program will use the formula from example 1 and will reduce his SSI payment by counting an additional half of his \$600 wage increase.

Here is how SSI will now consider his earnings:

\$1,085	Gross wages
<u>- \$85</u>	Income not counted (combined \$20 unearned and \$65 earned income disregard)
\$1,000	
<u>- \$500</u>	Additional 50% not counted
\$500	Net countable earned income
\$771	2018 SSI cash benefit base rate (individual living with others)
<u>- \$500</u>	Net countable earned income
\$271	New SSI cash payment

Under the usual SSI rules, Eric will lose \$1 for every additional \$2 he earns. In this example his wages went up by \$600 gross per month and his SSI payment went down by \$300 per month, or by half of the increase in wages. He will also keep his automatic eligibility for Medicaid.

Now let's consider another student, Christina, who earns similar amounts of money but stays in school and is eligible for the Student-Earned Income Exclusion.



EXAMPLE 3: SSI beneficiary takes a part-time job as a student.

Christina is age 18, has a disability, lives with her parent, and is in her third year of high school. She receives SSI of \$771 per month. In January, she takes a part-time job working after school and some Saturdays while she keeps attending school. She will **earn \$485 gross**, working about 10 hours per week at \$10.50 per hour. Christina works the same hours and pay rate through the end of June.

Christina meets the Student-Earned Income Exclusion criteria since she is under 22 and a full-time student. This means that her **\$485 in monthly wages** will be excluded and not counted each month, since the wages are well under the \$1,870 limit for 2019.

Here is how Christina's SSI payment is calculated:

\$485	Gross wages
<u>- \$485</u>	Income not counted (up to \$1,870 per month excluded under SEIE rules)
\$0	Net countable unearned income
\$771	2019 SSI cash benefit base rate (individual living with others)
<u>- \$0</u>	Net countable income
\$771	New SSI cash payment

Since Christina has stayed in school and taken a part-time job, the Student-Earned Income Exclusion let's her keep her

full SSI payment and keep her full paycheck. With both her SSI and her paycheck, her combine income is now \$1,258 (less any minimal taxes withheld). She also continues to be eligible for Medicaid.

EXAMPLE 4: Christina works for higher pay during the summer months.

Christina completes her third year of high school. She considers dropping out of school to work more hours. However, her benefits adviser reminds her she will lose the benefit of the Student-Earned Income Exclusion if she drops out of school. She decides to return for her senior year in September.

In July and August, Christina’s hours increase and her gross pay increases to **\$1,085 per month**. Because she will continue to stay in school as a full-time student, she will benefit from the SEIE.

Here is how Christina’s SSI payment is calculated:

\$1,085	Gross wages
- \$1,085	Income not counted (up to \$1,870 per month excluded under SEIE rules)

\$0	Net countable earned income
\$771	2019 SSI cash benefit base rate (individual living with others)
- \$0	Net countable income

\$771	New SSI cash payment

Because Christina stayed in school, she was able to take advantage of the Student Earned Income Exclusion.

She kept all of her SSI payment even though her summer wages totaled \$2,170 for July and August.

If you compare Christina’s experience to that of Eric in examples 1 and 2, you will see that she keeps \$2,200 more of her SSI payments than Eric with the same amount of wages over an 8-month period. If Christina goes back to part-time work starting in September, she will still be eligible for the SEIE until her 2019 wages reach \$7,550 for the year (not likely to happen in her case).

Are There Any Other Incentives That Can Support Work?

The SSI program has other work incentives available that act as income disregards—very similar to the unearned (\$20) and earned income (\$65) disregards discussed earlier. These work incentives can be deducted from gross monthly earnings as part of SSA’s calculation in determining the amount of your adjusted SSI cash benefit. A brief description of each follows:

Impairment-Related Work Expenses (IRWE) are work expenses related to a disability, or medical condition for which they receive treatment, that are needed to work and are paid for by the individual.

Blind Work Expenses (BWE) are any ordinary and necessary expenses related to the earning of income for an individual who is blind and are paid for by that individual.

Plan to Achieve Self-Support (PASS) allows an individual to set aside their own income and/or resources in a special account, not counted for SSI purposes, with the money to be used for expenses that will support their long-term work goal.

These are all SSI work incentives and can positively affect the amount of an individual's SSI cash benefit. The impact of each is determined by the placement of the disregard in the SSA calculation. Note that subsequent guides on these work incentives will be available to provide more comprehensive information on their application. A sample calculation sheet showing the placement of each follows.

SSI Budget Worksheet

The following worksheet can be used to assist you in calculating the impact of income on your SSI cash benefits.

Name

Month Social Security #

STEP 1 Calculating Total Countable Unearned Income	1	Unearned Income*	
	2	"Any-Income" Deduction	- \$20.00
	3	Total Countable Unearned Income (Subtract line 2 from line 1.)	=
STEP 2 Calculating Total Countable Earned Income	4	Gross Earned Income	
	5	Student Earned Income Exclusion (up to \$1,790mos/\$7,200yr)	-
	6	Remainder (subtract line 5 from line 4)	=
	7	"Any-Income" deduction if not used before**	- \$20.00
	8	Remainder (Subtract line 7 from line 6.)	=
	9	Earned-Income Deduction	- \$65.00
	10	Remainder (Subtract line 9 from line 8.)	=
	11	Impairment-Related Work Expense, if not blind (IRWE)	-
	12	Adjusted Gross Earned Income (Subtract line 11 from line 10.)	=
	13	50% of Adjusted Gross Earned Income as a Work Incentive Deduction (Divide line 10 in half.)	-
	14	Remainder (Subtract line 13 from line 12.)	=
STEP 3 Calculating Total Countable Income	15	Blind Work Expenses (BWE)	-
	16	Total Countable Earned Income (Subtract line 15 from line 14.)	=
	17	Total Countable Unearned Income (Amount from line 3)	
	18	Total Countable Earned Income (Amount from line 16)	+
	19	Total Countable Income (Add line 17 and line 18.)	=
STEP 4 Calculating Adjusted SSI Payment	20	PASS Deduction	-
	21	Total Countable Income (Subtract line 20 from line 19.)	=
	22	Base SSI Rate (fill in appropriate amount)	
STEP 5 Calculating Total Usable Monthly Income	23	Total Countable Income (Amount from line 21)	-
	24	Adjusted SSI Payment (Subtract line 23 from line 22.)	=
STEP 5 Calculating Total Usable Monthly Income	25	Adjusted SSI Payment (Amount from line 24)	
	26	Gross Earned Income Received (Amount from line 4)	+
	27	Gross Unearned Income Received (Amount from line 1)	+
	28	IRWE, BWE or PASS Expenses (Combine lines 11, 15, & 20.)	-
	29	Total Financial Outcome (Add lines 25, 26, and 27. Subtract line 28.)	=

* Insert sum of all combined unearned income on line 1.

** You only get to use the \$20 any-income deduction once. If you do not use all of the deduction to reduce your unearned income, you can use the balance to reduce your earned income.

What if I Have Questions About How My Benefits will be Impacted by Going to Work?

If you have any questions about how your benefits will be impacted by going back to work, you can contact the specialists toll-free at **1-888-224-3272**. The hotline is available during business hours on Monday through Friday, except on holidays, and every effort will be made to return calls the same day or within one business day.

You can also speak to your NYS PROMISE case manager to have them refer you to a local benefits and work incentives counselor. They can assist you in understanding how earnings impact your benefits and get you on a path to greater economic independence.

Additionally, SSA has contracted with local organizations to provide work incentive and planning services for Social Security SSDI and SSI beneficiaries. The Work Incentive Planning Assistance (WIPA) agencies have people who have been specially trained to help individuals with disabilities who are considering returning to work or are returning to work. You can get a list of the WIPA's in New York at: <https://choosework.ssa.gov/findhelp>.

Questions about how earnings
impact your disability benefits?
Call us toll-free at 1-888-224-3272

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