

SSI INCOME

Your Path to Success!

Answers To Your Work Questions
From NYS PROMISE

Supplemental Security Income (SSI)

The Social Security Administration's
Treatment of Income in the SSI Program

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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 the basics of the Supplemental Security Income (SSI) program, especially the treatment of earned and unearned income.

- 1** Background on Supplemental Security Income
- 2** Eligibility for Supplemental Security Income
- 3** Two Types of Income: Earned and Unearned
- 3** Treatment of Earned Income
- 4** Earned Income Exclusion as Work Incentive
- 5** Unearned Income: Defined and Treatment
- 6** Special Treatment: Assistance under Title IV of Higher Education Act or Bureau of Indian Affairs Student Assistance Program
- 7** Are There Any Other Work Incentives That Can Support Work?
- 8** What if I Have Questions About How My Benefits will be Affected by Going to Work?

Background on Supplemental Security Income

Supplemental Security Income (SSI) is a United States government program that provides benefits to low-income people who are either aged 65 or older, blind, or disabled. Although administered by the Social Security Administration, SSI is funded from U.S. Treasury Funds and not the Social Security Trust Funds. This is because the SSI program is not an insurance program but a government program. SSI was created in 1974 to replace federal-state adult public assistance programs that served the same purpose. The creation of this program was intended to standardize the eligibility requirements and level of benefits for all low-income people that qualified for benefits under this program.

SSI is a “means-tested” program. This means it 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 a Federal Benefit Rate (FBR). The FBR in 2019 is \$771 per month.

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 \$53 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.

Two Types of Income: Earned and Unearned

SSI law defines two kinds of income—earned and unearned. Earned income is wages, net earnings from self-employment, payment for work in a sheltered workshop, royalties on published work, and honoraria for services (like a speaker’s fee). All other income is unearned including, for example, Social Security benefits, other pensions, and unemployment compensation. The distinction between earned and unearned income is important because different exclusions apply to each type of income.

However, not everything an individual receives is considered to be income. Generally, if the item received is not food or shelter or cannot be used to obtain food or shelter, it will not be considered as income. For example, if someone pays an individual’s medical bills or cell phone bills, that value is not considered income to the individual as it is not for food or shelter and the individual cannot convert what they received into food and shelter. In addition, some items, discussed below, that are considered to be income are excluded when determining the amount of an individual’s benefit.

Treatment of Earned Income

SSI recipients who go to work have a great set of work rules and work incentives that will allow the individual with a disability, in many cases, to thoughtfully plan his or her

progression to maximum levels of independence through work. These rules can help an individual retain maximum levels of cash benefits, retain Medicaid, build and retain assets that will support a work effort, and retain assets that will enhance independent living and quality of life. Please remember that separate rules apply to SSI recipients who are under 22 years of age and are regularly attending a school, college, university, or course of vocational training.¹

Earned Income Exclusion as Work Incentive

The first \$65 plus 50 percent of remaining gross wages are excluded. As stated above, the SSI program distinguishes between unearned and earned income. Unearned income is anything other than wages and includes SSDI payments. Earned income includes wages received from employment or net income from self-employment. In calculating the SSI payment, the first \$20 of unearned income is disregarded (i.e., as a general income exclusion). The first \$65 plus 50 percent of gross earnings (or net income from self-employment) is also excluded. If the person has no unearned income, the \$20 general income exclusion will be added to the \$65 and the first \$85 of gross wages will be excluded.

¹ If the SSI beneficiary is under age 22 and regularly attending a school, college, university, or course of vocational training, they will qualify for the Student Earned Income Exclusion. This topic is thoroughly discussed in a Path to Success document entitled: SSI's Student Earned Income Exclusion: Working for Significant Wages Without Losing Any Cash Benefits.

Example. Edwin lives alone in Rochester, New York and receives \$858 ($\$771 + \$87 = \858) in monthly SSI. He is offered a part-time job earning \$385 in gross pay per month. He receives no unearned income.

Since Edwin has no unearned income, the SSI program will exclude or disregard the first \$85 of his wages ($\$385 - \$20 - \$65 = \300). An additional 50 percent will then be excluded ($\$300 / 2 = \150). Subtracting the countable income from the SSI base rate, Edwin will be entitled to an SSI payment of \$708 ($\$858 - 150 = \708) and he will continue getting automatic Medicaid. His net gain from going to work is the amount of the exclusion (\$235) less any amounts taken out of his paycheck for taxes and other payroll deductions. Edwin can probably expect to get any state and federal income taxes refunded when he files his income tax return in the following year and may qualify for the earned income tax credit as well.

Unearned Income: Defined and Treatment

Unearned income is any income that is not earned. The most common type of unearned income is in-kind support and maintenance for food and shelter. Other common forms of unearned income are Social Security benefits, unemployment insurance benefits, veteran's benefits and workers compensation benefits. Unearned income is counted in the month it is received.

Not all unearned income is counted. The first \$20 of unearned income received in a month is excluded as a

general income exclusion. If there is no unearned income but there is earned income, then the first \$20 of earned income is excluded as a general income exclusion. Other common unearned income exclusions include gifts used for paying tuition or education expenses, income which is set aside in an approved Plan for Achieving Self Support, and transportation tickets for domestic travel received as a gift.

Special Treatment: Assistance under Title IV of Higher Education Act or Bureau of Indian Affairs Student Assistance Program

All student financial assistance received under the federal Higher Education Act (HEA), or Bureau of Indian Affairs student assistance programs, is excluded from income regardless of use. These amounts will never find their way into the gross earned or unearned income figures used in calculating the SSI payment amount. Examples of federal HEA Title IV programs that would be eligible for this exclusion include:

- Pell Grants
- State Student Incentive Grants
- Academic Achievement Incentive Scholarships
- Federal Supplemental Educational Opportunities Grants (FSEOG)
- Federal Educational Loans (Federal PLUS Loans, Perkins Loans, Stafford Loans, Ford Loans, etc.)

- Upward Bound
- GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs)
- LEAP (Leveraging Educational Assistance Partnership)
- SLEAP (Special Leveraging Educational Assistance Partnership)
- Work-Study Programs (generally, federal money used to pay for college student employment)

It is important that you find out if the money you get to help with college comes from one of these programs. If it does, that money will not be counted as income in the SSI payment calculation.

Are There Any Other Work Incentives That Can Support Work?

The SSI program has many work incentives available that act as income exclusions or disregards. These work incentives can be deducted from gross monthly earnings as part of Social Security'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.

Student-Earned Income Exclusion (SEIE) helps students under the age of 22 who regularly attend school, receive SSI, and work to exclude up to \$1,870 per month up to a maximum of \$7,550 per year in 2019. These figures change each year.

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 exclusion in the SSI calculation. Note that other guides on these work incentives will be available to provide more detailed information on how they work.

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

If you have questions about how your benefits will be affected by going to work, you can contact specialists to as-

sist you toll-free at **1-888-224-3272**. The hotline is available during business hours Monday through Friday, except on holidays. Every effort will be made to return calls the same day or within one business day.

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

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