

Your Path to Success!

Answers To Your Work Questions
From NYS PROMISE

Supplemental Security Income Resources

Social Security's Treatment of Resources
in its SSI Program for Individuals with
Disabilities

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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 resources.

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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 \$537 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.

Resources – the Basics

A resource is money or anything that you own and can turn into cash to pay for food and shelter. Two typical examples are stocks and bank accounts. This is important because as noted above, SSI is a means tested program. This means that to be eligible for SSI, your countable resources must not be worth more than

\$2,000¹. This is what the Social Security Administration calls the resource limit. If an individual exceeds the resource limit, then he or she will not be eligible for SSI.

Once an individual becomes a recipient of SSI, the rule is the same. In any month, in which the resource limit is exceeded, he or she will not be eligible for SSI for that month. The individual will remain ineligible for cash benefits through the next month and until the resources fall below the allowable limit. If an individual is ineligible for benefits for 12 consecutive months, entitlement to SSI benefits will terminate. This means the individual will need to apply for SSI again once the resources fall below the allowable limit.

When Are Resources Counted?

The rule is that an item received in a month is income and unless spent by the end of that month, it becomes a resource in the following month. Since everything must be income before it becomes a resource, a \$200 gift is considered income in the month received. Any of the \$200 that is not spent in the month received will be considered a resource. The Social Security Administration will add that amount to any other resources to ensure that the resources of the individual fall within the allowable, \$2,000 limit.

Everything Does Not Count Toward the Resource Limit

Certain resources are not counted for purposes of the \$2,000 limit. These include:

¹ If you are married to another SSI recipient, the countable resource must not be worth more than \$3,000.

- The house you live in
- Household goods and personal effects
- One vehicle, if it is used for transportation for you or a member of your household
- Burial plots or spaces for you or your immediate family
- A burial fund of up to \$1,500 each for you and your spouse’s burial expenses
- Term insurance, no matter who purchased it, that is life insurance with no cash surrender value
- Life insurance policies you own, no matter who purchased them, with a face value of \$1,500 or less per person

Resource Exclusions of Importance to PROMISE Participants and Their Families

In addition to the above, the following are some key resource exclusions that should be viewed as important to PROMISE families.

Money saved in an approved Plan for Achieving Self Support (PASS) account

The PASS will allow an individual to exclude income that would be counted against him or her and make them eligible for less SSI or no SSI. APASS will also allow an individual, with no countable income available to set aside in a PASS, to propose a PASS to exclude resources that will be used to support a vocational goal. The “resource PASS” can be used to exclude a lump sum received, such as retroactive SSI or SSDI benefits, a personal injury award, or an inheritance. Additionally,

any income retained in a dedicated PASS savings account is excluded or exempt and will not count toward SSI's \$2,000 resource limit. A PASS can also be used to exclude both income and resources if used to support the work goal. (For more information about the PASS, see our publications on that topic.)

Money saved in an Achieving A Better Life Experience (ABLE) account

Under SSI policy, up to \$100,000 of the ABLE account balance is excluded and not counted toward SSI's \$2,000 resource limit. Because of the \$15,000 annual limit on combined ABLE account contributions, no SSI beneficiary will have \$100,000 in an ABLE account in the near future. However, this policy does protect SSI recipients when an ABLE account goes to \$5,000, \$10,000, or more in deposits.

SSI policy states that any amount in the ABLE account above \$100,000 counts toward SSI's \$2,000 resource limit. If ABLE resources then cause the beneficiary to exceed SSI's \$2,000 limit, SSI payments are indefinitely suspended, but not terminated. This is good because the SSI eligible individual will not need to reapply for SSI once the account is back under \$100,000. Instead, if the ABLE account balance again goes below \$100,000 in the future, SSI payments could start again even if several years of ineligibility occurred. (For more information about the ABLE accounts, see our publication on that topic.)

Grants, scholarships, fellowships or gifts to be used for educational expenses

The Social Security law provides a 9-month resource exclusion for grants, scholarships, fellowships, and gifts used to pay for tuition, fees, and other necessary educational expenses at any

institution, including vocational and technical education. If at the end of the 9-month exclusion period, all or some of the money was spent for a purpose other than educational expenses, those funds are not excluded and will be counted as income in the month they were used for other purposes or the month when they were no longer intended to be used for educational expenses, whichever occurs earlier.

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

All student financial assistance received under the Higher Education Act (HEA), or Bureau of Indian Affairs student assistance programs, is excluded from income and resources, regardless of use. The resource exclusion does not have a time limit, i.e., it is excluded regardless of how long the assistance is held.

Federal earned income tax credits received as refunds

The federal earned income tax credit (EITC) is a tax credit that reduces the tax liability of certain working taxpayers with low or moderate income. This credit sometimes results in a payment to the taxpayer as a refund from the Internal Revenue Service. Any unspent tax refund related to an EITC is excluded from resources for the nine calendar months following the month the refund is received. New York has an additional State EITC and New York City has an additional EITC for city residents. Both the New York State and New York City EITCs, when received as tax refunds, are also exempt from resources for 9 months.

Property that is essential to self-support. Three categories of resources can be excluded under SSI's Property Essential to Self Support (PESS) provisions:

- Property excluded regardless of value or rate of return: property used in a trade or business; property that rep-

resents government authority to engage in an income producing activity (Alaska fishing permits); property used by an individual as an employee for work (“tools of the trade”).

- Property excluded up to \$6,000 equity (i.e., fair market value minus outstanding loans or liens on the property), regardless of rate of return: includes equity value of “non-business property” used to produce goods or services essential to daily activities (property used to grow vegetables for home consumption).
- Property excluded up to \$6,000 equity if it produces a six percent rate of return: includes “non-business income producing property” if the property produces a net annual return equal to at least six percent of excluded equity. Any portion of the property’s equity value in excess of \$6,000 is not excluded under this provision. This exclusion is often used to exclude the equity value of modestly valued rental property.

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 is as follows:

The \$65/\$85 Plus 50 Percent of Remaining Earnings Exclusion allows the SSI beneficiary to reduce their countable gross monthly earnings by \$65 (or \$85 if no unearned income) plus another 50% of the remaining earned income.

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 cal-

ulation. 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 assist 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.

Additionally, SSA has contracted with local organizations to provide work incentives counseling services for 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 going to work or who are working. You can get a list of the WIPAs in New York at: <https://choosework.ssa.gov/findhelp/> (search by state or zipcode).

If you are involved in the PROMISE project, you are entitled to the benefits advisement service which includes work incentives counseling. If you do not have a benefits adviser assigned to you, ask your PROMISE case manager to refer you for this service.

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

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