

# Supplemental Security Income: Calculating the Impact of Earnings on Benefits

Part of the series “Your Path to Success: Answers to your work questions from NYS PROMISE”

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This document is an accessible, 508-compliant version of the original brochure.

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The Purpose of this guide is to educate New Yorkers with and their families about the impact of earnings on Supplemental Security Income benefits.

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## Supplemental Security Income

Supplemental Security Income (SSI) is a means-tested program—meaning, 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).

Some states, like New York, also supplement the FBR. In New York in 2017, individuals living alone and having no unearned or earned income, will receive \$822 per month in SSI cash benefits. SSI beneficiaries living with others in 2017, and having no unearned or earned income, will receive \$758 per month in SSI cash benefits. Individuals living in someone else’s household (like a child SSI recipient) in 2017, with no other income, will receive \$513 per month in SSI cash benefits. This federal determination is made as a result of the person living in the household of another and also receiving some amount of free or subsidized room and board. 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?

When an SSI beneficiary goes to work, the Social Security Administration (SSA) will decrease the SSI 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 check. To understand how the SSA 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:

- If an SSI beneficiary works, the first \$20 of unearned income (Social Security Disability Insurance benefits, Unemployment Insurance benefits, income deemed available from a parent or spouse, etc) is excluded. The remaining balance is considered the net countable unearned income.
- If there is no unearned income, then the \$20 exclusion is taken from earning income (such as wages or self-employment).
- Next, SSA will disregard the next \$65 of earned income as a further income exclusion.
- Of the remaining earned income, SSA will then disregard one half. What is left is considered the individual's net countable earned income.
- If the individual had unearned income from the first step remaining after the \$20 exclusion, that amount is then added to the net countable earned income from the preceding step. This equals the total net countable income.
- The net countable income is then subtracted from the SSI cash benefit rate depending on the individual's living arrangement.
- The amount left over is the amount of the person's adjusted monthly SSI cash payment.

## Three examples

The next three examples are to illustrate how unearned and earned income are generally treated by SSA.

Example 1: SSI beneficiary has unearned income but no earned income.

Eric has a disability and lives with his parents. Eric receives \$285 a month in unearned income (Social Security Disability Insurance or SSDI).

SSA will disregard or not count the first \$20 each month of Eric's unearned income. What is left is the net countable unearned income. Since Eric has no earned income, the net countable unearned income is subtracted from the SSI cash benefit rate in New York for an individual living with others. The amount left over is the amount of Eric's adjusted monthly SSI cash payment.

\$285 Unearned income

-\$20 Unearned income not counted

\$265 Net countable unearned income

\$758 2017 SSI cash benefit base rate (individual living with others)

-\$265 Net countable unearned income

\$493 New monthly SSI cash benefit

The net increase of monthly income to Eric when he is an SSI recipient, who is also eligible for SSDI benefits, is \$20 per month. ( $\$285 + \$493 = \$778$  or \$20 more than his SSI cash benefit rate of \$758). As Eric still gets at least \$1 of SSI, he gets Medicaid automatically.

Eric will be dramatically better off if he goes to work, as the example of Kimmie on the next page illustrates

Example 2: SSI beneficiary has no unearned income but has earned income.

Kimmie lives with one parent and receives only SSI benefits. Kimmie earns \$285 per month in gross wages. SSA will disregard the first \$85 each month (\$20 income disregard as there is no unearned income and \$65 earned income disregarded). Then, an additional 50% will also be disregarded or not counted. What is left is the net countable earned income. The net countable earned income is subtracted from the SSI cash benefit rate in New York for an individual who lives with others. The amount left over is the amount of Kimmie's adjusted monthly SSI cash benefit.

\$285 Gross wages

-\$85 Income not counted (combined \$20 unearned and \$65 earned income disregarded)

\$200

-\$100 Additional 50% not counted

\$100 Net countable earned income

\$758 2017 SSI cash benefit base rate (individual living with others)

-\$100 Net countable unearned income

\$658 New monthly SSI cash benefit

By working, Kimmie now has \$285 per month in earnings (although taxes are deducted, Kimmie will more than likely get them back at the end of the year) plus \$658 per month in SSI, thereby increasing her monthly income to \$943. In addition, as Kimmie still gets at least \$1 of SSI, she gets Medicaid automatically, Thus Kimmie is considerably better off working that not working.

Example 3: SSI beneficiary has both unearned income and earned income.

Tom lives with one parent and receives \$285 per month in unearned income. Tom also earns \$265 per month in unearned income. Tom also earns \$265 per month in gross wages. SSA will disregard or not count the first \$20 each month of Tom's unearned income. What is left is the net countable unearned income.

SSA will also disregard or not count the first \$65 of Tom's earned income ( $\$265 - \$65 = \$200$ ), Then, an additional 50% will also be disregarded or not counted ( $\$200/2 = \$100$ ) What is left ( $\$100$ ) is the net countable earned income.

We then add the net countable unearned income ( $\$265$ ) and the net countable earned income ( $\$100$ ) to get the total countable income ( $\$265 + \$100 = \$365$ ).

In this case since Tom lives with others, the total countable income is subtracted from the SSI cash benefit rate in New York for an individual who lives with others ( $\$758 - \$365 = \$393$ ). The amount left over ( $\$393$ ) is the amount of Tom's new adjusted monthly SSI cash benefit.

\$285 Social Security Disability Insurance

-\$20 Unearned income not counted

\$265 Net countable unearned income

\$265 Gross wages

-\$65 Earned income disregarded

\$200

-\$100 Additional 50% not counted

\$100 Net countable earned income  
\$265 Net countable unearned income  
+\$100 Net countable earned income  
\$365 Total countable income  
\$758 2017 SSI cash benefit base rate (individual living with others)  
-\$365 Total countable income  
\$393 New monthly SSI cash benefit

When Tom receives unearned income and also works, he winds up with \$943 per month ( $\$285 + \$265 + \$393 = \$943$ ). In addition, as Tom still gets at least \$1 of SSI, he gets Medicaid automatically.

## 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 that are needed to work and are paid for by the individual.
- Blind Work Expenses (BWE) are any ordinary and necessary expenses attributable to the earning of income for an individual who is blind and are paid for by that individual.
- Plan For Achieving Self Support (PASS) allows an individual to set aside their own income/or resources in a special account, not counted for SSI purposes, to support their objectives and activities associated with assisting them in achieving a specific 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 \$1,790 per month and up to a maximum of \$7,200 per year in 2017. These figures change annually.

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.

## What if I Have Questions About How My Benefits will be Impacted by Going Back 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.net> and click on the "Find Help" tab.

## 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
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 Exclusions (up to \$1,780mos/\$7,180yr)	-
6. Remainder (subtract line 5 from line 4)	=
7. "Any-Income" deduction if not used before**	-\$20
8. Remainder (Subtract line 7 from line 6.)	=
9. Earned-Income Deduction	-\$65
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)	=
15. Blind work expense (BWE)	-
16. Total Countable Earned Income (Subtract line 15 from line 14.)	=

Step 3 Calculating Total Countable Income	
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.)	=
20. PASS Deduction	-
21. Total Countable Income (Subtract line 20 from line 19)	=

Step 4 Calculating Adjusted SSI Payment	
22. Base SSI Rate (fill in appropriate amount)	
23. Total Countable Income (Amount from line 21)	-
24. Adjusted SSI Payment (Subtract line 23 from line 22.)	=

Step 5 Calculating Total Useable 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.

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

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