

## **SSI: Supplemental Security Income**

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### **What is SSI:**

SSI is a welfare program for people with disabilities who are also poor.

### **Who is eligible for SSI?**

To be eligible for SSI, you must:

- 1) Have a medical disability. If your reported disability involves cerebral palsy or Downs Syndrome, or you received special education and you require care and supervision in routine activities, eligibility is presumed.
- 2) Be unemployed when you apply, or at least be earning under SGA if your disability is not blindness. (Note that PASS plans, IRWE's and subsidies may be used to bring income below SGA and make you eligible for SSI).
- 3) Have limited resources (i.e. money in the bank, real estate, jewelry, stocks and bonds, etc). The limit is \$2,000 for an individual and \$3,000 for a married couple. "Deemed" resources (those that belong to your parents if under 18, sponsor or spouse) may also be counted. Basic resources such as your home, modest household goods, burial spaces, small life insurance policies, food stamps, car and property held in trust are excluded.

### **Is There A Waiting Period?**

There is no waiting period for SSI after the onset of disability. Retroactive payments may be made back to the inquiry/application date. Therefore, it is important for people to apply for SSI as soon as they think they might be eligible.

### **Where Does The Money Come From?**

The federal government allots each state enough money to give every SSI recipient a check equivalent to the Federal Benefit Rate (FBR); \$603/month for a single person and \$904 for a couple (2006). The FBR usually changes every January.

People who receive SSI usually also receive **Medicaid**, a state administered medical insurance program. This is an important benefit and one of the main reasons that people try to maintain SSI eligibility.

Many states add a modest amount (the state supplement) to the FBR. In Alaska, Adult Public Assistance (APA) adds a significant amount to the FBR; currently \$362 for an individual living independently, that amount was frozen by the Alaska state legislature and does not change each year.

### **How Much SSI Do People Get?**

The amount of SSI you receive will depend on:

- Your living situation (e.g. if you live with your parents and do not pay room and board, your check will be reduced by 1/3 because SSA counts the free room and board as “in-kind” income)
- Your marital status (and whether or not your spouse is also eligible for SSI)
- Your earned and unearned income (such as SSDI)

### **Retrospective monthly accounting:**

This term means SSA looks back in time to determine the current SSI payment. SSI checks are received on the first of the month and that payment is intended for the current month. The amount of your check depends on wages reported for two months prior. For example, the November check is based on the total income reported two months previously – for the month of September.

SSA uses retrospective monthly accounting to attempt to give the correct benefit payment in the right month. If income is not reported in a timely manner, expect to receive overpayments and/or underpayments. Receipt of underpayments/overpayments may occur even if wages are reported on time! Only when a person is in non-pay status (1619b) will SSA review reported wages every three months.

Once a year everyone on SSI is scheduled to go through a “**Redetermination Review**” to assess whether or not they are still eligible. This is a non-medical review, which updates the income, resources and living arrangements of the recipient and his/her spouse or parents if applicable. (This is in addition to the periodic Continuing Disability Review, which assesses whether or not the person still has a disability).

### **Permanent Fund Dividend and the Hold Harmless Rule:**

Receipt of the PFD is considered income in the month it is received, and then considered a resource for any month thereafter. Therefore, an SSI recipient would be ineligible due to income for the first month, and

ineligible due to resources for any month following that the PFD was still in her/his bank account. Thus, any SSI checks received in those months would be considered overpayments.

**However, the State of Alaska has a special arrangement with Social Security for these individuals. It is call the Hold Harmless rule. The State of Alaska pays SSA back for the overpayments for these individuals for 4 months – the month the PFD is received and for three months following. Therefore, SSI recipients have 4 months to spend their PFD before affecting their SSI checks.**

## **Calculating the SSI Amount**

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The base amount of SSI a person is entitled to is determined by the current FBR, and the living situation.

The Federal Benefit Rate for a single person is \$530 and \$796 for a couple for 2001.

The specific amount the person receives each month is prorated according to the amount of income that is reported. SSI considers income differently depending on whether it is **earned income** or **unearned income**, with earned income being prorated more generously than unearned income.

After these prorating adjustments are done, the remaining earned and unearned income is added to find the **total countable income**. This is the key figure in determining the SSI amount.

### Examples of Unearned Income:

SSDI, SSDAC, SBS disability payments, Veteran's Benefits, annuities, all retirement funds, inheritances, allowances, gambling winnings, pensions, unemployment, worker's compensation, alimony, dividends, the PFD, rental income, prizes, awards, gifts and in-kind support and maintenance for food, clothing and shelter.

### Examples of Earned Income:

Gross wages, gross salary, net self-employment earnings\*, sheltered workshop payments, earned income tax credit payments, royalties, even funds that are garnished from earned income.

## **SSI ITSELF IS NEITHER EARNED OR UNEARNED INCOME**

\*For a self-employed person, the SSI check is computed using estimated net profit for the year, divided by 12 months. Then after the person files his or her tax return, SSA looks at the actual net profit to determine whether benefits have been paid correctly or not. Overpayments or underpayments can result from this system.

### **Income Exclusions**

The first work incentives offered to SSI recipients are income exclusions. Recipients can earn (or otherwise receive) a small amount of money without reducing their SSI checks. Everyone on SSI is entitled to exclude the first \$20, whether or not it is earned or unearned income. This is called the **General Income Exclusion**.

People who also have earned income are entitled to exclude an additional \$65 of their earnings. This is called the **Earned Income Exclusion**. If they also have unearned income, the General Exclusion is deducted from the unearned income and the Earned Income Exclusion is deducted from the earnings. If they only have earned income, the entire \$85 is deducted from the gross earnings.

**General Income Exclusion = \$20**

Does the person have unearned income (i.e. SSDI, interest, Veteran's Benefits)? If yes, subtract \$20 from the amount of unearned income. The remainder of the unearned income is considered the **countable unearned income**. If there is no unearned income, subtract \$20 from the amount of earned income.

**Earned Income Exclusion = \$65**

Subtract from \$65 from earnings only. If there is no unearned income, also subtract \$20. Once the \$65 or \$85 has been deducted from the earned income, the remainder is divided by two. The is considered the **countable earned income**.

**Calculating the Total Countable Income**

Once the exclusions have been deducted from earned or unearned income, and the remaining earnings have been divided by two, the countable unearned income and the countable earned income are added together to yield the **Total Countable Income (TCI)**.

Countable Unearned Income  
+ Countable Earned Income  
Total Countable Income

**Possible Scenarios:**

Unearned Income Only	Both Unearned and Earned Income	Earnings Only
<p>Unearned amount -\$20</p> <hr/> <p>Countable Unearned Income</p> <p>(Which in this case is also the Total Countable Income, since there is no Earned Income)</p>	<p>Unearned Income -\$20</p> <hr/> <p>Countable Unearned Income</p> <p>Earnings -\$65 divide remainder by 2</p> <hr/> <p>Countable Earned Income</p> <p>Countable Unearned Income + Countable Earned Income</p> <hr/> <p>Total Countable Income</p>	<p>Earnings -\$85 divide remainder by 2</p> <hr/> <p>Countable Earned Income</p> <p>(Which in this case is also the Total Countable Income, since there is no Unearned Income)</p>

Once the TCI has been calculated, it is subtracted from the amount of the SSI the person would get if s/he had no other income. The remaining amount is the prorated SSI check.

$$\frac{\text{Federal Benefit Rate (FBR)}^* - \text{Total Countable Income (TCI)}}{2} = \text{prorated SSI payment}$$

**Concurrent Beneficiary:**

When an individual receives both SSI and SSDI, the Social Security Administration considers the person to be a **concurrent beneficiary**. In order to receive both benefits, an individual must receive an SSDI check that is less than \$530 (FBR), and meet the SSI resources restrictions. The SSI payment complements the SSDI payment to increase the individual's benefits up to the Federal Benefit Rate. However, due to the \$20 general income exclusion, the total combined SSI and SSDI benefits will be \$550.

For example, if a person is entitled to \$300 SSDI, then the person will receive \$250 SSI:

\$300 <b>SSDI</b>	\$530 Federal Benefit Rate
- <u>20</u> general exclusion	- <u>280</u> countable unearned income
\$280 countable unearned income	\$250 <b>SSI</b>

Receiving both SSI and SSDI places the beneficiary in a secure but confusing situation. When an individual returns to work, her/his SSI cash benefit will be affected differently than the SSDI cash benefit. In addition, because the SSI department of the Social Security Administration and the SSDI department are separate entities, wages may be posted with one branch and not the other. Communication lags result from this division.

*Therefore, in order to avoid overpayments with SSI and SSDI, beneficiaries should report their wages to both departments individually.*

