



Graduate to Work E-News

University of Montana, Rural Institute Transition Projects

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In This Issue: • The Impact of Wages on Social Security Benefits • The Differences Between SSI and SSDI

* *Editor's Note:* Newsletters 2 and 3 have been combined because they deal with related topics and we thought the readers might want all the information in one easily accessible location.

The Impact of Wages on Social Security Benefits

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University of Montana's Rural Institute

Many of the people with disabilities to whom we provide services rely on Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits for health insurance and financial assistance each month. People with disabilities often have greater medical needs than people without disabilities and have less access to employer-provided health insurance. Therefore, those of us who are education and employment providers must insure that we inform people about the impact of wages on their benefits as we help them become employed. This newsletter edition will:

- Provide information about how to distinguish whether someone receives Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI);
- Describe how income impacts SSDI and SSI;
- Offer tips and resources for calculating the impact; and
- Share information about work incentives offered through Social Security to assist people to maintain their benefits while they try out working.

SSDI and SSI

Social Security has two different financial and medical assistance programs for people with disabilities. Each system has different rules for maintaining eligibility, so it is critical to determine which benefit a person is receiving and then to provide accurate information about that particular benefit.

	SSI	SSDI
Eligibility Criteria	<ul style="list-style-type: none"> • Needs based—must have little or no income and resources. 	<ul style="list-style-type: none"> • Insured status as a worker, or a child, widow, or widower of an insured worker. • No resource limits, no limits on unearned income.
Monthly Benefit Amounts	<ul style="list-style-type: none"> • Federal Benefit Rate (FBR) of \$603 (2006) • Check amount depends on: <ul style="list-style-type: none"> ▪ living situation, ▪ earnings, and ▪ unearned income. • Some states supplement the federal amount for some or all living situations. 	<ul style="list-style-type: none"> • Either eligible for a full benefit check or ineligible and receive no benefits. • Amount based on: <ul style="list-style-type: none"> ▪ earnings history of wage-earner, ▪ age when benefits began, and ▪ number of people in addition to the wage-earner who are receiving benefits. • If benefit amount is less than SSI FBR (\$603 in 2006), may also be eligible for SSI.

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Resources:

RCEP 7 Work Incentives Calculator
<http://www.rcep7.org/~ssawork/calculations/default.html>

Social Security Administration
www.ssa.gov

Ticket to Work
www.yourtickettowork.com
www.worksupport.com

Plan for Achieving Self Support (PASS)
www.passplan.org
www.passonline.org
www.barrierbreakers.com

Montana's BPAO
www.msubillings.edu/socialsecurity

To locate BPAO and PAO providers in other states:
www.ssa.gov/work/ServiceProviders/providers.html

For information about how these concepts are being applied to help students visit these links:

The Individualized Career Planning Model <http://ruralinstitute.umont.edu/transition/careerplanning.asp>

Customized Career Planning articles <http://ruralinstitute.umont.edu/transition/Onesizearticles.asp>

More tools and resources for the process of Discovery <http://ruralinstitute.umont.edu/transition/Discovery.asp>

Samples of Customized Employment with students www.myti.org

Table comparing the differences between SSI and SSDI, continued from page 1:

	SSI	SSDI
When Checks Arrive	<ul style="list-style-type: none"> First day of the month; if the 1st is a holiday or weekend, the check arrives on the business day before the 1st. 	<ul style="list-style-type: none"> People who qualified for SSDI before May 1997: arrives 3rd of the month. Qualified after May 1997 and birthday between: <ul style="list-style-type: none"> 1st -10th: arrives 2nd Wednesday 11th - 20th: arrives 3rd Wednesday 21st - 31st: arrives 4th Wednesday
Funding Source	<ul style="list-style-type: none"> Annual Congressional appropriation from the "General Fund." 	<ul style="list-style-type: none"> Social Security Trust Fund, FICA taxes.
Laws and Regulations	<ul style="list-style-type: none"> Title XVI (16) of the Social Security Act (Title 42 US Code, The Public Health and Welfare, Chapter 7, Subchapter XVI). Regulations in 20 CFR, Part 416. 	<ul style="list-style-type: none"> Title II (2) of the Social Security Act (Title 42 US Code, The Public Health and Welfare, Chapter 7, Subchapter II). Regulations in 20 CFR, Parts 400 - 499.
Medical Benefits	<ul style="list-style-type: none"> Medicaid eligible in 32 states, including Montana. In other states must apply separately for Medicaid. Eligible the month of SSI application and possibly three months retroactively. 	<ul style="list-style-type: none"> Medicare eligible (Parts A and B) 24 months after person qualifies for SSDI.
Monthly Cost (Premium)	None.	SSDI recipients have \$88.50 (2006 premium) deducted from their check each month. If SSDI recipient also has SSI, then Medicaid will pay the monthly Medicare premium.
Deductible	None, but there may be "cost sharing" instituted by states for various services.	Yes—in 2006 the Part B deductible is \$124 year. If person also receives SSI, Medicaid pays the deductible.
Co-pay	Possibly none, however states may elect to have small co-pays for medications, services, and hospitalization.	20% of costs deemed allowable by Medicare; 100% of costs not deemed allowable by Medicare. If person also receives SSI, then Medicaid pays all "co-pays."
Range of Coverage	Very comprehensive. Generally covers doctor visits, prescriptions, dentures, glasses, hospital, hospice care, home help services/personal care, and other costs. Pays Medicare premium for concurrent recipients. Pays premiums for private insurance when cost effective. Coverage may vary from state to state.	Hospital costs primarily. Some home health care and durable medical equipment. Usually does not cover glasses, dentures, day-to-day medical costs, and doctor visits. However, due to recent changes, Medicare will pay for comprehensive care at select clinics, and as of 2006 there is a new prescription benefit that pays substantial costs for most people.
Proof of Coverage	Card comes monthly. Lists person(s) covered, their recipient ID# for billing, Managed Care Provider, and contract number of other insurance (such as Medicare) that should be billed first.	Permanent wallet sized card—white with red and blue stripe. Names person covered, coverage, and date coverage began.

Table developed by: Marsha Katz, Roger Shelley & Nancy Maxson, 2005

Social Security Disability Insurance (SSDI)

SSDI is part of the program that we all pay into through FICA from our paychecks. If we become disabled and unable to work, we can then become eligible to receive a monthly SSDI benefit because we have paid into the program. A child with a disability or an adult child with a disability, they might receive Social Security through a parent's account when the parent retires, becomes disabled, or dies.

Example 1

A Montana employment agency recently found a job in the community for a young man who had been working in their recycling center full time. Don has been employed at Albertson's for close to three months now. His job coach reports that he is doing quite well, his supervisor likes him, and he says he likes the job.

Don earns \$6.25 an hour and works approximately 18 hours a week. His gross earnings from Albertson's range from \$450/month to \$562.50/month. He also delivers newspapers, earning an additional \$110/month, and he continues to work at the recycling center where he makes up to \$145/month. His total gross wages currently range from \$705-\$817.50/month.

Don has been receiving SSDI benefits as an adult child with a disability through his deceased father's Social Security account. Each month he receives a check from SSA for \$490 and he is eligible for Medicare insurance. To retain eligibility for these benefits he needs to remain "disabled" by SSA's rules and not earn over Substantial Gainful Activity (SGA). In 2006, SGA is \$860/month or \$1,450/month for people who are blind. SSDI, including Disabled Adult Child benefits, does not have a resource limit. Don can have over \$2,000 in assets without losing his eligibility for these benefits.

How do Don's wages impact his SSDI?

Social Security has several work incentives that allow SSDI recipients to "try out" working without fear of losing financial and medical benefits. The first incentive is the **Trial Work Period (TWP)**. The Trial Work Period is comprised of 9 months that must all occur within a rolling 60-month period. Don will use one of his Trial Work Period months each time he earns \$620/month or more (gross). His SSDI check will not be in jeopardy during those 9 months.

Once Don has used all 9 of his TWP months, he enters the **Extended Period of Eligibility (EPE)**, another SSA work incentive program. The EPE lasts 3 years (36 months). For the next 36 consecutive months, any month in which he earns \$860 (2006 amount) or more, he will not be due an SSDI check for that month. Don will still be SSDI-eligible during his entire

EPE, he just won't be due a check if his earnings are over \$860/month. If Don grosses less than \$860/month, he will still be due his SSDI check. (SSDI is an "all or nothing" benefit. There is no gradual reduction in an SSDI check when a person has earnings.) Once Don's 36-month Extended Period of Eligibility is completed, the first month in which he earns over SGA (\$860/month in 2006), he will become ineligible for SSDI.

If Don later loses or leaves his job, his SSDI benefits can be started again if he is still disabled and notifies SSA within 5 years. This relatively new work incentive is called **Expedited Reinstatement**.

Within the next year or two, if Don keeps working at Albertson's at his current level, he will use up all of his 9 TWP months and then move into his EPE. However, he may still be able to earn up to or even over SGA (\$860/month in 2006), if his employment is "subsidized." **Subsidy** is another SSA work incentive. If Don's employment is "subsidized," the amount of his earnings that SSA will count will be less than what his gross earnings actually are. "Subsidy is the cost of the supports and/or services and/or accommodations from your employer or others that help you find and/or keep a job" (Katz, 2005).

For example, if Don only performs 75% of the duties of a typical Courtesy Clerk at Albertson's and earns the same wage as the other Courtesy Clerks, we can claim that the employer is subsidizing 25% of his wages. If he earns \$1000/month and the employer subsidizes 25% or \$250/month of his wages, then SSA will only count \$750 of his earned income. Since the \$750 amount that SSA will count is below the 2006 SGA level of \$860/month, Don will still be due his SSDI check. Other subsidy examples might be that Don needs more support than his co-workers, or produces less than other employees.

Don's employer can write a letter to SSA identifying how his wages are subsidized. The letter should describe the business and the job tasks that Don performs and compare his performance to that of his coworkers. It should also describe the supports or accommodations that have been made on his behalf.

Resources

To locate the Independent Living Center closest to you:
www.virtualcil.net/cils

University of Montana's Rural Institute
<http://ruralinstitute.umt.edu/transition>
<http://ruralinstitute.umt.edu/training/publications>

Griffin-Hammis Associates, LLC
www.griffinhammis.com

NCWD - National Center on Workforce and Disability/Adult, based at the Institute for Community Inclusion, UMASS, Boston
www.onestops.info

Montana's Protection and Advocacy Organization (The Montana Advocacy Program) and PABSS program (Protection and Advocacy for Beneficiaries of Social Security (SS)), can assist SS beneficiaries:

- To apply for PASS plans and other work incentives.
- To understand and access various employment services such as Vocational Rehabilitation.
- By offering information about how work will influence SSI or SSDI.

www.mtadv.org

Don't Look for Logic: An Advocate's Manual for Negotiating the SSI and SSDI Programs, Katz, M. R., 2005
<http://ruralinstitute.umt.edu/training/publications.asp>

Sample Letter

To: Social Security Administration
From: Mr. Good Boss, Manager
Date: August 10, 2006
Re: Don Johnson, SSN #: xxx-xx-xxxx

Don Johnson works in the position of Courtesy Clerk at the Albertson's store on Front Street in Montana Town. The Courtesy Clerk position includes dry mopping the store aisles, emptying trash cans throughout the store, collecting carts in the parking lot, cleaning up intermittent spills throughout the store, bagging groceries, and assisting costumers upon request with carrying groceries to their cars.

Don performs about 3/4 of the typical tasks assigned to other Courtesy Clerks. He doesn't collect carts or help people take groceries to their cars. His performance is best when he has a structured routine to follow. An accommodation we have made for him is to have him perform his tasks in a structured sequence which remains the same day to day. The other Courtesy Clerks choose when to perform specific tasks based upon the current need of the store or the manager. Don's performance on his job tasks is approximately 1/3 slower than his coworkers.

Based upon his performance in relation to that of his coworkers in the same position, I believe that his wages are 25% subsidized.

Supplemental Security Income (SSI)

To be determined eligible for SSI, you need to be medically disabled, have few or no resources (less than \$2000 for an individual), and be earning less than SGA at the time of application. In 2006, SGA is \$860/month. SSI differs from SSDI in that an SSI check amount fluctuates monthly based upon your gross earnings. As long as you continue to be medically "disabled" AND meet the resource limitation requirements (less then \$2000 in resources), you will remain eligible for SSI. At some point, if your earnings are high enough, you might not be due your SSI check,

but as long as you continue to meet the eligibility requirements for SSI you will stay on the SSI rolls and keep your Medicaid. Your Medicaid eligibility will continue until your gross wages reach your state's Medicaid Threshold. And since your SSI check amount is based upon your wages, if your hours or wages decrease or you lose your job, your SSI check increases accordingly.

Each state has its own earnings threshold. In 2006, Montana SSI recipients can earn at least \$25,977 before jeopardizing their Medicaid health insurance.

Example 2

Lucy is a young woman who recently secured employment at a bank in western Montana. She had been receiving the full amount of SSI (\$603 in 2006) prior to earning any income. Now Lucy is earning \$8 an hour and working an average of 20 hours a week. Her gross monthly wages range from \$640-\$800 depending on how many days she works. The amount of Lucy's SSI check each month depends on her monthly gross income. Social Security disregards the first \$85 of her earnings and then reduces her SSI check by half of the remaining earnings.

Gross Wages \$800
(less \$85) -\$ 85

\$715 divided by 2 = \$357.50, which will be the amount of countable earned income

To calculate Lucy's SSI check, SSA will subtract the countable earned income (\$357.50 in the example above) from the total amount of SSI available.

\$603.00
\$357.50

\$245.50, which will be the amount of her SSI check (considering her wages of \$800)

Even with the reduction in her SSI check, Lucy has more money in her pocket by working: wages of \$800 + 245.50 SSI= \$1045.50. Her total income when she was not working was her SSI check of \$603/month.

There are additional SSI work incentives such as PASS Plans and IRWEs that reduce an individual's countable earned income.

IRWE (Impairment Related Work Expense)

If Lucy has a work expense related to her disability and she pays for it out of her pocket, she could recoup half of what she is spending on that expense each month. For example, if Lucy doesn't drive due to her disability and she is currently spending \$200 a month to pay someone to transport her to work, she can submit her monthly transportation receipts to SSA (with her pay stubs) and her SSI check will increase by \$100.

Example #3

To determine Lucy's countable earned income with an IRWE (still using \$800/month in gross wages):

<p>1. \$800 gross wages -\$ 85 \$715 -\$200 (IRWE) \$515 /2= \$257.50 countable earned income based on Lucy's IRWE</p>	<p>2. \$603 SSI -\$257.50 \$345.50 Lucy's SSI amount with a \$200 IRWE</p>
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PASS (Plan for Achieving Self Support)

Lucy could shelter all or some of her **countable earned income from Example #2 (\$357.50)** in a PASS plan. She would need to be pursuing a vocational goal and using the sheltered money to achieve that goal. Hypothetically she could be taking accounting classes while working at the bank to achieve the goal of expanding her hours and duties. She could use the \$357.50 each month to pay for school and whatever else she needed to pursue her vocational goal.

<p>1. \$800 gross wages -\$ 85 \$715 /2= \$357.50 -\$357.50 PASS \$ 0 countable income</p>	<p>2. \$603 SSI -\$ 0 \$603 SSI with a PASS plan</p>
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With a PASS plan, Lucy would receive a full SSI check. From her \$800/month wages, she would shelter \$357.50 in the PASS to pay for her PASS expenses, and would have an additional \$442.50 left that SSI wouldn't count. Lucy would have \$603 + \$442.50= \$1045.50, plus she would have the \$357.50 each month to pay for the approved expenses in her PASS. (There is a format to follow to apply for a PASS. While it is a more time intensive process than claiming an IRWE it is potentially more lucrative. For more information on PASS and IRWE, please visit the Rural Institute Web Site, or refer to "Don't Look for Logic" (www.ruralinstitute.umt.edu/training/publications.asp).

What can employment providers do to give job seekers accurate information about the impact of wages on their benefits?

- Be aware of which SSA benefits the people you represent receive (SSI or SSDI or both).
- Share information with the job seeker, their representative payee, and case manager (with permission) about the impact of wages on their particular SSA benefits.
- Inform people about work incentives for which they might be eligible.
- Revisit this information at annual meetings as peoples' wages, hours and benefits may change.
- The Rural Institute has fact sheets which outline the differences between SSI and SSDI and explain the impact of earnings on each benefit - these can be downloaded at www.ruralinstitute.umt.edu/training/publications.asp and shared with job seekers.

Resource:

PABSS – The Montana Advocacy Program houses the Protection and Advocacy for Beneficiaries of Social Security program - 1-800-245-4743

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