ESSC WorkFirst Transition Project

Financial Planning and Decision Making Resource Guide for Parents and Educators

Table of Contents

Maximizing the SSI Benefit

SSI (Supplemental Security Income) is a cash benefit people can receive from Social Security if they have a disability. SSI helps a person pay for food and shelter. An unmarried person needs to have less than $2,000 in resources (assets, bank accounts). A person who receives SSI automatically qualifies for medical insurance (Medi-Cal/Medicaid).

Key points to know about:

- A child (under age 18) does not usually need to pay for food and shelter to receive the full amount of SSI, but their parents' money might reduce the amount of SSI they receive.
- An adult (age 18 or older) needs to pay for food and shelter to receive the full amount of SSI.
- If an adult does not pay for food and shelter, the SSI amount is reduced.
- If your adult child still lives with you, you can charge them for food and shelter so they can receive the full amount of SSI.
- Some of the money you charge for food and shelter may be taxable. However, the extra tax a parent pays is usually much less than the extra amount of SSI your child receives.

SSI for Children Under Age 18 – Paying for Food and Shelter

Some children receive SSI before they turn 18. If they live with a parent (or parents), then some of their parents' money may count against the child's SSI. This may reduce the amount of SSI the child receives. If the parents have enough money, the child will not receive any SSI at all.
If the parents' money counts against the child's SSI (this is called "deeming"), then the child does not have to pay for food and shelter to receive the full amount of SSI. However, deeming may reduce the amount of SSI the child receives.

SSI for Adults Aged 18 and Older – Paying for Food and Shelter

Once a child on SSI turns 18 and becomes an adult, their parents' money no longer affects the SSI amount, but the adult needs to pay for food and shelter to receive the full amount of SSI.
If the adult does NOT pay for food and shelter, the SSI amount is reduced accordingly. Instead of receiving the full amount, the SSI amount is reduced to account for not paying for food and shelter.

How to Charge an Adult for Food and Shelter

Suppose your child receives SSI when they are 18 or older. Suppose they still lives with you. How can you charge for food and shelter so your child can receive the full amount of SSI? How much should you charge?

There are two ways you can charge for food and shelter:

- Charge your child for their fair share of household food and shelter costs, or
- Charge your child the same amount you would charge an unrelated person for room and board in your home

Charging Fair Share for Food and Shelter

To use this option, you need to figure how much your household pays for food and shelter each month, and then charge your child their "fair share".

Example:

There are 5 people in your family who live together, including your son or daughter who receives SSI.
The total costs for food and shelter for your family are $4,500 per month.
Each person's "fair share" is $900 per month ($4,500 divided by 5 people in the family).
You would need to charge your child $900 per month for food and shelter so they could receive the full SSI amount.

Disadvantages of this Option:

You need to provide proof of your family's expenses, like rent, utility and grocery bills.
If your child's fair share is more than the full SSI amount, then their SSI will be reduced. This is because they could not afford to pay the fair share, even if they received the full SSI amount.

Charging the Amount You Would Charge an Unrelated Person for Room and Board

To use this option, you need to tell Social Security that your child is a "separate economic unit". As an adult, your son or daughter needs to pay for their own expenses, like most other adults.

Social Security will ask you:

- How much you are charging your child for room and board, and
- How much you would charge an unrelated person for the same room and board

If you would charge an unrelated person the same amount you charge your child, then they can receive the full SSI amount.

Advantages of this Option:

You do not need to show proof of family expenses.
The amount you charge with this option is often less than with the "fair share" option.
Sometimes, this option will enable your child to afford the amount you charge for room and board with their SSI, so they can receive the full SSI amount.

Example:

Rosa is 18 years old and receives approved for SSI. She lives with her two parents. The household of 3 pays $3,900 per month for food and shelter.

If her parents charged her for her “fair share” of household food and shelter costs, she would have to pay $1,300 per month ($3,900 divided by 3 people), but the most SSI she can receive is only $943.72 per month. This means she could not afford her fair share, even if she had the full SSI amount. Social Security will reduce her SSI down to $686.24 per month.

Her parents consider charging her the same amount for room and board that they would charge an unrelated person. They find ads for rooms for rent in their area for $700 per month. They estimate that Rosa’s food costs $200 per month. They tell Social Security they are charging Rosa $900 per month for room and board, and that they would charge an unrelated person the same amount. They show Social Security the ads for rooms for rent in their area. Since Rosa can afford to pay $900 per month if she receives the full SSI amount ($943.72 per month), Social Security gives her the full amount.

Contacting Social Security

Be sure to contact your local Social Security office and tell them you are charging your son or daughter for food and shelter. Be prepared to show them evidence that you are charging a reasonable amount. This could be records of your mortgage or rent, utility and food bills (if you charge your son or daughter for their “fair share”) or a Craigslist ad for a room for rent in your area (if you charge your son or daughter the same amount you would charge an unrelated person). Ask Social Security to confirm that they will give your son or daughter the full SSI (adjusted if your son or daughter has other income).

Do Parents Need to Pay Taxes on Money They Collect for Room and Board?

Parents need to report the money they collect for room and board as income. However, they do not have to pay taxes on the full amount. You can deduct certain expenses, such as the food your child eats, the utilities they use, and part of the repairs and maintenance to your home. Only the amount that is left over after the deductions is taxable.

Parents usually find that the amount of extra taxes they pay on the money they collect for room and board is much less than the extra SSI their child receives. This means most families come out ahead by charging their sons and daughters who receive SSI for room and board.

Parents should ask an accountant or other tax professional for advice about this.

Working When You Receive Government Benefits

Is a person allowed to work if they receive benefits from Social Security or other programs?
Yes! Safety nets called "work incentives" let you work and keep benefits you need.

Can a person keep cash and medical benefits if they work?
Yes! You can work and still keep your cash and medical benefits. In some programs, if you earn enough from work, your cash benefits might stop, but you can still keep your medical benefits AND receive your cash benefits back, without reapplying, if you later lose your job.

Will a person who receives benefits have more money if they work?
Yes! If you work, you always have more money than if you do not work. Many people have heard that their cash benefits will be reduced if they go to work. They worry that they will have less money if their benefit amounts go down.
If a cash benefit is reduced because of work, the benefit goes down by much less than the amount the person earns from work, so the person comes out ahead.

Example:
La'Shawn receives $943.72 per month from SSI. She starts a job that pays her $1,085 per month gross wages. La'Shawn's SSI is reduced by $500; it goes down to $443.72 per month.
Even though La'Shawn's SSI goes down, she has MORE money. Here is a comparison of her money not working and working:

	La'Shawn Not Working	**La'Shawn Working**
SSI **Wages**	$943.72 $ 0.00	$ 443.72 $1,085.00
Total Income	**$943.72**	**$1,528.72**

La'Shawn has almost $600 per month more total income if she works!
What are "work incentives"?
Work incentives are safety nets that help protect people's cash and medical benefits and make sure they receive ahead by working.
Work incentives can let a person:
- Work and still keep cash and medical benefits
- Keep medical benefits even if they earn enough to stop cash benefits
- Receive cash benefits back again, without reapplying, if the cash benefits stop due to earnings, but later the person stops working

There is even a work incentive that lets a person receive an EXTRA benefit if they work!

How can you receive help using work incentives?
You can learn more about work incentives and receive help using them from a few places:

Disability Benefits 101 (ca.db101.org)
This website offers lots of information about government benefits and work incentives. DB101 has articles and calculators that help you estimate how work will affect your benefits.

Ticket to Work Helpline (1-866-968-7842)
Speak with an expert who can explain how work may affect your benefits. They can also refer you to a benefits planner. The benefits planner will help you use work incentives. Services are FREE.

California Department of Rehabilitation
State agency that helps people with disabilities go to work. They have benefits planners in their offices. They have offices all over the state. Find the office nearest you at www.dor.ca.gov/Home/FindAnOffice.

SSI Work Incentives
SSI is a cash benefit for people with disabilities who have low income and assets. A person who receives any amount of SSI also receives Medi-Cal.

Key points to know about SSI work incentives:

- A person who receives SSI always comes out ahead by working.
- Students under age 22 can work and keep ALL their SSI.
- Other people on SSI can use special rules to keep more SSI when they work.
- People who earn enough to reduce their SSI to $0 can keep Medi-Cal. If their earnings later drop or stop, they can receive SSI back without having to reapply.

A Person Who Receives SSI Always Comes Out Ahead by Working
When a person on SSI works, their SSI is reduced by less than half the amount of their earnings. This means they have more money!

Students Under Age 22 Can Keep ALL Their SSI When They Work
This rule gives students a terrific chance to receive work experience without having SSI reduced at all! This work incentive – called the Student Earned Income Exclusion (SEIE) lets students in high school, college, technical school or training courses learn job skills and keep all of their income – both wages AND the full amount of SSI.

To use the SEIE, the student needs to be attending classes:

- At least 12 hours a week in grades 7 – 12,
- At least 8 hours a week in college,
- At least 12 hours a week in technical school or a job training course (at least 15 hours a week if the program has a shop class)

Example:

Justin is a 16-year-old high school sophomore. He receives $848.15 per month SSI. Justin starts a job in January working 12 hours a week, after school and on weekends. He is paid $623 per month gross wages. If he works the job all 12 months of the year, Justin will be paid $7,476. Since that is less than $7,670, he receives to **keep his FULL SSI amount EVERY MONTH!**

Here is a comparison of his money not working and working:

	Justin Not Working	**Justin Working**
SSI **Wages**	$848.15 $ 0.00	$ 848.15 $ 623
Total Income	**$848.15**	**$1,471.15**

Justin has MUCH more money working than not working!

The Student Earned Income Exclusion is hugely important for young students. It lets students under age 22 work and not have their SSI reduced at all, so they have no reason NOT to work. Many studies show that young people who receive work experience while they are in school are MUCH more likely to work when they are adults.

Other Ways to Maximize SSI While Working

If a person who receives SSI is not a student, or is age 22 or older, they cannot use the Student Earned Income Exclusion, but there are other ways the person might be able to keep more SSI than usual while working.

These ways have something in common: The person pays for work-related expenses and keeps more SSI to help offset the cost.

If the person pays for expenses needed for work that are related to their disability, these are called **Impairment Related Work Expenses (IRWE's)**. Some examples:

- Medical expenses
- Medications
- Therapy
- Some kinds of transportation for work
- Hearing aids
- Wheelchairs
- Attendant care

If the person is blind, according to Social Security's definition, then almost ALL work-related expenses they pay for are **Blind Work Expenses (BWE's)** – even expenses that do not relate to blindness, like taxes taken out of the person's pay, and meals they eat on the job. Social Security's definition of blindness: Vision in your better eye, with correction, is 20/200 or worse, OR your field of vision is 20 degrees or less.

If the person pays for certain expenses to reach a work goal, they may be able to use a work incentive called **Plan to Achieve Self Support (PASS).** PASS expenses may include:

- Education
- Job training
- Cars
- Computers
- Tools
- Equipment
- Uniforms
- Child care
- Expenses to start a business
- Many others

If a person uses **Impairment Related Work Expenses (IRWE's), Blind Work Expenses (BWE's)** or a **Plan to Achieve Self Support (PASS)**, they will receive higher SSI payments while working than they would receive without the work incentive. The extra SSI money helps offset the person's cost for paying the expenses.

Keeping Medi-Cal if SSI Stops Due to Work

This work incentive ensures that a person receiving SSI can earn as much as they can. When a person receives SSI payments, they automatically qualify for health insurance (Medi-Cal/Medicaid). Many people are concerned that if their SSI stops due to working, they will lose their Medi-Cal.

A work incentive called **1619(b)** acts like a double safety net. If a person earns enough to reduce their SSI to $0, the 1619(b) rule lets the person stay connected to SSI. This means:

- The person's **Medi-Cal will continue** – even though their SSI payments have stopped, AND
- **If the person's earnings later drop low enough or they stop working,** the person **can just call Social Security to re-start the SSI payments.** They do NOT have to reapply for SSI.

The person must still have less than $2,000 in resources (like bank accounts), still be disabled and require Medi-Cal to be eligible for 1619(b). 1619(b) has NO TIME LIMIT. A person could earn enough to stop SSI payments, and still be protected by 1619(b) many years later.

Example:

Bao receives $943.72 per month SSI. She is 19 years old, but is not a student, so she can't use the Student Earned Income Exclusion.

Bao starts a job that pays her $3,000 per month ($36,000 per year) gross wages. Her SSI goes down to $0. Bao is still disabled, she has less than $2,000 in resources, and she needs Medi-Cal to pay for doctor's visits and medications.

Bao appears eligible for 1619(b). Her wages are below the 1619(b) limit (usually $37,705 per year, but sometimes higher) and she meets all the other conditions for 1619(b). She keeps her Medi-Cal. If her earnings later drop or stop, she can just call Social Security to re-start her SSI payments.

Here's a comparison of Bao's money not working and working:

	Bao Not Working	**Bao Working**
SSI **Wages**	$943.72 $ 0.00	$ 0.00 $ 3,000.00
Total Income	**$943.72**	**$3,000.00**

Bao has MUCH more income working than not working. She also keeps her Medi-Cal and stays connected to SSI.

<u>If Your Child's SSI is Reduced by Work, How You Can Pay Your Family's Bills</u>

- If your son or daughter receives SSI, they will have more money by working.
- Even if SSI becomes reduced, their income will go up, because the SSI is reduced by less than half of their earnings.

What if you rely on the SSI to pay your family's bills?

You have a few options to be sure you can still pay the bills:

- Charge your son or daughter for room and board each month. If your child does not have enough SSI left to pay the full cost of room and board, then they can pay you some of their wages, too.

- If your child is not able to manage money well enough to pay you for room and board from their earnings (or if you think your child may not pay you), then you can arrange to have their paychecks direct deposited into an account you have access to. You can withdraw money from this account to make up for the reduced SSI. For example, if your child's SSI is reduced by $300 a month, then you could take $300 a month from the account that their wages go into.

- If your child does not understand how much living expenses cost and why they need to pay them, you can enroll them in a financial literacy class. Your child can learn about the cost of living, and learn how adults need to pay for their own expenses.

SSDI Work Incentives

SSDI stands for "Social Security Disability Insurance". It's a cash benefit from Social Security. People can receive it if they:

- Have a disability, and
- Have worked and paid Social Security taxes on their earnings long enough. Some adults (age 18 or older) receive SSDI if a parent has worked and paid Social Security taxes, and the parent is now retired, disabled or deceased.

When a person has received SSDI for 2 years, they receive Medicare.
Some people start out on SSI and then receive switched to SSDI. This can happen if the person works long enough. It can also happen if the person's parent has worked and the parent retires, becomes disabled or dies.

What Happens When a Person receiving SSDI Goes to Work?
Generally, when a person receiving SSDI starts work, they can keep SSDI for a while no matter how much they earn. After that, the person can keep SSDI if earnings stay below an amount called "substantial gainful activity (SGA)". If the person earns above SGA, the SSDI may stop. SSDI is an "all or nothing" benefit – you either receive the whole amount or $0. SSDI has a number of work incentives.

Key points to know about SSDI work incentives:

- A person on SSDI can work at least 9 months, earn as much as they want, and still keep SSDI.
- After that, there are work incentives that can let a person earn more than usual and still keep SSDI.
- If a person earns enough to stop SSDI, they can still keep Medicare.
- If a person's SSDI stops because of work, but later their earnings drop or stop, they can receive SSDI back without having to reapply.
- If you receive SSDI and you work, and you don't qualify for no-cost Medi-Cal, you may be able to receive Medi-Cal for a small fee.

Work at Least 9 Months and Keep SSDI (Trial Work Period)
During the Trial Work Period (TWP), people can earn as much as they like and still keep their full SSDI. The TWP is usually 9 months long.

After Trial Work Period, Earn More than Usual and Still Keep SSDI
After the TWP ends, a person's earnings must be below an amount called "substantial gainful activity (SGA)" for SSDI to continue. In 2020, if a person who is not blind earns at least $1,260 per month gross wages (or if a blind person earns at least $2,110 per month gross wages), then they MAY be engaged in SGA.

SGA is more than just a dollar amount. Social Security looks at how much of a person's earnings reflect the actual value of their work. Just because a person is paid over $1,260 per month in wages does not mean the actual value of their work is over $1,260 per month.

Social Security allows some subtractions from earnings when they decide whether a person's work is SGA. They subtract **Impairment Related Work Expenses (IRWE)'s** – expenses the person pays for because of their disability that are needed for work. They also subtract **Subsidies.** A subsidy means the person is earning less than they are paid. This may happen if the person works more slowly than coworkers, is unable to do all the job tasks because of a disability, or receives extra help to complete the job. IRWE's and Subsidies are a way to adjust a person's earnings so they reflect the actual value of the person's work.

Suppose a person on SSDI who is not blind, is paid over $1,260 per month and the person has IRWE's and Subsidies. Suppose that, after subtracting the IRWE's and Subsidies, the amount left over (called the "countable income") is less than $1,260 per month. The actual value of the person's work is less than $1,260 per month, so Social Security should decide the person's work is not SGA, and the SSDI will continue.

Example:
Jeffrey receives SSDI and earns $1,800 per month gross wages in his job. He is unable to drive because of his disability, and public transit does not run between his home and his job, so he pays $500 per month for Uber to receive to and from work. Social Security decides this is an IRWE.
Jeffrey receives the full pay for his job, like all other employees at his company, but Jeffrey works more slowly than his coworkers work and he does not complete as much output. His supervisor figures that Jeffrey's productivity is about 90%. In other words, he is paid 100% of the wage for his job, but only earns about 90% of it. This means he is not really earning 10% of his pay. That amount is his Subsidy – 10% of $1,800 per month = $180.

Social Security subtracts Jeffrey's IRWE and Subsidy from his gross wages:

$1,800 gross wages
- 500 IRWE for Uber
- 180 Subsidy (10% of $1,800)

$1,120 "countable" income

Jeffrey's countable income is $1,120 per month. This is less than $1,260 per month, so he is not doing SGA. Jeffrey should keep his SSDI

Keep Medicare Even If SSDI Stops Due to Work

IRWE's and Subsidies can help keep a person's countable earnings below SGA, so their SSDI will continue, but what happens if a person's earnings are so high that countable earnings are ABOVE SGA, even after IRWE's and Subsidies are subtracted?

- In that case, SSDI payments will stop, but the person can still keep Medicare. Two work incentives let people keep Medicare even if their SSDI stops because of SGA, as long as they are still disabled.

Receive SSDI Back, Without Reapplying, If Earnings Later Drop or Stop

If a person's SSDI stops because they are doing SGA, the person usually has a concern: What happens if I lose my job? Do I have to reapply and start all over again to receive my SSDI back?

- Two work incentives protect people in this situation. Both work incentives help people whose SSDI has stopped due to SGA. The work incentives allow people to receive SSDI back, without reapplying, if their earnings later drop below SGA, or if they stop working. This can ease people's fears about working their way off SSDI. The two work incentives can last for up to 8 years after SSDI stops.

Receive Medi-Cal for a Fee If You Receive SSDI and You Work

If you receive SSDI, you work and do not qualify for no-cost Medi-Cal, you may be eligible for a program that gives you Medi-Cal for a fee. It is called the Working Disabled Program. Medi-Cal can pay for some medical expenses that other insurances (including Medicare) do not cover. The money you save will most likely be more than the fee paid.

To see if you might be eligible, go to https://ca.db101.org/planning/(S(505u2ga3geutepexrjsvavru))/250_start.aspx?screen=start&l=250

Can a Person Really Be Better Off Working Their Way Off SSDI?

Yes! Many people can earn enough from full-time jobs so that they have more money, even without SSDI, than if they worked less and kept SSDI.

Example:

Jamal receives $1,000 per month SSDI. He is not blind. He wants to work. He thinks about two options:

- Work part-time, earn $1,200 per month (below SGA), and keep SSDI, OR
- Work full-time in a job with a higher wage, earn $3,400 per month, and have his SSDI stop.

Here's a comparison of Jamal's money if he doesn't work, or if he works in either of the two jobs he's considering:

	Jamal Not Working	**Jamal Earning $1,200 Per Month – Keeps SSDI**	**Jamal Earning $3,400 Per Month – SSDI Stops**
SSDI **Wages**	$1,000 $ 0	$1,000 $1,200	$ 0 $3,400
Taxes	$ 0	$ 122	$ 628
Income After Taxes	**$1,000**	**$2,078**	**$2,772**

Jamal has almost $700 per month more income working full-time, without SSDI, than working part-time and keeping SSDI. He is also able to keep his Medicare. If his earnings later fall below SGA, or if he stops work, he can receive his SSDI back without having to reapply.

CalFresh (Food Stamps) Work Incentives

CalFresh (also known as Food Stamps) gives money to pay for food to individuals and families with low incomes and assets.
If a family receives CalFresh, and a family member starts to work, the family's CalFresh amount is usually reduced. But CalFresh has two work incentives that can reduce the impact of earnings on CalFresh.

Key points to know about CalFresh work incentives:

- Earnings of students under age 19 won't reduce the CalFresh amount.
- Earnings of other people reduce the CalFresh amount by much less than the amount of earnings.

Earnings of Middle School and High School Students Under Age 19 Don't Affect CalFresh Amount

If a student is under age 19 and goes to work, their earnings do not count as income for CalFresh. This means the family's CalFresh amount will NOT be reduced.
The student must be:

- Age 18 or younger, AND
- Attending middle school or high school at least half time, AND
- Living with a parent or other responsible adult

Earnings Usually Reduce CalFresh Amount by 24% of Earnings or Less
If a family member goes to work (but is not a student under age 19 and does not receive SSI), their earnings will usually reduce the family's CalFresh amount. But the CalFresh will only be cut by 24% of the earnings amount or less. So the family comes out ahead!

Example:
Pedro's family receives $646 per month from CalFresh – the maximum amount for a family of 4 (October 2019 – September 2020).
Pedro is not a student.
He starts a job earning $1,000 per month gross wages.
His family's CalFresh amount is reduced by 24% - $240 per month. The new benefit amount is $406 per month.
Here's a comparison of Pedro's money not working and working:

	Pedro Not Working	**Pedro Working**
CalFresh **Wages**	$646 $ 0	$ 406 $1,000
Total Income	**$646**	**$1,406**

Pedro's family has $760 per month more total income when he works.

CalWORKS (Temporary Assistance to Needy Families (TANF) Work Incentives

CalWORKS is a cash benefit for families with children who do not have enough money for their basic needs because a parent is unemployed, disabled, not around to care for the children, in jail, or has died. A family must have low income and assets. Families who receive CalWORKS also receive Medi-Cal, CalFresh, job support, and sometimes, other benefits.
Generally, if a person in a family that receives CalWORKS goes to work, the CalWORKS amount will be reduced, but CalWORKS has some work incentives that can reduce the impact of earnings on CalWORKS.

Key points to know about CalWORKS work incentives:

- Earnings of students under age 19 won't reduce CalWORKS amount

- Earnings of people on SSI won't reduce CalWORKS amount
- Once a child turns 18, their earnings won't reduce CalWORKS amount
- Earnings of parents reduce CalWORKS amount by half the amount of earnings or less, so the family comes out ahead

Earnings of Students Under Age 19 Don't Affect the CalWORKS Amount

If a student is under age 19 and goes to work, their earnings do not count as income for CalWORKS. This means the family's CalWORKS amount will NOT be reduced.
The student must be:

- Age 18 or younger, AND
- A full-time student in school, college, vocational or technical training (including JobCorps) who works full time or part time, OR
- A student at least half-time in school, college, vocational or technical training (including JobCorps) who works part time

Earnings of Family Members on SSI Don't Affect the CalWORKS Amount

If a family receives CalWORKS, and a family member receives SSI, that family member does not count as part of the CalWORKS "household". That means the family member on SSI does not receive CalWORKS, but the other family members can receive CalWORKS.
If the family member who receives SSI goes to work, their earnings will NOT reduce the CalWORKS benefit for the rest of the family. Since the person who receives SSI is not counted as part of the CalWORKS household, their earnings do not count as income to the household.

Once a Child Turns 18, Their Earnings Do Not Affect CalWORKS Amount

In a family that receives CalWORKS, once a child turns 18, they are no longer eligible for CalWORKS. If the child is still a full-time high school student when they turn 18 and are expected to finish school before turning 19, then they can remain eligible for CalWORKS until they finish high school.

Once a child turns 18 (or finishes high school after the 18^{th} birthday), they no longer count as part of the CalWORKS "household". That means the 18-year-old does not receive CalWORKS, but the other family members can still receive CalWORKS.
If the 18-year-old works, their earnings will NOT reduce the CalWORKS benefit for the rest of the family. Since the 18-year-old is not counted as part of the CalWORKS household, their earnings don't count as income to the household.

Earnings of Parents Reduce CalWORKS Amount by Half the Earnings Amount or Less

If a parent who does not receive SSI goes to work, their earnings will usually reduce the family's CalWORKS amount, but the CalWORKS will be cut by only half the earnings amount or less.

Example:

Emma's family of four (herself, her husband and two young children) receive $852 per month from CalWORKS. They have no other income.
Emma starts a job earning $1,000 per month gross wages.
Her family's CalWORKS amount is reduced by $387.50 per month – 39% of her earnings amount. The new CalWORKS benefit amount is $612.50 per month.

Here's a comparison of Emma's money not working and working:

	Emma Not Working	Emma Working
CalWORKS Wages	$852 $ 0	$ 612.50 $1,000
Total Income	$852	$1,612.50

Emma's family has $760 per month more total income when she works!

Rental Assistance Work Incentives

Rental assistance programs help pay rent for families or individuals with low income. Families or individuals who receive rental assistance pay a portion of their income – usually a little less than 30% - for rent and utilities. The program pays the rest of their rent and utility costs. This makes rent and utilities much more affordable.
Most rental assistance programs are funded by the U. S. Department of Housing and Urban Development (HUD). Local housing offices operate the programs for HUD. Some of the HUD rental assistance programs are:

- Public housing
- Housing Choice Voucher (also called Section 8 Voucher)
- Project-based Section 8
- Supportive Housing for Persons with Disabilities (Section 811)
- Supportive Housing for the Elderly (Section 202)
- Continuum of Care
- Housing Opportunities for Persons with AIDS

Generally, if a person in a family that receives HUD rental assistance goes to work, the amount the family pays for rent and utilities goes up. But HUD rental assistance programs have two work incentives that can reduce the impact of earnings on rent and utilities.

Key points to know about work incentives for HUD rental assistance:

- Earnings of children under age 18 won't increase a family's rent and utility payments
- When a person's earnings cause the rent and utility payments to increase, they only go up by about 30% of the amount of the earnings, so the individual or family comes out ahead

Earnings of Children Under Age 18 Will Not Increase a Family's Rent and Utilities

If a child under age 18 whose family receives HUD rental assistance works, their earnings do not count as income. The earnings will not affect the amount the family pays for rent and utilities.

When Adult Work and Rent Increases, It Is Only About 30% of Earnings from Work

When an adult who receives HUD rental assistance works, the family must pay more for rent and utilities, but the rent and utilities only go up by about 30% of the earnings.

Example:

Ravi is 18 years old. His family lives in project-based Section 8. Their income is $1,500 per month and they pay $450 per month for rent and utilities. Ravi starts work earning $1,000 per month gross wages.
Ravi's family's rent and utilities go up by $300 a month - 30% of Ravi's earnings.

Here is a comparison of Ravi's family's money when Ravi is not working and when he's working:

	Ravi Not Working	Ravi Working
Family Income Ravi's Wages	$1,500 $ 0	$1,500 $1,000
Rent & Utilities	$ 450	$ 750
Income After Rent & Utilities	$1,050	$1,750

Ravi's family has $700 per month more total income when he works!

Receiving Help to Use Work Incentives

Learn more about work incentives and receive help using them from a few places:

Disability Benefits 101 (ca.db101.org)

Website that offers lots of information about government benefits and work incentives. DB101 has articles and calculators that help you estimate
how work will affect your benefits.

Ticket to Work Helpline (1-866-968-7842)

Speak with a knowledgeable person who can explain how work may affect your benefits. They can also refer you to a benefits planner with a Work Incentives Planning and Assistance (WIPA) agency. The benefits planner will help you deal with agencies that give you benefits and help you use work incentives. Services are FREE.

To receive help from a WIPA agency, you must:

- Be 14 – 65 years old
- Receive SSI or SSDI (or both)
- Be working or interested in working

California Department of Rehabilitation
State agency that helps people with disabilities go to work. They have benefits planners in their offices. They have three offices in Orange County (Laguna, Anaheim, Santa Ana). Find the office nearest you at www.dor.ca.gov/Home/FindAnOffice.

How to Save Assets Without Losing Government Benefits

Some government benefits have limits on how much a person or family can have in assets (such as bank accounts). Here are the asset limits for some of these benefits:

- SSI & 1619(b) - $2,000 for single person; $3,000 for married couple
- Medi-Cal Aged & Disabled Federal Poverty Level - $2,000 for single person; $3,000 for married couple
- Medi-Cal Working Disabled Program - $2,000 for single person; $3,000 for married couple
- CalWORKS - $2,250 for family; $3,250 if a family member is age 60 or older

The bad news is these asset limits are so low. The good news is there are some assets that DON'T count against the limits.

Assets That Don't Count Against the Asset Limits:

ABLE Accounts: See **ABLE Accounts** fact sheet

The Home You Live In

The home you live in does not count as an asset for SSI, Medi-Cal or CalWORKS, as long as you live in it.

A Car

A car you own does not count as an asset for SSI, Medi-Cal or CalWORKS.

<u>Business Property, Including Business Bank Accounts</u>

If you own a business, the property the business owns (equipment, buildings, vehicles, etc.) does not count as an asset for SSI, Medi-Cal or CalWORKS. Money in a business bank account also does not count. (CalWORKS limits how much you can save in a business bank account. The other programs do not limit the amounts in business bank accounts.)

<u>Special Needs Trusts:</u> See **Special Needs Trusts** fact sheet

<u>Earned Income Tax Credit (EITC) Refunds</u>

EITC refunds do not count as assets for 12 months after you receive them. This gives you time to spend some of the money and convert the rest to an asset that does not count, such as an ABLE account. See **Using the Earned Income Tax Credit to Receive Bigger Tax Refunds** fact sheet.

<u>College Savings Plan</u>

California has a way to save money for your child's college without paying taxes while you save. It's called ScholarShare529. You can open an account for your child, begin saving, and earn income on the money you save. Because the income is not taxed while you are saving, the money in the account will grow faster, and you'll have more money for your child's college expenses. You can have the money you contribute to the account taken right out of your paycheck, and you can contribute as little as $15 at a time. Money in a ScholarShare529 plan counts as an asset for the parent, not the child. For more information, see www.scholarshare529.com.

<u>Other Assets</u>

For two programs – CalWORKS and the Working Disabled Program (a kind of Medi-Cal) - some other assets don't count. **CalWORKS** does not count **certain retirement accounts - 401(k), 403(b), 457 and IRA accounts. CalWORKS** also doesn't count **certain accounts to save for education – 529 and ESA accounts.**

The **Working Disabled Program** does not count **any retirement accounts**. This program also lets you open **an account to save your earnings from work**. None of the earnings you save in one of these accounts is counted as an asset.

Using the Earned Income Tax Credit (EITC) to Receive Bigger Tax Refunds

The Earned Income Tax Credit (EITC) is a way to receive higher tax refunds when you work. Some people can use the EITC to receive a higher refund than all the taxes taken out of their pay. The government actually pays them extra to work!
When you receive a bigger refund with the EITC, you can put the money toward an asset that grows in value – like a retirement account or a down payment on a home.
To use the EITC, you need to:

- Be eligible, and
- File a tax return

Who's Eligible for the EITC?

To qualify for the EITC, you must:

- Work for pay legally
- Meet an income limit (the more "qualifying" children you have, the higher the income limit)
- Have limited investment income
- If you have no "qualifying" children, you need to be age 25 – 64
- Meet a few other conditions

Here's an easy tool to see if you are eligible: https://www.irs.gov/pub/irs-pdf/p5334.pdf

How Much Money Can You Receive?

It depends on how much income you have and how many "qualifying" children you have. The EITC can provide a substantial refund, especially if you have children.

How Can You Receive Your Tax Return Completed at No Cost?

You have to file a tax return to use the EITC, but you may be able to receive your tax return done at no cost. A program called Volunteer Income Tax Assistance (VITA) can prepare your tax return at no cost, if your family income is less than $56,000 a year.
VITA volunteers are trained and certified by the IRS to prepare tax returns.
To find a VITA program near you, go to https://irs.treasury.gov/freetaxprep/.

ABLE Accounts

Adults and children with disabilities can use tax advantaged savings accounts called ABLE accounts, to save money and earn extra money (interest or dividends) on their savings. The person's disability must have started before they reached age 26 to be eligible for an ABLE account. Although the disability must have started before age 26, a person can open an ABLE account at any age.

The money in an ABLE account is not taxed, and does not count against the asset limits for SSI, Medi-Cal or CalWORKS. The first $100,000 in an ABLE account does not count as an asset for SSI.

Anyone can contribute to an ABLE account – the person with a disability who owns it, family, friends, etc. The total amount that may be contributed each year is $15,000. However, if the person with a disability is working, she or he can contribute extra money from work earnings to the account, up to about $12,000 a year more.

Funds in an ABLE account may be used to pay for:

- Education
- Housing
- Transportation
- Employment training and support
- Assistive technology and personal support services
- Health, prevention and wellness
- Financial management and administrative services
- Legal fees
- Expenses for oversight and monitoring
- Funeral and burial expenses, and
- Other expenses approved by the IRS in the future

A person receives a choice of a few options for how the money in his or her ABLE account is invested. The options range from very safe investments with very low interest (like a bank account) to higher risk choices (like stocks and bonds) that can earn more money, but could also lose money. ABLE accounts usually charge small fees for opening an account and annual fees for managing accounts.

California has an ABLE account program, but a person can open an ABLE account in another state if they choose. To compare ABLE accounts in different states, go to www.ablenrc.org.

The Advantage of Opening Your ABLE Account in California (CalABLE):

Money that remains in an ABLE account when the person with a disability dies is NOT claimed by the State of California. If the account is opened in another state, the State of California can claim the money that is left in the account when the person with a disability dies, up to the amount that Medi-Cal has spent on expenses for the person after the account was opened. CalABLE's web site is https://www.treasurer.ca.gov/able/.

Special Needs Trusts

A special needs trust is an account established to pay for the needs of a person with a disability. The person with a disability does not own the money in the trust, and cannot withdraw money from the trust. Another person – called the "trustee" – manages the money in the trust and withdraws it to pay for expenses for the person with a disability.

A trust may be funded with another person's money (for example, a relative who leaves money in their will to benefit the person with a disability) or with money owned by the person with a disability. If the trust is set up correctly, the money in it does not count as a resource for SSI, Medi-Cal or CalWORKS.

A special needs trust can be created for a single individual. This usually costs thousands of dollars in legal fees, as a lawyer needs to be hired to do it. Other special needs trusts – called "pooled trusts" – are created by nonprofit agencies to benefit many people with disabilities. Each person opens an account in a pooled trusts. It's usually less expensive to open an account in a pooled trust than to create a special needs trust for one person, but the fees are still substantial.

To find pooled trusts in California, see https://www.specialneedsalliance.org/pooled-trust-directory/#california. To find a lawyer who can create a special needs trust for one person, see the Special Needs Alliance website at https://www.specialneedsalliance.org/find-an-attorney/california/.

One caution: If a special needs trust is funded by money that belonged to the person with a disability, then money that remains in the trust when the person with a disability dies is usually kept by the State of California. The State can claim the money that's left in the account, up to the amount that Medi-Cal has spent on expenses for the person throughout his or her lifetime.

Programs that Help You Buy a Home

CalPLUS Loan Program and **CalHFA FHA Program** – state government programs that provide mortgages to homebuyers who meet income limits and other standards. See http://www.calhfa.ca.gov/homebuyer/programs/calplus.htm and http://www.calhfa.ca.gov/homebuyer/programs/fha.htm

My Home Assistance Program – state government program that helps pay down payment and/or closing costs for homebuyers who receive mortgages from CalPLUS Loan Program or CalHFA FHA Program. See https://www.calhfa.ca.gov/homebuyer/programs/myhome.htm

Mortgage Credit Certificates (MCC) – provides a tax break for some homebuyers who meet income limits and other standards. See http://www.ocgov.com/residents/mccp for Orange County residents.

Rural Development Single Family Housing Guaranteed Loan Program and **Rural Development Direct 502 Homeownership Loans** – federal government programs that provide mortgages to homebuyers in small towns and rural areas who meet income limits and other standards. See https://www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program and https://www.rd.usda.gov/programs-services/single-family-housing-direct-home-loans.

Department of Veterans Affairs (VA) Home Loans and **CalVet Home Loans** – provides mortgages or financial help to receive mortgages to military veterans, National Guard and Reserve members, and surviving spouses. See http://www.benefits.va.gov/homeloans/ and https://www.calvet.ca.gov/HomeLoans.

HUD Homeownership Voucher Program - Enables some families who receive rental assistance through HUD Housing Choice Vouchers to use their vouchers to help them buy homes, instead of renting. You must first have a HUD Housing Choice Voucher before you can use the HUD Homeownership Voucher Program. See https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/homeownership.

Habitat for Humanity – Provides a low-cost way for low income families to buy old, restored homes. A family must be accepted into the program and work at least 500 hours helping to restore old homes, then they can buy a home. To find a local program, see http://www.habitat.org/local/affiliate?zip=&area=CA&=Search.

How to Choose a Career Goal

Your child's career goal depends on their interests and the lifestyle they would like to lead. Ideally, they should choose work that they will enjoy and that will provide enough income to pay for the living expenses they envision, plus some extra money to save. To estimate future expenses, you and your child should consider:

- Where they want to live
- What kind of living arrangement they want – living with family, living with roommates/home sharing, living in an apartment with rental assistance, buying a home, buying a tiny house, etc.
- How much their living expenses will likely be for things other than housing
- The impact of earnings on cash and medical benefits they receive from the government
- Their prospects to receive raises or better jobs in the future
- How much they would like to save for emergencies, things to buy, and the future

Working Toward the Goal

Your child will probably start out in a job with lower earnings, and work their way toward higher earnings. That's what most people do. Their incomes increase over time, as they develop more skills and work experience.

This means your child should plan to reach their lifestyle goal gradually, not all at once. They may need to start small. For example, if your child would like to live independently, they may want to start with a home share (renting a room in a home) and work their way toward having an apartment or buying a home. As their income from work increases, they may be able to afford more expensive housing.

It is a terrific lesson for your child to choose a lifestyle goal, then figure out how much income they would need to reach the goal. Many young people tend to choose goals that are just not affordable with the incomes they are likely to earn from the kinds of work they are qualified for. When they compare the living expenses for the lifestyle they want to the money they are likely to be able to earn, they need to adjust their initial lifestyle goals. At the same time, this kind of planning gives your child something to aim for in the future. If they would like more expensive housing someday, then they can plan to have a better job in the future so they can reach that goal.

Putting Together a Spending and Saving Plan

It is a good idea for everyone to have a Spending and Saving Plan. The Plan helps you make sure that you can afford all your expenses. It also helps you save some money each month for emergencies, major purchases, and for the future.

If you find that you are spending more than you thought, or not saving as much as you wanted, you can look at your expenses and adjust them so you can live within your means.

If you receive government benefits like SSI, you need a Spending and Saving Plan even more. If you receive some benefits, like SSI, that may be reduced when you work, you need to be sure to adjust your expenses. You need to be able to live on your earnings from work and your reduced benefits. If you expect your SSI to continue at the full amount when you work, you'll end up spending more than you have.

Financial Literacy: Learning More About Money

Having a career goal and a Spending and Saving Plan is a great start for your child's financial future, but there's a lot more to know about money. You and your child may want to meet with a financial coach or counselor, or take a financial education class to learn more about managing money.
Some of the topics covered by financial classes include:

Banking
Having an account with a bank or credit union can save you lots of money in fees, compared with using check cashing businesses and "payday" loans.

Credit reports and scores

Learning to build (or rebuild) good credit can help you qualify for a loan or mortgage and receive a lower interest rate, but good credit helps in other ways, too. Many employers check credit reports before offering jobs to jobseekers. Landlords usually check credit reports before agreeing to rent apartments. So good credit can also help you receive a job or rent an apartment.

Investing money

Opening an ABLE account or bank account is a good start for saving money. If you want to earn more on the money you save, though, there are better options. Mutual funds, stocks, bonds and other investments can give you more bang for your buck.

Borrowing money

Most people need to borrow money – to receive loans or mortgages – to buy some things they need, like a car or a home. It is important to learn how to receive the best terms for a loan, like low interest rates that do not go up later.

Managing debt

If you borrow money with loans, credit or charge cards, it is easy to receive overwhelmed by debt, but you can learn how to manage what you owe effectively, and to receive help from a credit counseling agency to renegotiate your debts if they receive too big to handle.

Using credit cards

Credit cards are one of the quickest ways to rack up debt. Many Americans owe tens of thousands of dollars on their credit cards, but you can learn how to receive the best deals on credit cards and how to use them responsibly and not receive carried away.

Protecting your identity and assets

Identity theft is a huge problem in the U. S. Many people have their personal information stolen and lose money to thieves who prey on unsuspecting consumers. Some proven strategies can help you protect your identity and your assets.

Preparing for and recovering from disasters

Sadly, Californians are no strangers to disasters, from earthquakes to wildfires to mudslides. It is important to know how to protect yourself and your family through insurance and dealing effectively with emergency agencies like the Federal Emergency Management Agency (FEMA) if disaster strikes.

Financial Education Resources

Some agencies that provide financial coaching or counseling, or financial education classes and other resources:

Orange County United Way – provides financial coaching (one-to-one help to individuals and families to reach their financial goals) - https://www.unitedwayoc.org/how-we-are-doing-more/income/sparkpoint-oc/

California State Department of Education's list of recommended financial education resources for students in grades K – 12 - https://www.cde.ca.gov/eo/in/fl/finlitk12.asp

California JumpStart Coalition – nonprofit agency that teaches young people to succeed with money - https://www.cajumpstart.org/

California Council on Economic Education – nonprofit agency that provides economic and financial education to K – 12 students, their teachers and parents throughout California - www.ccee.org

World System Builder – provides financial education workshops in Orange County - https://wsbcampaign.com/vanessayoh/workshops

CalCPA Education Foundation – professional association of Certified Public Accountants that provides financial education to the public - https://www.calcpa.org/public-resources/financial-literacy

Choices Your Adult Child Has About Where to Live

Some choices:

- Living with family
- Renting a room in someone else's home
- Renting an apartment with roommates, or "home sharing"
- Renting an apartment with help from a government program that pays some of the rent
- Buying a "tiny house" – a very small home that costs much less than a regular house
- Buying a house with help from a homeownership program

Living with family

This is usually the choice that costs the least. If your child lives with family and shares expenses, they will probably pay less than if they lived with other people or got their own home. Some people like living with their families and want to keep on doing it. Other people would rather live in a different home from their family home when they become adults.

Renting a room in someone else's home

It usually does not cost much more to rent a room in someone else's home than to live with family. If your child does not have much money, and would like to move out of your family's home, this can be a good way to do it.

Renting an apartment with roommates, or "home sharing"

If your child would like to live in their own home but cannot afford to rent a place alone, then having roommates can be a great option. Your child can share the expenses with other people, so they do not have to pay as much, and if they receive to choose their roommates – people they WANT to live with – then they will probably be happier.

Renting an apartment with help from a government program paying some of the rent

Suppose you cannot afford to pay the full cost of renting an apartment. There are some government programs – called "rental assistance" – that can pay some of the rent while your child pays the rest. Rental assistance makes it much easier for your child to afford to rent a home, but rental assistance programs have long waiting lists. Sometimes you have to wait, to even apply to be on the waiting list. To ask about applying for rental assistance, contact: https://www.hud.gov/states/california/renting

Buying a "tiny house"

A tiny house is a very small home, about the size of a small apartment. It costs much less than a regular house. Your child might be able to afford to buy a tiny house if they would not have enough money to buy a regular house.

Buying a house with help from a homeownership program

Homeownership programs can help people buy homes. The programs make it easier and cheaper to buy homes, but in Orange County, houses cost so much that most people cannot afford to buy them even with help from homeownership programs.

Semi-Independent Living

Semi-independent living usually means living very close to family, but in somewhat separate living space. For example, a person might live in an apartment that adjoins the family home, a separate section of the house, or possibly in a tiny home on the same property.

Assistance for People with Developmental Disabilities

The California Department of Developmental Services (DDS) provides funding for many kinds of help for people with developmental disabilities through the CA Regional Centers. To qualify for services, the person must have a disability that:
Is an Intellectual Disability, Cerebral Palsy, Epilepsy, Down Syndrome, Autism or Similar disability that began before age 18, is expected to be lifelong and greatly limits the person's ability to handle at least 3 of these activities:

- Self-care
- Communication

- Learning
- Getting around
- Making decisions
- Living independently
- Supporting oneself financially

Various services help people live and work more independently. They include:

- Help from paid staff to live in the community (from limited help to 24-hour supervision) in people's own homes, homes of other families, or group housing.
- The **"Self-Determination Program"** lets people control the budget for their paid help, and hire and manage staff, including family, friends and neighbors (with help if needed).
- Respite care (supervision provided in the person's own home or in a group home for a short time to give caregivers a break)
- Employment, Adult Day, Supported Living and Transportation Services

To apply for Regional Center services, contact the Local Area Regional Center: https://www.dds.ca.gov/rc/listings/

In-Home Supportive Services (IHSS)

People with disabilities can receive help to stay in their own homes (rather than institutions) from the In-Home Supportive Services (IHSS) program. The program provides aides who help with household chores and personal care (such as bathing, dressing and some health care).
To receive help from the program, a person must:

- Have a disability
- Need the kind of help the program offers to live at home
- Have Medi-Cal

The program does NOT provide 24-hour-care, but in some cases, can provide as much as 65 hours of help each week. Family members, friends and neighbors may be hired to provide care through IHSS. Some services may be provided in the person's workplace. For more information, see: https://www.cdss.ca.gov/in-home-supportive-services

Help from Family, Friends, Neighbors, Etc.

Many people with disabilities prefer to receive help from people they know and feel comfortable with – family, friends, neighbors, church and community organization members, etc. There are two basic ways to receive help from people you choose:

- Arrange for them to be paid by a program, or

- Ask them to volunteer their help, and maybe offer them help in return

Two programs mentioned above let people with disabilities hire people they choose – including family, friends, neighbors, etc. The Self-Determination Program for people with developmental disabilities and the In-Home Supportive Services (IHSS) program both let people hire staff they choose.

If a person with a disability is not eligible for these programs – or if the person and/or the people they want to receive help from would rather not participate in these programs – then it may be possible to arrange help without these programs. Some family members, friends, neighbors, etc. may be willing to help without being paid. They may be motivated by other things - family ties, values or a spirit of community service. However, if the person with a disability can give something back, then she or he becomes an active, responsible partner in the transaction, and not just a passive recipient. This may also provide more incentive for people to continue helping.

People with disabilities may give back in a variety of ways. For example, they can do household chores or yardwork, care for pets or make crafts for unpaid helpers.

Planning Help from Family, Friends, Neighbors, Etc.

You can help your son or daughter create a plan to receive help from family, friends, neighbors and others. The plan should list:

- Each person who will help
- What kind of help they will provide
- How often they will help
- What your son or daughter will do for the person in return (if anything)

There are many ways to recruit help from others and make a plan. The process is usually referred to as, "person-centered planning". There are formal ways to complete this process, and you can find some resources on the Department of Developmental Services (DDS) web site at https://www.dds.ca.gov/RC/RCipp.cfm.

You can also put together a simple, informal plan. One way is to host a party with your son or daughter as the guest of honor, and invite the people who are important to him or her. At some point during the party, you can invite everyone to join a discussion about your son or daughter's plan to live more independently. You can begin by having your son or daughter explain his or her goals for living arrangements, work, etc. Next, you can list the kinds of help she or he will need from other people. If possible, you can list the kinds of help your son or daughter might provide in return on a separate piece of paper. Finally, you can ask people to volunteer the kind of help they might provide.

Independent Living Example: Rodney – First Steps

Rodney is 18 years old and recently graduated from high school. He receives $943.72 per month from SSI and Medi-Cal. He lives with his parents in their home in Santa Ana and pays them $700 per month for his housing. He would like to live independently. His ideal goal is to have his own apartment, but he would be willing to start out by renting a room in a private home until he has more money.

Rodney just started a job as a dishwasher in a restaurant. He works 20 hours a week and earns $12 an hour. He would like to be a full-time Chef in the future. He and his family use the Benefits and Work Estimator at ca.db101.org to estimate how his wages will affect his SSI and Medi-Cal. They learn that, with the job:

- Wages = $1,044/month
- SSI = $464/month
- Total income = $1,508/month
- Money left after paying for housing and taxes = $727/month = $484/month more than not working

Rodney and his parents look at Craigslist ads for rooms for rent and see that he can rent a room in a private home in Santa Ana for about $800 per month. They write up this **Monthly Spending and Saving Plan** for Rodney:

Rodney's Monthly Spending and Saving Plan

$ 800	rent (including utilities)
81	taxes
300	groceries
22	bus pass
50	cell phone
25	haircuts
50	clothes
100	restaurants/entertainment
$1,428	**Total expenses**
80	**Savings in ABLE account**
$1,508	**TOTAL**

After paying for all his expenses, Rodney will have about $80 per month left over. He plans to save this much in an ABLE account each month.

Rodney – Next Steps

Step 2 is figuring out how Rodney will receive the support he needs to live independently. Rodney is very capable with many daily living activities, but he needs some help with others. He, his family and friends come toreceiveher to design a **Support Plan** for Rodney to receive the help he needs to live on his own.
Here's what his plan looks like:

Rodney's Support Plan

Type of Support	Who Will Provide It	When Will They Provide It	What Rodney Will Do in Return
Managing money and paying bills	Charles (Rodney's dad)	Weekly	Wash Charles's car
Reading mail and dealing with benefit agencies (Social Security, California Dept. of Health Care Services), including reporting earnings	Gloria (Rodney's mom)	Weekly	Yardwork for Gloria
Dealing with other agencies, including California Department of Rehabilitation to receive funding for culinary school	Jasmine (a member of Rodney's church)	When needed	Walk Jasmine's dog
Help with culinary school studies	Tiffany (Rodney's girlfriend)	Three times per week when culinary school starts	Make dinner for Tiffany three times per week

After his **Support Plan** is in place, Rodney begins to look for rooms for rent. He finds a good room in a nice home close to the restaurant where he works. He pays $825 per month instead of $800 per month, but otherwise his expenses are just about what he expected. He revises his **Spending and Saving Plan** a little, increasing his rent and utilities from $800 per month to $825 per month, and reducing his savings from $80 per month to $55 per month.

Rodney's Monthly Spending and Saving Plan - Revised

$ 825 rent (including utilities)
81 taxes
300 groceries
22 bus pass
50 cell phone
25 haircuts
50 clothes
100 restaurants/entertainment
$1,453 Total expenses
55 Savings in ABLE account
$1,508 TOTAL

Rodney – Two Years Later

Rodney lives comfortably in his rented room and continues his part-time job as a Dishwasher. With help from Jasmine, he receives financial aid from the California Department of Rehabilitation (DOR) and enrolls in culinary school. He finishes the program with help from Tiffany and receives his certification. DOR helps him find a full-time job as a Cook in a restaurant earning $15 per hour working 40 hours per week.

Once again, Rodney and his parents use the Benefits and Work Estimator at ca.db101.org to estimate how his wages will affect his SSI and Medi-Cal. They learn that, with the new job:

- Wages = $2,610/month
- SSI = $0
- Keeps Medi-Cal through 1619(b) rule
- If job were to stop, could receive SSI back just by calling Social Security
- Money left after paying for housing and taxes = $1,379/month = $652/month more than with part-time Dishwasher job

Rodney and his parents look at rents for apartments in the area. They realize that even with this increase in income, Rodney cannot afford to rent an apartment by himself.

However, Rodney's brother Reggie, Rodney's best friend Jason, and Reggie's best friend Sam – who have been close since they were young children – decide they'd like to rent an apartment toreceiveher so they can afford the rent. They find a nice place with three bedrooms. Rodney receives his own bedroom.
Rodney and his parents revise his **Spending and Saving Plan** again:

Rodney's Monthly Spending and Saving Plan – Revised Again

$ 900	rent
250	utilities
406	taxes
300	groceries
22	bus pass
75	cell phone
25	haircuts
150	clothes
300	restaurants/entertainment
$2,428	**Total expenses**
182	**Savings in ABLE account**
$2,610	**TOTAL**

Although Rodney does not receive his own apartment, he does receive a nice bedroom in a nice apartment with close friends. He decides that is probably better than living alone. He receives to spend a lot more on clothes, restaurants and entertainment, and

he saves much more in his ABLE account. He also enjoys being a Cook much more than washing dishes.
By increasing his work earnings so much, Rodney pays more into Social Security. This will give him a much higher Social Security Retirement benefit when he is old enough to retire.

Semi-Independent Living Example: Cecilia – First Steps
Cecilia is 19 years old. She recently graduated from high school. She receives $1,010 per month SSDI on her father's earnings record (her father receives SSDI and Cecilia qualifies for a benefit as his disabled adult child). Cecilia receives free Medi-Cal through the Aged and Disabled Federal Poverty Level program. She will become eligible for Medicare in a year.

Cecilia lives with her mother, Rosa, and her younger sister in Rosa's home in Anaheim. She pays Rosa $750 per month for housing. She receives along with her sister, but Cecilia and Rosa both describe their relationship as "complicated". They would both like Cecilia to have her own living space, but they would like her to be very close to Rosa's home. She has applied for support services from the Regional Center of Orange County to help her live more independently. She has requested help from the Independent Living Program or Self-Determination Program to teach her skills to live more independently, and the Supported Employment Program to receive a paid job with a "job coach" to help her learn and succeed on the job.

Cecilia would like to work in an animal hospital. She feels that she could work part-time, but her health problems would prevent her from working full-time.

Cecilia's Monthly Spending and Saving Plan

$ 750	rent (including utilities)
0	taxes
200	groceries
35	cell phone
25	entertainment
$1,010	**Total expenses**
0	**Savings**
$1,010	**TOTAL**

Cecilia's Example – Next Steps
Cecilia receives approved for services from the Regional Center. She starts receiveting help from a supported employment agency. The program helps her find a part-time job as an Assistant in a local animal hospital. She will work 25 hours per week and earn $12.75 per hour. Cecilia can't drive due to her disability and public transportation doesn't run close to her job, so she will receive rides from Rosa to and from work some of the time, and will use Uber the rest of the time. She will pay about $200 per month for Uber.

Cecilia and Rosa call the Ticket to Work Helpline (1-866-968-7842) and are referred to the local Work Incentives Planning and Assistance (WIPA) project, called Project Independence. With the help of a Community Work Incentives Coordinator (CWIC) from Project Independence, Cecilia and Rosa use the Benefits and Work Estimator at ca.db101.org to estimate how her wages will affect Cecilia's SSDI and Medi-Cal. They learn that, with the job:

- Keeps SSDI, because Uber cost is subtracted from wages as an impairment related work expense (IRWE), which keeps earnings below limit
- Free Medi-Cal stops
- Can pay $20/month to receive Medi-Cal through Working Disabled Program
- Total income = $2,396/month ($1,386 gross wages + $1,010 SSDI)
- Money left after paying for housing and taxes = $1,505/month = $1,245/month more than not working

Cecilia and Rosa revise her **Monthly Spending and Saving Plan**. She decides to spend more on living expenses. Now her plan looks like this:

Cecilia's Monthly Spending and Saving Plan - Revised

$ 750	rent (including utilities)
141	taxes
200	Uber for work
20	premium for Working Disabled Program
250	groceries
35	cell phone
50	hair, personal care, clothing
100	entertainment
$1,546	**Total expenses**
850	**Savings in ABLE account**
$2,396	**TOTAL**

Cecilia opens an ABLE account to save the extra money ($850 per month), but she has another plan in mind.

Cecilia also receives drop-in help from a counselor, Shannon, who helps her learn some independent living skills.

Cecilia's Example – A Year Later

Cecilia works in her job for a year. She is happy working at the animal hospital and is well liked by her supervisor and coworkers. She receives along well with her job coach, Ted, and feels like he has helped her succeed in her work. She plans to keep the job.

Cecilia now receives Medicare. Because she receives Medi-Cal, though, she does not have to pay the monthly premium for Part B (outpatient medical insurance), and she doesn't have to pay for Part D (prescription coverage).

Cecilia has now saved $10,200 in her ABLE account.

She and Rosa are still eager for Cecilia to have her own place nearby. They have researched tiny houses and learned that Cecilia can buy one with an 8-year loan and pay $1,100 per month loan payment. Her utilities will cost about $300 per month, and she should save about $100 per month for maintenance and repairs. Her mother will let her keep the tiny house in her back yard. After she pays off the loan in 8 years, she will own the house and her monthly expenses will go way down. Cecilia's mom agrees to co-sign a loan to buy the tiny house.

With the help of Shannon, her independent living counselor, Cecilia has been improving her skills in grocery shopping, meal preparation and housekeeping. Cecilia and Rosa discuss with Shannon the support Cecilia will need to live semi-independently. They invite Cecilia's uncle, Felipe, to join the conversation, since he knows a lot about home repair and maintenance. Cecilia wants to rely less on Rosa, but still be connected with her mom daily, and Rosa wants the same thing. Cecilia, Rosa, Felipe and Shannon develop Cecilia's **Support Plan** to arrange the assistance she needs to live in her tiny house.

Her plan looks like this:

Cecilia's Support Plan

Type of Support	**Who Will Provide It**	**When Will They Provide It**	**What Cecilia Will Do in Return**
Managing money and paying bills	Rosa (Cecilia's mom)	Weekly	Make dinner for Rosa once a week
Handling repairs, maintenance and record-keeping related to tiny house	Felipe (Cecilia's uncle)	When needed	Care for Felipe's dogs when he is away
Reading mail and dealing with benefit agencies (Social Security, California Dept. of Health Care Services), including reporting earnings	Shannon (Independent Living Counselor)	Weekly	
Coordinating medical appointments and health services	Shannon (Independent Living Counselor)	Biweekly	

Learning to improve grocery shopping, meal preparation and housekeeping skills	Shannon (Independent Living Counselor)	Weekly	

Cecilia and Rosa also revise her **Monthly Spending and Saving Plan** again to reflect the expenses of buying the tiny house:

Cecilia's Monthly Spending and Saving Plan – Revised Again

$1,100 loan payment for tiny house
300 utilities
100 savings for maintenance and repairs
141 taxes
200 Uber for work 20 premium for Working Disabled Program
250 groceries
35 cell phone
50 hair, personal care, clothing
100 entertainment
$2,296 Total expenses
100 Savings in ABLE account
$2,396 TOTAL

Cecilia is saving less money in her ABLE account now, but she will be earning "equity" in her tiny house. In 8 years, she will own the house and will no longer have to pay the $1,100 per month loan payment.

THANK YOU

We hope you have found the information contained in this resource guide helpful for future financial and life planning. You may find additional resources, tips, videos, webinars and tools on the ESSC WorkFirst Transition Project Webpage. Project Contact: Pamela Arturi, Director of Employment Services (WorkFirst) pamela.arturi@essc.org (657) 220-7726