



ESSC WorkFirst Transition Project



Financial Planning and Decision Making Frequently Asked Questions

For Parents and Educators

If my adult child receives SSI, how can you make sure they receive the full amount?

When a person who receives SSI is age 18 or older, they must usually pay for room and board in order to receive as much SSI as possible. If they don't pay for room and board, the SSI is reduced. If your adult child lives with you and receives SSI, you can charge them for room and board to help them receive as much SSI as possible.

See *"Maximizing the SSI Benefit"* in the *Financial Planning and Decision Making Resource Guide for Parents and Educators*

Can my adult child work while receiving government benefits? What happens when they do?

Your child can work, still receive cash and medical benefits from the government, and have more money. Safety nets called "work incentives" help protect benefits when a person works. Work incentives enable a person to:

- Earn money from work and keep cash and medical benefits,
- Keep medical benefits even if the person earns enough to stop their cash benefits, and
- Receive cash benefits back – without having to reapply – if their earnings later drop or stop. You can receive help at no cost to use work incentives.

See *"Working When You Receive Government Benefits"* in the *Financial Planning and Decision Making Resource Guide for Parents and Educators*

How do work incentives affect my adult child's SSI?

When a person on SSI works, the SSI is usually reduced by less than half the amount the person earns from work. This means the person has more money. SSI also has other work incentives that:

- Allow a student under age 22 work and keep full SSI payments
- Let a person pay for expenses needed for work and keep more SSI to help pay for those expenses
- Allow a person who earns enough from working to stop their SSI, in order to keep Medi-Cal, and receive SSI again if they stop working later on

See *“SSI Work Incentives”* in the *Financial Planning and Decision Making Resource Guide for Parents and Educators*

If my adult child's SSI is reduced by working, how can I pay my family's bills?

You may rely on your child's SSI to pay your family's bills. If your child works, they will have more money, but their SSI may be reduced. If that happens, you can make sure your child is receiving as much SSI as possible (see *“Maximizing the SSI Benefit”*), Have your child's paychecks directly deposited to an account you have access to, so you may use some of their wages to make up for the SSI reduction, and enroll your child in a financial literacy class to help them learn to pay bills.

See *“If Your Child's SSI is Reduced by Work, How You Can Pay Your Family's Bills”* in the *Financial Planning and Decision Making Resource Guide for Parents and Educators*

How do work incentives affect SSDI (Social Security Disability Insurance)?

- A person on SSDI can work at least 9 months, earn as much as they want, and still keep full SSDI.
- After that, there are work incentives that can let a person earn more than usual and still keep full 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 free Medi-Cal, you may be able to receive Medi-Cal for a small fee

See *“SSDI Work Incentives”* in the *Financial Planning and Decision Making Resource Guide for Parents and Educators*

How do work incentives affect CalFresh (Food Stamps)?

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

See *“CalFresh (Food Stamps) Work Incentives”* in the *Financial Planning and Decision Making Resource Guide for Parents and Educators*

How do work incentives affect CalWORKS?

- 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

See *“CalWORKS Work Incentives”* in the *Financial Planning and Decision Making Resource Guide for Parents and Educators*

How do work incentives affect rental assistance?

The following applies to most rental assistance programs:

- 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 family comes out ahead

See *“Rental Assistance Work Incentives”* in the *Financial Planning and Decision Making Resource Guide for Parents and Educators*

How can we receive help to use work incentives?

You can learn more about work incentives online at ca.db101.org. You can receive help at no cost from a certified benefit planner through the California Department of Rehabilitation (DOR), if you have a case open, or by calling the Ticket to Work Helpline at 1-866-968-7842.

See *“How Can You Receive Help to Use Work Incentives?”* in the *Financial Planning and Decision Making Resource Guide for Parents and Educators*

How can you save assets without losing government benefits?

Some government benefits – like SSI, Medi-Cal and CalWORKS - have limits on assets (such as bank accounts), but some kinds of assets do not count against the limits. Assets that do not count include:

- The house you live in
- A car
- Tax refunds (don't count for 12 months)
- ABLE accounts (*see “**ABLE Accounts**” in the Financial Planning and Decision Making Resource Guide for Parents and Educators*)
- Business property
- Special needs trusts
- College savings plans

*See “**How to Save Assets without Losing Government Benefits**” in the Financial Planning and Decision Making Resource Guide for Parents and Educators*

What is the Earned Income Tax Credit and how can it help a person save money?

The Earned Income Tax Credit (EITC) is a program for working people who earn below certain amounts. It provides bigger tax refunds. In many cases, the refund can be more than all the taxes taken out of the person's pay. The largest refund for a person with no children is over \$500 and for people with children, it can be much more. You must file a tax return to qualify, but you may be able to receive your taxes done at no cost. A person with no children must be at least 25 years old at the end of the year in order to qualify for the EITC.

*See “**Using the Earned Income Tax Credit (EITC) to Receive Bigger Tax Refunds**” in the Financial Planning and Decision Making Resource Guide for Parents and Educators*

What is an ABLE account and how can it help you save money without losing government benefits?

Adults and children with disabilities can use tax advantaged savings plans called ABLE accounts, to save money and earn extra money on their savings. The person's disability must have started before they reached age 26, in order to be eligible for an ABLE account. The money in an ABLE account is not taxable, and does not count against the asset limits for benefits like SSI, Medi-Cal and CalWORKS.

*See “**ABLE Accounts**” in the Financial Planning and Decision Making Resource Guide for Parents and Educators*

What is a Special Needs Trust and how can it benefit a person with a disability, without affecting government benefits?

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. The money in the trust does not count against the asset limits for benefits like SSI, Medi-Cal and CalWORKS.

See “Special Needs Trusts” in the Financial Planning and Decision Making Resource Guide for Parents and Educators

What is ScholarShare529 and how can it help you save for college?

California has a way to save money for your child’s college without paying taxes while you save. It is 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 taxable while you are saving, the money in the account will grow faster, and you will 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. For more information, see www.scholarshare529.com.

How can we receive help to buy a home?

A number of programs can help you buy a home. They help in a variety of ways. Programs can:

- Help you receive a mortgage if you might not usually have good enough credit or high enough income
- Pay some of the “up front” costs of buying a home – paying some of the down payment (the amount you usually have to pay out of your pocket before you receive a mortgage) and closing costs (the fees and costs you have to pay to buy a home)
- Help military veterans buy homes
- Help people with low incomes in small towns buy homes
- Buy old homes that have been rebuilt for low prices
- Use rental assistance from HUD Housing Choice Vouchers to help you buy a home, instead of renting one

See “Programs that Help You Buy a Home” in the Financial Planning and Decision Making Resource Guide for Parents and Educators

What is a Retirement Account and how can it help you save more money for your retirement?

Retirement accounts let you save money for retirement without paying taxes on it until you take out the money when you're older. Some retirement plans – like 401(k) and 403(b) plans – are offered by employers. Other plans – like Keogh plans – can be set up by self-employed people and other plans – like Individual Retirement Accounts (IRA's) and Roth IRA's – can be set up by individuals.

You can ask your employer if they offer a retirement plan. If you would like to set up your own retirement account, you can ask a financial advisor.

How can my child choose a career goal to support their lifestyle goals?

Your child's career goal depends on their interests and the lifestyle they would like to lead. 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.

See "How to Choose a Career Goal" in the Financial Planning and Decision Making Resource Guide for Parents and Educators

Why should my adult child have 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 your adult child receives government benefits like SSI, they need a Spending and Saving Plan even more. If they receive some benefits, like SSI, that may be reduced when they work, they need to be sure to adjust their expenses. They need to be able to live on their earnings from work and their reduced benefits. If your child expects their SSI to continue at the full amount when they work, but it should be actually be reduced, they'll end up spending more than they have. Your child could end up with a deficit.

See "Why Have a Spending and Saving Plan?" in the Financial Planning and Decision Making Resource Guide for Parents and Educators

Why is it important to learn 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
- Credit reports and scores
- Investing money
- Borrowing money
- Managing debt
- Using credit cards
- Protecting your identify and assets
- Preparing for and recovering from disasters

See ***“Financial Literacy: Learning More About Money”*** in the *Financial Planning and Decision Making Resource Guide for Parents and Educators*

What choices does my child have about where to live?

Here are 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

See ***“Choices Your Adult Child Has About Where to Live”*** in the *Financial Planning and Decision Making Resource Guide for Parents and Educators*

How can my child receive help to live more independently?

Your child can receive support to live more independently from a few sources, including:

- The **California Department of Developmental Services (DDS)** - provides funding for many different types of help for people with developmental disabilities, and has a Self-Determination Program that allows people to hire their own paid helpers.
- The **In-Home Supportive Services (IHSS) Program** - provides support persons who help with household chores and personal care (such as bathing, dressing and some health care)

- **Family, friends, neighbors, church and community organization members, etc.**
 - There are two ways to receive help from these people:
 - Arrange for them to be paid by a program, such as the Self-Determination Program or the In-Home Supportive Services (IHSS) Program, or
 - Ask them to volunteer their help, and maybe offer them help in return

See “Assistance for People with Developmental Disabilities” in the Financial Planning and Decision Making Resource Guide for Parents and Educators

What would a plan look like if my child wants to work and live independently or semi-independently?

A person’s plan needs to include three key elements:

- The kind of work they would like to do and how to achieve it- most people start out with lower-paying work and later do better-paying work, after gaining more education, skills and/or experience.
- A Spending and Savings Plan- this plan includes the person’s income (from work earnings, government benefits, and any other income), expenses (taxes and living expenses) and amounts they plan to save. Spending and Savings Plans change over time as the person’s income and expenses change, especially if the person’s work and living arrangements change.
- A Support Plan- this plan shows how the person will receive support to live independently or semi-independently – who will provide the support, the type of support, when and how often they will provide it, and what the person will provide in return. A Support Plan may also change over time; especially if the person’s living arrangements change.

For a sample plan for independent living, see “Independent Living Example: Rodney” in the Financial Planning and Decision Making Resource Guide for Parents and Educators

For a sample plan for semi-independent living, see “Semi-Independent Living Example: Cecilia” in the Financial Planning and Decision Making Resource Guide for Parents and Educators

Financial Planning and Decision Making Frequently Asked Questions

For Transition Age Youth

Why do I need a plan to reach the goals for the life I want?

If you make a plan, then you have a much better chance of having the life you want. You can figure out how much money you will need to reach your goals (like the kind of home you would like, the things you want to buy and the spending money you want). You can figure out what kind of job you will need in order to have enough money to reach your goals. If you will not be able to earn enough money to reach your goals, you can adjust your goals a bit so you will be able to afford them.

See “Why Plan?” in the Financial Planning and Decision Making Resource Guide for Transition Age Youth

Can I work while receiving government benefits? What happens when I go to work and earn a paycheck?

You can work, still receive cash and medical benefits from the government, and have more money. Safety nets called “work incentives” help protect benefits when you work. Work incentives enable you to:

- Earn money from work and keep cash and medical benefits
- Keep medical benefits even if you earn enough to stop your cash benefits, and
- Receive cash benefits back – without having to reapply – if your earnings later drop or stop.

You can receive help at no cost to you, to use work incentives.

See “Working When You Receive Government Benefits” in the Financial Planning and Decision Making Resource Guide for Transition Age Youth

How can I save money if I receive government benefits?

Some government benefits – like SSI, Medi-Cal and CalWORKS - have limits on assets (such as bank accounts), but some kinds of assets DON'T count against the limits. Assets that don't count include:

- The house you live in
- A car
- ABLE accounts (*see “ABLE Accounts” in the Financial Planning and Decision Making Resource Guide for Transition Age Youth*)
- Business property
- Special needs trusts

- Tax refunds (don't count for 12 months)
- College savings plans

See ***“You Can Save Money If You Receive Government Benefits”*** in the *Financial Planning and Decision Making Resource Guide for Transition Age Youth*

How can I choose a career goal?

Your goal should be to find a job or start a business doing work you like and that would be a good fit for you. You also want to make sure the money you make will be enough to live the life you want, or will put you on a path to earn more money in the future.

See ***“How to Choose a Career Goal”*** in the *Financial Planning and Decision Making Resource Guide for Transition Age Youth*

Why should I have a Spending and Saving Plan?

It is a good idea for everyone to have a Spending and Saving Plan. This 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.

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How can I learn more about money?

Having a work goal and a Spending and Saving Plan is a great start. But there's a lot more to know about money. You may want to meet with a financial coach or counselor, or take a financial education class to learn more about managing money.

See ***“Learning More About Money:”*** in the *Financial Planning and Decision Making Resource Guide for Transition Age Youth*

What choices do I have about where to live?

Here are some choices:

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See ***"Making Choices About Where You Live"*** in the *Financial Planning and Decision Making Resource Guide for Transition Age Youth*

How can I receive help to live more independently?

You can receive help to live more independently from a few places, including:

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 - Arrange for them to be paid by a program, such as the Self-Determination Program or the In-Home Supportive Services (IHSS) Program, or
 - Ask them to volunteer their help, and maybe offer them help in return

See ***"Getting Help to Live More Independently"*** in the *Financial Planning and Decision Making Resource Guide for Transition Age Youth*

What could my plan look like if I want to work and live independently or semi-independently?

Your plan needs to include three key elements:

- The kind of work you would like to do and how to achieve it- most people start out with lower-paying work and later do better-paying work, after gaining more education, skills and/or experience.
- A Spending and Savings Plan- this plan includes your income (from work earnings, government benefits, and any other income), expenses (taxes and living expenses) and amounts you plan to save. Spending and Savings Plans change over time as your income and expenses change, especially if your work and home change.
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THANK YOU

We hope you have found the information contained in this FAQ 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