

# **Why Work is Better**



## **Working and Saving Money: Better Than Just Living on SSI**

State Council on Developmental Disabilities  
Los Angeles Office



Information provided is accurate as of the revision date, October 2016. Be sure to verify all information with the Social Security Administration.

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**Sources:** Social Security Administration,  
California Department of Health Care  
Services, Ticket to Work,  
[www.db101.org](http://www.db101.org)

Thanks to Joy Tshako of the Social Security Administration for her help and expertise in editing this handbook.

## Why did we write this booklet?

Many people with disabilities and their families are concerned that if a person on Supplemental Security Income (SSI) starts to work or save money that they will lose their SSI and MediCal benefits. This booklet seeks to answer those concerns with factual information. We also include worksheets so you can figure out for yourself the benefits of employment and saving.

We understand that working and relying less on your SSI check can feel risky. However, the federal government has put safeguards into place to make sure that people with disabilities always have a safety net beneath them, even when they work. Work is worth the opportunity to earn more money and gain financial independence.



## Some things to know before you begin



In writing this booklet we assume that you are knowledgeable about Supplemental Security Income (SSI) and MediCal.

Our focus in this booklet is on work and its impact on SSI and MediCal benefits. We will also talk about ways you can save money without jeopardizing your benefits.

If you receive Social Security Disability Insurance (SSDI), we recommend you visit [www.DB101.org](http://www.DB101.org) or the Social Security Administration website<sup>1</sup> to learn about the impact of work on your benefits.

We want this booklet to be used by people with disabilities and their friends and family who support them in their decisions about work and benefits.

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<sup>1</sup> [www.ssa.gov](http://www.ssa.gov)

## **Will I have less money if I take a job?**

**NO!** Even though your Supplemental Security Income (SSI) is reduced, you will make more money if you take a job than if you only receive SSI.



## **How will my SSI benefits be reduced if I work?**

First of all, if your only income is SSI, you have to earn more than \$85 per month for your benefits to be affected. The first \$85 plus half of the rest of your wages are not deducted from your SSI.

For example: Jane Smith gets \$889 per month in SSI (this includes the state supplement from California). She also has Medi-Cal coverage. She receives no other income. She is offered a job earning \$735 each month. She wants to figure out what will happen to her monthly SSI check if she takes the job.

1	Gross monthly earnings from work	\$735
2	Earnings deduction	\$85
3	Subtract line 2 from Line 1	$\$735 - \$85$ $= \$650$
4	Divide line 3 by 2 (1/2 of line 3)	$\$650/2$ $= \$325$
5	Current SSI payment	\$889
6	Subtract line 4 from line 5 = Jane's new SSI Payment	$\$889 - \$325$ $= \$564$
7	Add line 1 and line 6 to obtain Jane's <b>TOTAL</b> income	$\$735 + \$564$ <b>= \$1299</b>

If Jane takes the job, you can see that Jane will make \$410 more than if she were just receiving SSI. Instead of \$889 per month she will get \$1299 per month.

**Use this table to figure out how much money you would have if you worked.**

1	Gross monthly earnings	
2	Earnings deduction	\$85
3	Subtract line 2 from line 1	
4	Divide line 3 by 2 (this will be $\frac{1}{2}$ of the line 3 amount)	
5	Current SSI payment	
6	Subtract line 4 from line 5 = your new SSI payment	
7	Add line 1 and line 6 to obtain your total income	

There are ways to exclude more income so you can keep more of your SSI benefit. These include Impairment-Related Work Expenses (IRWE), Plans for Achieving Self-Support (PASS), and Student Earned Income Exclusions (SEIE). These will be explained in more detail later in this booklet.

## **How much can I earn before I lose my whole SSI cash benefit?**

You may work and continue to receive all or part of your cash benefit until you start making an amount of money, which, in addition to your other income, reduces your cash benefit to \$0. Typically income must be a little more than double your full SSI benefit before you stop receiving your cash benefit. Even if your benefit stops, your eligibility for SSI will continue. If your income goes down or you lose your job, typically benefits can be reinstated quickly.

## **How long will my MediCal continue while I'm working?**

Usually, your MediCal coverage will continue even after your SSI stops, until your income reaches a certain level. That level varies depending on many different factors. For example, in 2016 you can earn up to \$37,184 and still receive MediCal. Call your local Social Security office to find out the current MediCal level as it relates to your situation. If your own health care costs are higher than the average person's health

care costs, you can have more income and still keep your MediCal.

## **What is California's Working Disabled Program?**

In California, the Working Disabled Program (WDP) allows certain individuals to become eligible for or remain on MediCal by paying low monthly premiums depending on income.

To qualify, individuals must meet the following criteria:

1. Continuously meet the federal definition of disability,
2. Have net family income of less than 250 percent of the federal poverty level; and
3. Be eligible to receive Supplemental Security Income benefits if it weren't for their earnings.<sup>2</sup>

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<sup>2</sup> [www.dhcs.ca.gov/services](http://www.dhcs.ca.gov/services) - for information on California's Working Disabled Program

## What is the SSI 1619(b) Program?

If you are eligible for SSI and you are working, your MediCal coverage can continue under the 1619(b) program, even if your earnings become too high for SSI cash payments. However, you still have to stay under the SSI asset limit which is



\$2,000 for an individual or \$3,000 for a couple. You can stay on this program until you earn \$37,184 per year or more (as of 2016). In order to continue your MediCal coverage under this program, you must:

- Have been eligible for an SSI cash payment for at least 1 month,
- Still meet SSI requirements except for wages,
- Still be disabled,
- Need MediCal coverage to continue working, and

- Have less than \$37,184/year in **gross earnings**<sup>3</sup> or have high medical expenses that will be evaluated on a case-by-case basis.

## **Can I deduct any work expenses from my earnings to keep more of my SSI?**

*Impairment-Related Work Expenses (IRWE)* are things you pay for that are connected to your disability and are related to work. These expenses can be deducted from your earnings. These expenses may include work equipment such as a special keyboard or desk, or modifications to your car or home to help you get to and from work. This means you will have less income counted against your SSI payment which means you will have more money!



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<sup>3</sup> The amount for someone who is blind is higher.

For example: Jane's gross wages are \$735 per month. She needs a special piece of equipment for her wheelchair in order to do her job. That piece of equipment costs \$3,000 and her monthly payment out of pocket is \$265 per month. Because this equipment is an IRWE, that \$265 will not be counted as earnings when calculating Jane's SSI benefit. As a result, Jane will keep more of her SSI check.

1	Gross Monthly Earnings	<b>\$735</b>
2	Earnings Deduction	\$85
3	Subtract Line 2 from Line 1	= \$650
4	IRWEs Equipment cost	\$265
5	Subtract Line 4 total from line 3	=\$385
6	Divide Line 5 by 2 (1/2 of line 3)	= \$192.50
7	Current SSI Payment	\$889
8	Subtract Line 6 from Line 7 = Your new SSI Payment	\$889 - \$192.50 <b>= \$696.50</b>
9	Add Line 1 and Line 8 to obtain Jane's total income	<b>=\$1431.50</b>

## **Are there special rules for students?**

If you are a student under the age of 22, and attending school regularly, you can earn up to \$1,780 per month from



your job, but not more than \$7,180 a year before it affects your SSI. This is known as the *Student Earned Income Exclusion (SEIE)*.

## **What is Section 301, Vocational Rehabilitation?**

If after Social Security conducts a medical continuing disability review you are found not to have a disability, and you are currently being served by a vocational rehabilitation or similar program, you may continue to receive SSI payments until you stop participating in the program.

Vocational rehabilitation programs include:

- The Ticket to Work

- A Vocational Rehabilitation Agency using an individualized plan for employment (IPE)
- Support services using an individualized written employment plan
- A Plan to Achieve Self-Support (PASS)
- An individualized education program (IEP) for an individual age 18 through 21

Under Section 301, your benefits may continue until one of the following occurs:

- You complete your program
- Your participation in the program stops
- Social Security Administration decides that your continued participation in the program will not increase the likelihood of your permanent removal from the disability benefit rolls

## **What is the Ticket to Work Program?<sup>4</sup>**

Ticket to Work is a voluntary program for people 18 – 64 years old who receive disability payments under SSI and/or SSDI. It allows them more choices for receiving employment services. Ticket holders select an Employment Network (EN) of their choice to obtain employment services. The EN, if they agree to work with that individual, will coordinate and provide appropriate services to help the beneficiary find and maintain employment.

### ***How do I get a Ticket?***

There is not an actual ticket that you get. You are automatically eligible when you receive SSI or SSDI. Your name is in a database that indicates your eligibility. When you select an Employment Network, they will check the database to make sure you are eligible for Ticket to Work.

### ***How do I find an Employment Network?***

You will either go on the Ticket to Work website or call them to get the names of Employment Networks in your area.

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<sup>4</sup> [www.chooseworkttw.net](http://www.chooseworkttw.net) 1-866-968-7842

Employment Networks are organizations that will help you meet your employment goals at no cost to you.

### **Are there other types of employment services and supports?**

If you are eligible for regional center services they can fund a Supported Employment vendor to assist you in finding and keeping paid employment. Supported Employment is funded jointly by your regional center and the Department of Rehabilitation. Please talk to your regional center service coordinator.

### **How can I save money and still qualify for SSI and MediCal?**

There are three options for saving money without having it counted against your SSI and MediCal benefits: Plan for Achieving Self Support (PASS), Individual Development Accounts and Achieving a Better Life Experience (ABLE) Accounts.

## ***Plan for Achieving Self-Support***

If you have a work goal that requires you to save money to buy work related items or pay for things like school or training, you can use a **Plan for Achieving Self-Support** – also known as a **PASS**. This is a program of the Social Security Administration that allows you to put aside money AND assets toward a plan designed to help you support yourself financially.

### Why should I start a PASS?

When you have a PASS, you set a specific employment outcome that will eventually pay enough money to replace your SSI, SSDI and medical benefits. In the plan you identify your goal, how you plan to get there, and all of the expenses you will have while working towards your goal. For example, if your work goal is to become a teacher, your expenses might include going to school to obtain a teaching certificate, transportation to an internship, and fees for a licensing exam. If you have a PASS, income that you set aside to pay for these expenses will not cause your SSI benefits to go down. Potentially you could continue to receive

your full SSI benefit as well as earn other income during the term of your PASS. This means that your SSI benefit can pay for your basic living expenses while you set aside money towards achieving your work goal.

What kind of expenses can a PASS pay for?

A plan may be used to pay for a variety of expenses that are necessary to help you reach your work goal.

For example, your plan may help you save for:

- *Supplies to start a business*
- *Tuition, fees, books, and supplies that are needed for school or training*
- *Supported employment services, including payments for a job coach*
- *Equipment and tools to do the job*
- *Transportation to and from work*
- *Uniforms, special clothing, and safety equipment.*



These are only examples. Not all of these will apply to every plan. You might have other expenses depending on your goal.

### How is a PASS different from IRWEs?

A PASS is always time-limited and those time frames are written into your plan. A PASS is also focused on a specific future work goal that should replace all of the benefits you receive. A PASS must also be approved by the Social Security Administration. On the other hand, IRWEs can be deducted during any month that you have a work-related expense that is associated with your disability. They are used to offset your income without any particular goal in mind other than to stay employed.

### *Individual Development Accounts*

An Individual Development Account (IDA) allows you to save up money to buy a home, pay for higher education, or fund your small business. To open an IDA, you must find an IDA program in your area and meet certain eligibility requirements. Every IDA program

provides some amount of matching funds for the money you put in.

Example:

José has the goal of saving up to go to art school. José is in an IDA program which offers a 2:1 match. That means that for every dollar he puts into his account, he gets \$2 from his IDA program. He decides to deposit \$50 into his account each month for 6 months.

- José's deposits:  $6 \text{ months} \times \$50 = \$300$
- His IDA program's match is:  $6 \text{ months} \times \$100 = \$600$
- The total amount of money available to Jose at the end of 6 months:  
 $\$300 + \$600 = \$900$

The IDA allows José to save 3 times as much money as he otherwise would have done. It's enough money for him to start attending art school in the fall.

There are more than 250 IDA programs nationwide and their eligibility requirements vary.<sup>5</sup> Usually, your annual income must be within 200% of the Federal Poverty Level (\$23,540) and you must have some form of earned income. You must also take financial education training once you're enrolled in the program.

The biggest benefit of an IDA is that, over time, matching funds will build up for you with the IDA program. Once you are in good standing, have completed all of the financial literacy classes, and are ready to start using the money in your IDA, the IDA program will pay your matched funds directly to the school, business, bank, or whomever you need to pay to achieve your goal.

Another benefit is that some federally funded IDA programs allow you to save up money without impacting SSI and Medi-Cal. It is important to know that IDA accounts that are not funded by the federal

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<sup>5</sup> [http://cfed.org/programs/idas/directory\\_search/](http://cfed.org/programs/idas/directory_search/) for a directory of IDA programs nationwide

government do count against your SSI and MediCal benefits.

### ***ABLE Accounts***<sup>6</sup>

Recently a federal law was passed that will permit people with disabilities to have accounts similar to college savings accounts (529 plans). They have similar rules to college savings plans. For example, there are limits on how much can be deposited each year,<sup>7</sup> distributions from the plan will be tax free for certain types of expenses and after-tax contributions can be made by anyone. The real game changer is that the first \$100,000 in an ABLE account will not be counted against a person's SSI or MediCal benefit. This allows people to save for the future. The one major limitation is that it is only available to people who were disabled prior to the age of 26 and have a disability that lasts for a year or longer.

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<sup>6</sup> Achieving a Better Life Experience (ABLE) – Also known as 529(A) accounts. As of publication, several states have enacted their ABLE systems. For more information go to [www.ablenrc.org](http://www.ablenrc.org).

<sup>7</sup> Currently \$14,000

Each state will set up its own rules and procedures for ABLE plans. It is expected that California's program, known as CalABLE will be up and running during the summer of 2017. However, you can establish an ABLE account in any state that has its system in place.

### **What now?**

We hope we have given you some new ways to think about work, savings and your benefits. For more detailed information, please see the links and contacts at the end of this booklet.

## **Publications**

The following publications are available on the Social Security website. You may request by phone or link to SSA Publications on the next page.

Most publications are available in many languages and formats such as Braille, large print and audio. Contact information is on the next page.

### ***“The Red Book”***

(Publication No. 64-030): A guide to employment supports for individuals with disabilities.



### ***Understanding Benefits***

(Publication No. 05-10024): A comprehensive explanation of all the Social Security programs.

### ***SSI Benefits***

(Publication No. 05-11000): Explains the SSI program.

***SSI in California***

(Publication No. 05-11125)

***Working While Disabled...How We Can Help***

(Publication No. 05-10095): Explains the work incentives available to people with disabilities who work.

***Working While Disabled: A Guide to Plans for Achieving Self-Support***

(Publication No. 05-11017)

***Your Ticket to Work***

(Publication No. 05-100061)

***Medicare***

(Publication No. 05-10043)

## **For More Information:**

Website Information

[Social Security Administration](#)

[www.ssa.gov](http://www.ssa.gov)



[Social Security Publications](#)  
[www.socialsecurity.gov/pubs/](http://www.socialsecurity.gov/pubs/)

[Find a Social Security office near your zipcode](#) [www.socialsecurity.gov/locator](http://www.socialsecurity.gov/locator)

[Working Disabled Program](#)  
[www.chiip.org/wdp\\_county\\_coordinators](http://www.chiip.org/wdp_county_coordinators)

**For information, call  
1-800-772-1213. Much of  
the information is  
automated.**

**You may connect with a  
live person between 7:00  
a.m. and 7:00 p.m. Monday through  
Friday.**



**For TTY, call 1-800-325-0778**

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