

Retirement, Disability and SSI Benefits

Kole J. Long, Esq.
Special Needs Lawyers, PA
Clearwater, FL

Social Security Act

- Currently consists of 21 individual “Titles” or sections.
- Originally passed in 1935.
- First Social Security taxes were collected in 1937.

Social Security Act

- Title II – Retirement and Disability Insurance (RIB, DIB, and DAC)
- Title XVI – Supplemental Security Income (SSI)
- Title XVIII – Medicare
- Title XIX – Medicaid

Title II Benefits - Retirement

- Retirement Insurance Benefits (RIB)
 - Retirement benefit check
 - Must have reached retirement age as determined by SSA
 - Age 62 is early retirement. Receive a % of full retirement benefit. Amount is based on your full retirement age.
 - Full retirement age is based on birth date. See next slide.
 - Must be fully insured
 - 40 quarters of work (10 years)
 - Submit Application
 - Receives Medicare at age 65

Title II – Retirement Ages

Full Retirement and Age 62 Benefit By Year Of Birth

Year of Birth ^{1.}	Full (normal) Retirement Age	Months between age 62 and full retirement age ^{2.}	At Age 62 ^{3.}			
			A \$1000 retirement benefit would be reduced to	The retirement benefit is reduced by ^{4.}	A \$500 spouse's benefit would be reduced to	The spouse's benefit is reduced by ^{5.}
1937 or earlier	65	36	\$800	20.00%	\$375	25.00%
1938	65 and 2 months	38	\$791	20.83%	\$370	25.83%
1939	65 and 4 months	40	\$783	21.67%	\$366	26.67%
1940	65 and 6 months	42	\$775	22.50%	\$362	27.50%
1941	65 and 8 months	44	\$766	23.33%	\$358	28.33%
1942	65 and 10 months	46	\$758	24.17%	\$354	29.17%
1943-1954	66	48	\$750	25.00%	\$350	30.00%
1955	66 and 2 months	50	\$741	25.83%	\$345	30.83%
1956	66 and 4 months	52	\$733	26.67%	\$341	31.67%
1957	66 and 6 months	54	\$725	27.50%	\$337	32.50%
1958	66 and 8 months	56	\$716	28.33%	\$333	33.33%
1959	66 and 10 months	58	\$708	29.17%	\$329	34.17%
1960 and later	67	60	\$700	30.00%	\$325	35.00%

Title II – Survivor and Dependent Benefits

- Widow or Widower or divorced spouse age 60 or over
 - Must have been married 10 years or more if divorced and unmarried
 - Must be married one year, if not divorced
- Widow or Widower who has minor child of the deceased worker
- Disabled Widow, Widower or disabled surviving divorced spouse age 50-59
- Surviving dependent child under age 18 (or 19 if still in school)
- Dependent parent of deceased worker who is over age 62
- DAC - Disabled child over age 19, that was disabled prior to age 22

DAC – Disabled Adult Child Benefit

- Child who is determined (or able to show) disabled prior to age 22
- Parent of disabled child must be retired, disabled, or deceased
- Monthly payment is based on the working history of the parent, not the child
 - Someone worked and paid into the system
- Receives a percentage of parents check
 - Up to 50% of parent's check
- Receives Medicare after 2 year wait

Title II – Disability Insurance Benefits (DIB) or Social Security Disability Insurance (SSDI)

- Determined disabled
- Benefit check is based on disabled worker's work history
 - SSA.gov
 - Can be reduced if receiving other government regulated disability benefits (workers comp)
- Disabled worker must be "Fully Insured"
 - 40 quarters (10 years)
 - 20 quarters if 31 or younger
- Disabled worker must be "Currently Insured"
 - 20 of the 40 quarters must have been in the most recent 10 years
- No limit on resources and unearned income
- Receives Medicare after 2 year wait

Title II - Recap

- Retirement benefits
- Survivor benefits
- Disability benefits
 - SSDI
 - DAC
- These are the paid up benefits

Title XVI Benefits - SSI

- SSI stands for “Supplemental Security Income”
- SSI is a means based benefit for the disabled.
 - Must meet all Technical requirements
 - Must meet Income and Resource requirements
 - Must be disabled
- Maximum Federal Benefit Rate (FBR) = \$750/month
 - Can be less if there is earned income, unearned income, or ISM.
- If receiving \$1 of SSI, you will receive full Medicaid health insurance

Title XVI Benefits - SSI

- Technical Requirements (Non-financial)
 - Citizen or a lawful resident
 - Cannot have an unsatisfied felony or arrest warrant for escape or flight
 - Cannot be in prison or jail
 - Cannot be absent from the US for a full calendar month or for 30 consecutive days or more
 - No work history required

Title XVI Benefits - SSI

- Resource (Asset) Principles:
 - Limit of \$2,000 (\$3,000 if married couple)
 - Measured on the first day of each month
 - Resource: anything owned by the claimant that can be converted into cash unless it is excluded
 - “Claimant has the right, authority, or power to liquidate property”
 - Deeming principles apply
 - Parent to Minor Child (if living together)
 - Spouse to Spouse (if living together)
 - Sponsor to Alien

Title XVI Benefits - SSI

- Excluded Resources
 - Home – if living in it
 - Household goods and personal effects
 - Burial Spaces and Burial Funds (\$1,500 or less)
 - Life Insurance with face value of \$1,500 or less
 - One vehicle of any value
 - Retroactive SSI payments (up to 9 months after receipt)
 - Grants and Scholarships
 - ABLE accounts (up to \$100,000)
 - Special Needs Trusts

Title XVI Benefits - SSI

- Income Principles
 - Federal benefit rate is reduced by countable income
 - Certain items are excluded as income
 - Loan proceeds, Tax refunds
 - Four types of income
 1. Earned Income
 2. Unearned Income
 3. In-kind Support and Maintenance (ISM)
 4. Deemed income
 - Parent to child, Spouse to spouse

Title XVI Benefits - SSI

- Earned Income vs. Unearned Income
 - Exclude \$20 of all income
 - Exclude first \$65 of earned income
 - Only 50% of remaining earned income (after \$65 disregard) counts
 - All unearned income counts... except:
 - One third of child support excluded
 - WWII war reparation payments
 - Others
 - Examples of unearned income:
 - SSDI, DAC, Pension, RIB benefits, gifts

Title XVI Benefits - SSI

- Income Example Earned Income
 - John is I.D. and works at Publix part-time making \$500/month
 - We will assume John meets SS definition of disabled and has less than \$2,000 in resources

Earned Income:	\$500
Less General Disregard:	-\$20
Less Earned Income Disregard:	<u>-\$65</u>
	\$415
Less 1/2 of Earned Income (415-207.5):	<u>-\$207.5</u>
Total Countable Income:	\$207.50
Maximum FBR:	\$750
Less Countable Income:	<u>-\$207.50</u>
Total SSI Check:	\$542.50

Title XVI Benefits - SSI

- Income Example Unearned Income
 - John is I.D. and does not work. His parents are not retired, disabled or deceased. John's parents give him \$500 a month to help him out.
 - We will assume John meets SS definition of disabled and has less than \$2,000 in resources

Unearned Income:	\$500
Less General Disregard:	<u>-\$20</u>
Total Countable Income:	\$480

Maximum FBR:	\$750
Less Countable Income:	<u>-\$480</u>
Total SSI Check:	\$270

Title XVI Benefits - SSI

- In-kind Support and Maintenance (ISM)
 - 10 specifics “food or shelter” items
 - One-third reduction rule:
 - If claimant lives in another’s home and receives food and shelter from that person, the claimant’s check will be reduced by one-third of FBR or \$250 (regardless of the value of the benefit).
 - Presumed maximum value rule:
 - If a third party pays for the food and shelter expenses of the claimant, the claimant’s SSI check will be reduced by \$270 (one-third + \$20).

Title XVI Benefits - SSI

- In-kind Support and Maintenance
 - Food
 - Mortgage (including property insurance required by lender)
 - Real property taxes
 - Rent
 - Heating fuel
 - Gas
 - Electricity
 - Water
 - Sewer
 - Garbage Removal

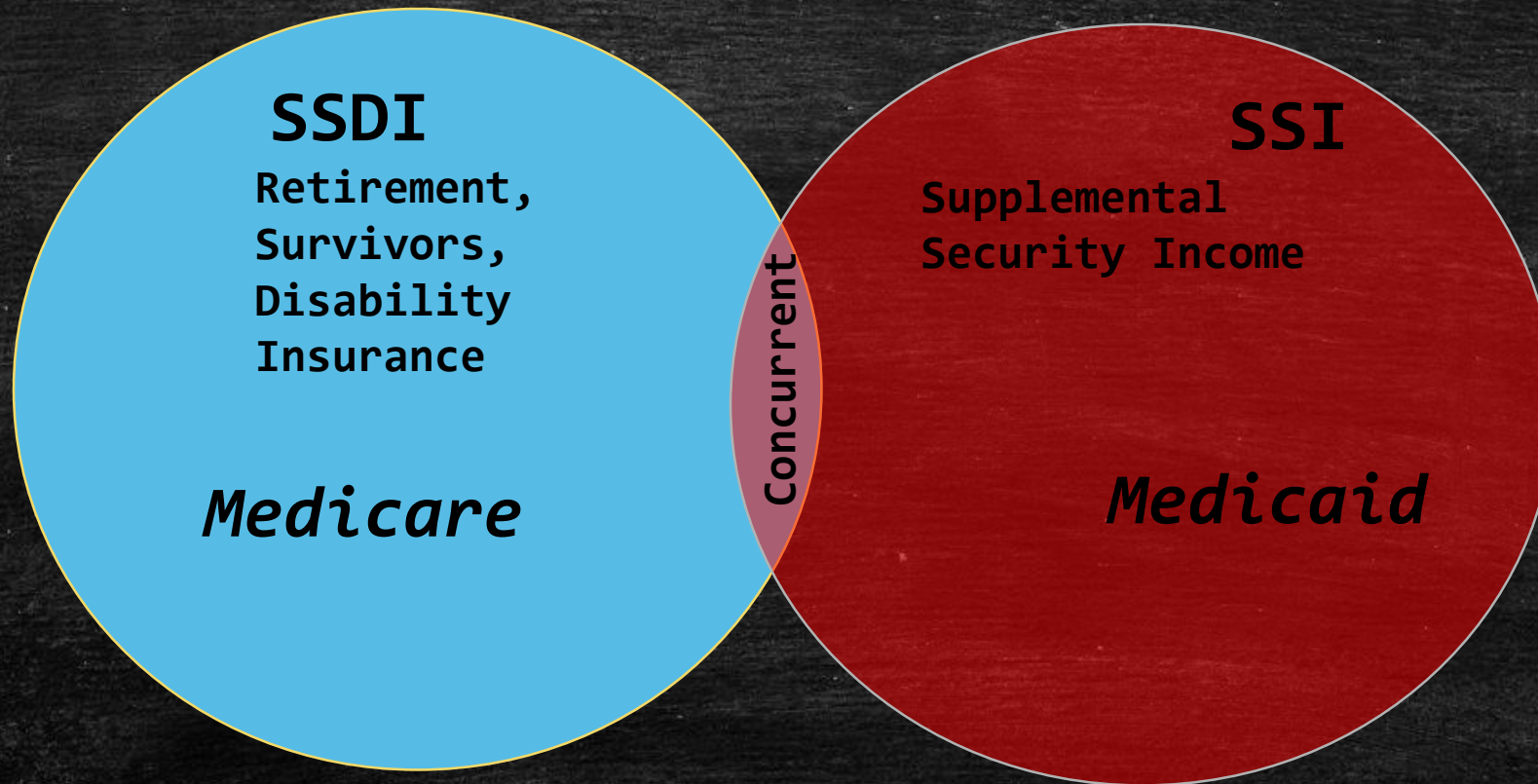
Title XVI Benefits - SSI

- Combined Example:

- John is I.D., lives at home with his parents, and works at Publix making \$500. John's parents do not charge him rent.

Earned Income:	\$500
Less General Disregard:	-\$20
Less Earned Income Disregard:	<u>-\$65</u>
	\$415
Less ½ of Earned Income (415-207.5):	<u>-\$207.5</u>
Total Countable Income:	\$207.50
Maximum FBR:	\$750
Less Countable Income:	-\$207.50
Less ISM:	<u>-\$250</u>
Total SSI Check:	\$292.50

Program Differences



- Social Security intended to replace loss of earnings from work
- Financed by FICA taxes
- Benefits paid as an EARNED right
- SS pays benefits to the family

- Purpose is to provide income to people who have little or no income or resources
- SSI is needs-based
- SSI pays no money to family
- Financed by General Revenue Funds

SSI vs. SSDI – Similarities & Differences

- Definition of “disability” is generally the same
 - 5 Step Sequential Process
 - Completed by DDS – “Disability Determination Service”
- Application process is similar
 - YOU MUST APPLY
 - Denials are appealable
- Need for work history differs
- Resource rules differ
- Benefit amount differs
- Working/earning effects differ

Disability Determination Process

- Step 1: Financially Eligible
 - SSDI: Work or have earned income below the SGA (Substantial Gainful Activity) limit.
 - SGA: “Work that involves doing significant and productive physical or mental duties and is done (or intended” for pay or profit.” Or in simpler terms... the applicant earns more than \$1,180/month (\$1,970/month if blind) in 2018.
 - SSI: Countable resources are below relevant thresholds.
 - Not technically part of the sequential determination process but (for the sake of efficiency) are normally undertake as part of Step 1.

Disability Determination Process

- Step 2: Severe Impairment
 - Medical screening to deny applicants without a severe impairment
 - “When medical evidence establishes only a slight abnormality or a combination of slight abnormalities which would have no more than a minimum effect on an individual’s ability to work, such impairment(s) will be found “not severe,” and a determination of “not disabled” will be made...” – DI 24505.001
 - Duration test: Denied if the impairment
 - 1. is not expected to result in death, and
 - 2. has neither lasted 12 months nor is expected to last for a continuous period of 12 months.

Disability Determination Process

- Step 3: Are is your impairment on “List of Impairments?”
 - SSA maintains a list of over 100 impairments.
 - If yes, approval is issued.
 - If no, move on to Step 4
 - <https://www.ssa.gov/disability/professionals/bluebook/AdultListings.htm>

Disability Determination Process

- Step 4: Can severely impaired applicant work in their past job?
 - Usually jobs held in the 15 years before application.
 - If able to perform past work, denied.
 - If unable to perform past work, move to Step 5.

Disability Determination Process

- Step 5: Can severely impaired applicants do other work in “national economy”?.
 - Considering age, education and work experience... can applicant work in employment consistent with their residual capacity?
- Only 35% of initial applications are approved.
 - 65% are denied!!!

Application Process

- When to Apply:
 - As soon as you become disabled.
 - SSDI will not begin until sixth full month of disability.
 - SSI begins first full month after the date you filed the claim.
 - Retirement?
- How to Apply:
 - Online or over the phone.
 - In person meeting required.

Application Process

- Application Interview
 - Social Security Card or number
 - Proof of Age (birth certificate)
 - Proof of Citizen Status
 - Documentation of living situation (lease, rent receipts, bills, etc.)
 - Verification of Assets and Income
 - Medical Information
 - Names and Address of Doctors
 - List of Medication
 - Work History
 - Any other relevant information to help prove disability

Application Process

- Medical Review
 - File sent to DDS
 - DDS
 - Make decision immediately; or
 - Request additional information; or
 - Schedule a physical or mental examination at SSA's expense.
- Activities of Daily Living (ADL) Questionnaire
 - Also called the "Function Report"
 - Gives applicant opportunity to show how their disability affects daily life.
 - <https://www.ssa.gov/forms/ssa-3373-bk.pdf>

Disability Appeal Process

- Appeal must be in writing and received no more than 60 days from the date you receive the denial letter.
- Form SSA-561
- www.socialsecurity.gov/disability/appeal
- 4 Levels of appeal
 - Reconsideration
 - Hearing in front of ALJ
 - Appeals Council
 - Federal Court

Disability Appeal Process

- Reconsideration:
 - Review of claim by someone who did not take part in the first decision
 - Will look at all original evidence and any new evidence provided
 - 2-3 months. Most are denied.
- Hearing:
 - If you disagree with the reconsideration decision, you may ask for a hearing in front of an Administrative Law Judge (ALJ).
 - ALJ will question witnesses and experts.
 - 14-22 months.

Disability Appeal Process

- Appeals Council
 - Appeals council will evaluate whether the ALJ made an error.
 - Do not consider whether you are disabled.
 - 12-15 months
- Federal Court

Thank you!
