

# SSA AND SSI BASICS

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- ## Social Security and SSI Benefits
- Prepaid Social Security insurance benefits – your retirement and disability
  - Welfare benefits – SSI (Supplemental Security Income) – for old age and disability
  - How SSA determines your age and disability
  - How SSA determines your benefit amount
  - Why you don't need a lawyer – most of the time

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# PREPAID SOCIAL SECURITY INSURANCE

Retirement, Disability, Dependents, and Survivors Benefits

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### Funding Your Social Security Account

### The Money going in

FICA Taxes – 7.65% goes into 3 trust funds; 6.2% to

- Retirement Trust Fund
- Disability Trust Fund

and

- Medicare Trust Fund (1.45%)

Maximum taxable (2017) is \$127,200

Earnings required for Quarter of Coverage is \$1,300

40 Quarters needed to retire

Maximum SSA retirement payment is \$32,244 per year (\$2,687 per month)

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### Your Retirement

### The money coming out – retirement

- Early retirement – age 62
- Full retirement age = 66+
- Requirements - be retired!
- Earnings Test
  - \$16,920 okay, over start losing RIB
  - Only for early retirement, that is, after age 66, there is no deduction
- "Primary Insurance Amount" – PIA
  - how is amount to determine your retirement check counted
  - Top 35 years of earnings
  - Bend points
- Concept of "Family Maximum Amount"

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### Your Disability

### The money coming out – disability

- Your retirement check (PIA) paid early as of the age you become disabled, and called "Social Security Disability Insurance" or SSDI
- The calculation, however, will differ from the estimated retirement age benefit because it now assumes you won't work to FRA
- There is no percentage of benefit – it is 100% or you are not disabled
- SSA disability is the strictest test – includes 5 steps, not 4
- Disability benefit paid has nothing to do with your need
- If PIA is less than the SSI amount, you can get both SSDI and SSI Disability – two checks

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### Your dependents

The money coming out – Dependents (while your alive)

- Dependents include spouse and children age 19 and still in school
- Health and disabled minor children get this benefit – which confuses some professionals who think that SSA is paying a disabled child after making a "disability determination."
- Amount each child gets is approximately 50% of your benefit – divided by the number of children receiving it
- While you're alive, dependent who is "Disabled Adult Child" gets check approximately 50% of parent's check if parent is retired or disabled, and more if parent is deceased

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### Your survivors

The money coming out – Survivors (you're dead)

- You die leaving survivors
  - Spouse caring for child under age 16
  - Children under age 19 and still in school
  - "Children" includes children of prior marriage
- Subject to Family Maximum rules
- Disabled Adult Child Benefits (Childhood Disability Benefits)
  - Paid as a survivor until age 18
  - At age 18
    - New application for DAC
    - For a Disability that began prior to age 22
    - Not married
    - Hasn't engaged in work at SGA level

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## SSI (WELFARE) BENEFITS

"Supplemental Security Income" for ELDERLY (age 65+) and DISABLED (any age)

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### Supplemental Security Income (SSI)

#### Benefits for

- poor elderly
- poor disabled

- Former 50 state welfare programs – different in each state
- Federalized by President Nixon in 1974
- SSA administrators nationally
- The basic purpose – “to assure a minimum level of income for persons age 65 and over, or who are blind or disabled, and who do not have sufficient income and resources to maintain a standard of living at the established Federal minimum income level.” 20 CFR 416.110

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### Supplemental Security Income (SSI)

#### Six Basic Principles of SSI

1. Objective tests – “to provide objective measurable standard for determining each person’s benefits.”
2. Legal right to payments – how much and under what conditions defined in the law, with limited administrative discretion, and appeal rights
3. Protection of personal dignity – “No restrictions are placed on how the recipient spends the Federal payments.”

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### Supplemental Security Income (SSI)

#### Six Basic Principles of SSI

4. Nationwide uniformity of standards – “eligibility requirements are identical throughout the 50 states and D.C.”
5. Incentives to work and opportunities for rehabilitation – “payment amounts are not reduced dollar-for-dollar for work income” to encourage beneficiaries to work
6. State supplementation – states may supplement with state funds what claimants get from Federal SSI

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### Supplemental Security Income (SSI)

#### Rules and Payment Amounts

- Federal Benefit Rate (FBR) payment amount 2017:**
  - ~ Live alone or with others but pay fair share of food and shelter
    - \$735 for Individual/Child
    - \$1,103 for Couple
  - ~ Reduced if others/trust pays for food & shelter
  - ~ Reduced to \$30/mo. if claimant is residing in institution
- Countable Resources (assets) limits:**
  - ~ \$2,000 Individual or \$3,000 Couple

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### Supplemental Security Income (SSI)

#### Resource (asset) rules

- Resources are "things you own"** such as cash, bank accounts, land, life insurance, personal property, vehicles
- Anything else you own that could be converted** to cash and used for food and shelter
- Deemed resources** – the same list of things owned not by your but by "someone who owes you a presumed duty of support"
  - Residential parent (and parent's spouse) of a minor child
  - Residential spouse
  - Sponsor and sponsor's spouse of a qualified alien

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### Supplemental Security Income (SSI)

#### Resources that don't count

- Major resource "exclusions:"**
  - ~ Home claimant lives in – "the principal residence"
  - ~ Household goods – furnishings, lawn mower, etc.
  - ~ Personal effects – the "bling-bling rule"
  - ~ One vehicle – unlimited amount
  - ~ Up to \$100,000 retained in an ABLE Account
  - ~ Unlimited millions in a Special Needs Trust

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### Supplemental Security Income (SSI)

#### Resource principles

1. Resources measured only **once** each month qualifying period – on the first day of the month
2. **“Income in the month received** if retained becomes a resource on the first of the following month”
3. **36 month lookback period** – can trigger Transfer of Resources Penalty
4. **Report to SSA** of receipt of countable **AND** exempt resources must be sent by 10<sup>th</sup> day of following month – preferably in writing CRRR

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### Supplemental Security Income (SSI)

#### Nine Income principles

1. **Income is** “anything that comes in”
2. **“Income”** is defined in the Social Security Act not the IRC, and includes gifts, for example
3. **Some income** is “countable”, some “excluded” by law
4. **Income received throughout a month** is relevant, whereas measurement of resources is only on the first of the month

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### Supplemental Security Income (SSI)

#### Nine Income principles

6. **Gross wages** and income is used, not net after taxes.
7. **Initial determination by SSA** – thereafter the burden shifts to SSI claimant to report, under criminal and civil penalties
8. **Month-by-month Eligibility** – e.g., an SSI claimant can be eligible in January, not eligible in February, re-eligible in March, April, not eligible in May.
9. **“Retrospective monthly accounting”** means that eligibility for SSI benefits this month is based on income/resources two months back
10. **Mandatory Reporting to SSA** – the receipt of countable **AND** exempt income and resources must be sent by 10<sup>th</sup> day of following month – preferably in writing, certified mail

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### Supplemental Security Income (SSI)

Loss of SSI due to increased Resources

- **\$2,000 limit** of non-exempt resources
- **If a dollar over**, total loss of SSI, not just less SSI
- **Ways to avoid loss of SSI**
  - Spend down plans
  - Prepay food and shelter
  - Personal Services Contracts
  - ABLE accounts
  - Special Needs Trusts

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### Supplemental Security Income (SSI)

SSI amount reduced for other income

- **Earned Income** is wages, net earnings from self-employment, certain royalties, honoraria and sheltered workshop payments.
- **Unearned Income** is all income that is not earned such as Social Security benefits, pensions, State disability payments, unemployment benefits, interest income, dividends, and cash from friends and relatives.
- **In-Kind Income** is food or shelter that you get for free or for less than its fair market value.
- **Deemed Income** is the part of the income of your spouse with whom you live, your parent(s) with whom you live, or your sponsor (if you are an alien), which we use to compute your SSI benefit amount.

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