



RURALFACTS

PAYCHECKS & SSI BENEFITS

AN OVERVIEW FOR STUDENTS RECEIVING SSI AND MEDICAID

Going to work when you receive Supplemental Security Income (SSI) benefits from Social Security, while a dream for many, can cause concerns and raise questions for a student and his/her family. These concerns and questions about SSI and Medicaid benefits may influence parents' decisions about whether or not to encourage their son or daughter to work. Many parents are unaware that Social Security encourages SSI beneficiaries to work, and has work incentives and other policies that allow people to work, earn an income, and still maintain their SSI and Medicaid benefits.

What happens to an SSI benefit check when a person starts earning a paycheck - will working students lose SSI eligibility and their Medicaid benefits because they are now earning a paycheck? The answer is **NO**. While Social Security will count *some* of the income they earn, a great deal of it is not counted, and they will come out ahead financially. This is how it works.

STUDENT-EARNED INCOME EXCLUSION (SEIE)

In all cases of students with disabilities who choose to work, a Social Security Work Incentive called the Student Earned Income Exclusion (SEIE) applies. This Work Incentive allows students under the age of 22 to work and receive their entire SSI check amount (and Medicaid benefits) if they earn less than \$1,640 per month, up to a total of \$6,600 per year in 2009.

Students who might be eligible for SEIE include:

- A student who attends classes, either in college for eight hours per week or high school for 12 hours per week.
- A student who attends a work preparation training course for at least 12 hours per week.

- A student regularly attending classes in at least one month of a current calendar quarter or expecting to do so during the next calendar quarter.
- NOTE: Class or training requirements may be reduced for reasons beyond the student's control, such as illness.

The following information must be reported to the SSI Claims Representative for SEIE to apply:

- Whether the student was regularly attending school in at least one month of the current-calendar quarter, or is expected to attend school for at least one month in the next calendar quarter; and
- The student's gross monthly earnings.

SEIE EXAMPLE

Bill is an 18-year-old student who began working at a greenhouse for a local florist while still in school. He is earning \$450/month. Because he is a student, he qualifies for the Student Earned Income Exclusion. He is able to earn up to \$1,640/month (\$6,600/year total) before his SSI benefits will be reduced.

Bill's Wages	\$450
Entire SSI Amount	<u>\$674</u>
Bill's Total Income	\$1124/month
	because of SEIE

BENEFIT REDUCTION FORMULA FOR NON-STUDENTS

Social Security policy allows non-students receiving SSI/Medicaid to earn \$85 per month without any reduction in the SSI check amount. For every dollar (\$1.00) above \$85 earned, the SSI check is reduced by 50¢, and the individual continues to be eligible for Medicaid. For example, when Bill is no longer in school he is not eligible

for the Student Earned Income Exclusion. His wages reduce his SSI check by 50¢ for every \$1.00 he earns over \$85/month. However, he is still financially ahead by working. If Bill's wages are \$450/month, Social Security will disregard the first \$85 and then reduce his check 50¢ for each additional \$1.00 he earns. His SSI check will be reduced by \$182.50/month. His monthly income will be: \$450 in wages plus \$491.50 in SSI for a total income of \$941.50.

Bill's Wages	\$450.00
	(\$450 - \$85 = \$365)
	(\$365 ÷ 2 = \$182.50)
	(\$674 - \$182.50 = 491.50)
Reduced SSI Amount	<u>\$491.50</u>
Total Monthly Income	\$941.50

Calculating an SSI Check Amount Based on Wages (when SEIE does not apply)

Step #1

Gross Wages = \$ _____

Subtract the SSI general
and earned income
exclusions of \$85 -
\$ 85.00

Remainder = \$ _____

Step #2

Divide the Remainder
(from Step #1) by 2. This
is because the SSI check
is reduced 50¢ for every
\$1.00 earned above the
first \$85.00 \$ _____ Remainder
÷ 2 =
\$ _____ = Total Countable
Earned Income

Subtract Total Countable
Earned Income (from
Step #2) from the SSI
Federal Benefit Rate of
\$674 per month to get
your SSI check amount
(due in 2 months) \$674.00 2009 Federal
Benefit Rate
-
\$ _____ Total Countable
Earned Income
=
\$ _____ SSI Check
Amount

OPPORTUNITY FOR A PASS PLAN

Because Bill is receiving SSI, and he has income that is reducing his SSI check, he now has an opportunity to use another Social Security Work Incentive called a Plan for Achieving Self Support (PASS Plan). Instead of losing \$182.50 from his SSI check, he could shelter that amount in a PASS Plan and use that money to support his current or future employment.

To apply for any of the benefits administered by Social Security, contact your local Social Security office. The Social Security Administration publishes a large selection of informational brochures that explain the different benefits in detail. You may access this information through SSA's website at <http://www.socialsecurity.gov>

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