

SENIOR BULLETIN: SSI/GAU

**SSI recipients 65 and older and able to work
can benefit from earned income**

Many older SSI recipients can benefit significantly from earnings from work and still continue to receive SSI and full Medicaid coverage. Advocates can help improve the lives of some SSI recipients dramatically if they are aware of SSI earned-income rules.

The information in this bulletin applies specifically to SSI recipients who are 65 or older, with SSI based on age rather than disability. Recipients of SSI based on disability can also benefit from earned income, but some additional issues need to be considered to avoid problems. (They are mentioned in the final section of this bulletin.)

The introduction of the SSI program in 1974 guaranteed a minimum income, accompanied by medical coverage through the Medicaid program, for millions of elderly and disabled people throughout the United States. The SSI program represented a significant advance against abject poverty among the elderly and the disabled. But an SSI check is still hard to live on. The federal SSI benefit for an individual in 2005 is \$579. Some SSI recipients get a supplemental payment from the State of \$46. Those who get the supplement are recipients who are 65 or older, or younger recipients who are blind or who are married to an ineligible spouse. So, the maximum SSI benefits in Washington in 2005 – the federal benefit rate (FBR) plus the state supplemental payment (SSP) – are:

	benefit
individual	\$625 (\$579 FBR + \$46 SSP)
couple, both eligible	\$915 (\$869 FBR + \$46 SSP)
individual with ineligible spouse	\$625 (\$579 FBR + \$46 SSP)

There are individuals and couples who meet essential expenses on these amounts, sometimes with the additional benefit of subsidized housing. But the difficulty of making ends meet at these income levels is obvious.²

For some SSI recipients who are able to work, disposable income can be increased – sometimes only a little bit, and sometimes more than

doubled – while they continue to get some SSI and full Medicaid coverage. This is true because of the way the SSI program counts earned income when calculating benefit eligibility. The program disregards part of a person's *earned* income. The special treatment of earned income is designed to provide a work incentive for people who are able to work.

For example, JL is a 65 year old single individual who is eligible for SSI. If she has no income from any other source, she will get \$625 in SSI (including the state supplemental payment). But if she is able to work, she can have \$1,333 of gross earnings from work and still qualify for \$1 of SSI and full Medicaid benefits.

Computing countable income when there is earned income

Where does the \$1,333 figure come from? In determining how much of a single person's earned income will count (or, as it is sometimes put, how much will be considered as *countable* income) when calculating SSI benefit eligibility, the Social Security Administration takes the following steps, starting with the individual's gross earnings.

- First, it disregards \$20 of earned income (unless \$20 of unearned income, such as income from Social Security has already been disregarded – the \$20 disregard is always applied to unearned income first)
- Second, it disregards the next \$65
- And finally, it disregards one half of any earned income remaining after the \$20 and the \$65 have been disregarded.

So, in the example given above in which JL had \$1,333 of gross earnings from work and no unearned income (other than SSI), the three steps would apply as follows:

- \$1,333 minus \$20 = \$1,313
- \$1,313 minus \$65 = \$1,248
- one half of \$1,248 = \$624

Since \$624 is less than \$625, JL is eligible for \$1 of SSI.³ With that eligibility comes eligibility for Medicaid. (If JL's income is higher, she may

still be eligible for the slightly more limited Medically-Needy – or “spend-down” – Medicaid program.)

SSI rules treat earned income differently from unearned income for the purpose of providing an incentive to work and to earn income. But one unintended consequence of the different treatment is that an SSI recipient with little or no unearned income can keep more earned income, and end up with more total income, than can someone with more *unearned* income who receives only a little bit of SSI.

To see how this works, consider what would happen if JL has \$400 a month of Social Security retirement income. The opportunity to increase total income through work would be more limited, because “unearned” income, such as income from Social Security, is not subject to a 50% disregard as is earned income. But there would still be room for improvement. JL could still have gross earnings from work of \$553, which (when added to her \$400 of Social Security) would give her \$953, and still qualify for \$1 of SSI with its accompanying Medicaid coverage.

The steps in the calculation would go as follows:

- $\$553 \text{ minus } \$65 = \$488$
- $\text{one half of } \$488 = \244
- $\$244 + \$380 = \$624$

(Note that \$20 has been disregarded from JL’s unearned income from Social Security.)

How can you calculate the amount of earned income a particular SSI recipient will be permitted to keep, assuming the recipient has some unearned income? (If the individual has no unearned income, and is otherwise eligible for a full SSI grant, the amount he or she can earn in 2004 will be \$1,333, as shown on page 2 above.) The following steps should give you the result in most cases:

- start with \$1 less than the total amount of SSI the individual currently receives
- double that number
- then add \$65.

This assumes that the Social Security Administration has already disregarded \$20 of unearned income in calculating the SSI benefit. If there is unearned income, \$20 of it is disregarded and only \$65 plus half of the remainder is disregarded from the earned income. So, in the last example, in which JL had \$400 of Social Security (of which \$380 would “count”), she would be getting \$245 of SSI. One dollar less is \$244; twice \$244 is \$488; and $\$488 + 65$ is \$553. So, JL could have \$553 of earned income and still get \$1 of SSI, plus full Medicaid coverage.

Married couples with earned income⁴

For married couples with both spouses receiving SSI, the countable income of the two spouses is added together and then subtracted from the applicable SSI benefit rate for a couple (including state supplement) – \$915 – to determine the amount of the SSI payment. (Remember, in calculating the couple’s countable income, the \$20 general exclusion, the \$65 earned income exclusion and half of the remainder of the couple’s earned income will be disregarded.)

For married couples with only one eligible spouse, the eligibility calculation is a bit more complicated. First consider whether the ineligible spouse’s income (after applying the earned income exclusions to it) is less than \$290 (the difference between the Federal benefit rate for an eligible couple and the FBR for an eligible individual). If it is less, benefits for the eligible spouse are calculated without reference to the income of the ineligible spouse. If the ineligible spouse’s countable income is more than \$290, then the countable income of the two spouses is added together and then compared with \$869. (This is the Federal benefit rate for a couple in which both spouses are eligible. It does not include any state supplement.) If countable income is less than \$869, the applicant will receive an SSI payment equal to \$869 minus countable income.

What does this mean for a married couple, each spouse over 65, both with earnings from work and SSI as their only sources of income? Their earned income could total $\$1,913 - \$914 \times 2 + \$65 + \20 .

For all SSI recipients with earned income, it is important to remember that there are reporting requirements. All earned income, whether “countable” or not, must be reported to the Social Security Administration. A report can be made in person or by mail, or by calling 1-800-772-1213. It is important to keep all pay stubs or other proof of earnings amounts.

What if SSI eligibility is based on disability instead of age?

Most SSI recipients who are 65 years or older are entitled to SSI based on their age; they do not have to be disabled.⁵ But people under 65 must be blind or otherwise disabled to qualify for SSI.⁶

At the point of initial application, the Social Security Administration generally considers earnings of \$810 or more (in 2004) as an indication that an applicant is able to do “substantial work,” and is, therefore, not “disabled” for SSI purposes. For someone who is already receiving SSI based on disability, the SSI program provides a variety of incentives to return to work, and \$810 of earnings does not have the same significance. It is important to be aware, however, that at some point returning to work may lead to a determination that an individual is no longer disabled, and therefore not eligible for SSI based on disability (or for Social Security Disability benefits) and it is important to become informed about when this may happen.

Even when earnings get too high to allow a person to qualify for continued SSI cash benefits, continued Medicaid eligibility under the Medicaid program for SSI recipients (Categorically Needy Medicaid) is sometimes possible. To qualify for continued Categorically Needy Medicaid benefits, a person must be disabled and must need Medicaid in order to work. And the person must have gross income that is too low to replace SSI, Medicaid and any publicly funded attendant care they were getting along with their Medicaid. *This special coverage – referred to as Section 1619(b) coverage – is available to SSI recipients over 64, if they can demonstrate disability.*

For more information about work and work incentives for disabled SSI recipients (and Social Security Disability recipients), call for Social Security’s free brochure “Working While Disabled – How We Can Help,” or for the more extensive “Redbook on Work Incentives for People with Disabilities.” You can get either through the mail by calling Social Security at 1-800-772-1213 (TTY: 1-800-325-0778), or you can find them on Social Security’s web site. “Working While Disabled” is available at the following link:

<http://www.ssa.gov/pubs/10095.html>.

“Redbook on Work Incentives” is available at the following link:

http://www.socialsecurity.gov/work/ResourcesToolkit/redbook_page.html.

Endnotes:

¹ This is a revised and updated version of a bulletin initially published in March 1999.

² The \$539 a month benefit level is \$258 less than the amount established by the Department of Social & Health Services as the "standard of need" for one person with shelter-cost obligations in Washington State as of September 1998. *See* WAC 388-478-0015.

³ This example assumes that JL is not entitled to any other exclusion from her earned income under SSI regulations. Other exclusions are limited, but there are some. For example, there is an exclusion for income used to comply with the terms of a court support order. And there is an exclusion for impairment-related work expenses. So under some circumstances, earned income could be more than \$1,313.

⁴ These computations are based on the assumptions that there are no children in the household and no issues related to sponsor-to-alien deeming.

⁵ The only people 65 or older who have to show disability are certain non-citizen immigrants who were lawfully residing in the United States on August 22, 1996, but were not then receiving SSI.

⁶ "The law defines disability as the inability to do any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months." 20 CFR § 416.905(a). "There are different rules for determining disability for individuals who are statutorily blind." 20 CFR § 416.905(b).