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Work Incentives: Overview

There are a number of myths and misconceptions about returning to work after disability benefits begin. Work can be an important part of the recovery process and SOAR can assist in this effort.

Introduction

When Supplemental Security Income (SSI) and/or Social Security Disability Insurance (SSDI) benefits begin, lifelong employment goals do not end. Illness may interfere with the ability to maintain employment, but this may not be permanent. In the spirit of SOAR as a stepping stone to recovery, people who receive SSI/SSDI should be encouraged to seek employment and employment services throughout the application process and after benefits are obtained.

The challenge is to maintain hope that employment is possible and worth the effort, especially after so much time and energy has been expended to obtain SSI/SSDI. A solid, working knowledge of these supports and programs can help promote the idea of employment to people who may be fearful of losing hard-won benefits. SOAR case managers should work closely with SSA Work Incentive Coordinators when assisting applicants returning to work.

Return to Work Myths

There are many myths surrounding SSI/SSDI and employment, including:

- MYTH: Benefits end immediately when returning to work
- MYTH: Beneficiaries can only work 20 hours per week while receiving disability
- MYTH: Health insurance ends immediately when returning to work
- MYTH: If SSA knows a beneficiary is working, they will say he/she is not disabled

Dispelling Myths

- Many old myths have survived for decades and new myths keep evolving
- People from all walks of life have helped to create and perpetuate myths about employment and SSI/SSDI
- It is always best to check with SSA to ensure that the information the case manager provides is correct
- Misinformation can reduce the likelihood that a person will attempt to return to work
 - By creating unnecessary fear in the SSI/SSDI beneficiary
 - By creating unnecessary concern in front-line staff assisting with this transition

The Importance of Work

Employment is not solely about income, although it is certainly a key factor. Employment has additional benefits, it can:

Subsidy		✓
Continuation of Medicare Coverage		✓
Impairment-Related Work Expenses (IRWEs)	✓	✓
Expedited Reinstatement of Benefits (EXR)	✓	✓

*See <http://www.ssa.gov/redbook/> for a full list of SSA Work Incentives
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Work Incentives: SSI Only

Since SSI is based on need, SSA adjusts a person's benefit amount based on the unearned and earned income they receive. There are income exclusions and other adjustments for people who are returning to work that help reduce countable income and maintain a higher benefit amount.

This article describes how a return to work can affect a person's benefit amount and when this change begins. SSA provides many exclusions and other adjustments for people returning to work that help maintain a higher benefit amount. This article also provides an overview of the Plan to Achieve Self-Support (PASS).

SSI: Exclusions and Countable Income

When SSA determines the SSI benefit amount, they look at unearned income and earned income. SSA counts unearned income dollar for dollar and reduces the SSI check accordingly. Earned income is treated differently. There are income exclusions and calculations to determine the person's countable income.

- General exclusion: \$20 (for everyone) per month
- Earned income exclusion is for individuals who do not have any unearned income (e.g., TANF, alimony, state assistance, VA benefits); that is, their only income other than SSI comes from working
 - The earned income exclusion is \$65
- When SSI is the person's sole income, he or she is eligible for both exclusions, totaling \$85 dollars

Countable Income

After the exclusions are subtracted from the person's earnings, SSA will count one dollar for every two dollars earned -- that is, they divide the remainder by two to determine countable income.

- Individuals who receive SSI will often ask, "How much can I earn and still receive a check?"
 - In the example below, you can see how someone could earn \$1,549 per month and yet receive an SSI check of \$1 per month – this is important because it ensures continued Medicaid eligibility
 - SSA applies calculations to gross earnings (pre-tax and deductions)
 - SSA determines the new monthly benefit by subtracting the amount of countable income from the current monthly benefit
 - Beneficiaries must report their earnings each month and their benefit amount can change monthly based on what they earn
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A person may work part time as a line cook in a restaurant but would like to attend culinary school to qualify to work for a chef at a local hotel. The tuition for culinary school is \$3,000. Saving for that tuition would put the person over the resource limits. A PASS helps and allows them to save that money.

PASS Example: SSI

Gross Earnings From Work:	\$1,000
General Exclusion:	(\$20)
Earned Income Exclusion:	(\$65)
PASS Set-Aside	(\$100)
Subtotal	\$815
\$1 Counted for Every \$2 Earned:	\$815/2
Countable Income:	= \$407.50
Maximum SSI check – Countable Income:	\$733*-\$407.50
Amount of New SSI Check:	\$325.50
Total Income:	\$1,325.50

*Based on 2015 SSI benefit rate

SOAR Tip: Utilize the *SSI Benefits and Work Worksheet and Calculator* found [here](#).
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Work Incentives: SSDI Only

SSDI provides benefits to disabled or blind persons who are "insured" by workers' contributions to the Social Security trust fund. This article describes the SSDI return-to-work employment provisions.

Since SSDI is an insurance program, returning to work is handled differently from recipients of SSI, which is needs-based. SSDI recipients who return to work are offered a trial work period to see whether they are able to return to work. There are no adjustments to the benefit amount during this time. This article describes the SSDI return-to-work provisions.

SSDI: Trial Work Period and Extended Period of Eligibility

The Trial Work Period (TWP) allows beneficiaries to test their ability to work for at least 9 months, without affecting benefits. During the TWP, beneficiaries receive full benefits, regardless of how high their earnings are.

- SSA currently allows nine months of trial work
- The months do not have to be consecutive and are counted within a rolling 60 consecutive month period
- Beneficiaries continue to receive their full benefit check during the TWP
- A month of work does not count toward the TWP unless the individual's gross earnings meet the TWP earnings threshold of \$780/month (2015)
- For self-employed beneficiaries, a TWP service month is completed if work exceeds 80 hours per month
- Example: If an individual goes to work and earns \$500 a month, they will not trigger the TWP and will continue to receive their full benefits
- Example: If an individual goes back to work and earns \$1200 a month, they are over the trial work threshold and those months will count toward their TWP
- Once they have worked at or above the threshold for nine total months, SSA will assess the person's earnings during the TWP and calculate whether the person worked at substantial gainful activity (SGA) which is \$1,090/month (2015)
- Two work incentive provisions, the Subsidy and Impairment Related Work Expenses (IRWEs) can effectively reduce a person's countable income below SGA. For more information see <http://soarworks.prainc.com/article/work-incentives-both-ssi-ssdi>
- If the person was *earning* SGA during the trial work period, SSDI benefits will stop after a three-month grace period
- If the person was *not earning* SGA or if *countable income* was reduced below SGA with the Subsidy or IRWEs, benefits continue as usual; (that is, he/she can continue working *and* receive benefits)

SOAR Tip: Utilize the [SSDI Trial Work Tracking Worksheet](#) to help track TWP months.

Extended Period of Eligibility

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Work Incentives: Both SSI & SSDI

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Work Incentives: Both SSI & SSDI

Individuals with disabilities often have expenses related to their illnesses or conditions, expenses necessary to maintaining their health, recovery, and ability to work. Maintaining health care benefits can often be more valuable than the cash benefit.

Both SSI and SSDI have provisions to assist individuals with expenses related to their disability that are a necessary part of their ability to return to work. This article outlines programs that apply to both of SSA's disability programs.

SSI and SSDI: Impairment Related Work Expenses

Impairment Related Work Expenses (IRWEs) are applicable to both SSI and SSDI recipients, but they are applied at different times and in different ways.

- An IRWE is a necessary out-of-pocket expense that enables the person to go to work
- IRWEs must be related to the person's disability
- Common examples include medication co-pays, special equipment, and special transportation
- An example of a work-related expense that is not an IRWE would be the company's uniform – since all employees must buy the uniform and it is not related specifically to the person's disability
- SSA does not reimburse recipients for these expenses, but rather reduces the calculated countable income
- For SSI recipients, the IRWE and exclusions are subtracted before other countable income calculations
- For SSDI recipients, the IRWE is subtracted from countable income at the end of the TWP when SSA assesses if earnings met SGA during TWP

IRWE Example: SSI

Example: 5 prescriptions, \$10 co-pay each

<u>Gross Earnings From Work:</u>	\$500
General Exclusion:	(\$20)

The health insurance benefit is often as valuable to an individual as the cash payments, so it is important to know what will happen to Medicaid and Medicare when a person goes to work.

- SSI recipients continue to be eligible for Medicaid, as long as they receive any SSI (even if only one dollar)
- Federal Rule 1619B: Medicaid will continue if SSI payments stop due to earnings from work below a certain threshold (see <http://www.ssa.gov/disabilityresearch/wi/1619b.htm> for current threshold)
- SSDI recipients are eligible for Medicare as long as they receive a benefit payment
 - If payments stop after TWP, Medicare coverage will continue for 93 months after the last month of TWP
 - After the 93 months, Medicare can be purchased under certain conditions
 - Medicare Part A premiums would then apply

SOAR Tip: For more information on Employment and Work Incentives, visit:

<http://soarworks.prainc.com/topics/employment-work-incentives>

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Apply It: Practice Scenarios

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