

Chapter 1: Benefits

Keep Your Benefits While Working!

No conversation about personal finance for people with disabilities would be complete without discussing the issue of benefits. Plenty of people think that being on benefits will keep them from working, saving money, keeping good credit... you name it. But despite what those people say, benefits are not the problem! There are plenty of ways to do all those things and still keep the benefits you need — and with a little information, a plan, and a strategy, anyone can build a financial future. And always remember: People with disabilities have the same rights and responsibilities to build their financial futures as everyone else, so go get ‘em!

Admittedly, the crazy rules of many benefits programs seem designed to discourage people with disabilities from building a solid financial future. Most state and federal benefits programs set both asset and income limits for people to qualify. This situation is even more complicated when different programs have different rules — and when you try to figure things out, no one seems to have concrete answers!

But check this out; this chapter provides some little-known benefits strategies that allow people to work and save for the future. Seriously, most folks with disabilities have not heard of these things and they can make a huge difference in people’s lives. So, on the theme of great and fabulous news, here they are!

Stop Worrying About Asset Limits! ABLÉ Act to the Rescue!

Now, if you’re on benefits (SSI or Medicaid), there’s that profoundly stupid \$2,000 asset limit for single people and \$3,000 for married couples — and if you have more in the bank, you lose your benefits. Perhaps no other benefits rule in history has made it more difficult to actually save for one’s future. But, many of us don’t have to worry about this issue much longer. In December of 2014, Congress passed and President Obama signed a little piece of legislation called the Achieving a Better Life Experience (ABLE) Act.

Under this new law, a person with a disability and that person’s family, friends and other contributors may put money into a special tax-advantaged account. The first \$100,000 in an ABLE account will not count against the \$2,000 [Supplemental Security Income](#) (SSI) [resource limit](#), and any other savings in the account will not count against resource limits in other federal means-tested programs, such as Medicaid. Each state’s program has a different account limit, but all ABLE accounts allow over \$300,000 and some have even set the savings limit at \$450,000 or more. That means that you can save over \$300,000 and still keep your Medicaid! This new [work incentive](#) is a big deal; it means that if you get a job, you can start saving money without losing your benefits. Saving for the future, anyone?!

ABLE accounts are also “tax-advantaged,” which means that any investments in them can grow tax-free. As with other types of tax-advantaged accounts like retirement accounts and [529 educational expense accounts](#), ABLE accounts have restrictions:

- They are only for people whose disabilities began before they turned 26 (no matter how old they are now).
- They can only be opened through specific programs or institutions.
- A person with a disability and that person’s family, friends, and other contributors may not contribute more than a combined total of \$15,000 in 2018 (that number will go up a bit each year or two, adjusting for the federal “gift tax”).
- An account-holder who is earning money from a job can contribute the amount of their income, up to the federal poverty limit for a single person (FPL in 2018 is \$12,060 in the contiguous 48 states and Washington D.C., \$13,860 in Hawaii, and \$15,060 in Alaska) *on top of* the existing \$15,000 limit. This means that an employed person living in the lower 48 states could contribute a total of \$27,060 per year to their ABLE account, a Hawaiian resident could contribute \$28,860, and an Alaskan resident could contribute \$30,060!
- Money in an ABLE account can only be used for “qualified disability expenses” (QDEs). The list of QDEs includes lots of things, such as:
 - Education
 - Housing
 - Transportation
 - Help getting and keeping work
 - Health care
 - Assistive technology, and
 - Other approved expenses.
- A person can only have one ABLE account.

As of this edition in January 2018, 30 states have active programs and more are on the way. Better yet, over two thirds of programs allow anybody to open an account, even if they don’t live in the state where the program is operated! Different states have different program details – for example, they may use different investment funds, and some have debit cards while others do not. This means that if you want to open an ABLE account, you have many options, so you can choose the best one for you!

The [ABLE National Resource Center](#) has plenty more information about accounts and even lets you compare different states’ programs. To find out more, head to their webpage!

OK, so we don’t have to worry about asset limits when we use an ABLE account. So let’s take a quick look at how you can earn money and still keep your benefits.

The SSI Equation

Supplemental Security Income (SSI) is a monthly cash benefit for low-income people who are over 65, blind, or have a disability. There is a maximum monthly benefit of \$750 (in 2018) – not too much money and rarely enough to live on. But here’s the thing: When most people think of SSI, they ignore the low-income part and just think that it’s for folks who don’t work at all. You may have even heard that if you are on SSI and you start working, you’ll lose your benefits. But in reality, these are nothing but myths!

The truth is that you can work and still receive SSI! There's a little equation for what it does to your cash benefits, and here's how that goes. First off, when you have earned income from employment, you keep the first \$85 without any impact on your check. For every dollar you earn after that, SSI drops by 50 cents.

So, if you get \$750 in SSI benefits (the federal SSI rate in 2018), and you are earning \$585 from work, the calculation looks like this:

- The first \$85 you get to keep right off the top. That leaves only \$500 as earned income that is subject to the earned income calculation.
- SSI has something called "countable income," which is 50% of the earned income. Then, SSI is reduced by the countable income amount. So, in this case, you will have \$250 of countable income ($\$500 \div 2 = \250), and your SSI benefits will be reduced by \$250.
- Your original SSI amount of \$750, minus that \$250 of countable income, will change to a new SSI amount of \$500.
- So, your total income is your earnings plus your new SSI ($\$585 + \500), which add up to \$1,085. Again, your total income is now \$1,085! See that? You are always — yes, always — better off working than not working.

Instant EQUITY survey!

- I would rather have \$750 per month
- I would rather have \$1,085 per month.

Oh, yeah, and remember—working leads to more work experience, which leads to more hours, higher salaries, and far more options! So, remember that bit we said in the intro about taking the first step? Starting to work and earn money is that first step that can lead to more financial success and stability in your future!

Here's the seal of the Social Security Administration (SSA). If you see this, you know you're dealing with SSI or Social Security Disability Insurance (SSDI) and their various work-related programs!



There are also lots of other long-standing programs and incentives that most people with disabilities have never even heard of. Here are a few more!

Student Earned Income Exclusion (SEIE)

Did you know that, if you're under 22 and a student, you can earn over \$7,000 in a year without it affecting your SSI or Medicaid at all? I didn't know that either, well, until I was in my 40s, so pass this one along to everyone you know who could actually use it!

The Student Earned Income Exclusion (SEIE) is designed specifically to help students under the age of 22 to keep more of their SSI check while they gain critical work experience. Here's what you need to know about the SEIE:

- To qualify as a student for purposes of the exclusion, individuals must take one or more courses of study and attend classes in a college or university for at least eight hours a week.
- A person who is homebound because of a disability may still qualify as a student when he or she studies a course or courses given by a school (grades 7 to 12), college, university, or government agency, and has a home visitor or tutor from school who directs the study or training.
- In terms of work, an SSI recipient who meets these requirements can earn up to \$1,820 per month in wages (2018) before there is any reduction to their SSI check. There is a maximum exclusion of \$7,350 per year (2018). So, think about paid summer internships, or maybe working part-time during the entire school year because you can gain valuable work experience and earn \$\$\$ that won't affect your SSI!

For more about this program, visit [SSA's overview here](#).

Medicaid 1619(b)

So, not a student? That's OK; we have a different but really cool program for you, as well. Social Security has another program called 1619(b) that helps folks work and still receive Medicaid eligibility! Basically, if you receive SSI but start working and earn a salary that reduces your SSI to zero, this program allows you to stay eligible for Medicaid benefits! So, in California, for example, when you start working, you can earn up to \$36,738 (2017) and not worry about losing Medicaid. Let's face it. With California's annual SSI amount at \$10,884.36 in 2017, I'd rather be working and make nearly \$37k!

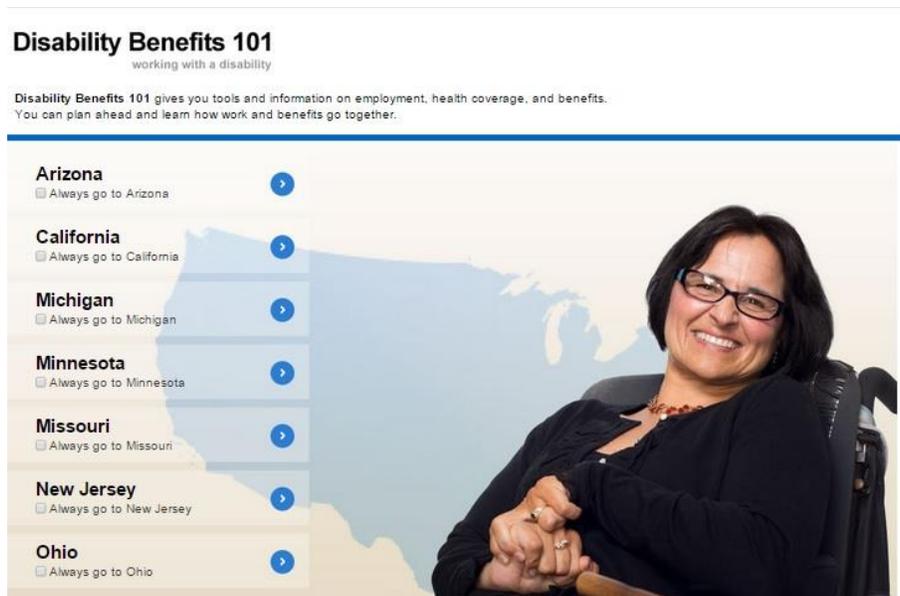
By the way, [here is a link to all state thresholds](#) to astound and amaze your friends! (What, I'm the only one with friends that like this stuff?)

I know what you're thinking now: "But what will I do if I make more than my state's threshold amount?" Well, I'm so glad you asked! The 1619(b) program has this cool feature called the individual threshold, where SSA takes into account a person's various disability-related expenses to create a specific earnings threshold just for them. Basically, if losing Medicaid at your state's income threshold would compromise your independence or ability to work, SSA can create an individual threshold for your circumstances. As part of this calculation, you can claim:

- Impairment-related work expenses; or
- Blind work expenses; or
- A Plan to Achieve Self-Support; or
- Personal attendant(s) whose fees are publicly funded; or
- Medical expenses above the average state amount.

(For more details, check out [DB101's glossary section](#))

The spiffy [Disability Benefits 101](#) (DB101) website provides information about benefits programs to help people with disabilities work and save up money. Here's the home screen - head on over that way to find out more about programs in your state and opportunities for financial success!



So, what does all that mean? Well, we have seen folks who make over \$100,000 dollars a year qualify for this kind of SSI-linked Medicaid. Yes, other people with disabilities, just like you, making \$100k+!

Medicaid Buy-In for Working People with Disabilities

There are about 42 states that offer another program called the Medicaid Buy-In for Working People with Disabilities. (Depending on the state, it may have a slightly different name, such as California's Medi-Cal Working Disabled Program.) These programs provide full-scope Medicaid to disabled individuals who work and have income that is too high to qualify for other Medicaid categories. Each state has a different earned income maximum to qualify for this program. For example, California's threshold is around \$61,320. There actually isn't any info online showing every state's threshold, but contact your state's Medicaid office and ask about the Medicaid buy-

in program to see what yours is. You can call 1-800-MEDICARE to get your state office's telephone number. (TTY users call 1-877-486-2048.)

To qualify for this program, you have to show two things. First, you have to have a disability! Then, you have to have some earned income (which could be from virtually any source, such as a full-time or part-time job, dog sitting, collecting recyclables... just find some earned income). If you have both of those things, then you qualify! Participants pay a sliding scale of their income as a premium — it could be as little as \$30 per month — and they receive full-scope Medicaid. That also includes programs that are tied to Medicaid eligibility, such as In-Home Supportive Services, which pays for personal attendants for people with disabilities (those attendant costs can be tens of thousands of dollars per year, so maintaining eligibility is vital). One of the cool parts of this program is that you don't have to be using SSI, SSDI, or any other benefits program to qualify.

Many working disabled programs exempt certain savings from the usual Medicaid asset limits. Accounts that are exempted include 401(k) or other IRS approved retirement accounts; this is a great way to save and invest while keeping Medicaid benefits. Working disabled program enrollees can also open a bank account with an unlimited savings amount, so long as the account only receives money from employment income. Not all working disabled programs have these features, so check out your state's program before saving over \$2,000.

The National Disability Navigator Research Collaborative has put together a great [question-and-answer fact sheet](#) on the Medicaid Buy-In program for Working People with Disabilities. To find out more, head over that way!

OK, here's one last interesting work incentive that is totally underutilized. Time to check out the...

Plan for Achieving Self-Support (PASS)

The purpose of a PASS is to assist SSI and SSDI recipients in obtaining items, services, or skills for employment needs. A PASS serves as a kind of special savings account to build up dollars to pay for these items. So, let's say you're thinking of becoming a massage therapist. You'll need classes, certification, a massage table, and probably lots of other employment-related stuff. What a PASS allows you to do is take earned income and SSI/SSDI dollars and save them for these employment needs.

So, check out this example.

Remember that example we mentioned above about the person on SSI earning \$585? So, let's first revisit that non-PASS situation and then apply the PASS.

When you have earned income from employment, you keep the first \$85. For every dollar you earn after that, SSI drops by 50 cents.

So, if you have \$750 in SSI benefits (the maximum federal SSI rate in 2018), and you are earning \$585 from work, it will look like this:

- The first \$85 you get to keep right off the top. That leaves only \$500 as earned income. As you may recall, SSI considers countable income as 50% of earned income, so in this case, your countable income is \$250.
- Your original SSI amount of \$750, minus that \$250 of countable income, will change to a new SSI amount of \$500. And your take-home money is $\$500 + \$585 = \$1,085$.

But wait! What if we employ a PASS? Well, check this out.

Simply put, whatever portion of the “countable income” you place into the PASS account won’t be taken off your SSI. So, if the earned income that you put into a PASS equals the “countable income” of the SSI calculation, then you will have no reduction in your SSI benefits amount.

So, if you get \$750 in SSI benefits (the maximum federal SSI rate in 2018), and you are earning \$585, it will look like this:

- Your \$750 in SSI benefits would have been reduced by the \$250 in countable income. However, if you put \$250 into the PASS, it cancels out the countable income, and the reduction to your SSI amount will be zero!

Thus, your SSI check stays at \$750; then, add the \$585 (earned income), and you get \$1,335! Pretty awesome, right?

And remember, \$250 per month must go to your PASS – but with \$250 per month going into a PASS, after one year, you will have saved \$3,000 toward your employment goals. Of course, that money needs to be spent on employment-goal-related-expenses, such as courses or textbooks, but if you’re really career driven, it should be money you’d spend anyway.

So, let’s check that out again. You get to keep your full SSI benefits; you basically get a free \$250 to put toward school or job training; and you are earning money that builds up your resume and gives you job experience. Win-win-win!

As with most of these programs, there are some rules. For example, a PASS has to be in writing, meet a vocational goal, be set up in a reasonable time frame for meeting a vocational goal, and include an explanation of the necessary expenses. Like most things benefits-related, it is a bit complicated, but a PASS is a great way to earn money, save for a vocational or employment goal, and not have your SSI check reduced!

Plenty More on the Horizon

There’s plenty more info about all of these programs at www.DB101.org, so if you think you might be working, check out the website and see what could apply to you. And on the extra-bright side, there are always new programs coming down the line. Many are still in the beginning

stages, but there's some excitement around them. So, keep an eye out for more developments as they come along!

Ultimately, working is the first step toward balancing your budget and putting some money in the bank, and managing benefits is the first step toward bringing home a paycheck. This leads to everything else we talked about, such as getting long-term investment and savings, building up credit, and even buying a home. So, don't let benefits hold you back from landing that job. Instead, use all the programs above and make the system work for you!



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