

Employment and Social Security Disability Benefits

Social Security Disability Insurance (SSDI) is a federal program that provides assistance to people who have a disability and meet specific requirements (Social Security Administration, 2015). Whenever, a SSDI beneficiary is considering employment it is important for him to understand possible work incentives, requirements for reporting earnings, and where to find additional useful and up to date information. This fact sheet will cover those topics and more.



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QUESTION:

What is Social Security Disability Insurance?

ANSWER

Social Security Disability Insurance or SSDI is a Title II disability benefit and it takes one of the following three forms:

1. SSDI itself; meaning a person is drawing benefits off his or her own previous work record;
2. the Childhood Disability Benefit; meaning a person is drawing benefits off of a retired, deceased, or disabled parent's work record; or
3. the Disabled Widow/er Benefits; meaning a person is drawing off of a deceased spouse's work record.



In order for a person to receive one of the benefits he must meet insured status. This means that the worker whose record is being drawn from has paid into the system or FICA taxes have been paid. Benefits can be paid to that worker, as well as other eligible family members. The payment amount is based on the individual's past work history and how many credits were earned while employed. The Title II benefit also comes with Medicare eligibility after 24 months of entitlement.

QUESTION:

How does employment impact SSDI benefits?

ANSWER

Social Security encourages people to think about work. Disability benefits and paid employment are not mutually exclusive. Beneficiaries will almost always come out ahead, financially, by working. There are a



number of safety nets or work incentives in place that can help someone transition back to work without experiencing an immediate loss of benefits. There are also provisions that can protect Medicare and allow critical medical coverage to continue even at a point where cash benefits may have stopped.

Other safety nets allow a return to benefits if substantial work cannot be maintained. For example, if a person tries to go back to work and works his way totally off the benefit rolls, there are ways to come back on.

In the Title II program (i.e. SSDI, Childhood Disability Benefit, and the Disabled Widow/er Benefit) there are work incentives that apply in several distinct phases, and include a trial work period, extended period of eligibility, protections for Medicare, as well as a variety of other work incentives.

QUESTION:

What is the Trial Work Period?

ANSWER

The first work incentive is called the Trial Work Period, or TWP. This is a great time for a person to go out and test the waters; because there is no cap on earnings. This means there is unlimited earnings potential without an impact on the person's benefits.

During the TWP, a person can test his or her ability to work with zero penalties to benefits. A person can earn as much as he wants and nothing happens to the Title II disability check. Trial work months do not have to occur consecutively and a person gets nine of these within a 60-month time period.

Each year Social Security assigns a dollar value to determine what is going to constitute a trial work month. For example, in 2015 that amount would be more than \$780 gross earnings (\$770 in 2014). If a person is self-employed it's that amount or more than 80 hours worked in a month in self-employment. Those are guideline numbers that indicate that this month of earnings might count as a trial work period month.

QUESTION:

What is the Extended Period of Eligibility?

ANSWER

Once the TWP is over, a person moves into the next phase known as the Extended Period of Eligibility, or EPE. During this re-entitlement period, a person can maintain eligibility for the next 36 consecutive months. Whether or not the person receives a disability check depends on whether or not he is earning what is called Substantial Gainful Activity, or SGA. During the extended period of eligibility, any time earnings are found to be over the SGA level, no benefit check is due. The individual is still entitled; however, he is not due a cash payment for that month. The EPE is a safety net that allows a person to remain entitled and go in and out of cash payment status based on whether or not countable earnings represent SGA.

QUESTION:

What is Substantial Gainful Activity?

ANSWER

The number that represents SGA varies depending on a person's unique circumstances. There is not one number that applies to everyone. The number that signifies SGA is a guideline. This means a person should not assume that if earnings are over this number, that no check is due to them. There are many things that contribute to what that number means for someone.

In 2015 SGA is \$1,090 for a person who is disabled (\$1,070 in 2014) for a person who is disabled, or if the person meets Social Security's definition of blindness, \$1,820 (\$1,800 in 2014). That figure is countable gross per month. The word "countable" in the phrase "countable gross earnings" is used because when Social Security is making an SGA determination several factors or tools are examined. Those tools are called work incentives.

QUESTION:

What are some examples of work incentives?

ANSWER

There are many work incentives available, that when applied to a person's situation, can allow him/her to actually earn more than the SGA guideline number and perhaps still receive a check. Social Security begins an SGA determination when gross earnings are more than the annual guideline. For example \$1,090 is SGA for a person in 2015. If the gross earnings are over that, Social Security will look to see which of the work incentives might apply in that person's situation to decide if they are engaging in SGA or not.

Some examples of work incentives utilized during an SGA determination are: Unsuccessful Work Attempt, Impairment Related Work Expenses, Subsidy and Special Conditions, and Averaging. Many people will have one or more of these work incentives that can be applied to their gross earnings that may reduce their countable gross earnings below the SGA guideline.

QUESTION:

What is an Unsuccessful Work Attempt?

ANSWER

An Unsuccessful Work Attempt means that a person may have attempted to work over the SGA level for a short period of time but could not maintain that level of work. For example, maybe special supports were removed or there were changes in the situation, or the disability got in the way and a person wasn't able to maintain that level of work for no more than a six-month period and then his or her work activity stopped, or earnings dropped to below SGA.

Under these circumstances, Social Security may determine that this was an Unsuccessful Work Attempt. There are also other types of criteria that have to be present for this particular work incentive to be applied. This is one of the first tools that Social Security would look at when they are making an SGA determination.

QUESTION:

What are Impairment Related Work Expenses?

ANSWER

Social Security also looks for Impairment-Related Work Expenses (IRWEs) or special things that the person paid for. An Impairment Related Work Expense would need to meet a few criteria:

- the expense was paid for by the beneficiary, and not reimbursed by anybody else;
- it is necessary for the person to work;
- related to the disability or other condition being treated by a medical professional;
- something that was paid for in a month the individual had earnings; and
- the expense must be reasonable.

If the expense meets all of those criteria, this is another thing that could reduce countable earnings during an SGA determination.

For example, a beneficiary is unable to drive himself to work because of disability, and has to pay for transportation to and from work and there's not public transportation available or the individual cannot navigate it. The expense is necessary for work, it's related to the disability, and paid for out-of-pocket. As long as it's not reimbursed by someone else and is a reasonable expense, then it might qualify as an IRWE and reduce countable earnings.

QUESTION:

What is Subsidy and Special Conditions?

ANSWER

Another work incentive that Social Security can apply is called Subsidy and Special Conditions. If a person receives special accommodations on the job or has a job coach who is assisting him on the job, these are some indicators that perhaps Subsidy or Special Conditions would apply. Under these circumstances, Social Security would ask for documentation and then the value of the accommodation or additional supports may be calculated and used to potentially bring the worker's countable earnings below the SGA level.

QUESTION:

What is Averaging?

ANSWER

Averaging is the final tool that Social Security may use when making an SGA determination. For example they may apply averaging if a person's earnings are going up and down or fluctuating on a monthly basis. Social Security looks to see if there is a regular pattern of earnings that is over the SGA level that indicates the individual's ability to work.

Maybe some months earnings are over SGA and some months are not. If it's the same type of work, and at the same employer, and the same level of the job duties but the hours are fluctuating month to month, Social Security can look at that period of work and divide by the number of months covering the entire period of work, but not more than a year. They will divide by the number of months of total earnings, and if the average is below the SGA level, then the person is not considered to have been earning at SGA.

QUESTION: What is Cessation Month and Grace Period?

ANSWER

The first time that Social Security determines that a person has performed SGA they will trigger the cessation month and grace period. This is a three-month window where Social Security has made the determination that there was a pattern of earnings over the SGA level. The check is still due for those three months. Afterwards, continued work over the SGA level will mean that the cash payment is suspended during the Extended Period of Eligibility, or terminated if the EPE has ended.

QUESTION: What kind of work incentive is in place to help keep medical coverage?

ANSWER

There is a safety net that allows medical coverage to continue for a very long period of time. This is called an extended period of Medicare coverage and is very complicated in terms of how Social Security makes the determination about how long it continues.

The simplified explanation is this...everyone receiving disability benefits under Title II, as long as they remain disabled, will have at least 93 months (i.e. seven years and nine months) of continued Medicare coverage after the Trial Work Period ends.

Even though the cash payments may stop the medical coverage will continue, as long as the person is still considered disabled. Medicare can also act as a supplement to any employer sponsored health care program.

QUESTION: What is Expedited Reinstatement?

ANSWER

The final safety net in the Title II program is called Expedited Reinstatement. If a person was eventually terminated from the benefit rolls because of on-going work over the SGA level, then expedited reinstatement, or EXR, may be used as a quick and easy way to get back on the benefit rolls. There's also the option of reapplication. However, expedited reinstatement is a quick way for someone to get back on benefit rolls if he was terminated because of work activity, and is not able to continue working at the SGA level.

QUESTION: Can a Plan for Achieving Self Support be used by someone receiving Title II (SSDI, CDB, or DWB) benefits?

ANSWER

Yes, a Plan for Achieving Self-Support (PASS) can be used by a Title II beneficiary despite the fact that it is an Supplemental Security Income (SSI) work incentive. This work incentive allows individuals to set aside countable income or excess resources into a special account that is designed to pay for any items or services that the individual needs in order to meet a specific vocational goal. A Title II beneficiary must be able to set aside enough of the Title II benefit to meet the income requirements for SSI eligibility. They must also meet all other eligibility requirements for SSI, and have a job goal that would result in earnings over SGA.

QUESTION:

What type of information should a person keep to help report work activity, request work incentives, and document correspondence or conversations with Social Security?

ANSWER

A person must keep good records about work activity. For instance, he should keep a calendar that shows what days and how many hours were worked. Every paycheck stub including those that document overtime, bonuses, and vacation time should also be saved.

If self-employed, a person should keep copies of federal income tax, Schedule SE, Schedule C, Schedule C-EZ, or a Schedule F for farmers. It is important to keep copies of these records along with any receipts for work expenses related to the disability and if a person is blind, receipts for any work expenses. In addition, receipts for anything that was paid for under an approved PASS plan should be kept. All receipts should be saved.

The beneficiary, or representative payee, should also make notes about reporting work activity and other conversations with the Social Security Administration. At a minimum this should document how a person reported work activity (i.e. in person or phoned in). The date and time of day he visited the office or called Social Security. And, if there was a conversation, it is important to get the name of whomever he talked to and make a note about what was discussed.

When a person submits pay stubs, or receipts that document IRWE, it is essential for him to keep a copy. Then, whenever Social Security is making a determination about the impact on benefits, the beneficiary has back-up documentation if he disagrees with any decisions.

A person should also keep all receipts issued by Social Security. Any letters from Social Security or any other agencies, such as the Medicare agency, the food stamp agency or from housing, should be kept. Copies of letters that indicate what might happen to benefits are also important to keep.

Some beneficiaries may be working with professionals who provide sample calculation sheets or tracking charts to demonstrate an estimate of the impact of work on benefits. It's also important for a person to keep copies of those charts and calculations for future reference too.

All of this information can be organized into a benefits binder. For example, someone might use a three-ring binder or a folder with several pockets; whatever works best for him.

QUESTION:

Is it necessary to promptly report earnings?

ANSWER

Yes, a person needs to make sure that he promptly reports earnings to the SSA and any other entity that he might be tied to. For example, reports may need to be made to the state Medicaid agency, the food stamp office, housing, if applicable worker's comp, or any other public disability benefit.

The Title II program has specific reporting requirements, and they differ from the reporting requirements in the Supplemental Security Income (SSI) program. Therefore, it is important for a person to contact the local office

to describe his situation and ask about the best way to report earnings. Beneficiaries who are working with a professional benefits planner or work incentive counselor, or Employment Network (EN) can also get help with the reporting requirements from those entities.

The main takeaway is that it is critical to report earnings to Social Security and any other benefit entities on time. Beneficiaries should provide pay stubs and any other relevant documentation that Social Security might need. This is especially important whenever work incentives are to be applied.

QUESTION:

What are the options for reporting to Social Security?

ANSWER

There are a variety of ways for a person to report earnings for Social Security. One way is to call the toll free number which is 1-800-772-1213. A person can also visit or write the local Social Security office and report earnings. Social Security collects information about work activity for Title II beneficiaries using a specific form called the Work Activity Report (SSA-821 for wage employed, or SSA-820 for self-employed).

QUESTION:

What is a Work Incentives Planning and Assistance Agency?

ANSWER

A Work Incentives Planning and Assistance Agency (WIPA) can offer information about the work incentives and how they might apply to a beneficiary's specific situation. The WIPA can help the beneficiary:

- gather information about benefits and employment goals,
- identify very specific work incentives that would be available to him, and
- develop a plan to
 - manage the work incentives,
 - report earnings to Social Security and other entities, and
 - communicate other important and essential information to Social Security and other benefit programs.

The WIPA programs are funded by Social Security to help beneficiaries get back to work and on the road to financial independence. Their support is available on a long-term and intensive basis. In addition, the programs are connected with a lot of other entities within a local area and may also be able to also help a beneficiary connect with other resources. For example the WIPA might provide referrals to State Vocational Rehabilitation (VR) services or community employment service providers etc... It is a good idea for anyone who is thinking about returning to work to make contact with and connect with a WIPA.

QUESTION:**What other resources are available to learn more about SSDI?****ANSWER**

A good resource to learn more about work incentives can be found at:
www.SSA.gov/redbook.

A local WIPA provider can also offer a lot more specific and individualized information on work incentives that are applicable to a beneficiary's situation.

A good resource to learn more about a PASS can be found at:
<http://www.ssa.gov/pubs/EN-05-11017.pdf>

Another good resource that is located on line at:
www.chooseworkTTW.net.

When visiting the web site a person can click on the button that says "find help" and enter his city, state, or zip code. This will bring up a list of providers that serve the local area like the State's vocational rehabilitation (VR) agency, the entities that make up the employment networks (ENs), the WIPA provider, and the protection and advocacy provider.

A person can also call the Ticket to Work Help Line at 1-866-968-7842. This is a good place to get general information about the Ticket to Work program, some of the work incentives and the best way to connect with VR, ENs, the WIPA provider, and protection and advocacy agencies.

REFERENCES

Coffey, Laura (2014). Employment and Social Security Disability Benefits – Important Considerations: Webcast Transcript.

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**For more information on the VCU-RRTC, please visit:
<http://www.vcurrtc.org>**

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