



How to Use Work Incentives to Pay for Work-Related Expenses

Michael Dalto

High Note Consulting

September 21, 2023

Challenges for Workers with Disabilities

Two challenges that workers with disabilities face:

1. Funding expenses needed for work, and
2. Fear of losing benefits

Work Incentives

Safety nets called “work incentives” can help people overcome both barriers at once.

Work incentives can:

1. Help offset the cost of work-related items and services, while also
2. Reducing the impact of earnings on public benefits people receive

Social Security Disability Insurance (SSDI)

SSDI is a cash benefit a person gets from Social Security if they:

- Have a severe disability that meets Social Security's criteria, AND
- Have worked and paid Social Security taxes on their earnings long enough to have "insured status", OR
- Have a parent who gets Social Security Retirement benefits or SSDI or is deceased

SSDI Amount

- Depends on the person's average lifetime earnings.
- The higher their average earnings, the higher their SSDI.
- The maximum SSDI amount is \$3,627 per month in 2023.
- The average SSDI amount is \$1,483 per month in 2023.

Medical Benefit that Comes with SSDI

Medicare (after a 24-month wait)

How Work Affects SSDI

- ▶ When a person who gets SSDI starts paid work, they get a 9-month Trial Work Period (TWP) when they can earn any amount and still keep their full SSDI benefit.
- ▶ After the TWP ends, the person will keep their full SSDI if their earnings are not “substantial gainful activity” (SGA).

Substantial Gainful Activity (SGA)

- ▶ A person MAY be doing SGA if their pre-tax earnings are at least \$1,470 per month (or at least \$2,460 per month if they are blind).
- ▶ However, Social Security subtracts certain amounts from a worker's earnings when figuring if they are doing SGA.
- ▶ If the difference (after subtractions) is less than \$1,470 per month (\$2,460 per month if blind), then the person will almost always keep SSDI.
- ▶ This means a person can earn more than \$1,470 per month (\$2,460 per month if blind) and still keep SSDI...if they have enough subtractions.

Subtractions for SGA

For employees, Social Security looks at two subtractions:

1. Subsidy
2. Impairment Related Work Expenses (IRWEs)

Subsidy

A subsidy is when a worker is paid the full wage for their job but has lower productivity due to their disability, such as

- Working more slowly
- Not able to fully perform all tasks
- Getting extra help to do the job

Impairment Related Work Expenses (IRWEs)

An Impairment Related Work Expenses (IRWE) is an expense that:

1. The worker with a disability pays for and is not reimbursed,
2. That is needed due to their disability or another medical condition, and
3. Is needed at least partly for work

Examples of IRWEs (Part 1)

- Medications, medical and therapeutic services, devices and supplies
- Transportation needed because of disability, such as:
 - Paratransit
 - Uber or Lyft
 - Paid rides from a friend
 - Vehicle modifications
 - Work-related mileage on a modified vehicle

Examples of IRWEs (Part 2)

- Assistive devices (including repairs, maintenance and training to use them)
- Job coaching
- Attendant services
- Home modifications needed for work
- Service animal expenses
- Prostheses
- Payments for residential cost of care needed for work

IRWE Example for SSDI (Part 1)

- Cori gets SSDI. She is not blind.
- She used up her Trial Work Period last year.
- She gets a new job earning \$12 per hour and working 35 hours per week. This gives her average gross wages of \$1,820 per month (\$12 per hour times 35 hours per week times 4.333 weeks per month).
- She is unable to drive due to her disability, so she pays \$300 per month for Uber to get to and from work.
- She pays \$80 per month for copays for psychotherapy and medications.

IRWE Example for SSDI (Part 2)

- What is Cori's SGA dollar amount?
- Which expenses can she use as IRWEs?
- What will her "countable" income be after subtracting her IRWEs?
- Is she doing SGA?
- What will happen to her SSDI?

IRWE Example for SSDI (Part 3)

- What is Cori's SGA dollar amount? \$1,470 per month
- Which expenses can she use as IRWEs? Uber and copays
- What will her "countable" income be after subtracting her IRWEs? \$1,820 gross wages minus \$300 IRWE for Uber minus \$80 IRWE for copays equals \$1,440 per month.
- Is she doing SGA? No
- What will happen to her SSDI? She will keep it.

How IRWE Helps a Worker with SSDI

A worker with SSDI can use IRWE to:

- Keep their full SSDI benefit if their earnings are above the SGA amount
- Earn more than they thought they could while keeping SSDI (e.g., accept more work hours and hourly wage increases)
- Pay for expenses needed for work that they might not be able to afford without IRWE
- Ease their fear of losing SSDI

What If a Worker Does SGA After the Trial Work Period, Even After Subtractions?

- They get a 3-month grace period, then their SSDI stops.
- SSDI is an all-or-nothing benefit. If the worker does not do SGA, they keep full SSDI. If they do SGA after the TWP and grace period, their SSDI stops.
- BUT they can use other work incentives to:
 1. Keep Medicare
 2. Get SSDI back if their earnings later drop below SGA, without having to reapply

Supplemental Security Income (SSI)

SSI is a cash benefit a person gets from Social Security if they:

- Have a severe disability that meets Social Security's criteria OR are at least age 65, AND
- Meet the income limit, AND
- Meet the resource (asset) limit

SSI Income Limit

A single person's "countable" income must be under \$914 per month in 2023.

A married couple's "countable" income must be under \$1,371 per month in 2023.

SSI Resource Limit

- ▶ A single person's "countable" resources must be under \$2,000.
- ▶ A married couple's "countable" resources must be under \$3,000.
- ▶ Not all resources count (for example, the home the person lives in, one car, ABLE accounts and special needs trusts don't count).

SSI Amount

The maximum SSI benefit for a single person is \$914 per month in 2023.

The maximum SSI benefit for a married couple is \$1,371 per month in 2023.

SSI Logic

- SSI helps a person pay for food and shelter.
- If they have no other income, they usually get the maximum SSI payment because they need all of it for food and shelter.
- If they have other income, they usually get less SSI, because they don't need as much to pay for food and shelter.
- As other income goes up, SSI generally goes down.
- As other income goes down, SSI generally goes up.

How Work Affects SSI

- Earnings from work reduce SSI, but not dollar for dollar.
- SSI is reduced by less than half a person's earnings from work.
- This means they have more money if they work.

Demonstration of SSI Calculation Sheet

See attached SSI Calculation

Impairment Related Work Expenses (IRWEs) and SSI

- A worker with SSI can use IRWE to keep more SSI when they work.
- IRWEs are subtracted from their countable income.
- When their countable income goes down, their SSI goes up.

IRWE Example for SSI (Part 1)

- Langston receives \$914 per month SSI. He is not blind.
- He starts a job that pays him \$1,085 per month gross wages.
- He is not able to drive due to his disability and needs to pay a neighbor \$200 per month to drive him to and from work.

IRWE Example for SSI (Part 2)

- ▶ What would his net pre-tax income be if he did not need to pay for transportation?
- ▶ What is his net pre-tax income if he pays for transportation using IRWE?
- ▶ What would his net pre-tax income be if he paid for transportation but did NOT use IRWE?

IRWE Example for SSI (Part 3)

- ▶ What would his net pre-tax income be if he did not need to pay for transportation? \$1,499 per month
- ▶ What is his net pre-tax income if he pays for transportation using IRWE? \$1,399 per month
- ▶ What would his net pre-tax income be if he paid for transportation but did NOT use IRWE? \$1,299 per month

How IRWE Works for SSI

- IRWE offsets up to half the amount of an expense.
- If the person pays \$200 per month for an IRWE, they usually get to keep \$100 more SSI than they would without IRWE.
- IRWE helps offset expenses, but not dollar for dollar.
- The same kinds of expenses allowed as IRWEs for SSDI are allowed as IRWEs for SSI.

Blind Work Expenses (BWEs)

- ▶ NOTE: A person who gets SSI and meets Social Security's definition of blindness can use another work incentive called Blind Work Expenses (BWE) for almost any work-related expense, even if it is not related to blindness.
- ▶ BWE usually offsets 100% of an out-of-pocket expense.

Plan to Achieve Self Support (PASS)

- ▶ A Plan to Achieve Self Support (PASS) helps a person reach a work goal by:
 - ▶ Qualifying them for higher SSI payments than they would get without PASS
 - ▶ To help them pay for expenses to reach the goal.
- ▶ PASS expenses are subtracted from countable income.
- ▶ When countable income goes down, SSI goes up.

PASS Expenses

A PASS expense must be:

1. Paid for by the person with a disability and not reimbursed,
2. Needed to reach the work goal,
3. New or additional (not something the person paid for before the PASS), and
4. A start-up cost, not a continuing expense (with exceptions, like car payments)

Examples of PASS Expenses (Part 1)

- Job coaching or coworker support
- Transportation costs (taxi, Uber/Lyft, paratransit, car purchase and insurance, work-related mileage) and vehicle modifications.
- Education costs (tuition, books, fees, etc.)

Examples of PASS Expenses (Part 2)

- Job-related equipment, tools, uniforms, computers, etc.
- Childcare
- Expenses to start a business
- Assistive devices (including repairs, maintenance and training to use them)
- Attendant services

PASS Example 1 (Part 1)

- ▶ Laura gets \$914 per month SSI.
- ▶ She starts a part-time job earning \$1,685 per month gross wages.
- ▶ She would like to get a full-time job as a HVAC Technician, but all available jobs require her to have a car.
- ▶ She needs to pay \$800 per month for a car payment, insurance and mileage for full-time work.

PASS Example 1 (Part 2)

What would her net pre-tax income be if she did not need to pay for a car?

What is her net pre-tax income if she pays for a car using PASS?

PASS Example 1 (Part 3)

What would her net pre-tax income be if she did not need to pay for a car? \$1,799 per month

What is her net pre-tax income if she pays for a car using PASS? \$1,799 per month

How PASS Works

If a person has only earned income and SSI, PASS offsets up to 100% of the amount of expenses.

If the person pays \$200 for a PASS expense, they usually get to keep \$200 more SSI than they would without the PASS.

Using PASS to Qualify for SSI

A person who gets too much SSDI to receive SSI may use a PASS to qualify for SSI.

PASS Example 2 (Part 1)

- Mark gets \$960 per month SSDI.
- His SSDI income is too high for him to get SSI.
- He wants to work full time as a barber.
- He needs to pay \$900 per month for 18 months to complete barber school.
- He uses a PASS to pay for barber school and applies for SSI.

PASS Example 2 (Part 2)

What would his net pre-tax income be if he did not use a PASS and did not go to barber school?

What is his net pre-tax income if he pays for barber school using PASS?

PASS Example 2 (Part 3)

What would his net pre-tax income be if he did not use a PASS and did not go to barber school? \$960 per month

What is his net pre-tax income if he pays for barber school using PASS? \$934 per month

How to Prepare and Submit a PASS

- Complete the SSA-545 form - <https://www.ssa.gov/forms/ssa-545.pdf>
- Passonline is a great website to use to prepare a PASS - <https://www.passonline.org/>
- Contact the PASS Specialist, Kate Rader, at 866-592-1755, ext. 23014 or kc.region.pass.cadre@ssa.gov and submit the PASS to her for review and approval
- If the person receives only SSDI and not SSI, they need to apply for SSI when they submit the PASS.

To Get Help Using IRWE or PASS

- Contact a Benefit Planner or Community Work Incentive Coordinator (CWIC)
- If the person is served by an agency that has a Benefit Planner, the person can connect with them.
- If not, connect with a CWIC by calling 866-968-7842 and asking to be referred to the Work Incentives Planning and Assistance (WIPA) project.

Comparison of Using IRWE and PASS to Fund Work-Related Expenses (Part 1)

- IRWEs must be needed due to a disability or medical condition, as well as for work.
- Using IRWE for SSDI enables a person to earn more than the SGA dollar amount while keeping the full SSDI benefit. The extra income helps pay for the work-related expenses.

Comparison of Using IRWE and PASS to Fund Work-Related Expenses (Part 2)

- Using IRWE for SSI usually offsets half the expense.
- Using PASS usually offsets 100% of expenses when the person gets only SSI and earnings from work.
- Using PASS can enable a person who gets only SSDI (or SSDI and work earnings) to qualify for SSI to help offset expenses needed to reach a work goal.

Questions?

