

NEEDS & RESOURCES

Government Benefits Breakdown



Social Security Benefits Breakdown

Navigating government benefits available to an individual with special needs can be difficult. The wide array of requirements and qualifications can be overwhelming. However, the benefits provided can serve as an invaluable piece of a plan for an individual with special needs. One of the most important of these government benefits are those administered by the Social Security Administration (SSA).

Regardless of age, if a person has a medical disability that prevents him/her from working, he/she may be able to claim either Social Security Disability Insurance (SSDI): available only to disabled people who have already worked for a certain number of years; or Supplemental Security Income (SSI): available to disabled or elderly people whose incomes and assets are very low. These two programs are two of the largest income assistance programs, and it is possible to receive both benefits at the same time, if eligible.

Social Security Disability Insurance (SSDI)

To be eligible for SSDI, a recipient must be disabled, and must also have built up sufficient work history and contributed to Social Security. After collecting SSDI benefits for 24 months, the recipient may become eligible for Medicare, regardless of age.

There are also circumstances where a disabled individual can collect SSDI if their parent is receiving SS retirement benefits or SSDI benefits. SSDI has no additional or ongoing income or resource tests to determine eligibility amounts in general.

Supplemental Security Income (SSI)

SSI is a cooperative program between the SSA and the recipient's state government. SSI provides income benefits to an individual with qualifying special needs or disabilities if they fall below a certain income level. In order to be eligible for SSI the recipient must have a low monthly income and have resources (assets) worth less than \$2,000, or \$3,000 for a couple (excluding certain items, such as a car and home). This includes cash, bank accounts, stocks, and U.S. Savings bonds.

If the application is approved, the SSI benefits may be reduced by cash payments less part of earned income (as described below) and any in-kind support and maintenance received. The state may supplement this amount with an additional payment (called the State Supplementary Payment).

In most states, a recipient may also automatically become eligible for Medicaid once approved for SSI.

Earned Income

If a recipient earns income, he/she is allowed to deduct a certain amount of the income before computing the reduction in SSI payment. The income deduction is determined by subtracting \$65 of earned income, plus another \$20 for earned or unearned income, and then subtracting half of the remaining income. The amount of income left after taking into account the deduction will be subtracted from the SSI payment.

Direct Distributions and In-Kind Support and Maintenance

Cash or gift cards (from an individual or trust) provided directly to a SSI recipient (for any purpose) are considered unearned income. Every dollar of unearned income received results in the same amount in reduced SSI benefits for the same month.

Trusts to Protect SSI Eligibility

The SSA will usually count the assets in a trust when deciding SSI eligibility. For example, all of the assets in a revocable living trust would be counted against a recipient. In an irrevocable trust, the portion of the trust that could be used to make payments to an individual would be counted against the individual.

Fortunately, the SSA allows for the creation of specific trusts that allow for exceptions to these general rules. These are generally known as special needs trusts.

Sample

This writing is provided for informational purposes only. New York Life Insurance Company, its agents or employees may not give legal, tax or accounting advice and none is intended nor should be inferred from the forgoing information. We must necessarily insist that everyone seek and rely upon the guidance of their own professional counsel for such advice and that such advisors must form their own opinion on these matters based upon their independent knowledge and research. The Nautilus Group® is a service of New York Life Insurance Company.

SMRU 1833608 Exp. (12.6.2021)