



Transition Age Youth and Social Security Disability Benefits Question & Answer Series 2018

QUESTION: Can I work and still keep my SSI benefits?

YES – this is possible depending on how much you earn. When you go to work, your SSI check will gradually get smaller as your wages go up. The good news is that Social Security DOESN'T reduce your SSI check dollar-for-dollar by what you earn. In fact, less than half of your gross wages will actually count!

Here's how Social Security decides how much your SSI check will be when you have earned income:

1. Social Security starts with your GROSS monthly earnings (your pay before taxes and FICA are taken out).
2. If you are eligible for a special deduction for students under the age of 22 (called the Student Earned Income Exclusion), Social Security will subtract that from your wages before any other deductions are taken.
3. Next, Social Security will subtract a \$20 general income exclusion (if you have another form of income, this deduction may be taken off of that instead of your wages), plus a \$65 earned income exclusion.
4. Finally, if any of your wages are still left, Social Security will check to see if other special earned income deductions can be subtracted.
5. Once all the deductions have been subtracted, Social Security takes what is left of your earnings and divides it in HALF!
6. Last, Social Security will take the amount of your wages left after all of the deductions and subtract it from your base SSI rate. The amount left is what your adjusted SSI payment will be.

EXAMPLE: Jillian got a job right after graduating from high school earning \$1,000 a month. She was receiving \$750 each month in SSI benefits and was worried about how her new job would affect her benefits. She reported her wages to Social Security and was happy to learn that less than half of what she earned would be counted. Here are the deductions they applied:

- Jillian was no longer a student so no Student Earned Income Exclusion could be taken.
- Social Security started by deducting the \$20 general income exclusion from Jillian's gross wages which left \$980.

- Next, Social Security subtracted the \$65 earned income exclusion which left \$915.
- Jillian did not have any other special work incentives to deduct, so Social Security moved on to the next step.
- Social Security took what was left of Jillian's wages (\$915) and divided that number in HALF. That left \$457.50 of countable earned income.
- Finally, Social Security subtracted the countable wages of \$457.50 from her base SSI rate of \$750. This leaves Jillian with a reduced SSI check of \$292.50.
- Jillian now has \$1,000 in wages plus her reduced SSI check of \$292.50. This means her total income is \$1,292.50 instead of only \$750!

The important thing to remember is that SSI recipients always come out ahead financially by working! Even if your SSI check stopped because of your earnings, you would still have more money than you had when you were only getting SSI!

QUESTION: What is the Student Earned Income Exclusion and how would that help me?

The Student Earned Income Exclusion (SEIE) is a special earned income deduction for students who receive SSI and earn income while attending school. Through the Student Earned Income Exclusion, Social Security allows students to keep more of their SSI check, continue taking classes, and thereby improve their future employment outcomes.

In 2018, if you are receiving SSI benefits, are under age 22, and are regularly attending school, Social Security will completely disregard up to \$1,820 per month of your earned income. The maximum yearly exclusion is \$7,350. The amount you may exclude is adjusted each calendar year.

Social Security will consider you to be "regularly attending school" if you're taking one or more courses of study and attending classes:

- in a college or university for at least 8 hours a week; or
- in grades 7–12 for at least 12 hours a week; or
- in a training course to prepare for employment for at least 12 hours a week (15 hours a week if the course involves shop practice), or
- for less time indicated above for reasons beyond the student's control, such as illness.

If you're home schooled because of a disability, you may be considered "regularly attending school" by studying a course or courses given by a school (grades 7–12), college, university or government agency, or by having a home visitor or tutor who directs the study.

If you're home schooled by choice (instead of due to a disability or illness) you may be considered regularly attending school if you are taught at home in grades 7-12 for at least

12 hours a week. Your homeschool instruction must be in accordance with the homeschool laws of your state.

If you participate in an online education program you may be considered a student regularly attending school if you study courses given by an online school in grades 7-12, a college or university, or a government agency; and the online school is authorized by the laws of the state in which the online school is located.

Here is how the Student Earned Income Exclusion (SEIE) works:

1. If you receive SSI and you start working, you must report your wages to Social Security. There are several ways you can do this. Contact your local WIPA Project for help.
2. If you meet the qualifications described above, ask Social Security if you are eligible for the Student Earned Income Exclusion. You may have to show some type of proof that you are a student such as a student ID, tuition receipt, or a letter from your school. Be sure to bring the name and address of the school you are attending.
3. If you are eligible for the SEIE, Social Security will completely disregard up to \$1,820 of your wages in a month up to the point that your full calendar year exclusion of \$7,350 has been used up.

For most students who get SSI, using the Student Earned Income Exclusion means that NONE of the wages they earn count and the SSI check is not reduced at all! This is a real advantage for young SSI recipients who work while they go to school!

EXAMPLE: Let's go back and look at Jillian again. Let's say that after graduating from high school, Jillian enrolled in the local community college. She is still under age 22 and meets the definition of "regularly attending school". How would this affect things once she gets that job earning \$1,000 per month? Here are the steps Social Security would take to figure out how much of Jillian's wages would count:

- First, Jillian would let Social Security them know that she is enrolled in school when she reports her new job. She shows her student ID as verification of student status.
- Social Security would check to see if Jillian is eligible for the Student Earned Income Exclusion. Since Jillian is eligible, Social Security would completely disregard up to \$1,820 in wages each month until her annual exclusion of \$7,350 has been used.
- Jillian has not used any of her SEIE for this year and her gross wages of \$1,000 a month are below the monthly SEIE exclusion of \$1,820.
- Social Security will disregard ALL of her wages for 7 full months which means her SSI check of \$750 will not be reduced at all! Jillian will have \$1,000 a month in gross wages plus her full SSI check of \$750!
- In the 8th month, Jillian will only have \$350 of her annual SEIE exclusion left to use so Social Security will deduct that from her gross wages to leave her with \$650.

Social Security will now apply all the other earned income deductions SSI recipients get (the \$20 general income exclusion, the \$65 earned income exclusion and then they will divide the remaining wages in half). This will leave Jillian with countable earned income of only \$282.50. Social Security will reduce her SSI check in her 8th month of employment, but only by \$282. Jillian's adjusted SSI check will be $\$750 - \$282.50 = \$467.50$.

- Jillian now has \$1,000 in gross wages and still has \$467.50 in SSI so she is much better off than she was before she went to work!

For more information about the Student Earned Income Exclusion and how it may apply to you, contact your local WIPA Project at: