



Impairment Related and Blind Work Expenses and SSI

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Introduction

In the SSI program, Social Security allows working SSI recipients to deduct certain expenses from gross wages when they are determining countable earned income. By deducting these expenses, SSI recipients reduce the amount of earned income that counts, allowing them to retain more of the SSI cash payment each month. There are two very different work incentives that allow SSI recipients to deduct expenses: Impairment Related Work Expenses (IRWEs) and Blind Work Expenses (BWEs). This document will provide a brief explanation of both provisions.

Impairment Related Work Expenses (IRWEs)

One of the tools the Social Security uses when determining countable income is called Impairment Related Work Expenses or IRWEs. Under this provision, the cost of certain items and services required by individuals in order to work are subtracted from earnings when determining how much of the person's income is "countable." The purpose of the IRWE is to take the costs associated with the disability into account when assessing the value of the earnings.

For an IRWE deduction to be allowable, 5 criteria have to be met:

1. First, the expense must be directly related to enabling the beneficiary to work. This means that items the person needs simply to live more independently would generally not qualify as IRWEs. However, some items like out-of-pocket costs for prescription medications do qualify as IRWEs even though the individual would be taking the medication whether he/she worked or not. The non-reimbursed cost of the prescription may be deducted because the medication helps the individual manage his or her impairment, and management of the impairment is necessary for the person to work.
2. Second, the expense has to be related to a medically determinable impairment that is being treated by a health care provider rather than being something that anybody

would incur by working. This means that things like FICA deductions are not permissible as IRWEs.

3. Third, the expense must be paid for out-of-pocket by the individual and is not reimbursable from another source.
4. Fourth, the expense must generally be paid for in a month during which the individual was working. Under some circumstances, costly durable goods purchased during the 11-month period preceding the month work started may be deducted as an IRWE. Expenses incurred in a month of work but paid for after work stopped also can be considered.
5. Finally, the expense must be “reasonable,” which SSA generally defines as “usual and customary” or the typical cost for that item or services in the person’s community.

Important Facts about IRWEs and SSI

- Payments the beneficiary makes for items needed in order to work are deductible whether the person with a disability purchases the item before or after he or she begins working, if the person needs the item in order to work.
- Payments the beneficiary makes for services are deductible if the beneficiary receives the services while working. Social Security may make deductions for services even though a person must leave work temporarily to receive the services. The costs of any services a person receives before he or she begins working aren’t deductible.
- The amount of an IRWE Social Security deducts from earned income is the total allowable amount (subject to reasonable limits) that the person with a disability pays for the item or service. Social Security doesn’t usually determine the amount deducted by assigning a certain portion of the expense to work activity and a certain portion to non-work activity (e.g., 40 percent of the time at work and 60 percent of the time at home). Attendant care services may be an exception to this general rule, depending on the situation.
- When determining countable income in an SSI calculation, IRWEs aren’t deductible from earned income if Social Security deducts the income used for the purchase of the impairment-related item or service as part of a Plan to Achieve Self-Support (PASS) for the same period.
- Deductions from gross receipts of a business that Social Security uses to determine net earnings from self-employment (NESE) can’t be deducted again as IRWE. If the expense meets the IRS rules for a legitimate business expense, Social Security should

always apply it to reduce NESE because this approach has the benefit of lowering countable income for tax purposes as well as for SSI purposes.

- Social Security may pay some IRWEs on a recurring basis. For example, in some cases the cost of durable equipment (respirator, wheelchair, etc.) may be paid over a period of time under an installment purchase plan. In addition to the cost of the purchased item, interest and other normal charges (e.g., sales tax) that a person with a disability pays to purchase the item will also be deductible. Generally, the amount the person pays monthly will be the deductible amount.
- Part or all of a person's IRWE may not be recurring (e.g., the person with a disability makes a one-time payment in full for an item or service). Social Security may deduct entirely such nonrecurring expenses either entirely in one month, or may prorate them over a 12-consecutive month period, whichever the beneficiary chooses. Beneficiaries should consider which method would provide more benefits, including the amount of SSI payment in SSI cases.
- A person with a disability may make a down payment on an impairment-related item, or possibly a service, to be followed by regular monthly payments. Social Security deducts such down payments either entirely in one month, or allocated over a 12-consecutive month period, whichever the person chooses.
- When a person with a disability rents or leases an item while working, the allowable deductible amount is the actual monthly charge. Where he or she makes the rental or lease payments other than monthly (e.g., weekly), it's necessary to compute monthly payment amounts. As with other costs, rental or lease payment is subject to the reasonable limits provision.
- Payments made by the person with a disability for services rendered to someone else aren't deductible. Payments are deductible only when the services are provided for, or the items are used by, the beneficiary. For example, any payment by a person with a disability to care for his or her child isn't deductible.

All of the above rules also apply to the Title II disability benefits (SSDI, CDB, DWB) except where specified. When individuals receive both SSI and Title II disability benefits, the entire amount paid for the item or service is deductible when Social Security determines if work is SGA, and Social Security also deducts the amount from countable earnings when the SSI program calculates the SSI payment amount. In this manner, concurrent beneficiaries may apply the IRWE in two different ways for the two different benefits.

Example of IRWE with earned and unearned income:

Kathleen works and receives SSI. She has \$150 a month in unearned income from an annuity that her parents purchased for her when she turned 21. She is working 20

hours a week for \$10 per hour. She will have four paychecks in the month, each representing one week's work. This results in a monthly gross earned income of \$800 for most months, and an estimate of \$1,000 in the months when she receives five paychecks. Kathleen is neither a student, nor under 22, so she isn't eligible for the SEIE. She lives in a state that doesn't supplement SSI payments. Kathleen pays all of her own living expenses. She takes special transportation that Social Security counts as an IRWE. That transportation costs \$120 per month.

Step	Calculation
Unearned Income	\$150.00
General Income Exclusion (GIE)	- \$20.00
Countable Unearned Income	= \$130.00
Gross Earned Income	\$800.00
Student Earned Income Exclusion	- 0
Remainder	\$800.00
General Income Exclusion (if not used above)	- 0
Remainder	\$800.00
Earned Income Exclusion (EIE)	- \$65.00
Remainder	\$735.00
Impairment Related Work Expense (IRWE)	- \$120.00
Remainder	\$615.00
Divide by 2	\$307.50
Blind Work Expenses (BWE)	- 0
Total Countable Earned Income	= \$307.50
Total Countable Unearned Income	\$130.00
Total Countable Earned Income	+ \$307.50
PASS Deduction	- 0
Total Countable Income	= \$437.50

Step	Calculation
Base SSI Rate (check for VTR)	\$794.00
Total Countable Income	-\$437.50
Adjusted SSI Payment	=\$356.50
Adjusted SSI Payment	\$356.50
Gross Unearned Income Received	+\$150.00
Gross Earned Income Received	+\$800.00
Subtotal	=\$1,306.50
PASS, BWE, or IRWE Expenses	- \$120.00
Total Financial Outcome	=\$1,186.50

Blind Work Expenses (BWEs)

Individuals receiving SSI due to statutory blindness are eligible for an additional work incentive. This work incentive is known as Blind Work Expenses or BWE. In addition to goods or services that Social Security would normally deduct under the IRWE provisions outlined above, BWE provisions also allow exclusion of any other work-related items that a person pays out of pocket. The biggest difference between BWE and IRWE is that BWEs don't need to be related to any impairment.

REMEMBER — Blind Work Expense provisions ONLY apply in the SSI program! BWEs only apply to SSI recipients who meet Social Security's definition of statutory blindness and who receive benefits based on blindness.

Examples include, but aren't limited to:

- State and federal taxes
- Union dues
- Mandatory pension contributions
- Uniforms
- Reader services
- Driver services
- Cost of service animal's care

- Childcare
- Transportation
- Meals consumed at work
- Adaptive equipment purchased by the beneficiary

NOTE: Social Security may only deduct BWEs from earned income; Social Security can't use the BWE exclusion to reduce countable unearned income.

In the vast majority of cases, it's safe to assume that any individual who receives SSI due to blindness and is earning more than \$85 per month would have at least some BWEs to claim. The CWIC should help the beneficiary identify the types of BWEs they are incurring and should estimate the total average cost of these BWEs when they submit the BWE request to Social Security for a formal determination.

Work Incentive Deductions for Blind Beneficiaries

If an individual meets the definition of statutory blindness, and receives both Social Security Title II disability and SSI, there are a few things to keep in mind:

- The BWE provisions ONLY apply to the SSI benefit. BWEs don't exist in the Title II disability program.
- For Title II, the SGA level is higher for individuals who meet the definition of statutory blindness.
- CWICs shouldn't assume that someone meets Social Security's definition of statutory blindness. Social Security needs to make a formal determination before blind individuals may access the special work incentives.
- SGA determinations never apply to SSI applicants who meet the statutory definition of blindness.
- Remember that Social Security deducts IRWEs under Title II for blind individuals, and the definition is the same for everyone. In the SSI program, however, all goods and services that would normally meet the definition of IRWE would also meet the definition of BWE, in addition to expenses that would only apply as BWE. In almost every case, an individual who receives SSI due to blindness should claim allowable expenses as a BWE instead of an IRWE, as it provides for greater reduction in countable earned income. Examples showing Social Security applying this deduction come later in this unit.

Example if Kathleen were blind:

In the example below, \$200 was added to approximate work expenses that wouldn't fit the criteria for IRWE, but would meet the criteria for BWEs. This would only apply if Kathleen met the disability standard of statutory blindness.

Step	Calculation
Unearned Income	\$150.00
General Income Exclusion (GIE)	- \$20.00
Countable Unearned Income	= \$130.00
Gross Earned Income	\$800.00
Student Earned Income Exclusion	- 0
Remainder	\$800.00
General Income Exclusion (if not used above)	- 0
Remainder	\$800.00
Earned Income Exclusion (EIE)	- \$65.00
Remainder	\$735.00
Impairment Related Work Expense (IRWE)	- 0
Remainder	\$735.00
Divide by 2	\$367.50
Blind Work Expenses (BWE)	- \$320.00
Total Countable Earned Income	= \$47.50
Total Countable Unearned Income	\$130.00
Total Countable Earned Income	+ \$47.50
PASS Deduction	- 0
Total Countable Income	= \$177.50
Base SSI Rate (check for VTR)	\$794.00
Total Countable Income	- \$177.50

Step	Calculation
Adjusted SSI Payment	=\$616.50
Adjusted SSI Payment	\$616.50
Gross Unearned Income Received	+\$150.00
Gross Earned Income Received	+\$800.00
Subtotal	=\$1,566.50
PASS, BWE, or IRWE Expenses	- \$320.00
Total Financial Outcome	=1,246.50

Examples of Deductible BWEs as Compared to IRWEs

This chart is distilled from a Program Operations Manual System (POMS) section and is an example of types of expenses, indicating whether they meet the definition of IRWE or BWE, or both. For more information, refer to the original chart in SI 00820.555 - [List of Type and Amount of Deductible Work Expenses](https://secure.ssa.gov/apps10/poms.nsf/lnx/0500820555) found online (<https://secure.ssa.gov/apps10/poms.nsf/lnx/0500820555>).

Item or Service	Is it IRWE?	Is it BWE?
Medications	Yes	Yes
Medical supplies	Yes	Yes
Taxes	No	Yes
Service animal expenses	Yes	Yes
Mandatory pension deductions	No	Yes
Meals at work	No	Yes
Child care costs	No	Yes
Uniforms	No	Yes
Tools for work	No	Yes

Item or Service	Is it IRWE?	Is it BWE?
Adaptive devices	Yes	Yes
Physical Therapy	Yes	Yes
Prosthesis	Yes	Yes
Structural modifications	Yes	Yes
Union dues	No	Yes

Remember that the beneficiary must pay any cost and receive no reimbursement from any other source in order for Social Security to approve the expense under the IRWE and BWE rules. Also, this list is only a sampling of the many expenses that a person may deduct under IRWE or BWE, depending on the situation, and depending on whether or not the expense is reasonable. With IRWE or BWE, the individual should submit any possible expense. Only Social Security personnel can make a determination about what an individual may or may deduct as an IRWE or a BWE, although these determinations are subject to the appeal's process as long as the individual puts them in writing.

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