Supplemental Security Income (SSI): Beneficiary Income/Resource Limits and Accounts Exempt from Benefit Determinations

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Summary

The Supplemental Security Income (SSI) program, authorized by Title XVI of the Social Security Act, is a means-tested income assistance program financed from general tax revenues. Under SSI, disabled, blind, or aged individuals who have low incomes and limited resources are eligible for benefits regardless of their work histories. In June 2011, more than 8 million individuals received SSI benefits receiving monthly payments of $499.40 on average. The SSI program paid out more than $4.3 billion in federally administered benefits that month. All but six states and the Commonwealth of the Northern Mariana Islands supplement the federal SSI benefit with additional payments, which may be made directly by the state or combined with the federal payment.

As a means tested program, SSI places a limit on the assets or resources of its beneficiaries. However, there are four types of accounts that represent an important part of the overall SSI program and can be used by SSI beneficiaries to build assets or plan for the future, including (1) money placed into burial accounts, (2) money used as part of a Plan for Achieving Self-Support (PASS), (3) money placed in Individual Development Accounts (IDAs), and (4) money placed in dedicated accounts for children. For the purposes of determining SSI eligibility these accounts are not counted as resources and can be used by beneficiaries without affecting their eligibility.

This report provides an overview of income and resource limits for SSI benefit determinations as well as the four types of accounts exempt from the SSI resource limitations.

This report will be updated to reflect any changes in this legislation or other relevant legislative activity.

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Introduction

The Supplemental Security Income (SSI) program, authorized by Title XVI of the Social Security Act, is a means-tested income assistance program financed from general tax revenues. Under SSI, disabled, blind, or aged individuals who have low incomes and limited resources are eligible for benefits regardless of their work histories.

In June 2011, more than 8 million people received SSI benefits. In that month, these beneficiaries received an average cash benefit of $499.40 and the program paid out a total of nearly $4.3 billion in federally administered SSI benefits.[1] All but six states and the Commonwealth of the Northern Mariana Islands supplement the federal SSI benefit with additional payments, which may be made directly by the state or combined with the federal payment.

For SSI recipients who live in another person's household and receive in-kind support and maintenance, the federal benefit rate is reduced by one-third (to $449.33 per month for an individual in 2011). Individuals who reside in public institutions throughout any given month are generally not eligible for SSI.[2] A cost of living adjustment (COLA) is applied annually in January using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) to reflect changes in the cost of living. There was no COLA adjustment for 2010 or 2011. Most SSI recipients are also eligible for Medicaid and the Supplemental Nutrition Assistance Program (SNAP) benefits.[3] In some cases, the income and resources of non-recipients are counted in determining SSI eligibility and payment amounts.[4]

Income and Resource Limits

Individuals and couples must have limited assets or resources to qualify for SSI benefits.[5] Resources are defined by regulation as "cash or other liquid assets or any real or personal property that an individual (or spouse, if any) owns and could convert to cash to be used for his or her support and maintenance."[6]

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[1] Social Security Administration, *SSI Monthly Statistics, June 2011*, Table 1 at http://www.ssa.gov/policy/docs/statcomps/ssi_monthly/. This figure only includes federally administered benefits. The maximum federal SSI payment (also referred to as the federal benefit rate) is $674 per month for an individual living independently and $1,011 per month for a couple living independently in 2008. The average monthly benefit is lower than the federal benefit amount because a person's final monthly benefit is based, in part, on his or her earnings and other income.

[2] The federal benefit rate for individuals who reside in a medical treatment facility where more than half of the bill is paid by Medicaid (or, in the case of children, private health insurance) is reduced to $30 per month.

[3] SNAP is formerly known as the food stamp program. For more information see CRS Report RL33829, *Domestic Food Assistance and the 2008 Farm Bill,* by Randy Alison Aussenberg.

[4] This process is called "deeming" and is applied in cases where an eligible child lives with an ineligible parent, an eligible individual lives with an ineligible spouse, or an eligible non-citizen has a sponsor.

[5] For additional information on the SSI resource rules, see CRS Report 94-486, *Supplemental Security Income (SSI),* by Umar Moulta-Ali.

[6] 20 CFR § 416.1201.

The countable resource limit for SSI eligibility is $2,000 for individuals and $3,000 for couples. These limits are set by law, are not indexed for inflation and have been at their current levels since 1989.[7]

Earned and Unearned Income

Two types of income are considered for purposes of determining SSI eligibility and payment amounts: earned and unearned income. Earned income includes wages, net earnings from self-employment, and earnings from services performed. Most other income not derived from current work (e.g., Social Security benefits, other government and private pensions, veterans' benefits, workers' compensation, and in-kind support and maintenance) is considered "unearned." In-kind support and maintenance includes food, clothing, or shelter that is given to an individual. If an individual (or couple) meets all other SSI eligibility requirements (including the resource test described below), their monthly SSI payment equals the federal benefit rate minus their *countable* income.

Treatment of Assets Held in Trusts

Generally, assets held in a trust that could be used for the benefit of an individual are considered a resource for SSI purposes unless there is no circumstance under which a payment from the trust could ever be made for the benefit of the individual or the individual's spouse. The Foster Care Independence Act of 1999 (P.L. 106-169) changed the status of irrevocable trusts for SSI benefit calculations. Before its passage, assets placed in irrevocable trusts were not considered assets when determining benefit eligibility. P.L. 106-169 changed SSI eligibility requirements so that the value of income and resources from both irrevocable and revocable trusts are considered in determining eligibility and payment amounts. However, the Commissioner of Social Security may waive this provision if it would cause undue hardship for certain individuals.

Documentation for Income and Asset Verification

When applying for SSI, an individual must provide documentation to that Social Security Administration uses to determine income and resource eligibility, such as a Social Security card or record of a Social Security number; a birth certificate or other proof of age; a copy of a mortgage or lease and landlord's name; payroll slips, bank records, insurance policies, car registration, and other income information; medical information if applying for disability; and proof of immigration status (if not a U.S. citizen).

Resources and Accounts Exempt from SSI Eligibility and Benefit Determinations

Not all resources are counted for the purposes of determining SSI eligibility. Excluded resources include an individual's home, a car used for essential transportation (or, if not essential, up to $4,500 of its current value), property essential to income-producing activity, household goods and

[7] 42 USC § 1382(a).

personal effects totaling $2,000 or less, and life insurance policies with a combined face value of $1,500 or less.[8]

Earned and Unearned Income Exclusions

A certain amount of monthly earned and unearned income is excluded from SSI eligibility and benefit determinations. Monthly unearned income exclusions include a general income exclusion of $20 per month that applies to non needs-based income. Monthly earned income exclusions include any unused portion of the $20 general income exclusion, the first $65 of earnings, one-half of earnings over $65, impairment-related expenses for blind and disabled workers.[9]

Laws governing several federal benefit programs prohibit the SSA from counting benefits paid under these programs as resources and include food stamps, housing and energy assistance, state and local needs-based assistance, in-kind support and maintenance from non-profit organizations, student grants and scholarships used for educational expenses.[10]

In addition, the Social Security Act and federal regulations provide various types of resource exclusions that allow individuals or couples to own certain assets and not have them counted against their $2,000 or $3,000 resource limit. The following section of this report will detail the four types of accounts that a person or couple may deposit money and not have that money counted as a resource for the purposes of determining their SSI eligibility.

Burial Accounts

Money set aside by an SSI recipient to pay for his or her burial expenses can be excluded from the SSI resource limits. Each person may set aside up to $1,500 for burial expenses and these expenses must be separately identifiable from other assets and money held. A burial plot owned by an individual or a couple is not considered a resource and its value is not counted against the $2,000 or $3,000 resource limit.

There are two cases in which the amount of the burial expense exclusion may be reduced. First, the total amount permitted to be excluded is reduced by the face value of all life insurance policies held by the individual or his or her spouse. The face value of a policy is the amount the insurer agrees to pay the beneficiary upon the death of the insured. Second, the excluded amount of burial expenses is reduced by the total amount of money held in an irrevocable trust (commonly called an irrevocable burial trust) available to meet the burial expenses of the individual or his or her spouse.

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[8] The SSI resource exclusions can be found in Section 1613 of the Social Security Act (42 USC § 1382b) and in the Code of Federal Regulations at 20 CFR §§ 416.1210-416.1239.

[9] Couples receive the same income exclusions as individuals (i.e., a single earned income exclusion of $65, rather than two $65 exclusions).

[10] With the exception of SNAP, the programs with these statutory exclusions are mainly smaller programs that provide benefits to a limited group of people. A complete list of these programs can be found in the Code of Federal Regulations at 20 CFR § 416.1236.

Plans for Achieving Self-Support

A Plan for Achieving Self-Support (PASS) is an individual plan for employment designed by an SSI beneficiary. An SSI beneficiary designs his or her own PASS, usually with the assistance of a state Vocational Rehabilitation agency, disability service organization or Ticket to Work Employment Network. The plan must be submitted in writing to the SSA and must be approved by a special network of SSA employees called the PASS Cadre.

A PASS must include a specific goal for employment, such as a specific job type desired or a plan for setting up a small business. In addition, a PASS must include a time line for achieving the employment goal. The PASS must also include a list of any goods, such as assistive devices or job-specific tools, or services, such as schooling, that will be needed by the beneficiary to achieve his or her goal and must include a time line for the use of these goods or services and their cost.

Resources included in an approved PASS are not counted against the SSI resource limits. There is no limit to the amount of resources that can be excluded as part of a PASS and these resources can include money set aside to pay for elements of the PASS such as training or items purchased as part of the PASS such as assistive technology devices. If a beneficiary does not fulfill the terms of the PASS, then these resources can be counted and he or she may lose SSI eligibility and be required to reimburse the SSA for benefits paid after eligibility was lost.

Individual Development Accounts

Individual Development Accounts (IDAs) are matched savings accounts that allow families and persons with low-incomes to set aside money for education, the purchase of a home, or the creation of a business.[11] An individual may place money from his or her earnings into an IDA and have that amount of money matched by the state with funds from the state's Temporary Assistance for Needy Families (TANF) block grant. In addition, under the provisions of the Assets for Independence Act, P.L. 105-285, nonprofit organizations, and state, local, or tribal governments may compete for grants to fund IDAs for low-income households. IDAs funded through this grant process are often referred to as Demonstration Project IDAs.

Money saved in a TANF IDA or a Demonstration Project IDA, including the state contribution and any interest earned, is not counted as a resource for the purposes of determining SSI eligibility.[12] There is no limit to the amount of money in an IDA that can be excluded from the SSI resource calculation. However, there are limits to the amounts states and other entities can contribute to IDAs.[13]

[11] For additional information on IDAs, see CRS Report RS22185, *Individual Development Accounts (IDAs): Background and Current Legislation for Federal Grant Programs to Help Low-Income Families Save*, by Gene Falk.

[12] There are other types of IDAs that are targeted to specific groups, including refugees and persons living in assisted housing. However, only TANF and Demonstration Project IDAs are exempt from the SSI resource rules.

[13] For additional information on these limits see CRS Report RS22185, *Individual Development Accounts (IDAs): Background and Current Legislation for Federal Grant Programs to Help Low-Income Families Save*, by Gene Falk.

Dedicated Accounts for Children

When a child SSI beneficiary is owed back SSI benefits of more than six months, his or her representative payee is required to place those benefits in a dedicated account at a financial institution.[14] This dedicated account must be in the child's name and can not be invested in stocks, bonds, or other types of securities. Any money placed in the account and any interest earned on the account is the property of the child.

The representative payee may use the money from the dedicated account for the medical care or education and training needs of the child. In addition, money from this account can be used for personal needs assistance, special equipment, housing modifications, or therapy for the child based on his or her disability or for other items and services for the child approved in advance by the SSA. Money from a dedicated account can not be used for the daily expenses, food, clothing, or shelter of the child. The representative payee is responsible for keeping records and receipts of all deposits and expenditures and is liable to the SSA for any misuse of money in a dedicated account.

Money in a dedicated account for children is not counted as a resource for the purposes of determining the child's SSI eligibility or the SSI eligibility of the representative payee.

Acknowledgments

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[14] Back benefits are often the result of delays in the disability determination process. For additional information, see CRS Report RL32279, *Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)*, by Umar Moulta-Ali.