

When Everyone Works, Everyone Wins!

Work Incentive “Tips” Newsletter

Freedom To Work

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IN THIS ISSUE:

Minimum Wage Increase
Good PASS Candidates
PASS: Jack Huber’s Story
Key Features to a PASS
More PASS Information
Cassie’s Hint
Upcoming Training

Federal Minimum Wage to Increase on July 24, 2009

The minimum wage for non-exempt employees in South Dakota is scheduled to increase from \$6.55 per hour to \$7.25 per hour on July 24, 2009. For individuals who earn or are close to the current minimum wage of \$6.55 per hour, this change presents a wonderful opportunity to increase monthly income. At the same time, there are some issues for you to be aware of if you have a disability and are receiving benefits from the Social Security Administration (SSA), receiving food stamps or other public-funded support programs. The increase in minimum wage may have an impact on these benefits, depending on your current monthly income and the type of supports or services you receive.

Generally, an increase in wages is good news; however it is important to understand how this increase may impact your benefits. In most cases, an increase in income can be managed so that you are able to maintain benefits while you need them. We encourage you to anticipate this increase and understand how it might impact your situation.

Below are some actions to consider regarding the increase in minimum wage:

- Calculate the wage increase prior to the adjustment taking place
- Report changes in your income to SSA
- Meet with a Benefits Specialist to review your situation
- Utilize the SSA work incentives such as Impairment Related Work Expense (IRWE) and Subsidy

Tips Box: The Impairment-Related Work Expense (IRWE) allows you to deduct reasonable costs of certain items and services required by your impairment to enable you to work.

For people who are receiving Supplemental Security Income (SSI), the change in minimum wage will impact your benefit payment amount the month after you report it. The major adjustment will most likely take place on the October 1, 2009 SSI payment. Remember, you

are allowed to keep your wages, but SSA will adjust the benefit payment amount depending on how much you are paid. And because the adjustment in minimum wage takes place at the end of July, you will only have one week of higher wages in that month. However, in August you will have a significant increase in wages that will have an impact on your October SSI payment amount.

If you are receiving Title II benefits (SSDI), the situation with a minimum wage hike is much different. Again, it is important to report what you earned in the month. This is significant because in the SSI program you report what you are paid in the month, while in the Title II program you report your hours worked at a certain wage during the month. The other difference is in the Title II program you either get a benefit payment or you do not, depending on your situation and your work history. While in the Title II program and working, you are in different periods or stages of the program (Trial Work Period/Extended Period of Eligibility) depending on your earnings and how long you have participated in the program.

If you are participating in the Title II program and you earn less than \$700 per month both before and after the increase in minimum wage and you continue to have a disability, you will continue to receive the same benefit payment amount. In some cases, the minimum wage hike could increase wages enough to demonstrate a trial work month (\$700 in 2009) for a person in the Trial Work Period (TWP). It could also demonstrate Substantial Gainful Activity (SGA) for an individual who has completed the TWP and is in the Extended Period of Eligibility (EPE). Again, we encourage you to become familiar with how the Title II program works so that you know what stage of the program you are in and when it is appropriate to utilize SSA's work incentives. You can also meet with a Benefits Specialist to assist you in this process. Resource information for a Benefits Specialist is on the back page of this newsletter.

Tips Box: **BPQY** – Benefits Planning Query can be obtained from SSA and provides a snapshot of your benefits and work history as it is stored in SSA's electronic records.

Tips Box: You can review information on the TWP in the September 2004 Tips newsletter. Remember a trial work month is \$700 in 2009.

Achieving Self-Support

In the October 2008 edition of the "Tips" newsletter we covered a great deal of information on one of Social Security Administration's (SSA) work incentives called Plan for Achieving Self-Support (PASS). In this edition, we will provide additional information on this topic and share an article about an individual who is utilizing a PASS to achieve his work goal.

Who is a Good Candidate for a PASS?

To be eligible for a PASS, you must be able to meet the following criteria:

- have a disability or be blind,
- be under age 65 (unless receiving SSI disability payments in the month before turning age 65),

- be over 15 years of age,
- be able to meet all eligibility requirements for SSI with the exception of the income and resource test, and
- have earned income, unearned income, or resources to set aside in the PASS.

Tips Box: Money deemed to a child and/or a spouse can also be used for PASS expenses.

Below is an example of a good candidate for a PASS. You will find that this individual has an occupational goal that is measurable and feasible, has a good work history and a good attitude about returning to work. He has a significant disability, meets the age criteria and has a source of income to put into a PASS.

Using a PASS to Achieve Self-Support: Jack's Story

Jack Huber attended an "Employment and Benefits" training presented by Mike Walling in April of 2007 looking for assistance with his medical and financial situation. According to Jack, this is one of the best and most important decisions he has ever made. Prior to attending this workshop, he enjoyed working in the medical field as paramedic and being a first responder until his disability became more intense and started interfering with his ability to perform the basic requirements of the job. He has post thrombotic syndrome with chronic leg adema, which causes blood clots in the arteries of his legs and can result in a lot of discomfort and pain and can lead to permanent damage to legs and other organs in the body if not treated properly.

Due to the complexity of the disability, Jack considered it necessary to stop working. To be able to pay bills and get medical attention, he applied for disability benefits. He started receiving Supplemental Security Income (SSI) at first and, along with Medicaid, was able to start getting the medical attention that he desperately needed. Shortly thereafter, he was determined eligible for Social Security Disability Insurance (SSDI) benefits and Medicare. He was no longer eligible for the SSI program and Medicaid because the unearned income from his SSDI benefit payment was higher than the Federal Benefit Rate. This caused a major problem because the Medicare insurance program would not start for 24 months and would not cover all the medical expenses that his disability required when coverage did start. In addition to the health insurance problem, he did not see an avenue in which to advance his employment options.

Unemployment and receiving benefits was new to Jack and a path he did not feel comfortable living with. He knew that physically he needed medical attention and to maintain good mental health he would need to find resources and supports to get back into the employment arena and to get his life moving in a positive direction again. With this in mind, he began to look for the help he needed. He decided to attend the "Employment and Benefits" training offered by the Freedom to Work Project, where he might find the information and resources he was seeking.

Attending the "Employment and Benefits" training was easy, speaking up and explaining his

situation in front of the other participants was difficult, but Jack did it and found that he did have options.

The option he chose was one of Social Security Administration's (SSA) work incentives, Plan for Achieving Self-Support (PASS). Jack chose this option because he could use his own money to achieve self-support and while doing so, he would be eligible for Medicaid again and have the resources he needed to take care of his physical health.

With the information he received from the training and the support of the Freedom to Work Project staff, Jack found the resources he needed to start putting his PASS together. He did much of the work on his own, but found the Benefits Specialist and VR counselor in Aberdeen to be very useful, helping him with additional resources, financial assistance and guidance. He also felt confident in working with the SSA staff, who also provided guidance and assisted him through the process.

Jack's occupational objective was to obtain a job in nursing administration. To do this, he would have to return to college and get a degree in Nursing Administration. With a background in the medical field and great attitude about returning to work, this occupational objective is achievable and one that could be supported by SSA and his VR counselor. Jack put together a PASS in writing and submitted it to SSA. Jack's PASS included the following:

- The steps he planned to take to reach his occupational objective (Nursing Administration).
- The items (tuition, books, food, clothing, transportation, etc.) he needed to obtain his goal.
- The services and supports he would utilize (i.e. vocational rehabilitation services and benefits counseling).
- A time line or schedule of the dates that he would start his plan and reach his occupational goal.
- Source of income that he planned to set aside for the PASS (SSDI payment).
- A purchasing plan that would follow the steps to achieve his goal and how the money set aside would assist in this effort.
- Financial assistance that he would receive from other sources (vocational rehabilitation).
- Where the funds for the PASS would be accumulated.
- How the funds would be accounted for.

Jack is currently in his second year of nursing school and although the funds are tight, he is working hard to achieve his goal. He is using his unearned income (SSDI cash payment) to fund his PASS expenses so he can attend college. By doing this, he is also making himself eligible for SSI cash payments and Medicaid to pay for everyday expenses and to compensate for medical treatments. He is well on his way to achieving self-support!

Key Features to a PASS

A PASS **must be in writing** and must be submitted to the PASS Cadre at SSA for approval when you complete it. The reason it must be in writing is because it is an in-depth plan on

how you are going to reach your work goal. SSA has a specific form for you to use as a guide that you can obtain from a regional SSA office, a Benefits Specialist, or the Social Security website listed in the resource section of the newsletter.

Tips Box: To obtain a PASS form (SSA-545) you can go to the Social Security website at: www.ssa.gov. You can also go to the SSA office in your region, or contact your Vocational Rehabilitation counselor or a Benefits Specialist in your area.

More PASS Information

If you write a PASS and it is approved by SSA, it is an **agreement** between you and SSA. They expect that you will make a reasonable attempt to achieve your work goal as written in your plan. In the event that you are unable to complete the PASS, you must notify SSA immediately that the PASS has stopped. There is **no penalty** for not completing a PASS if you have demonstrated a reasonable attempt to accomplish the work goal; however, the funds remaining in the PASS become a **resource**. A PASS can be **amended** or **revised** at any time to enable you to continue to pursue the work goal. These revisions must be sent to SSA for approval.

The PASS is a unique work incentive and is significantly underutilized. A PASS can provide you with the opportunity to self-direct the vocational rehabilitation process by assisting you in planning and competing in the job market. It is a means to acquire the services and items needed for starting work. It also enables you to receive higher SSI payments and makes it financially feasible for you to set aside or save income and/or resources as you work toward self-sufficiency. We strongly encourage you to consider taking advantage of this work incentive. We feel that this is a great tool that will assist in increasing your income-producing capabilities and reduce your reliance on government benefit support.

Tips Box: People who are potentially eligible for SSI are eligible for the PASS work incentive. For example, if you have too much income or resources (deemed income, SSDI, and/or SSDAC) to be eligible for SSI now, using the income or the resources to pay PASS expenses may make you eligible for SSI and a PASS.

Cassie's "Hints"

Deeming

A child under the age of 18 with a disability may not be eligible for SSI due to deemed income from the parent (s). Social Security considers some of the parent's income and resources to be available to the child because they are living in the same household. Depending on how much is deemed, this could affect whether or not the child can get SSI benefits and how much. This process of determining how much income and resources will be used by the child is called deeming.

It is possible to use deemed income to fund a PASS for a child and thereby allowing him/her access to SSI and Medicaid. If a child is at least 16 years of age and has an educational or occupational

goal, the PASS might be a great way to assist in reaching that goal. The deemed income is counted as a form of unearned income by Social Security when they are determining SSI eligibility and monthly payment amounts. The calculation below shows how a PASS could be beneficial; assuming the parent's resources are below \$2000 and the child does not have any other wages at the time of application. In this example we have a single ineligible parent with one child, a monthly income of \$3000.00 and no unearned income:

	<u>Deeming with no PASS</u>	<u>Deeming with a PASS</u>
Parent gross monthly income:	\$ 3000.00	\$ 3000.00
Less \$20 unearned income exclusion:	- 20.00	- 20.00
	\$ 2980.00	\$ 2980.00
Less \$65 earned income exclusion:	- 65.00	- 65.00
	\$ 2915.00	\$ 2915.00
Divided by 2:	\$ 1457.50	\$ 1457.50
Less SSI FBR for 2009:	- 674.00	- 674.00
Deemed income to Child:	\$ 783.50	\$ 783.50
Less \$20 child unearned income exclusion:	- 20.00	- 20.00
Child's countable unearned income:	\$ 763.50	\$ 763.50
Subtract for PASS:	<u>- 00.00</u>	<u>- 763.50</u>
Child's countable unearned income: (after PASS deduction)	\$ 763.50	\$ 00.00
Federal Benefit Rate 2009:	\$ 674.00	\$ 674.00
Less child's countable unearned income:	<u>- 763.50</u>	<u>- 00.00</u>
SSI payment amount:	\$ 00.00	\$ 674.00

In the first calculation it is evident that the parent's income is too high for the child to qualify for SSI benefits. In the second example, putting the money that is deemed to the child (\$763.50) into a PASS, it makes them eligible for a full SSI payment and Medicaid.

Upcoming Training Events

Leadership and Diversity Training 2009

Featuring Richard Pimentel

June 9, Kelly Inn – Yankton

June 10, Days Inn – Brookings

June 11, Best Western Ramkota Inn – Aberdeen

June 12, Holiday Inn (Downtown) – Sioux Falls

For more information or to register: <http://www.sd-ccd.org/ftw>

Employment and Benefits Training – August 2009 – Featuring Mike Walling

August 17, AmericInn – Aberdeen

August 18, Advanced training - Holiday Inn (Downtown) – Sioux Falls

August 19, Basic Training – Days Inn – Brookings

August 20, Basic Training – Best Western Ramkota Inn – Watertown

For more information or to register: <http://www.sd-ccd.org/ftw>

South Dakota RehabACTion Fall Conference 2009

“Aim High – Hunting for Employment Opportunities”

October 13 to 15, Cross Roads Hotel and Convention Center – Huron

For more information: <http://pie.midco.net/berniegrimme/SDRehabACTion/Index.htm>

**Second Annual SD Special Education Programs and
Transition Services Liaison Project Joint Conference**

July 13-17, Best Western Ramkota Inn and Convention Center – Pierre, SD

To register: <http://www.tslp.org/liaisons.htm>

2009 Lighting the Way Conference – Autism in our Community

June 11-12, Augustana College – Sioux Falls

Mind, Body, and Soul: Choices for Healthy Living Symposium

June 19, Washington High School – Sioux Falls

**Understanding Mental Illness: A New Recovery Approach to Working with People with
Developmental Disabilities – Featuring Dr. Mary D. Moller**

June 1-2, Rapid City

June 4-5, Sioux Falls

For more information or to register: tstoesser@tie.net or 1-800-224-5336

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