

Demystifying Social Security: A Parents Guide to SSI & SSDI

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Welcome

Brief Overview and Introduction

Social Security Benefits Overview

Children Benefits (under 18)

- Children may receive various types of benefits from Social Security. These benefits are not necessarily based on the child's disability.
- A child who is under age 18 (19 if still in high school) may receive benefit payments from Social Security simply because they are a dependent of a parent who is disabled, retired, or deceased. These benefits are paid on the parent's work record.
- If a child has been receiving Social Security benefits and the benefits end because they turn 18 (or 19, if still in high school), they may apply for benefits based on their own disability.

Social Security Disability Insurance (SSDI)

- Also known as Title II
- SSDI is a disability insurance program.
- If child is disabled before age 22, and has a parent who is deceased, disabled, or retired, they may receive Childhood Disability Benefits (CDB) based on work record of parent.
- If student has worked, they may receive SSDI benefits based on their own work history and earnings when they turn 18.
- There is no resource restrictions.
- After 24 months of entitlement to SSDI, they receive Medicare

Supplemental Security Income(SSI)

- Also known as Title XVI
- SSI is based on need (Resource limit is \$2000.00 per month)
- If under age 18, child must be medically disabled by SSA's standards, and both the child's and family's income and resources must be below certain limits.
- Once child is 18, income of parents is no longer considered, but child must meet medical requirements for adults with disabilities.
- SSI benefit amount may differ depending on person's living arrangement.
- Individuals who receive SSI benefits automatically receive Medicaid insurance.

Three Different Ways to Apply

1. Apply at the nearest SSA field office (an appointment is encouraged).
2. Call SSA's toll-free number, 1-800-772-1213, to make an appointment.
3. Initiate an on-line application by visiting www.socialsecurity.gov. SSA encourages online applications.

Parent-to-Child Deeming

What It Is:

When a child under 18 applies for or receives SSI, the **parent's income and resources** may be “deemed” (counted) toward the child's eligibility and payment amount.

When It Applies:

- Child is under 18
- Lives with one or both ineligible parents
- Parent(s) are responsible for child's welfare

Deemed Resources:

- Same resource rules as SSI individuals
- Home, one car, and business property excluded
- Pension funds excluded for parents
- Resource limits: \$2,000 (one parent) / \$3,000 (two parents) + \$2,000 (child)

Note: Parental deeming ends at age 18 or if the child is no longer under parental control.

Age 18 Redetermination

1. At Age 18 a child will need to reapply for Social Security benefits if they have a qualifying disability.
2. The adult SSI requirements are more stringent than the Child SSI test.
3. Parents income will no longer apply.
4. Those who no longer qualify medically may be able to continue receiving SSI benefits temporarily if they are participating in a Vocational Rehabilitation program (This is known Section 301).

Myth Busters

1. You can't save money

- **False**, You can save money it just depends on what benefit you are receiving and how much you can save. We will talk about asset building in another session.

2. I do not have to reapply for benefits if I have a disability when I turn 18.

- **False**, everyone needs to apply for adult SSA benefits when they turn 18. They will need to meet the adult definition of disability. Once approved SSA will then determine if the person receives SSDI, SSI, or Both.

3. I cannot live with my parents and receive SSA benefits once I'm 18.

- **False**, once the student turns 18 SSA will no longer take the parents income or resources into account unless the parent is paying for shelter for the SSI person.

Supplemental Security Income

Federal Benefit Rate

The Social Security Administration counts an individual's or SSI eligible couple's income on a monthly basis. To determine the SSI payment amount, income not excluded through work incentives or other provisions is subtracted from the SSI Federal Benefit Rate (FBR)

The FBR is a monthly amount that (usually) changes in January of each year, and is the highest Federal payment an individual or eligible couple (two SSI beneficiaries married, or holding out to the community as if married) may receive is:

2025 (Individual) \$967.00

2025 (Couple) \$1,450.00

In-Kind Support and Maintenance (ISM)

ISM = Unearned income from free or reduced-cost shelter provided to an SSI recipient by someone else (inside or outside the household).

Two Rules for Valuing ISM:

1. Value of the One-Third Reduction (VTR)

- Applies if the person lives in another's household **for a full month**, receives **both food and shelter**, and **pays nothing**.
- SSI is reduced by **1/3 of the FBR**.

2. Presumed Maximum Value (PMV)

- Applies if the person **pays part of their shelter** or lives independently.
- Maximum value = **1/3 of FBR + \$20** (2025 = **\$342.33**).
- Can be **rebutted** if actual value of help is lower.

ISM Continued

Recent Rule Changes (Effective Sept. 30, 2024):

- Assistance with food is no longer counted as ISM.
- Public Assistance Households (including SNAP) are now exempt from ISM.
- Rental subsidy only applies if paying less than 1/3 of FBR + \$20 or below market rent

When ISM Is *Not* Charged:

- Paying full pro-rata share of shelter.
- Market-rate rental agreements (no subsidy).
- Shelter from public assistance or disaster relief.
- Deeming relationship already applies (e.g., parent-to-child).

Calculating a Person's SSI Payment

When Social Security is deciding how much SSI a person should receive, they look at other income a person may have.

This includes:

UNEARNED INCOME : (Unemployment Benefits, Child Support, or SSDI)

and

EARNED INCOME: (Wages from Work or Income from Self-Employment)

Calculating a Person's SSI Payment Continued

When they are calculating a person's SSI payment, they exclude (do not count) the first \$20 of a person's unearned income. This is called a general income exclusion. They also exclude the first \$65 and half of the remainder of the person's earned income. This is called an earned income exclusion.

If a person has very little or no unearned income, they add the \$20 general income exclusion to the \$65 earned income exclusion before dividing by 2.

Countable Income Formula

Formula: anticipated amount of hours to work each week multiplied by 4.3 multiplied by the monthly wage

- **Start with Unearned Income**

Subtract a \$20 general exclusion.

What's left is *countable unearned income*.

- **Look at Earned Income (Wages)**

Subtract exclusions (student, \$65 earned income, and the \$20 if not used above).

Subtract work expenses related to disability or blindness.

Divide the remainder by 2.

What's left is *countable earned income*.

Countable Income Formula Continued

Formula: anticipated amount of hours to work each week multiplied by 4.3 multiplied by the monthly wage

- **Add Them Together**

Countable unearned + countable earned = *total countable income*.

- **Figure Out Payment**

Start with the base SSI rate.

Subtract total countable income (and any other deductions).

What's left is the *SSI monthly payment*.

SSI Work Incentives

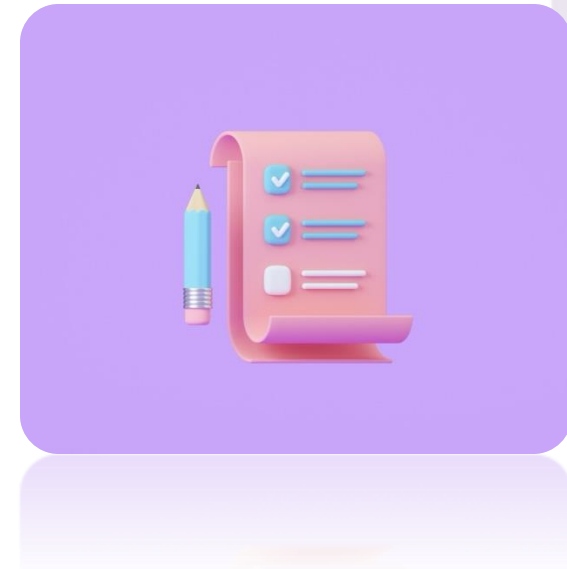
- **Student Earned Income Exclusion (SEIE)**
 - A special exclusion for students who are under the age of 22 and regularly attending high school or college (or a training program to prepare for employment) may allow them to keep all or most of their SSI payment while they work.
- **Impairment Work Related Expense (IRWE)**
 - Some individuals may have out-of-pocket expenses for items or services they need in order to work, Social Security may subtract these expenses from gross wages. Blind Work Expense (BWE)

SSI Work Incentives Cont.

- **Blind Work Expense**
 - Social Security has special rules for people who have statutory blindness.
- **Plan for Achieving Self Support (PASS)**
 - Set aside income and/or resources for a specified period of time in order to pay for items or services needed to achieve a specific work goal.

Things to Remember

1. Social Security will look at unearned income and earned income.
2. When you can, you should have your adult child pay their fair share of the shelter.
3. Resources Matter.
4. Medicaid is linked to SSI.
5. Not all income will count against you.



SSI Myth Busters

1. Social Security will count every penny I have!
 - **False**, remember that everyone receives the GIE, the EIE, and the rest is divided in two. We will talk about more work incentives and ways to reduce countable income in a future session.
2. My adult child cannot live with me because their check will be reduced.
 - **False**, you and your parents can talk about you a rental agreement once you find a job and have the money to pay towards shelter.
3. There is no incentive for my child to work, they need too much assistance.
 - **False**, you will always come out ahead by working. You must start somewhere to begin your financial journey to independence.



Social Security Disability Insurance (SSDI)

Definition of Disability

To meet our definition of disability, you must not be able to engage in any substantial gainful activity (SGA) because of a medically determinable physical or mental disability(ies) that is either:

- Expected to result in death.
- Has lasted or is expected to last for a continuous period of at least 12 months.

SSDI

- A federal insurance program for workers who become disabled before retirement age.
- Funded by Social Security payroll taxes (FICA), must have worked and paid into the system.
- Must have enough recent work credits (based on age at disability).
- Monthly payment based on average lifetime earnings.
- Medicare coverage begins after 24 months of SSDI entitlement.

Childhood Disability Benefits (CDB)

- A Social Security benefit for adults (age 18+) with a disability (adult standard) that began before age 22.
- Paid under a parent's work record (SSDI), not SSI.
- Parent must be retired, disabled, or deceased and insured under Social Security.
- Child must be unmarried
- Medicare eligibility after 24 months.

Substantial Gainful Activity

Each year, Social Security uses earnings guidelines when they are deciding whether or not your earnings show Substantial Gainful Activity.

In 2025, the SGA guideline is \$1,620 or \$2,700 for stat blind in gross monthly earnings.

SGA is NOT simply a number – it is an objective concrete dollar amount SSA establishes each year as the upper limit that a beneficiary can earn before benefits are ended.

SGA determinations require that SSA personnel gather the applicable facts, apply the appropriate rules and procedures and use their best judgment to render a decision about the “value” of an individual’s work.

Trial Work Period

Most beneficiaries are entitled to 9 Trial Work Months.

You get your full SSDI or CDB payment during your Trial Work Period, regardless of how much you may earn!

In 2025, you must earn at least \$1,160 (gross) in a month before the month will be counted a Trial Work month.

Trial Work months are not required to be consecutive months.

Your Trial Work Period ends when you use 9 months, which qualify as Trial Work Months within a rolling 60-month Period.

SSDI Work Incentives

- **Subsidies/ Special Conditions**
 - SSA recognizes that sometimes a person's disability results in the need for extra assistance, a reduced production rate, frequent breaks, or fewer job duties than co-workers in a similar job – accommodations!
- **Impairment Related Work Expense (IRWE)**
 - The beneficiary is paying for something out of pocket that relates to their disability and work (Medication Expenses).

These incentives are not really in existence until the SSA claims representative decides that the work incentives are applicable to that individual's situation

Things to Remember

- SSDI does not care about resources or shelter cost.
- SSDI wants your adult child to work, they promote trying work!
- Your adult child may be able to receive benefits from you.
- There are incentives for your child to try work!
- Medicare is linked to SSDI or CDB.

SSDI Myth Busters

1. You can't work if you receive SSDI.

- **False**, You can work! SSA offers work incentives like the Trial Work Period that allow individuals to test work safely without immediately losing benefits.

2. SSDI is the Same as SSI

- **False**, They are different! SSDI is based on your work history and FICA contributions. SSI is based on financial need and has strict income/resource limits.

3. Once you get SSDI, you'll lose Medicaid.

- **False**, You can have Medicaid either through SSI or another avenue and have Medicare through SSDI.

Resources

- [SSA.gov - Social Security Information for Students](#)
- [SSA.gov - Benefits for Children PDF](#)
- [SSA.gov - Understanding the Benefits PDF](#)
- [SSA.gov - Create your “my Social Security” Account](#)
- [SSA.gov – Supplemental Security Income \(SSI\) PDF](#)
- [2025 Cost of Living Adjustment](#)

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