



Self Employment Part II: SSI Payments




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SEI: SSI and SSDI Similarities


- Same definition of SEI: 1) intention of making profit or producing income, 2) engaging in activity on regular basis, and 3) presenting self as being engaged in the selling of goods or services.
- SSA obtains documentation from beneficiary's own records to verify SEI in most SSI cases
- SSA counts only net earnings from self employment (profit): Net Earnings from Self-Employment (NESE)
- NESE computed same way: gross income for taxable year minus normal and allowable expenses multiplied by .9235 (if evidence shows FICA tax paid.)



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SEI: SSI and SSDI Differences

- For SSI, SGA is an issue only at initial application – the three General Evaluation Criteria tests apply.
- For SSI, SGA does not apply to blind recipients.
- NESE for entire taxable year used to determine monthly eligibility and payment: NESE divided equally among months in year (usually 12) for monthly NESE.
- SEI may be "in-kind" in form of food, shelter, and/or other items in lieu of cash.
- Certain Work Incentives apply to only SSI.




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SSI SEI Verification

SSA may use for SEI verification:

- Data generated from IRS records
- Recipient's federal income tax return
- Recipient's business records
- Recipient's signed allegation (if no other evidence available)

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SSI SEI Estimate

Future estimate:

- Use net earnings from prior year as basis


New business:

- Estimate amounts and then adjustments made once recipient completes taxes

Net loss from self-employment:

- Deduct from other earned income - must be verified and divided evenly over the months in the taxable year.

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SEI SSI Work Incentives

Work incentives are applied to monthly NESE in same way as to monthly wages:

- \$20 general income exclusion (if no unearned income)
- Earned income exclusion (minus \$65 and divided by 2)
- Impairment Related Work Expenses (IRWE), Blind Work Expenses (BWE), Student Earned Income Exclusion (SEIE)

NOTE: an expense cannot be used as both a business expense and IRWE/BWE deduction

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SSI SEI Work Incentives: PASS

Plan to Achieve Self Support (PASS)

- Written and individualized agreement between SSA and disabled SSI recipient to set aside income and/or resources over a designated period to purchase items or services needed to attain a specific work goal.
- Goal for SSI only recipient should result in significantly less dependency on SSI; for SSDI beneficiary, independence of benefits (income over SGA.)
- SSA does not count the money set aside as income in calculating the SSI payment or as a resource in determining eligibility.


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SSI SEI Work Incentives: PASS

- PASS can be approved for self employed SSI recipient only when net earnings exist (if there is no other income that can be used)
- Possible for SSDI beneficiary to become eligible for SSI by setting aside SSDI payment via PASS
- An expense cannot be used as both business expense and deduction for PASS
- Self employment PASS goal needs a business plan with detailed information
- Documentation must be submitted to verify compliance and progress

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SSI SEI Work Incentives: PESS

Property Essential for Self Support (PESS)

Certain property can be excluded as a resource if used for recipient's self support:

- Property recipient owns and uses
 - in a trade or business (e.g. inventory) or
 - for work as an employee (e.g. tools, equipment)
- No limit on value
- Other uses of property do not matter

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SSI SEI Work Incentives: PESS

In addition under PESS provisions:


Up to \$6,000 of non-business property excluded...

- If used to produce goods/services for daily living needs


OR

- If property yields an annual income of at least 6% of its value

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More Information



Presented by Wisconsin's Disability Benefits Network (WDBN)

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www.eri-wi.org/WDBN.htm



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