

***Employed Person: Reporting Changes
in Employee Earned Income to Social Security***

This information is for people who receive earned income as an employee. If you are self-employed or receive income as an independent contractor or receive an “honorarium” or book royalties, see the separate information packet about reporting to Social Security earnings as an independent contractor or other self-employment.

If you have questions about your disability benefits and earned income, call Disability Rights California at its toll-free number 1-800-776-5746 and ask to speak with our Social Security and Work Advocate. You can also visit the Social Security website covering disability benefits and work at www.ssa.gov/work or the government benefits page on our website at www.disabilityrightscalifornia.org. Social Security’s “Red Book on Employment Support” is available on the Social Security website at <http://www.ssa.gov/redbook>. Copies are available from your local Social Security office. Ask for The Red Book. There are Social Security regulations cited below. You can see those regulations at www.ssa.gov/regulations/index.htm#top. Click on “Code of Federal Regulations.” Or go to your local library and ask for help from the Reference Librarian.

You must **keep your own records** because you cannot count on Social Security's filing or record keeping system. If you receive Supplemental Security Income (SSI) or Social Security Disability Income (SSDI) benefits, you must:

- Keep a copy of everything Social Security sends you. Save the envelopes!
- Keep a copy of everything you send Social Security.
- Take notes whenever you talk to someone at Social Security or whenever you meet with someone at Social Security. Write down the person's name, what you talked about and the date you talked or met.

We recommend that you three-hole punch your papers and put them in a notebook. We also recommend that you three-hole punch a manila envelope and put the envelope in your notebook so that you have a secure place to keep your check stubs and receipts.

If you receive SSI:

SSI regulations say that you must report to Social Security any change in income that may affect the amount of your benefits. You must do so by the 10th of the month following the month your income changed. See 20 C.F.R. §§ 416.704 through 416.714. The earned income you report is gross earned income – what you earn before any deductions. If there is no change from the prior month that you reported, you do not need to report. Under Social Security's system, a change in income in one month will affect your SSI check two months later. If your income in January is lower than your income in December, you report the change by February 10, and your SSI check will be adjusted upwards in March. However, if your income in a month is too high to qualify for any SSI/SSP grant, you would not be eligible for SSI/SSP in that month. Although you have until the 10th of a month to report changes in your income the prior month, we recommend you get the change information to Social Security by the 5th or 6th of the month.

The income you receive may reduce the amount of your SSI. For instance, if you only receive SSI and you receive \$225 for work in January and you have no other income or deductions for Impairment Related Work Expenses (IRWEs) if disabled or Blind Work Expenses¹, your countable income for January will be

¹ See "SSI Blind Work Expenses" below.

\$70. Your SSI check for March should be reduced \$70:

Gross earned income	\$225.00
Less \$20 any-income deduction*	(20.00)
Less \$65 earned income deduction	<u>(65.00)</u>
Less Impairment Related Work Expenses (IRWEs)	<u>- 0 -</u>
Subtotal	\$140.00
Less 50% of the subtotal.	(70.00)
Less Blind Work Expenses (BWE) <u>- 0 -</u> Countable SSI Income	<u>\$ 70.00</u>

*If you have any unearned income, the \$20 any-income deduction is subtracted from unearned income.

If you receive Social Security (Title II) benefits such as Social Security Disability Income or Disabled Adult Child Benefits:

Social Security regulations require that you report work activity and earnings. 20 C.F.R. § 404.1588. That means you must report when you first start to work and in any subsequent month if your earnings increase.

If in a month your earnings average more than \$720 in 2011, that month would count as a trial work period (TWP) month. 20 C.F.R. § 404.1592. Your TWP consists of nine trial work months within a revolving 60-month period. This means that the nine trial work periods do not have to be consecutive.

After you reach your 9th TWP, the following month is your first month of your reentitlement period. This is also referred to as the Extended Period of Eligibility (EPE). This is a consecutive 36 month period. 20 C.F.R. § 404.1592a.

If your earnings immediately following your 9th trial work period month are over the SGA threshold, you will receive a check for your SGA month plus two additional monthly checks. After that your benefits stop. However, while you are in your EPE, you can get your Title II benefit for any month in which your earnings are at or below the SGA threshold. The SGA threshold amount generally changes each year. For 2011 the SGA threshold is \$1,000. For people who are blind, the 2011 SGA threshold is \$1640. 20 C.F.R. §§ 404.1574(b)(2)(ii), 404.1592(b)(1)(ii).

You can use the attached report forms to report a drop in income entitling you to a monthly disability check during your EPE.

If you receive both SSI and Social Security (Title II) benefits:

You need to report to both the SSI and the Title II Social Security units. They do not communicate with each other. Send a copy of what you send to the Title XVI unit (SSI) to the same address but write on the copy “Attention Title II (SSDI, Disabled Adult Child) unit.”

Special Deductions for Certain Work Expenses

Impairment Related Work Expenses (IRWEs):

IRWE’s are out-of-pocket expenses you incur because you have a disability and work. 20 C.F.R. §§ 404.1576, 416.976. This deduction is available to persons who qualify for disability benefits. Examples include attendant care assistance while at work, transportation costs if you are unable to rely on public transportation because of your disability, attendant care assistance to get you ready for work and to help you on returning home from work. IRWEs can include out-of-pocket medical expenses related to your disability if necessary to help you work or to continue to be able to work even if you would have those same expenses if you were not working.

IRWEs for people who receive SSI:

Impairment Related Work Expenses that you pay for yourself can be deducted from your earned income. Your countable income – the amount by which your SSI grant would be reduced – is determined after deducting IRWEs along with other earned income deductions. This deduction is available to persons who receive SSI on the basis of disability not blindness. It is also available to persons who receive SSI on the basis of age (65 or older) but who have a disability AND previously received SSI on the basis of disability in the month before their 65th birthday. 20 C.F.R. § 416.1112(c)(6). This is how your countable income would be calculated:

Gross earned income	\$225.00
Less \$20 any-income deduction*	(20.00)
Less \$65 earned income deduction	<u>(65.00)</u>
Less Impairment Related Work Expenses (IRWEs) ...	<u>-\$50.00</u>
Subtotal	\$90.00
Less 50% of the subtotal.	(45.00)
Less Blind Work Expenses (BWE)	<u>- 0 -</u>

Countable SSI Income \$ 45.00

IRWEs for people who receive Social Security (Title II) benefits based on disability including Social Security Disability Income (SSDI), Disabled Adult Child or Child Disability Benefits (DAC or CDB) or Disabled Widow Benefits:

Impairment Related Work Expenses you pay for yourself are deducted from your earned income before looking to see if your income is high enough to indicate your work may constitute substantial gainful activity or SGA. Your IRWEs are deducted from your gross earned income to determine if your earned income after IRWEs in 2011 is more than SGA of \$1,000 if you receive benefits on the basis of a disability or if it is more than SGA of \$1640 if you are blind. IRWEs are not deducted from earnings to see if a month counts as a TWP month. 20 C.F.R. § 404.1592a(a)1.

SSI Blind Work Expenses:

Persons who receive SSI on the basis of blindness are not eligible to deduct Impairment Related Work Expenses. They are, however, able to deduct BWEs which is any expense reasonably related to working. That would include most IRWEs plus other expenses related to working which are not impairment related (mandatory deductions for taxes or pension contributions, bus fare, uniforms, equipment, meals when at work, etc.). This deduction is available to SSI recipients under age 65 and to persons 65 and older if they received SSI in the month before their 65th birthday. 20 C.F.R. §416.1112(c)(8). (Note: BWEs do not apply to Title II benefits.) This is how your countable income would be calculated if you had a BWE.

Gross earned income	\$225.00
Less \$20 any-income deduction*	(20.00)
Less \$65 earned income deduction	<u>(65.00)</u>
Less Impairment Related Work Expenses (IRWEs)	<u>-0</u>
Subtotal	\$140.00
Less 50% of the subtotal.	(70.00)
Less Blind Work Expenses (BWE)	<u>-\$50.00</u>
Countable SSI Income	<u>\$ 20.00</u>

How to Use the Attached Report Forms

The Form Addressed to the SSI Unit (SSI Recipients' Report Form):

Fill in the address of your Social Security office and information about you after the "re". Make many copies of the form. We recommend you three-hole punch the copies.

Each month fill in on top the date you are signing and mailing in the form. Write in the month you are reporting about. That will usually be the month prior. Photocopy your check stubs. Attach the photocopies to the form you are mailing in to Social Security. On the bottom lines of the form letter, write in the date you received the check or checks and the gross income amount or amounts.

Fill out a form for your own notebook records. Staple the originals of your paycheck stubs to your copy of the letter and put in your notebook. Write down on your copy the date you mailed in the form. Write "put in mailbox on January 6, 2011." Bring your records with you whenever you go to Social Security.

The Form Addressed to the Title II Unit:

Fill in the address of your Social Security office and information about you after the "re". Make many copies of the form. We recommend you three-hole punch the copies.

You must report your earnings the first month you start work on a job and in any later month if your income decreases or stops on the top of the form. Fill in the date you are signing and mailing in the form. Write in the month you are reporting about (usually the month prior) and the amount of the gross income – the amount you earned before any deductions. Check the statement that applies about your income -- i.e., whether it is a one-time thing or will continue. Staple a photocopy of the pay stub or other evidence of payment to the letter you are sending to Social Security. Staple the original to your copy of the letter and put in your notebook. Write down on your copy the date you mailed in the form.

If in 2011 you are receiving more than \$720 a month in gross income (before deductions) and your income goes down, we strongly recommend that you tell Social Security your income has gone down. We strongly recommend that you also let Social Security know when you stop working.

Never, never mail your original pay records unless you send them return receipt requested! Our experience is that many things sent to the Social Security office never make it into your file.

[SSI Recipients' Report Form]

Date: _____

Social Security District Office

Attn: Title XVI/SSI Unit

Re:Name _____

SSN _____

Address _____

Day phone _____

Eve/message phone _____

I am reporting a change in earned income for the month of _____, 200____. Attached are photocopies of checks I received the month indicated (though the date on the check may be for the earlier month). The original check stubs will be brought in for the annual review. I understand that things sent to Social Security by mail are sometimes lost. If I had Impairment Related Work Expenses paid for with my earned income, I included information about the IRWE deductions below or on the other side of this letter. Please let me know if the change in income will mean a change in the amount of my SSI.

I swear under penalty of perjury that the foregoing statements are true and correct and that the attached photocopies are true and correct copies of the originals. Executed (signed) the date listed at the top of this letter in the city listed in my address above.

[SSDI/DAC and Disabled Widows Report Form]

Date: _____

Social Security District Office

Attn: Title II Unit

Re:

Name _____

Your own SSN _____

If your benefits are under a different number (benefits against the earnings record of a parent as Disabled Adult Child), that

SSN _____

Address _____

Day phone _____

Eve/message Phone _____

I am reporting earned income for the month of _____, 200_____.

The gross earned income was \$ _____. Attached is information about that income.

_____ This income is a one-time thing. I do not expect to continue receiving this income each month.

_____ I hope to earn additional income from this source. I will let you know if my income goes up or goes down or stops.

_____ I expect that I will continue to receive about this amount of income each month.

_____ If I had impairment related work expenses (IRWEs) I included information about those expenses on the back of this form.

I swear under penalty of perjury that the foregoing is true and correct and that the attached photocopies are true and correct copies of the original check stubs. Executed at the place and date indicated above.
