

WORKING WHILE COLLECTING DISABILITY BENEFITS

By Jacques Chambers, CLU

Many people who are collecting disability benefits would like to consider doing some work if it won't interfere with their benefit payments. Whether they are covered under Social Security Disability Insurance (SSDI), Supplemental Security Income (SSI), from a private disability insurance policy or a combination of programs, most will offer some incentives for work attempts. While work can provide a supplement to the disability income, more importantly, it can also improve the spirit and can help alleviate the depression that often accompanies total disability.

For persons with HCV symptoms, there are days when some work is possible even though it may not be eight hours, five days a week. However, people are often hesitant to try any type of employment out of fear that it may jeopardize their disability benefits.

The first rule of working while collecting disability is to thoroughly understand the rules so your benefits don't get unexpectedly stopped. These rules vary depending on who is paying the disability benefits.

Private disability insurance contracts even vary from policy to policy; some provide for partial benefits while working; others provide assistance in reentering the work force; others stop completely if any work for pay is done. It is important that you review your own contract and understand what your policy provides, if anything. You may want to consult with a benefits counselor if the contract wording is complicated, which is often.

If your disability policy was purchased individually by you, even if there is no partial disability benefit, you can always return to work and start paying premiums again so the coverage will be ready for you if you cannot continue working at a later date.

If, however, your private disability insurance coverage comes from a prior employer, returning to work can be the end of access to that coverage. It's all the more important to understand how your plan functions before trying to return to work. The most common provision in disability insurance policies will continue benefits in proportion to how much you are earning by working. For example, if you are earning 40% of your old income, adjusted for inflation, the carrier will pay you 60% of your regular benefit.

Note that many of the suggestions for working given below with SSDI or SSI can also apply to private disability insurance.

Both Social Security disability programs, Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) offer incentives to encourage you to attempt some work without necessarily losing benefits. However, it is important before starting to earn any wages that you thoroughly understand Social Security's rules about work. Mistakes and misunderstandings can result in overpayments that must be paid back to Social Security as well as the possible loss of future benefits.

*The rules for working are totally different between SSDI and SSI. If you are receiving **both** SSDI and SSI, both sets of rules apply which can really complicate the process.*

Before going into the rules of the two plans, there are some important points to be aware of that apply to both plans:

- **Consider a “Dry Run.”** Before attempting to do any type of regular work for wages, make sure you can physically and emotionally handle a regular schedule. A person who has not had to maintain a regular schedule in some time may find that the stress and physical demands can quickly overwhelm a fragile health status. Start with a volunteer project, doing anything as long as it involves some regular hours and no wages. It may be at a child care center, stuffing envelopes for a candidate, or whatever you may feel capable of doing for one to four hours a day. The important issue is the schedule, not the work. See how you react to having to get up every morning and go somewhere for a few hours, five days a week. Two or three weeks of this will give you a good idea of how well you might handle some employment.
- **Keep careful records of income and hours worked.** Once you start working for wages, keep all paycheck stubs. Also, maintain records of your work hours. Make sure that the records show not only gross pay, but also net pay, hours worked, and time period when the wages were earned.

While you may think that Social Security will have all it needs with the records of payroll taxes being paid, keep in mind that the records that Social Security receives only show gross pay and what tax year they were paid in. Plus, Social Security is approximately two years behind in posting them to your Social Security account. You should keep your paycheck stubs, especially if your earnings vary from month to month

- **Keep receipts and records of any additional expenses you incur due to working and your disability.** Social Security allows you to subtract from your earnings any expenses you incur that are necessary for you to work. This can include the cost of special transportation to and from work, prostheses and assistive devices, even medical expenses such as acupuncture, massage therapy or chiropractic treatments. Keep receipts and records for all medical expenses you pay out of your own pocket.

Tell Social Security of your plans to work. Unless you are going to be earning very small amounts, you should notify Social Security of your plans to attempt to do some work. To preserve a record of your notification, either mail them a certified letter, keeping a copy, or personally deliver a letter outlining your plans to your local office and get a signed receipt for it.

- **Some people are afraid to tell Social Security about working because they fear that it will trigger a review of their disabled status.** While that may seem like a rational concern, it does not turn out to be the case. The time for the next Continuing Disability Review is set at the time one is completed. Social Security

is much too overloaded with work to track and compare people trying to work with their Disability Review date.

- **Don't follow the wage maximums too closely.** If your wages are just below the maximum limits on a consistent basis month after month, then sooner or later, Social Security will become "curious" to determine if your limited work is really due to your medical condition or if you are intentionally keeping your income low to qualify for benefits.
- **Do some more research on Social Security and Work before actually starting to earn wages.** The rules regarding working while collecting disability benefits are too complicated to give in one short article. The Social Security website at www.ssa.gov has a wealth of information about working while collecting benefits:
 - *Working While Disabled* at <http://www.ssa.gov/pubs/10095.html>
 - *2005 Red Book on Employment Support* at <http://www.ssa.gov/redbook/eng/main.htm>

How your wages affect your disability benefits depends on whether you are collecting SSDI or SSI benefits. Both look at what is called "**Countable Income**" or "**Countable Earnings.**" Countable Income is the gross amount of your earnings **less** any expenses necessary to keep you working and **less** any subsidized earnings provided by your employer. See www.ssa.gov or the periodicals listed above for more on Countable Income.

Social Security Disability Insurance (SSDI) – Working with SSDI is an all or nothing type of program. You can collect your full SSDI benefits and earn all you are able to earn for nine months. These nine months are called the *Trial Work Period*.

Any month that you have Countable Income of \$670 (amount for 2008) or more will count as one month in the Trial Work Period. That means that you can earn \$5,000 per month or more for nine months and still receive your full SSDI benefits for each month. The Trial Work Months do not have to be consecutive, but are cumulative over a five year period.

It also means that if your Countable Income is less than \$670 (amount for 2008) in a month, then it does not count as a Trial Work Month. If you earn \$500 per month every month, you will continue to receive your full SSDI benefits without any particular time limit.

Once you have used all nine months of the Trial Work Period, you will still receive your full SSDI benefits as long as your income does not exceed what Social Security calls **Substantial Gainful Activity**. In 2008, Substantial Gainful Activity is Countable Income that exceeds \$940 per month.

Note to Self-Employed persons: For a self-employed person, Social Security considers any month that you work over 80 hours in the month as exceeding

Substantial Gainful Activity, regardless of your Countable Income. Also, regular business expenses are subtracted from earnings to arrive at Countable Income.

Supplemental Security Income (SSI) – SSI treats wages from work more as an ongoing possibility where SSDI considers it to be part of a progression back to full-time employment. It is not unusual for someone to work regularly at a low paying job and still qualify for some SSI benefits.

SSI looks at your wages each month and computes your SSI benefit for the month based on how much you earned (your Countable Income) in that month. This is one reason for the importance of keeping your own records.

SSI ignores the first \$20 each month you receive whether from earnings or SSDI or anywhere else. SSI will let you keep the next \$65 of your Countable Income.

Any earnings above \$65 will be used to reduce your SSI payment for that month, reducing the SSI benefit \$1 for every \$2 that you earn above \$65. To compute this, $\frac{1}{2}$ of the remainder is subtracted from your SSI payment.

For example, assume SSI is paying you \$579 (the federal amount for a single person in 2005). If you have no income other than SSI and work earnings, use \$85 instead of \$65 in the calculation below. Assume you had Countable Earnings of \$365.

- \$365 less \$65 leaves \$300.
- $\$300 \times .5 = \150 .
- $\$579$ (normal SSI) – $\$150 = \429 which will be the SSI payment for that month.
- $\$429$ (SSI) + $\$365$ (wages) = $\$794$ will be your total income for that month.

Obviously, Social Security does not have the ability to do this calculation before they send out each month's payment. These calculations are all done some time later, so it is very important that you maintain your own records and set aside any money that was an overpayment, because eventually Social Security will be asking for it back. At least it can earn interest while you have it.

As you can see, the rules for working while collecting disability are fairly complicated and the repercussions for not following them can be expensive. If you feel well enough to attempt some type of employment, it can help you financially and, more importantly, emotionally. However, it is important that you understand the process well before attempting it.