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SSI Income and Resource Limits: A Fact Sheet

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The Supplemental Security Income (SSI) program, authorized by Title XVI of the Social Security Act, is a means-tested income assistance program financed from general tax revenues. Under SSI, disabled, blind, or aged individuals who have low incomes and limited resources are eligible for benefits regardless of their work histories. In fiscal year 2002, 6.8 million individuals received SSI benefits. The maximum federal SSI benefit for an individual living independently is \$552 per month and \$829 per month for a couple in 2003.^{1,2}

The federal benefit for an individual who lives in another person's household is reduced by 1/3 (to \$368 in 2003). Individuals who reside in public institutions throughout a month are generally not eligible for SSI.³ Benefits are adjusted annually to reflect changes in the cost of living. Most SSI recipients are also eligible for Medicaid and Food Stamps. In some cases the income and resources of non-recipients are counted in determining eligibility and benefit amounts for individuals. This process is called *deeming* and is applied in cases where an eligible child lives with an ineligible parent, an eligible individual lives with an ineligible spouse, or an eligible non-citizen has a sponsor.

Verification Procedure

When applying for SSI, an individual must provide documentation to verify income and resource eligibility. A person must provide a Social Security card or record of a Social Security number; a birth certificate or other proof of age; a copy of a mortgage or lease and landlord's name; payroll slips, bank records, insurance policies, car registration, and other information related to income; medical information if applying for disability; and proof of immigration status if the person is not a U.S. citizen.

¹ This report is based upon the previous work of Rachel Kelly.

² All but 7 states supplement federal SSI benefits for people in certain living situations.

³ The SSI benefit for individuals who reside in a medical treatment facility where more than half of the bill is paid by Medicaid is reduced to \$30 per month.

Income Limits and Exclusions

An individual's income is used to determine eligibility for SSI and to calculate the benefit payment. Two types of income are considered: earned and unearned. Earned income includes wages, net earnings from self-employment, and earnings from services performed. All other income (including Social Security benefits, other government and private pensions, veterans' benefits, workers' compensation and in-kind support and maintenance) is not derived from current work and considered "unearned." In-kind support and maintenance includes food, clothing, or shelter that is given to an individual. If an SSI recipient has "countable" income, a dollar-for-dollar reduction is made against the maximum federal SSI benefit.

Not all income is counted for SSI purposes. Different exemptions apply for the different types of income. Earned income that is exempt from being counted includes the first \$65 per month in wages; ½ of all wages over \$65; impairment-related expenses necessary for blind and disabled workers; and income used for a plan for achieving self-support (PASS). Unearned income exclusions include the first \$20 per month of non-needs tested benefits and all of the following: Food Stamps; housing and energy assistance; state and local needs-based assistance; in-kind support and maintenance payments from non-profit organizations; and student grants and scholarships.

Resource Limits and Exclusions

An individual's resources or assets are also examined to determine eligibility for SSI. Regulations define a resource as cash or other liquid assets or personal property that individuals (or their spouses) own and could convert to cash to be used for their support and maintenance. Countable resources are limited to \$2,000 for individuals and \$3,000 for couples. These limits are not indexed for inflation and have been at the current levels since 1989. Not all resources are counted. Excluded resources include an individual's home; a car used for essential transportation, or up to \$4,500 of its current value; resources to fulfill a PASS; property essential to income producing activity; household goods and personal effects less than \$2,000; burial funds up to \$1,500; and life insurance policies with total face value less than \$1,500.

Treatment of Assets Held in Trusts

Generally, assets held in a trust are considered a resource for SSI purposes if the trust could be used for the benefit of the individual or spouse. The Foster Care Independence Act of 1999 (P.L. 106-169) changed the status of irrevocable trusts for SSI benefit calculations. Before its passage, assets placed in irrevocable trusts were not considered assets when determining benefit eligibility.⁴ Disbursements from this type of trust can be used by a trustee to provide a recipient with non-support and maintenance items including fees for music lessons or other forms of recreation, tuition costs, and books without effecting the person's SSI benefit payment or eligibility. P.L. 106-169 changed SSI eligibility requirements so that the value of income and resources from *both* irrevocable and revocable trusts are now considered in determining eligibility and/or benefit amounts. However, the Commissioner of Social Security may waive this provision if it would cause undue hardship for certain individuals.

⁴ An individual does not have the legal authority to revoke or use assets from an irrevocable trust for personal support and maintenance.