

# Tips for Explaining Work Incentives



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# Learning Objectives

1. State importance of focusing on the Bottom Line (how much money the person ends up with), rather than keeping benefits at all costs.
2. Identify basic points about work incentives.
3. Identify SSI work incentives and logic.
4. Identify Title II work incentives and logic.
5. Use visuals and comparisons to explain work incentives.
6. List potential advantages of working one's way off Title II benefits.
7. Explain Benefit to Work Coach's role regarding work incentives.

# Focus on Bottom Line

- SSI and Title II work incentives help protect benefits when people work.
- However, when you explain work incentives, your primary focus should not be to preserve all benefits.
- Encourage people to focus on improving their financial situation, not on protecting their benefits at all costs.
- Often, people can have higher net incomes when they work even if some benefits are reduced or stopped.

# Work Incentive Basics

- Work incentives in the Title II and SSI programs do several things:
  - Help people keep cash benefits longer and/or at higher levels while they work.
  - Continue medical benefits even if cash benefits stop due to earnings.
  - If cash benefits have stopped due to work, enable people to get cash benefits back more quickly and easily – without having to reapply - if their earnings later drop or stop.

# Work Incentive Basics

- Freedom to Work (FTW) – enables people to receive (or continue) Medicaid if they work.
- FTW is a powerful tool that:
  - Enables people to keep Medicaid whose financial eligibility would otherwise stop (e.g., SSI recipients whose earnings exceed the 1619(b) threshold, or whose countable resources exceed \$2,000 (\$3,000 for a married couple)).
  - Qualifies some people for Medicaid who are not eligible in other ways (e.g., people with substantial Title II benefits and wages).

# Work Incentive Strategies

- Most people are likely to choose work strategies that will continue their cash benefits. Their medical benefits will continue as well.
- Some may be willing to consider earnings that eventually stop their cash benefits, if they'll be better off financially.

# Work Incentive Strategies

- If they're willing to consider working their way off cash benefits, then focus on the other incentives:
- Continuing medical benefits.
  - 1619(b) for SSI recipients.
  - Extended Period of Medicare Coverage and Premium Health Insurance (HI) for Working Disabled for Title II beneficiaries.
- Getting cash benefits back more quickly and easily if earnings later drop or stop.
  - 1619(b) and Expedited Reinstatement (ExR) for SSI recipients.
  - Extended Period of Eligibility (EPE) and Expedited Reinstatement (ExR) for Title II beneficiaries.
- FTW to get or keep Medicaid, if necessary.

# Work Incentive Strategies

## Exercise

Which one of the following is NOT a good work incentive strategy?:

- a. For people who may work their way off cash benefits, emphasize work incentives that will let them keep their medical benefits, and get cash benefits back – without reapplying – if their earnings later drop or stop.
- b. Focus on helping people always earn little enough to keep their cash benefits.
- c. Emphasize how medical benefits can continue when people work.
- d. Consider Freedom to Work for working people to get or keep Medicaid.
- e. Focus on people improving their Bottom Line, rather than keeping all benefits at all costs.

# Work Incentive Strategies

## Exercise

Which one of the following is NOT a good work incentive strategy?:

- a. For people who may work their way off cash benefits, emphasize work incentives that will let them keep their medical benefits, and get cash benefits back – without reapplying – if their earnings later drop or stop.
- b. Focus on helping people always earn little enough to keep their cash benefits. **CORRECT**
- c. Emphasize how medical benefits can continue when people work.
- d. Consider Freedom to Work for working people to get or keep Medicaid.
- e. Focus on people improving their Bottom Line, rather than keeping all benefits at all costs.

# SSI and Work Incentives

- SSI is a benefit based on financial need.
- Designed to enable people to pay for food and shelter.
- Supposed to SUPPLEMENT other income.
- If a person has no other income, it's logical s/he should be able to receive up to the maximum SSI benefit.
- If the person has other income, it makes sense s/he might receive less SSI, because s/he doesn't need as much to pay for food and shelter.

# SSI and Work Incentives

- SSI Logic: As other (countable) income goes up, SSI goes down. As other (countable) income goes down, SSI goes up.
- SSI and other (countable) income is like a balance, or scale.



# Logic of SSI Work Incentives – SEIE, IRWE, BWE, PASS

- Work incentives reduce countable income.
- When countable income goes down, SSI goes up.
- Student Earned Income Exclusion (SEIE) – the only one of these four work incentives that does NOT require person to pay for expenses.
- SEIE reduces countable earned income simply because the person is a student under age 22 who is regularly attending school or job training course.

# Logic of SSI Work Incentives – SEIE, IRWE, BWE, PASS

- Impairment Related Work Expenses (IRWE), Blind Work Expenses (BWE), Plan to Achieve Self Support (PASS) – all require person to pay for expenses.
- Expenses are subtracted from countable income. This reduces countable income, and increases SSI.
- IRWE, BWE and PASS can be seen as helping to offset out-of-pocket expenses.
- The person pays for expenses, and his/her SSI is increased, which helps to offset the expenses.

# Logic of SSI Work Incentives – SEIE, IRWE, BWE, PASS

- An approved IRWE typically offsets half the cost of expenses.
- If the person pays \$200/month for IRWE's, his/her SSI usually increases by \$100/month.
- BWE and PASS can offset up to 100% of expenses, but not always.
- If the person pays \$200/month for BWE's or PASS expenses, his/her SSI may increase by as much as \$200/month.

# Logic of SSI Work Incentives – 1619(b)

## 1619(b)

- Work incentive that virtually ensures a person on SSI is better off working.
- “Double safety net” – if earnings rise high enough to stop SSI cash payments, protects SSI eligibility. This:
  - Protects Medicaid, and
  - Lets person get SSI payments back if earnings later drop low enough (or stop), without having to reapply; and
- HAS NO TIME LIMIT.

## Key Point About Work and SSI:

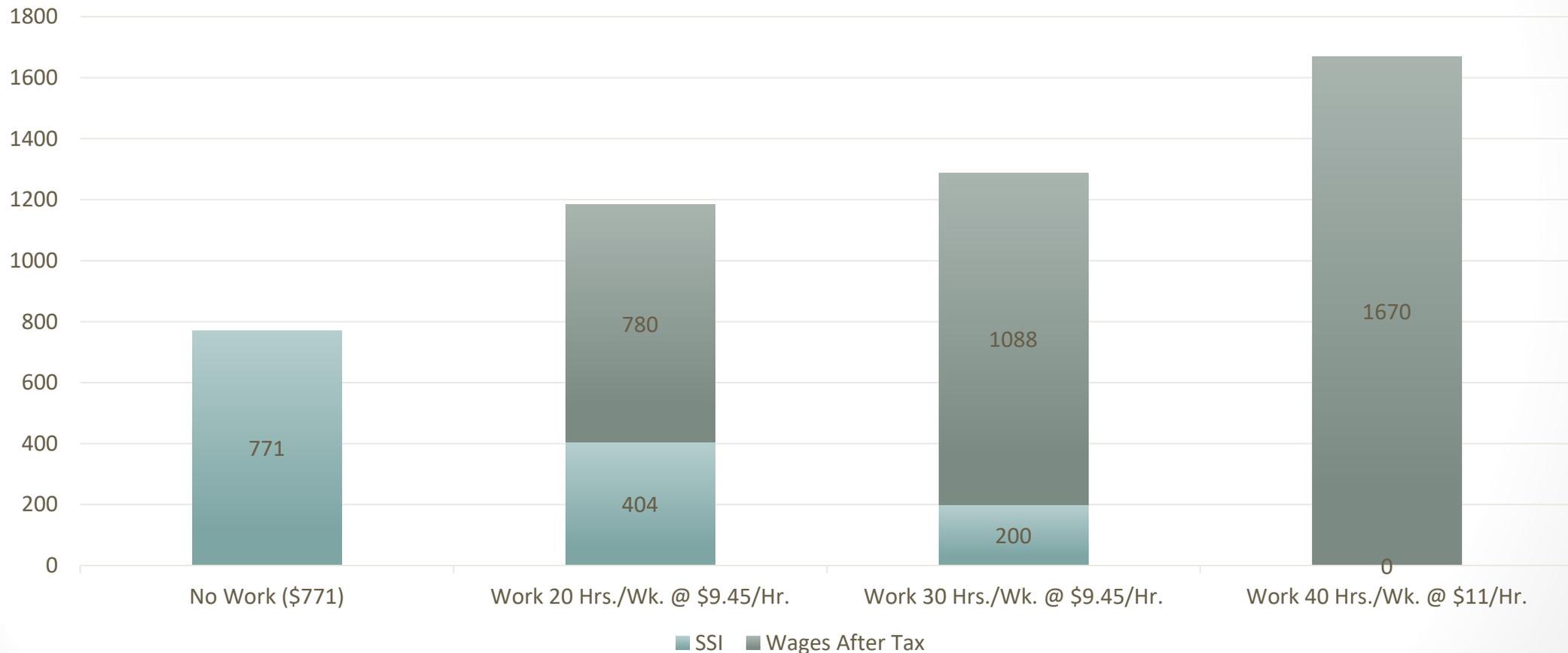
- **A person on SSI is almost always better off financially working than not working. The higher the earnings, the higher the net income.**
- This is true because SSI is reduced by less than half of the person's earnings.

# How to explain SSI work incentives to visual learners and people who struggle with numbers?

- Show **graphs** from [mi.db101.org](http://mi.db101.org) **Benefits and Work Estimator**, or
- Use **bar graphs**
- Use **comparison charts**
- View **videos** on [mi.db101.org](http://mi.db101.org)

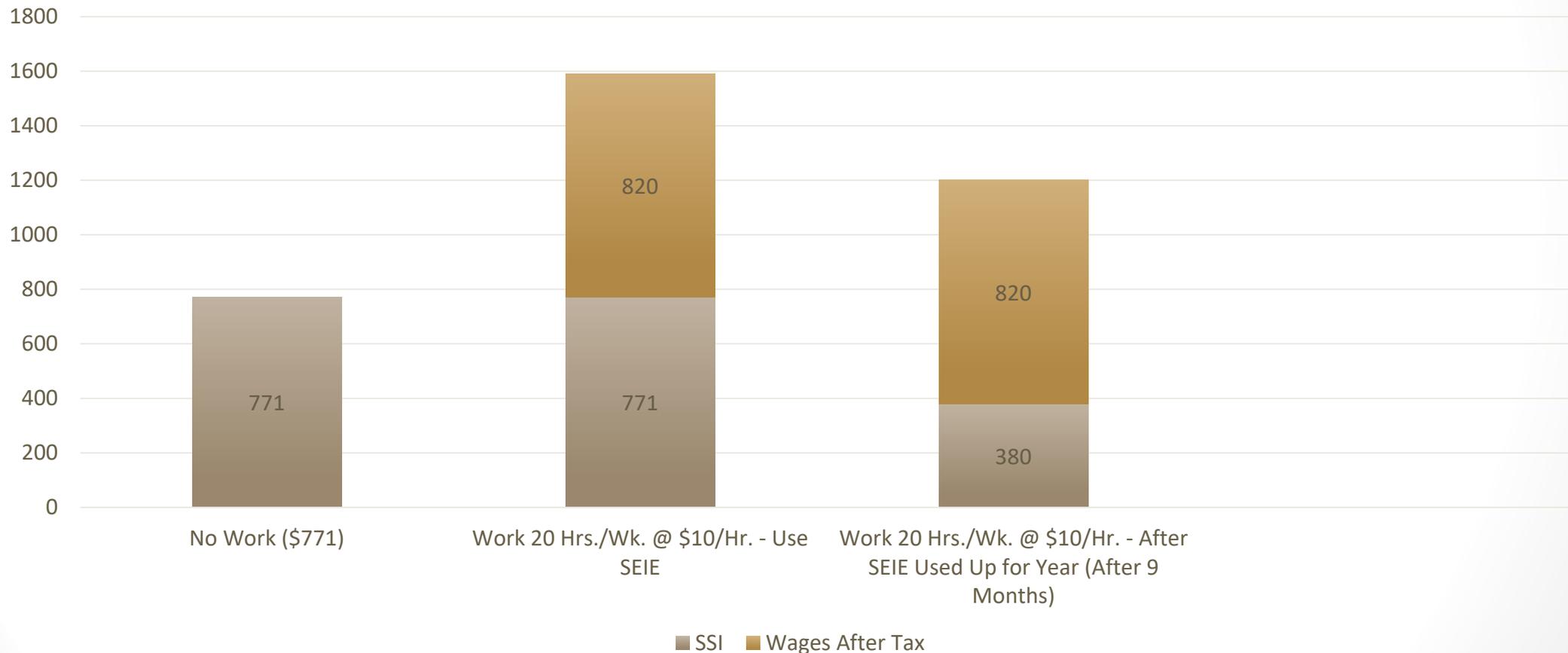
# How to explain SSI work incentives to visual learners and people who struggle with numbers?

SSI and Growing Wages (4.33 weeks/month)



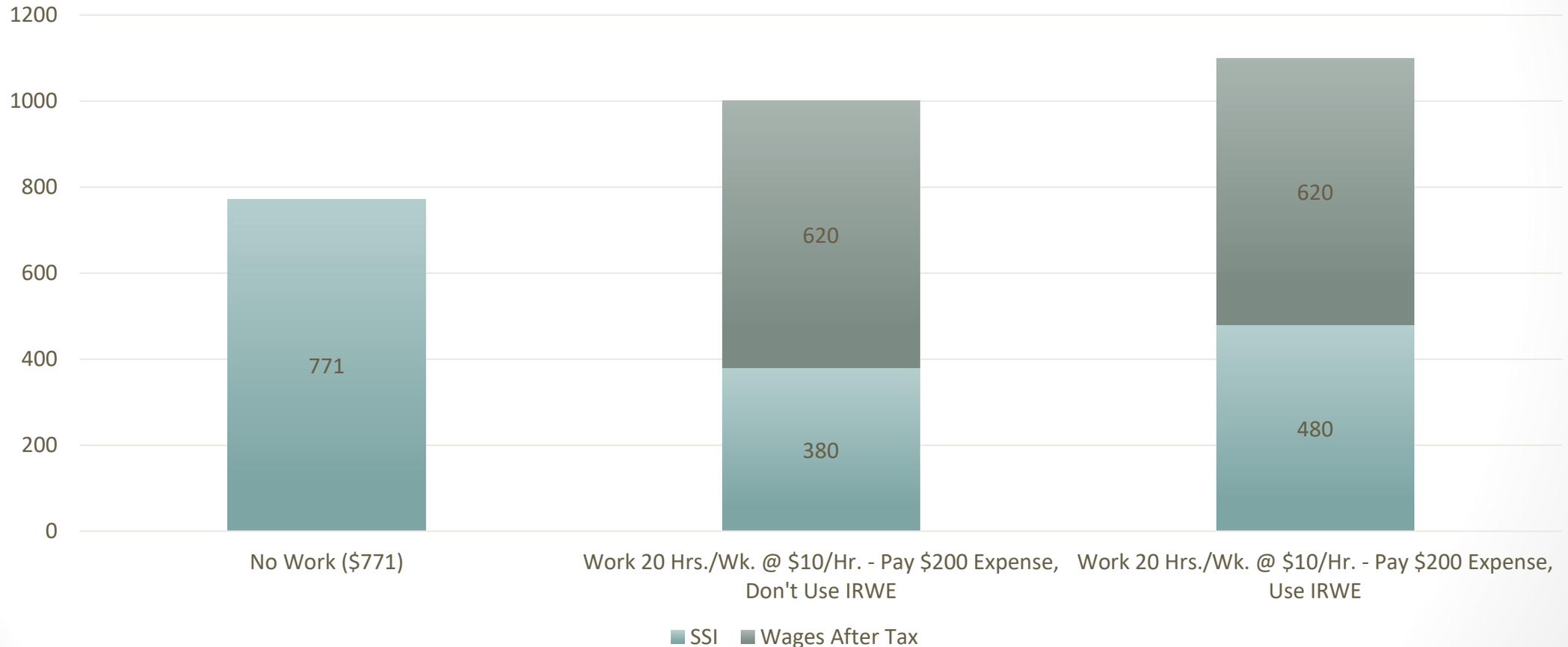
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SSI, Wages and SEIE (4.33 weeks/month)



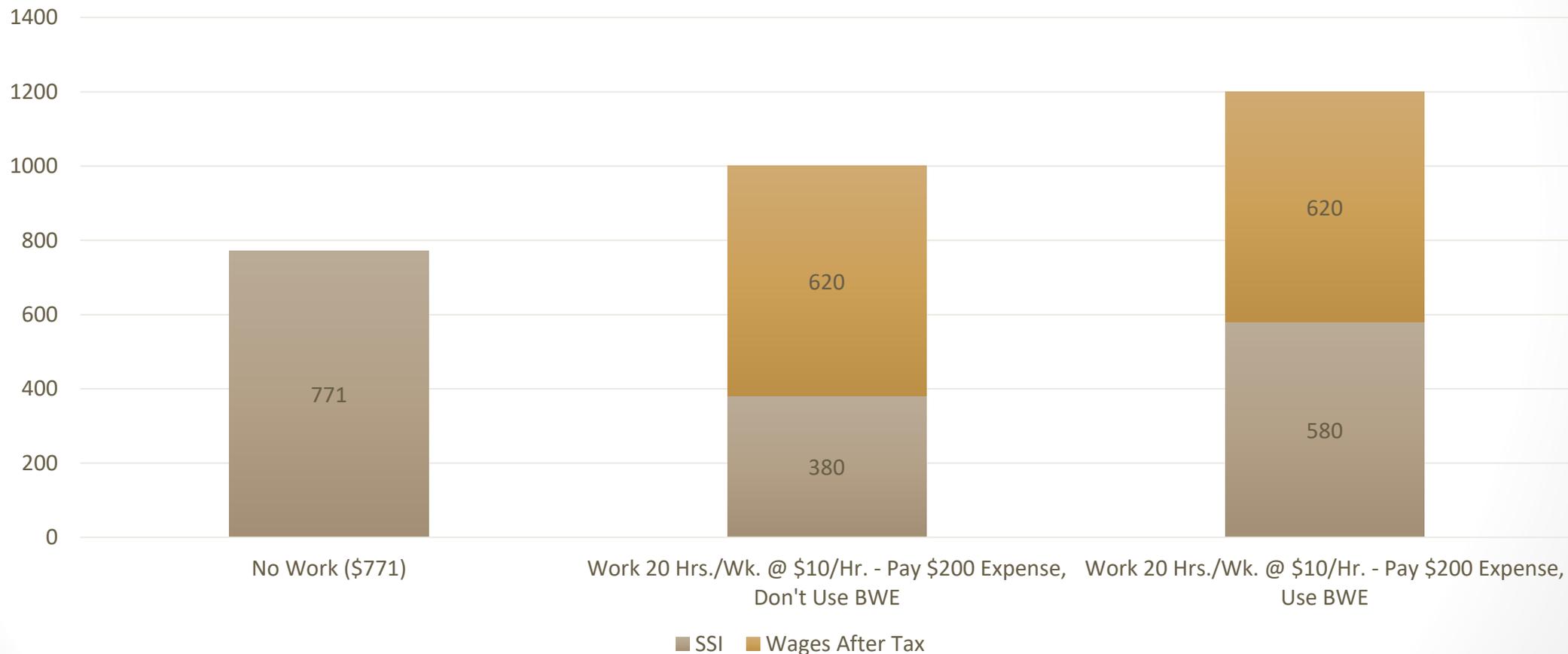
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SSI, Wages and IRWE (4.33 weeks/month)



# How to explain SSI work incentives to visual learners and people who struggle with numbers?

SSI, Wages and BWE (4.33 weeks/month)



# How to explain SSI work incentives to visual learners and people who struggle with numbers?

**Comparison charts** can also help many people understand the impact of earnings and work incentives on benefits.

	Don't Work	Work 20 Hrs./Wk., \$10/Hr.; Pay for \$200 Expense; Don't Use IRWE	Work 20 Hrs./Wk., \$10/Hr.; Pay for \$200 Expense; Use IRWE
<b>Income</b>	\$ 0 Gross wages \$771 SSI	\$ 867 Gross wages <u>380</u> SSI \$1,247 Total	\$ 867 Gross wages <u>480</u> SSI \$1,347 Total
<b>Expenses</b>	\$ 0	\$ 47 Income tax <u>200</u> Disability-related expense \$ 247	\$ 47 Income tax <u>200</u> Disability-related expense \$ 247
<b>Net Income</b>	\$771	\$1,000	\$1,100

# SSI Work Incentives

## Exercise

Check all of the following statements that are TRUE:

- a. A person on SSI is almost always better off financially if she or he works.
- b. SEIE, IRWE, BWE and PASS all require the person to pay for expenses.
- c. As earnings go up, SSI goes down, but the SSI decreases by less than half the amount of earnings. As earnings go down, SSI goes up.
- d. 1619(b) protects Medicaid eligibility, but does not help a person regain SSI if work later stops.
- e. SEIE, IRWE, BWE and PASS enable a person to get higher SSI payments than they would otherwise receive.
- f. Visual aids – such as videos and graphs on DB101, bar graphs and comparison charts – can help individuals understand the impact of earnings on their SSI.

# SSI Work Incentives

## Exercise

Check all of the following statements that are TRUE:

- a. A person on SSI is almost always better off financially if she or he works. **TRUE**
- b. SEIE, IRWE, BWE and PASS all require the person to pay for expenses.
- c. As earnings go up, SSI goes down, but the SSI decreases by less than half the amount of earnings. As earnings go down, SSI goes up. **TRUE**
- d. 1619(b) protects Medicaid eligibility, but does not help a person regain SSI if work later stops.
- e. SEIE, IRWE, BWE and PASS enable a person to get higher SSI payments than they would otherwise receive. **TRUE**
- f. Visual aids – such as videos and graphs on DB101, bar graphs and comparison charts – can help individuals understand the impact of earnings on their SSI. **TRUE**

# Title II and Work Incentives

- Title II benefits are “all or nothing”.
- In a given month, a person either receives the full benefit or \$0.
- Most people who get Title II benefits are hesitant to consider earnings high enough to affect their cash benefit, because the benefit will be reduced to \$0, not just be partially reduced.
- They choose instead to keep their earnings below substantial gainful activity (SGA) so their cash benefit will continue.
- They may use IRWEs and subsidies and sometimes unsuccessful work attempts to keep earnings below SGA if earnings equal or exceed \$1,220/month (\$2,040/month if blind).

# Logic of Title II Work Incentives – IRWEs and Subsidies

- IRWEs and subsidies are used to show that a person's earnings don't accurately reflect his/her productivity.
- These work incentives are used to adjust earnings so they better reflect the person's actual productivity.
- They take the form of subtractions from earnings.

# Logic of Title II Work Incentives – IRWEs and Subsidies

- **Impairment Related Work Expenses (IRWEs)** – expenses:
  - The individual pays for out of pocket, and is not reimbursed for,
  - That are related to his/her disability OR another condition being treated by a licensed health care provider,
  - That are needed (at least partly) for work, and
  - Are of “reasonable” cost.

# Logic of Title II Work Incentives – IRWEs and Subsidies

## Subsidies

- Circumstances in which the person is paid the full wage for the job, but earns less than the full amount, because:
  - S/he gets extra help or supervision to do the job, and/or
  - His/her productivity is lower than for nondisabled workers because of the disability (s/he works more slowly, or isn't able to fully perform all the regular duties), but the person's work is valued by the employer who chooses to pay the full wage.
- IRWE's and subsidies are subtracted from gross wages. If the amount after subtractions is below \$1,220/month in 2019 (\$2,040/month if blind), then SSA will most likely decide the person is not doing SGA.

# IRWE and Subsidy Example

- **Mustafa** receives \$1,060/month SSDI. He used up his Trial Work Period (TWP) five years ago. He is not blind.
- He starts a job working 40 hours per week earning \$10 per hour (40 hrs./wk. x \$10/hr. x 4.33 hrs./wk.) = \$1,732 per month gross wages.
- He pays \$120 per month for therapy copays and \$10 per month for prescription copays.
- His job coach helps him 20 hours per month and coworkers give him an extra 10 hours per month of assistance with job tasks.
- Mustafa is paid the full wage for his job, but his employer determines that he works at approximately 90% productivity (i.e., he does not “earn” 10% of his wages).

# IRWE and Subsidy Example

- Mustafa's IRWE's =  $\$120 + \$10 = \$130$  per month
- Mustafa's Subsidies:
  - Extra help = 30 hours/month extra help x  $\$10$  (Mustafa's hourly wage) =  $\$300$  per month
  - Reduced productivity =  $\$1,732$ /month gross wages x 10% =  $\$173$  per month

# IRWE and Subsidy Example

## SGA determination:

\$1,732/month gross wages

- 130 IRWE's
- 300 Subsidy for extra help
- 173 Subsidy for reduced productivity

\$1,129/month countable wages = Below SGA (\$1,220/month)

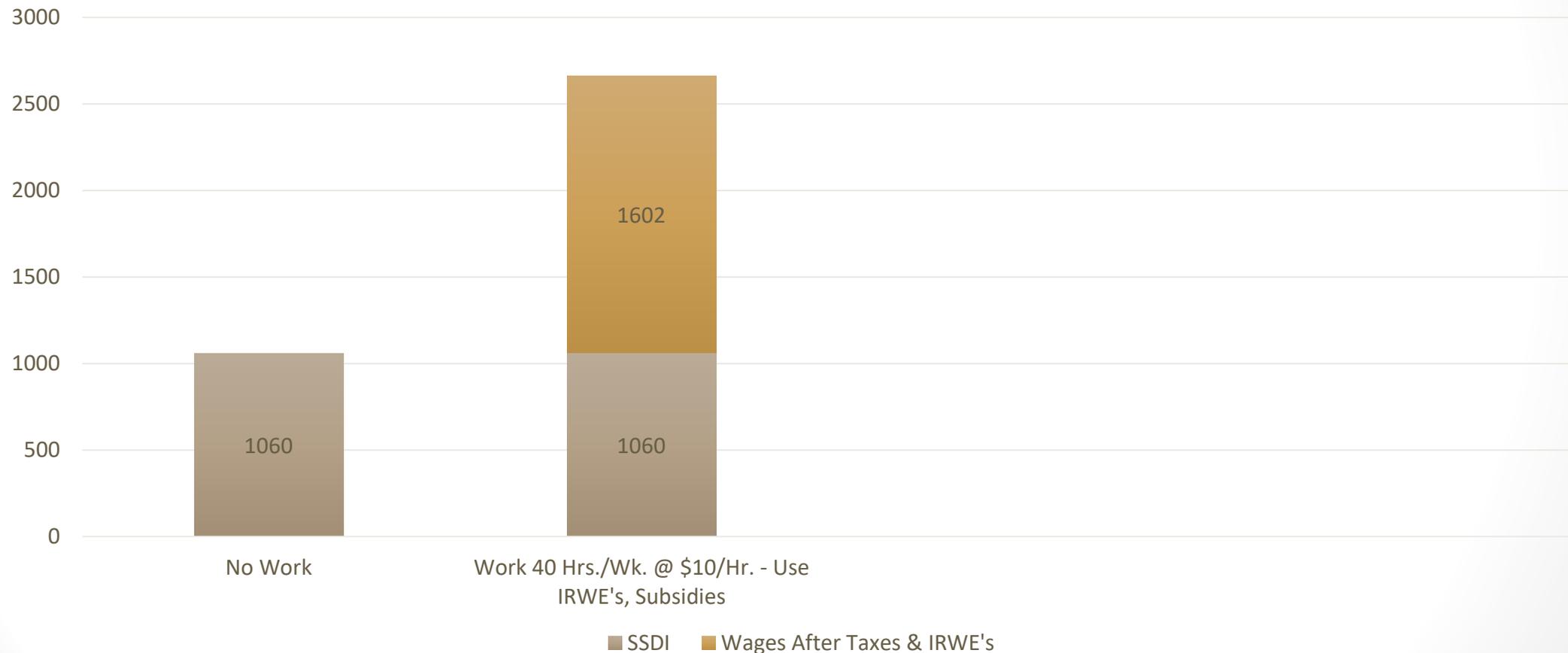
- SSA will most likely determine Mustafa is not performing SGA, and his SSDI payments will continue.

# How to explain Title II work incentives to visual learners and people who struggle with numbers?

- Just as for SSI:
  - Show **graphs** from **DB 101 Benefits and Work Estimator**, or
  - Use **bar graphs**
  - Use **comparison charts**
  - View **videos** on **DB 101**

# How to explain Title II work incentives to visual learners and people who struggle with numbers?

Mustafa (based on 4.33 weeks/month)



# How to explain Title II work incentives to visual learners and people who struggle with numbers?

## Unsuccessful Work Attempts (UWA's)

- Work efforts in which the person does SGA, but...
- ...The job ends, or earnings drop below SGA, within 6 months...
- ...For disability-related reasons, or because special conditions/accommodations were removed.
- If SSA decides that a job effort was an UWA, they will not count the earnings as SGA.
- UWA can only be used until the cessation month – the first month the person does SGA, in spite of work incentives, after the TWP ends.
- UWA can be especially helpful for people who tend to cycle in and out of jobs, losing them within 6 months for disability-related reasons. (Of course, we don't encourage people to lose jobs.)

# Title II Work Incentives

## Exercise

Which one of the following statements is TRUE?

- a. IRWEs, subsidies and unsuccessful work attempts help a person keep Title II if his/her earnings are below \$1,220/month (below \$2,040/month if blind).
- b. Title II benefits are reduced as earnings increase.
- c. The visual aids to help people understand the impact of earnings on Title II benefits are very different from the visual aids used to explain the impact of earnings on SSI.
- d. An unsuccessful work attempt may exist if a person performed SGA, but lost the job (or had earnings drop below SGA) within 6 months for disability-related reasons.

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# Working Off Title II

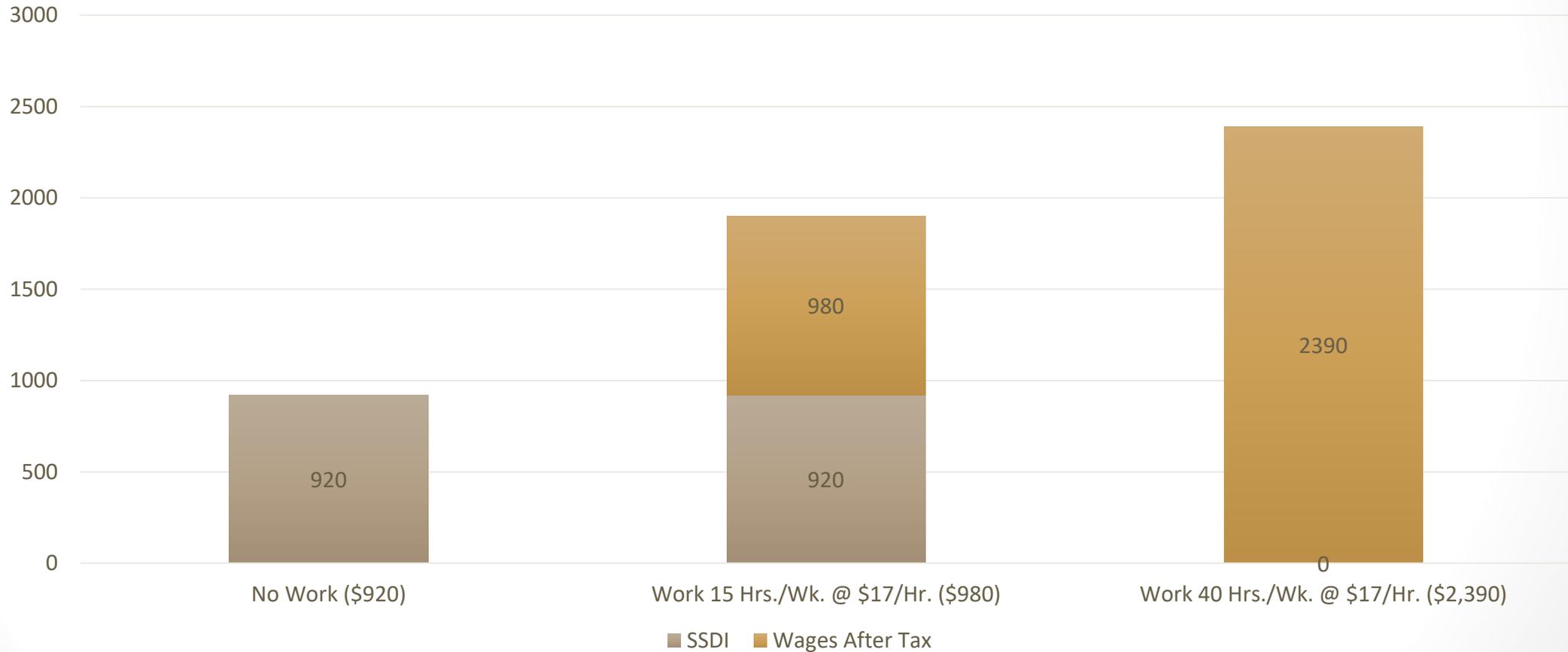
- Most people who get Title II benefits will choose to keep their earnings below SGA – possibly by using IRWEs, subsidies and maybe UWAs - to continue their SSDI benefits.
- However, EVERYONE who gets Title II benefits CAN be better off financially working their way off Title II cash benefits...if they can earn enough from work.

# Working Off Title II example

- **Samantha** receives \$920/month SSDI.
- She starts a job earning \$17/hour. She works 15 hours/week in order to keep her wages below SGA ( $\$17/\text{hour} \times 15 \text{ hours/week} \times 4.33 \text{ weeks/month} = \$1,104/\text{month}$  = below \$1,220/month SGA level).
- Her Benefit to Work Coach helps her consider what would happen if she worked full-time in the same job. Her gross wages would be \$2,944/month. She would clearly be doing SGA, so her SSDI would be suspended after her TWP and Grace Period (first month of SGA after the TWP, and the two consecutive months that follow it) ended.

# Working Off Title II example

## Samantha



# Working Off Title II example

- Here's a **comparison chart** of Samantha's net income, after taxes:

	Work 15 Hrs./Wk., \$17/Hr.	Work 40 Hrs./Wk., \$17/Hr.
Income	\$1,104 Gross wages <u>  920</u> SSDI \$2,024 Total	\$2,944 Gross wages <u>      0</u> SSDI (After TWP, Grace Period) \$2,944 Total
Income Tax	\$ 124	\$ 554
Net Income	\$1,900	\$2,390

# Working Off Title II example

Samantha might not choose to work full time for a variety of reasons:

- Fear of losing SSDI
- Uncertainty about stability of new job
- Doubt that it would be worth working full time, rather than part time, for \$490/month more net income

# Working Off Title II example

However, Samantha might choose to work full time for a variety of reasons:

- Higher net income than working part time
- Less dependence on SSDI
- Not having to deal with Social Security as much
- Possibly increasing her future Social Security Retirement benefit amount
- Feelings of independence, productivity and enjoyment working full time
- Improved health (“work is treatment”)
- Awareness of work incentives that will protect her Medicare and let her get SSDI payments back without having to reapply if her earnings later drop or stop

# Working Off Title II example

- If an individual who gets Title II benefits is not panicked about the possibility of benefits stopping, you should explain that s/he can be better off working full time without Title II, rather than part time with Title II, if s/he can earn enough.
- Your role is not to pressure people, but to inform them and plant seeds.
- Some people who get Title II benefits might choose higher earnings goals if they realize they can be better off without Title II benefits.
- Another archived webinar - “Why On Earth Should I Work My Way Off SSDI?” – addresses this issue in much greater detail.

# Working Off Title II

## Exercise

Francine receives SSDI and keeps her earnings below \$1,220/month to protect her SSDI. She tells you she would like to work full time, but she's been told she can't, or else she will lose her SSDI. Which one of the following actions should you take?

- a. Tell Francine you understand her concern about losing SSDI, and support her decision to not consider full time earnings.
- b. Show Francine an example of full-time earnings that would give her more net income – even after her SSDI had stopped – than she has now keeping her earnings below SGA and keeping SSDI. Tell her the choice is hers whether to work part time or full time, but explain you want her to know she COULD have more money in a full-time job.
- c. Review IRWEs and subsidies with Francine to see if she might be able to work more hours while still keeping her earnings below SGA. Tell her it appears she could work more hours, but not full time.

# Working Off Title II

## Exercise

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- a. Tell Francine you understand her concern about losing SSDI, and support her decision to not consider full time earnings.
- b. Show Francine an example of full-time earnings that would give her more net income – even after her SSDI had stopped – than she has now keeping her earnings below SGA and keeping SSDI. Tell her the choice is hers whether to work part time or full time, but explain you want her to know she **COULD** have more money in a full-time job. **CORRECT**
- c. Review IRWEs and subsidies with Francine to see if she might be able to work more hours while still keeping her earnings below SGA. Tell her it appears she could work more hours, but not full time.

# Remember Your Role Regarding Work Incentives

- A Benefit to Work Coach explains the basic impact of work on benefits, and highlights how work incentives help protect benefits and make sure people are better off working.
- To fulfill your role, you need to be able to explain work incentives clearly and understandably, by:
  - Explaining the logic of work incentives
  - Addressing the individual's own situation (rather than general principles)
  - Using visual aids when appropriate
  - Focusing on the bottom line
  - Highlighting others' success stories, when appropriate
  - Using DB 101 estimators, especially the Benefits and Work Estimator (**see “Using DB 101 with Customers” webinar**)

# Remember Your Role Regarding Work Incentives

You need to refer a person to a Benefit Planner for a variety of reasons, especially if:

- Title II benefit(s) may stop with just the automatic work incentives (TWP, EPE)
- The person is interested in, or may benefit from, specialized work incentives (IRWE, subsidy, SEIE, BWE, PASS, Freedom to Work, Extended Period of Medicare Coverage, Premium Health Insurance for Working Disabled)
- The person is already using a specialized work incentive
- A benefit agency asks for updated information about a specialized work incentive
- The person has received an overpayment letter, or it appears s/he may have been overpaid

In short, a Benefit to Work Coach explains work incentives. A Benefit Planner helps a person use specialized work incentives, and provides more complex benefits advisement.

# Tips for Explaining Work Incentives – Conclusion

1. Keep it simple
2. Keep it logical
3. Focus on the individual's own situation
4. Use visuals (DB 101 videos, bar graphs, comparison charts, DB 101 charts)
5. Focus on the bottom line, not on keeping all benefits at all costs
6. Highlight success stories