

Net Earnings from Self-Employment and SSDI/Medicare

Thank you for joining us!

The webinar will begin momentarily.

Zoom Settings

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- To call in for audio:
 - Dial: 301 715 8592. The meeting code is 837 0707 4108
- The ASL Interpreter will have a spotlight throughout the presentation. For the best viewing experience, please navigate to "Speaker View" using the options at the top right of your screen.
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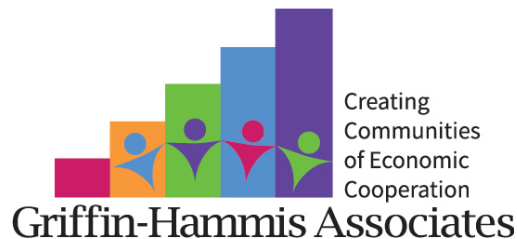
Questions and Technical Assistance

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- Please note: This webinar is being recorded and the materials will be available at www.DisabilitySmallBusiness.org on the Past Events page within 1-2 weeks.

Net Earnings from Self-Employment and SSDI/Medicare

Presented by Griffin-Hammis Associates

July 19, 2023



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Overview

- Focus: Effect of self-employment earnings on Social Security Disability Insurance (SSDI) and Medicare
 - What is SSDI and the related Medicare
 - What are self-employment earnings
 - How do self-employment earnings affect SSDI
 - How do self-employment earnings affect the related Medicare

Webinars on Benefits and Self-Employment

- 2022 Webinars
 - [Common Public Benefits](#)
 - [Business Structures and Benefits](#)
 - [Understanding PASS Plans](#)
 - [Self-Employment Resource Exclusions](#)
 - [Net Earnings from Self-Employment \(NESE\)](#)
- 2023 Webinars:
 - NESE and SSI/Medicaid, NESE and SSDI/Medicare, Reporting Business Activity for SSI/Medicaid, Reporting Business Activity for SSDI/Medicare

Benefits Planning

- Contact a benefits planner (Community Work Incentives Coordinator-CWIC, Work Incentive Coordinator, Benefits Planner, etc.) for one-one-one advisement and support:
 - Go to choosework.ssa.gov or call 1-866-968-7842, TTY 1-866-833-2967, to find a Work Incentive Planning and Assistance (WIPA) program.
 - If working with State Vocational Rehabilitation, ask your counselor.
 - Ask your local [Center for Independent Living](#) for other options.

What is SSDI?

- Monthly cash benefit based on previous work/earnings.
- Social Security administers.
- Basic eligibility rules:
 1. Meet Social Security's definition of disability or blindness.
 2. Reach insured status.
- Benefit based on average lifetime earnings.
- Find out if you have it: my SSA account, call Social Security, look at recent letters.



What is Medicare?

- Health insurance
- Social Security and Centers for Medicare and Medicaid (CMS) administer
- Be in one of the eligibility groups:
 - Be eligible for SSDI (24-month waiting period)
 - No longer get SSDI due to work, but still have a disability
 - Other groups: 65 years old, etc.
- Find out if you have it: Medicare online account, call Medicare



Example – SSDI and Medicare

- Jana is 35 years old.
- Diagnosed with multiple sclerosis and stopped working due to MS at age 32.
- She became entitled to SSDI 3 years ago.
- Her SSDI amount, \$1,050 per month, is based on her work record.
- She became eligible for Medicare 24 months after entitlement to SSDI started.



Overview of Earnings

- Basic earnings definition: money a person gets for work performed.
- Working for someone else: gross wages are usually the earnings (e.g., 100 hours x \$13 per hour = \$1,300 gross wages)
- Owning a business: two primary earning situations
 1. Owner sets themselves up as an employee.
 2. Owner does NOT set themselves up as an employee (**NESE are earnings**) - MOST common situation.



Net Earnings from Self-Employment (NESE)

- Business Revenue: money the business brings in (e.g., sales)
- Business Expenses: money the business spends (e.g., rent, insurance, etc.)
- NESE calculation:
 - Step 1: Business Revenue - Business Expenses = Net Profit
 - Example: \$3,000 - \$1,000 = \$2,000 Net Profit
 - Step 2: Net Profit x 0.9235 = NESE
 - Example: \$2,000 x 0.9235 = \$1,847 NESE
- SSDI: SSA is looking for the value of work done in a month so uses monthly actuals but will average in some situations.

NESE Example

- Jana becomes a self-employed graphic designer:
 - January – June (monthly NESE)
 - Step 1: \$2,000 Business Revenue - \$500 Business Expenses = \$1,500 Net Profit
 - Step 2: \$1,500 Net Profit x 0.9235 = **\$1,385 NESE**
 - July – December (monthly NESE)
 - Step 1: \$3,000 Business Revenue - \$500 Business Expenses = \$2,500 Net Profit
 - Step 2: \$2,500 Net Profit x 0.9235 = **\$2,308 NESE**

How NESE affect SSDI

- SSDI is all or nothing:
 - NESE below Substantial Gainful Activity (SGA) = SSDI
 - NESE above SGA = no SSDI
- SGA: \$1,470/month, \$2,460/month if blind (2023 rates)
- Exceptions (work incentives):
 - Trial Work Period (TWP)
 - Deductions that lower countable NESE

SSDI Phases of Work Rules

1. Trial Work Period (TWP)

- Keep SSDI no matter how high earnings go (SGA does NOT apply in TWP)!
- TWP ends after 9 months of NESE above TWP threshold (\$1,050 in 2023) or worked 80+ hours in the business.

2. Extended Period of Eligibility (EPE)

- Keep SSDI in months NESE is below SGA; SSDI suspended for months NESE reaches SGA,
- Safety net: no application needed to restart SSDI if it stopped due to work.

Post-EPE

- Keep SSDI when NESE is below SGA; SSDI ends (terminates) when NESE reaches SGA.
- Safety net: If SSDI ends and NESE goes below SGA, request Expedited Reinstatement to restart SSDI.

Example - SSDI Phases of Work Rules

- If Jana had not used any Trial Work Period months before she started her business, this is what her situation would be.

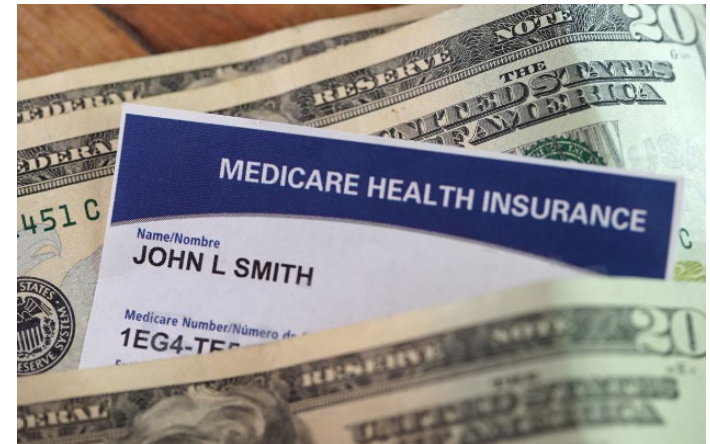
Jan - \$1,385 (TWP 1, due SSDI)	Feb - \$1385 (TWP 2, due SSDI)	March- \$1385 (TWP 3, due SSDI)	April - \$1,385 (TWP 4, due SSDI)	May - \$1,385 (TWP 5, due SSDI)	June - \$1,385 (TWP 6, due SSDI)
July - \$2,308 (TWP 7, due SSDI)	Aug - \$2,308 (TWP 8, due SSDI)	Sept - \$2,308 (TWP 9, due SSDI)	Oct - \$2,308 (in EPE: if SGA, not due SSDI)	Nov - \$2,308 (in EPE: if SGA, not due SSDI)	Dec - \$2,308 (in EPE: if SGA, not due SSDI)

Countable NESE

- Social Security looks at countable NESE:
\$2,308 NESE
 - \$300 Impairment Related Work Expenses
 - \$600 Unincurred Business Expenses= \$1,408 Countable NESE
- Grace Period: keep SSDI for three months the first time countable NESE is SGA.
- In some situations, when making an SGA decision, Social Security will look at how the person's work compares to others.
- See [Social Security Red Book](#) for details

How NESE affects Medicare (based on SSDI)

- If SSDI continues when self-employed, Medicare continued based on ongoing receipt of SSDI.
- If SSDI stops when self-employed, Medicare continues (as long as disability continues) through two work incentives:
 - Continuation of Medicare Coverage
 - Medicare for People with Disabilities who work



Summary

- Eligibility for SSDI and the related Medicare
- Net Earnings from Self-Employment (NESE) calculation
- Three phases of SSDI work rules and effect of NESE on SSDI during each phase
- Medicare can continue if disability continues
- Benefits planning is an essential service for anyone receiving SSDI and pursuing self-employment

Questions?



Upcoming Events

[Preparing for Accessing Capital](#)

Wednesday, August 2, 2:00 – 3:30PM EST

Presented by Community Business Partnerships

[Starting Small with My Big Goals](#)

Wednesday, August 16, 2:00 – 3:30PM EST

Presented by Griffin-Hammis Associates

Guest Speakers:

- Daman Wandke of [Wandke Consulting](#)
- Victor Ocando of [Adapt The Game](#)

NDI Small Business Hub

- Are you an aspiring entrepreneur or existing business owner with a disability wanting help to START, BUILD and GROW your business? Visit www.disabilitysmallbusiness.org or email rchavez@ndi-inc.org
- Want to join a dynamic learning community focused on key financial health topics for business, such as budgeting, managing cash flow, risk management, insurance, taxes, building credit, and loan and grant applications? Email cbolas@ndi-inc.org for more information.
- Visit our Streaming TV channel for informational and motivational content for disability owned small businesses at www.DisabilityOwned.com
- Access training, mentoring, business coaching, and grant opportunities through our new partnership with Verizon Small Business Digital Ready! Register here: [Small Business Training | About Verizon](#)
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