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INTRODUCTION TO SELF-EMPLOYMENT: SESSION 3
SELF-EMPLOYMENT RULES FOR SSI
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>> NIKKI POWIS: Hi, everybody. I was having some technical issues today. So, welcome! Lovely to see everybody back again. Hopefully you are joining us from week 2. A quick reminder that I need to read this disclaimer here from our funder.

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A special thank you to the National Disability Institute (NDI) for their leadership managing this grant.

>> ALEYDA TORUNO: Thank you. Thank you for everybody here. It is fun to see all the states represented.

If you have been attending the sessions, today is Session 3, and today is Introduction to Self-Employment -- Self-Employment Rules for SSI. So, welcome.

As mentioned, the Q&A Box is for questions. If you can try to make complete questions, that way we are understanding your question as best we can.

If you are not familiar with us, we are from the Work Incentive Support Center. The WISC team is housed at the Yang-Tan Institute and we are part of the Cornell University IRL School.

This is our team that puts our presentation materials together. I am here with my friend Debora Wagner here today. This team also runs our ytiONLINE website.

This message was read to you, so you don't have to read it again. I am not going to take time to read it, but I want to give a special thank you to NDI for their leadership in managing this Grant and hosting us today.

So, what are we going to talk about today? We are going to talk about SSI Work Incentives for people who are self-employed. We will also talk about using PASS, the Plan to Achieve Self-Support. PASS is one of my favorite Work Incentives, so, I am excited to be talking about it today.

Then Deborah will be here to talk about resources for Self-Employment. She will talk about Achieving a Better Life Experience for the ABLE Account and Property Essential to Self-Support for PASS. So, we have a lot to talk about today. We will take it step-by-step.

Let's get started talking about SSI Work Incentives for Self-Employment.

So, as many of you probably know already, SSI is a Needs-Based Program. It provided a monthly benefit that pays essentially only for food and shelter.

It is not very much money, because the amount that folks receive has not kept up with the cost of what items really cost.

The current Federal Benefit Rate is 994. That is for 2026, the benefit amount for a single individual. It is a little higher, 1491, for a couple. When it comes to working, Social Security wants to know all the income coming in. SSA reduced the payment amount if the person has other income, whether it is income from means other than work, and, of course, it includes Net Earnings from Self-Employment, or NESE.

To calculate a person's monthly SSDI payment, we are going to introduce you, if you have not already seen this, the SSI Calculation Worksheet, which we specifically created for folks that are self-employed. What you will see is that you will include the monthly NESE in the first line of Step 2.

You will subtract deductions and exclusions from the first line of Step 2.

I will give you a general overview of what you are seeing in this calculation, but first, you can use this SSI Calculation Worksheet for Self-Employment to estimate the monthly SSI Payment. We do have an interactive web version at the website which is ytionline.org/ssi-calculation-work sheet, and they in Step 2 and 5 include the NESE and Gross Earned Income.

In Step 1, you are calculating the Countable Unearned Income and there is a General Income Exclusion of $20. In Step 2, you deduct any Net Earnings from Self-Employment or any other earnings if people have two jobs. And then we will talk about the Student Earned Income Exclusion, I mentioned the GIE, and there is also the Earned Income Exclusion, or EIE. There is something called Impairment-Related Work Expenses, and then what remains after that, you divide by two, then there is a very generous Work Incentive for people considered blind by Social Security standardize, and that is the Blind Work Expense.

All those exclusions will get to you your Countable Earned Income. Step 3, you are counting all the money, all the Countable Unearned Income, all the Countable Earned Income, and there is a PASS deduction and you would add that here, with SSI excluding that calculation to reach the Total Countable Income. In Step 4, you will deduct the Total Countable Income from the Federal FBR that pertains to the particular individual who is the beneficiary of SSI.

Then in Step 5, you get to tell people their Financial Outcome. What they are getting in SSI. What they are getting from their net earnings, and any Gross Unearned Income, and then any deductions that they have to consider each month, sufficient as PASS, Blind Work Expenses and IRWEs and they get to understand their Total Financial Outcome for the month.

All this to say, it is not a dollar-for-dollar reduction as you can see. There is a lot of exclusion from Step 2 in earnings. Because of that, people who are on SSI will always be better off working than not working, because they may be able to keep not only all their Unearned Income, and some of their earnings -- all of their earnings, but they will also be able to keep some of their SSI Payments.

So, let's look at SSI Work Incentives that you deduct from Net Earnings from Self-Employment. Again, this is what you just saw on the Calculation Sheet.

The first Work Incentive is the Student Earned Income Exclusion, or the SEIE. This is a really amazing Work Incentive for individuals who regularly attend school. Social Security lets people who exclude from earnings up to $2,410 a month. So, if you have a summer job, you can exclude the $2,410. There is an annual maximum of $9,730, and to be a student regularly attending school, they have to be in course work for at least 12 hours.

There are exceptions to that, but we are not going do go over the exceptions today.

Then there is the General Income Exclusion. If it is not applied in Step 1 of the Calculation Sheet, you applied a $20 General Income Exclusion in Step 2.

Then there is the Earned Income Exclusion of $65. The first $65 of earnings can be deducted, and then there is Impairment-Related Work Expenses.

So, IRWEs are a worker's out-of-pocket cost that they need to be able to work, that is related to their impairment. It those be paid by the worker.

If it is paid for by Medicare or Medicaid, or maybe Waiver Services, it is not going to count as an Impairment Related Work Expenses.

If the worker pays for it himself, it can be counted as an expense as an Impairment Related Work Expenses.

Some examples of IRWEs could be monthly medication costs, attended care services. When it comes to Self-Employment, expenses that are used in tax returns can't be used as IRWEs, as well. So, keep that in mind.

The next exclusion is the Earned Income Exclusion of one-half the remainder after the above listed deductions. After the remainder is not going to be counted a part of income.

Then there is a very generous Work Incentive for folks that are considered blind by Social Security standards.

The Blind Work Expenses are for blind individuals on SSI, and it is only an SSI incentive. It basically allows, similar to IRWEs, deductions, you but it is ordinary and necessary expenses attributable to Thai income. It can include taxes paid by the worker. It can include Dependent Care costs paid for by the worker. It is a very generous work expense. Doctor excuse me, Work Incentive.

Of course, we will talk about the blind work -- I am sorry, the Plan to Achieve Self Support, or the PASS deduction, but that is also another exclusion. If someone is saving money in their PASS Plan, that amount of money is not included as part of earnings in that Calculation Sheet. Deborah, are there any questions we need to address at the moment?

>> DEBORA WAGNER: No, Aleyda. Thank you.

>> ALEYDA TORUNO: All right. So, let's talk about the PASS Plan, and how to use the PASS to support Self-Employment.

The PASS Plan is a good Work Incentive. A person can use a PASS to set aside income other than SSI, and/or resources to use to achieve a specific work goal.

They can set aside earnings from work. They can set aside Unearned Income. For example, if they receive Title II Benefits or maybe the CDB Benefits, they can use that to fund their PASS Plan.

If they have an inheritance, some kind of windfall settlement, they can use that money to support their PASS funding.

The PASS has to be used to achieve a specific work goal. The thing about a PASS, it can be used to cover the costs of many things needed to make the work goal a reality.

It can be education. Maybe somebody needs to take business courses, or somebody wants to get an AA degree, and receive a business degree to help them run their business.

It can be vocational training, in order to run a plumbing business, or electricity business of some kind. They would need to go to a vocational Training Program. They can use the PASS to fund that training or education.

Starting a business, maybe you want to open up an online store, maybe a brick-and-mortar store can be used to start a business.

Support Services. If someone needs to fund services to help them run their business, or a Job Coach to do their job, they can use a PASS Plan to fund that.

Really, for a PASS Plan, the options are almost limitless. You need to take a look at what the goal is. I used to say to my clients, think of everything you need in order to achieve this goal, even if it seems out of the ordinary, let's see what we can come up with.

So, how to apply for PASS. PASS is an application process. It has to be submitted, and it has to be approved. The form that Social Security uses is SSA Form-545-BK, it can be found online using a Google search.

Once the application is completed, you submit the form to the local PASS Specialist. So, there is a PASS person. So, you want to find your local specialist using Social Security's location of PASS Cadres, which is on the Social Security web page. You should be able to find the website through the link here in the PowerPoint.

Now, the PASS Specialists -- I have worked very closely with some of them, and they are very versed in PASS. So, if you have question, said great place to go to ask questions about PASS Plans.

If you don't already get SSI, and the PASS Specialist you are working with believes likely get this PASS approved, they will tell to you submit an SSI Application. For example, if you are receiving Title II Benefits only, and you want a PASS and you want to put the Title II moneys into your PASS, the PASS Specialist will let you know when to submit your SSI Application. All right?

They don't go through a disability review. It is basically to see if you meet the SSI resources. They are able to adopt the Disability Determination that is already being made by Title II.

So, basically the PASS Specialist approves the application, and they issue a notice telling you what has been approved, what items you are able to purchase with your PASS funding.

Now, if a PASS Application has a work goal of starting a business, you do have to submit a business plan with the application. There is no way around that. That has to be done.

I think having a business is a good thing, because you will need it for any kind of funding you are going to try to go after, right?

So, we have some resource for to you help you with developing a business plan. First, there is a Service Corps of Retired Executives, or SCORE, as people know it.

They can pair a PASS applicant with a mentor for free to help them develop a business plan. It is very helpful. The mentor can also help with other planning and tasks related to starting a business.

There is also the Small Business Administration, or SBA, and they have a lot of free resources and assistance on their website. If you haven't checked it out, please check it out. It is a really great site. It has a lot of free resources to help develop a business plan. All right?

So, remember, if you do want a PASS Plan, you will have to submit the business plan with the PASS Application.

So one thing that is really important is that when you are saving money and putting it into a PASS Savings Account, you have to make sure to keep that money separate from other moneys. After the PASS Application is approved, the apartment must set up a bank account to save the PASS Funds.

So, each month you have committed to put money into that fund. It is possible you have a resource that you are starting with, so that would go into your PASS Account.

Kit be any account from any bank you tell the PASS Specialist, this is account I will be using to put my PASS money in.

So, you will deposit resources or income into that PASS Bank Account. You don't want to put other funds in the PASS Bank Account. You want to use money that is in the PASS Bank Account only to pay for those goods and services approved in the PASS Application.

The PASS Specialist will send a letter, as I indicated earlier, and outline the items that have been approved for to you purchase with your PASS Funding. At some point an accounting will be done so the PASS Specialist can see that you are spending that money, that you are putting it into the PASS Account on the things that have been preapproved with the letter sent by the PASS Specialist.

Maybe you forgot an item in the PASS Application. You always want to communicate with the PASS Specialist if there is an item that wasn't thought of originally that came up. They always seem to be very flexible.

They want to ensure the approved PASS is successful, so they will work with you to ensure those PASS items get approved.

Let's take a look at a PASS example.

So, this is Jaden. Jaden gave $857 per month in Childhood Disability Benefits, or CDB, and $130 per month in SSI.

Now, in this example we are using the last year's FBR rate of TA when is $967.

Jaden paints as a hobby and wants to start a business to sell his paintings online and in galleries that. Would be awesome, right?

He worked with SCORE, a mentor, to develop a business plan. Jaden wants to use $20,000 that he got from a PASS Application to purchase paint supplies and pay someone to help develop his website. Jaden's PASS Plan is approved. So, Jaden saves $837 per month for his CDB in his PASS Account. He will keep $20 per month from his CDB, and his SSI Payment is now going to increase to the full amount of $967. So, he can still have money to pay his living expenses. Okay?

Again, we are using the $967 2025 FBR rate. Right?

So, this allows Jaden to save his CDB, while also raising the SSI Benefit Amount he receives each month. It is really a win-win situation, right?

State VR pays for Jaden to attend a local art school for 2 years. At the end of the 2 years, Jaden has saved in his PASS Plan just a little over $20,000 to start his business.

That is not a bad start when you are starting a business.

So one thing is for sure.

The PASS Plan takes planning. So, he has a two-year period of time to save, so, it takes planning when you use a PASS Plan.

One thing that may not have been mentioned, is that the PASS Plan (Audio dropping out/garbled)

Was approved as $2,000 resource limit, that SSI has. The point of PASS Plan.

Before there were ABLE Accounts, there was PASS Plan, so, again, we will talk about ABLE Accounts in a few minutes.

Now, as I said, the PASS Application can be found online, but I also wanted to make you aware of this other resource.

This website was created by the National Disability Institute, and it is on passonline.org. It helps people understand and apply for a PASS. You can go in there, create credentials, and fill out a PASS Application that you can ultimately print.

The beauty of it is that you can also save it, and share your credentials with anybody you want to take a look that the PASS Plan.

So, I was introduced to the PASS Online by the PASS Specialist that I worked with, and said, you know, I use this so that we can share the PASS Application back-and-forth. We can both view it.

This was really helpful during COVID so we can just communicate about the PASS Application being developed here. You can do it the old-fashioned way, and send it to the PASS Specialist, going back-and-forth and each having a copy, but this saving time because everyone you give credentials to look at what you are filling out here, can look at it and provide directly into the document.

All right. Any questions about what we talked about so far?

>> DEBORA WAGNER: Yeah, Aleyda. They said the scenario we used skipped over cost-of-living expenses while putting aside their monthly income.

Aleyda told you that none of the money in the PASS would count.

So, the person would get SSI of $967 to make up for the money being saved in the PASS Account. So, in Jaden's example. Jaden has the exact same amount of money each month to pay living expense, while also being able to save all that money from the Childhood Disability Benefits.

So, does the money in a PASS Account count toward the resource limit for State medical? It shouldn't. It should not count for any of the needs-based programs. Somebody is asking how this counts for SSDI, Aleyda, do you want to answer?

>> ALEYDA TORUNO: Sure. We gave you the example of Jaden saving for CDB. You can cross out CDB and put in SSDI and it is the same scenario. CDB, SSDI, are both Title II Benefits.

The example we used is CDB, but it could be -- or did, the exact wording Social Security would use, Disability Insurance Benefits.

Let me answer this question. Is there a penalty if someone doesn't succeed in their PASS Plan? There is no penalty if someone is not able to fulfill their business goal. Jaden could certainly try, has the resources, but perhaps he is not making end way at some point. It is a possible he may not succeed. That is a reality in today's world there. are a lot of businesses that maybe didn't start off well and succeed, you there is no penalty if the business not succeed.

>> DEBORA WAGNER: However, if he has money left in the PASS Account, he may have to return the fund, correct?

>> ALEYDA TORUNO: So, the PASS Plan, with the $2,000 resource limit, is the loophole or exception to the rule. If somebody wants to save money to start a business, the PASS Plan is a way to do it. They don't have to worry about the $2,000 resource limit. You can safe for start-up costs. What are start-up costs? It depends on the business the person is starting.

If it is an online business, they may have to work with a web developer to work with the website. They may have to buy products in order to create the product like Jaden had to sell that product, so it depends on what the business is.

>> DEBORA WAGNER: All right, Aleyda that. Is it. That is all I see for question in the Q&A Box. I will hand it over to you and let you cover the Q&A Box.

I will start talking about resource, if Self-Employment. The number that has been managing at the fact that SSI absolutely has a resource limit that. Limit is $2,000 for an individual, and $3,000 for couples.

We will talk about some tools that people can use when they are on SSI to not count those business resources.

So, again, the SSI Resource Limit is $2,000 for an individual, for an SSI couple their resource limit is $3,000. Those amounts have not changed since 1989, so they definitely have not kept up with inflation, but if an individual has more resources than their SSI Resource Limit, they are ineligible for an SSI payment until they reduce their resources back down to the limit or below.

If they go for 12-months over the resource limit, at that point Social Security will terminate their SSI. Meaning if they need SSI again in the future, they would have to file a new application.

So, SSI has a resource limit, so we will talk about the tools you can use to get around the resource limit issue.

The PASS Plan not only protects the income you are setting aside, but it also protects the resources you need to start your business.

Aleyda told you about Jaden and how Jaden used a PASS to save $20,000. That money does not count as are resource for SSI, as long as it is in the designated PASS Account and Jaden is using it toward those business expenses as I proved in that PASS Plan, Jaden doesn't have to worry about that money counting as a resource.

That was a great way for Jaden to be able to save $20,000 without having to worry about that $2,000 resource limit.

Now, I am going to tell you about two of their tools that people can use. The first one is called Achieving a Better Life Experience, or ABLE Account, and I will talk about that next.

The other is a program called Property Essential to Self-Support, or PESS, and we will talk about that after we talk about the ABLE Accounts.

So, let's start with achieving a Better Life Experience Account.

An ABLE Account. These allow People with Disabilities to save toward Qualified Disability Expenses, and I am going to tell you all about it now.

So, this is a tax-advantaged account that allows you to save funds to pay for disability related expenses of someone called the designated beneficiary. These are not accounts you can just go into a bank and open up. That is not how ABLE Accounts work. You actually establish these accounts through a State Agency, or the state contracts with a private company to maintain these accounts.

So, I am in Ohio, and the Ohio State Treasurer's office is one that maintains these ABLE Accounts.

Now, an eligible individual can open an ABLE Account through the ABLE Program in any state if it is a national program.

Some states have a national program, you can use that account no matter where you live in the country, and there are a few states that have ABLE Accounts only for people who live in that state.

You may have thought in the past you couldn't use an annually account because you didn't have a disability that started before age 26. Well, this is good news. Starting on January 1 of this year, that age limit was increased, so now in order to open an ABLE Account, you must have a disability that started before age 46.

That means a lot more people are eligible to use ABLE Accounts. Now, you don't have to open the ABLE Account before you turn 46. You can open it after your 46th birthday. You would just need evidence that you had a disability that started before age 46.

So, maybe you were getting a Social Security Disability Benefit before age 46. Or maybe you have medical records showing you had a disabling condition before age 46. Either way is fine.

So, before you open an ABLE Account, I encourage to you look at the state rules for the state where you plan to open your account. You want to understand those state rules and how their ABLE Account operates. If a person is on SSI, and they deposit their own income into an ABLE Account, that income still impacts their SSI Payment. So if I take $50 from my paycheck and put it on my ABLE Account, the $50 will still be used on the SSI Calculation Sheet that Aleyda showed you, and it will still reduce the amount of my SSI Payment. Okay?

So, the designated beneficiary, the person who owns and managed this account, can be anyone who meets the Social Security Disability definition, but they don't have to be getting a Social Security Disability Benefit.

I work with a lot of Transition-Aged Youth, and they have been able to open an ABLE Account before they even apply for their Disability Benefits. They can start saving ahead of time.

Let's talk about who can make contributions to an ABLE Account.

The rules say any person can contribute, including the designated beneficiary. I can put money into my own ABLE Account, but it also could include a trust or an estate.

Let's say I was on SSI and I was going to inherit $10,000 after my aunt passed away. If I got $10,000 generally, that would put me over the resource limit for SSI. That would be a problem, but if the money is put into my ABLE Account by the estate, then it is not going to impact my SSI.

There is a deposit limit. The combined limit from all resources, this slide has a typo. The amount is now $20,000. The amount goes up a little each year in.

2026 the maximum you can deposit in a year is $20,000. However, if the designated beneficiary is working, they can deposit an additional amount from their wages up to $15,650 this year.

So, that could include Self-Employment Income that could be put into the ABLE Account.

Now, the income is still going to count as income, and could impact the amount of my SSI Payment, and the month that I received the income, but the money I save in the ABLE Account will not count as a resource.

So, I said that the money in the ABLE Account could be used for Qualified Disability Expenses.

What is that? So, this is an expense related to the disability or blindness of the designated beneficiary.

It includes a lot of different types of expenses: Education, housing, transportation, Employment Services, training, and support. It could include Assistive Technology and Related Services, health, prevention and Wellness Services, Financial Management, Administrative Services, and legal fees. Expenses for the ABLE Account itself. So, if your ABLE Account charges fees on your investments, those could be covered by the money in the ABLE Account.

Basic living expense, as well. So, this is very, very broad. I tell you, in the decade that we have had ABLE Account, I have never seen the IRS do an audit to see if somebody misused the money on something that didn't qualify as a Qualified Disability Expense. So, a lot of different things people can use this money for.

Now, I want to talk about how SSI treats contributions and earnings in an ABLE Account.

So, if you are the designated beneficiary, and you contribute to the ABLE Account from your wages, from your Self-Employment Income, it is going to reduce your Countable Income. Okay? The remaining accountable Earned Income would reduce Andrew's payment.

If someone other than Andrew puts money in the ABLE Account, it is excluded and does not impact his SSI. So, if Andrew's mother deposited $500 into his ABLE Account, the SSI Program will not count that $500 as Unearned Income for Andrew.

So, it will not reduce the amount of his SSI Payment. Finally, you can actually invest money in an ABLE Account. Depending on the state you are in and the investment options they have, you might invest that money in a way that you will earn interest, or some dividends.

And that money that you earn on your ABLE Account investments does not count as income for SSI.

So, if Andrew used his ABLE investment topographies buy Mutual Fund, SSI would not count the dividends from those Mutual Funds as being income to Andrew.

So, let's talk now about how ABLE Accounts help with the SSI Resource Limit. This is the magic of the ABLE Account.

They are going to exclude the first $100,000 in an ABLE Account from counting as a resource.

Now, if the account balance goes over $100,000, SSI will count the excess amount, the amount over $100,000, and they will combine that with any other resources you have, and look to see if you are over that $2,000 resource limit.

If you do go over the $2,000 resource limit because of excess funds in an ABLE Account, Social Security will suspend your SSI Payments indefinitely. Any time you bring your resources back down, you will be able to then get an SSI payment again.

Pretty good deal, that you can save money like this, and not have it count for SSI until Gao over $100,000. Would you rather have $2,000 in the bank or $100,000? I would like $100,000, right? That makes it an easy decision.

So, there is a maximum limit tied to your ABLE Account and it is tied to your state's 529 education plans. the same limit there is the same limit for your ABLE Account.

If the ABLE Account-holder dies, and there is money in the ABLE Account, Medicaid might be able to take some of that money. There are nine states that have said no, Medicaid cannot take the money leftover in the ABLE Account.

Again, each state has their own specific rules and that is why I said to check the State rule when is opening your ABLE Accounts.

So, how can ABLE Accounts help support somebody who wants to start their own business? Well, the designated beneficiary can save their own money in the ABLE Account to start the business and cover living expenses before the business starts turning a profit. Third-parties can also contribute to an ABLE Account to help the beneficiary either start their business or help them pay their living expenses before their business starts to turn a profit.

So, for example, if I wanted to start a business and I were on SSI, and Aleyda, my good friend, wants to help me out and say, Deborah, I want to give you $5,000 to help you start your business. She just gave me $5,000 directly, it would impact my SSI Payment and I would be over the resource limit, right?

But if Aleyda put the money into my ABLE Account for me, then I would have the $5,000 to spend while I am starting my business, and it wouldn't impact my SSI. Now some people say, well, should I do an ABLE Account, or should I do a PASS? It really depends on your situation. But the benefit of the PASS Account is that the money that I earned, I set aside in my PASS Account, doesn't count as income for SSDI.

But if I earned that same money from working, or from another benefit had I had, and put it into my ABLE Account, it would still count as income, and it would reduce the amount of my SSI Payment. So, if I am going to self-fund my business, PASS Accounts has a real advantage, because it gives me more money from SSI to help pay my living expenses while I am saving toward my work goal. ABLE Accounts don't do that. I put my own income into my ABLE Account. It will still reduce the amount of my SSI Payment.

It doesn't count as a resource, which is great, but it still counts as income when I earn it. Okay?

Aleyda, were there questions about ABLE Accounts we need to talk about?

>> ALEYDA TORUNO: Um, no.

>> DEBORA WAGNER: Thank you for taking care of the Q&A Box for me. I appreciate you.

All right. Let's talk about another great tool for people who are self-employed. This is called Property Essential to Self-Support, or PESS. I know that is confusing. PASS and PESS, they are so close! But this is Property Essential to Self-Support, and this allowed Social Security to not count some resources related to Self-Employment.

So, Social Security doesn't count some property as a resource if it is necessary for self-support.

So, it can include the following types of property. Property used in a trade or business. So, if I am working as a machinist and I have to have all my own machining tools, those tools are probably worth a lot of money, more than $2,000, definitely, but they wouldn't count if I was using those tools for self-support. If I were running a business as a plumber, maybe I would not only have all those tools, but maybe I have a van that I am using to get to-and-from jobs as a plumber, and maybe I have all kinds of stock that I have, or different parts I might need to replace that. Then none of that would count, because I would be using it in my trader business.

The other type of property that doesn't count is property that represent as government authority to engage in an income-producing activity.

So, if I am blind and I have a license to stock all the vending machines that the general government building downtown that, is a valuable license that I own. But it is not going to count as a resource, because Social Security will consider it Property Essential to Self-Support, or PESS.

So, this is really important. Because when you have your own business when you are self-employed, you might need to maintain stock and supplies you need to operate your business. And PESS allows you to maintain more than $2,000 in those resources without having any impact on your SSI Eligibility.

So, you can have that van you use in your plumbing business, the tool, all the replacement parts, pipes, and fittings, and all the things you have, and none of it will count when looking at the $2,000 resource limit.

Let's look at an example of how somebody used these tools in order to start their business and run their business.

So, we are going to look at an example for Tracy. So, Tracy loves old books. They go to flea markets and know all the best sites online to find First Edition and other rare books. Tracy decided to start buying rare old books and selling them for a profit. Something maybe Tracy has been doing as a hobby, they are going to turn into a business, right?

So, they use their ABLE Account to save money to begin to buy books. And their family and friends contribute to their ABLE Account to help Tracy start the business.

Gifts to the ABLE Account do not count as income for Tracy's SSI, and the money in the ABLE Account is less than $100,000, so it is not going to impact the Resource Rules for SSI. That is a great deal!

The books that Tracy buys and stores as inventory is Property Essential to Self-Support. So, it is not going to count as an SSI resource. When Tracy starts selling the books and earning income, please remember that Tracy needs to report that, Net Earnings from Self-Employment, to Social Security, because their business is up and running, they are making money, and they are going to have to report that income to Social Security.

Aleyda, do we have questions about Property Essential to Self-Support, or any of the other rules?

>> ALEYDA TORUNO: Yes. With have good questions about PESS. Can a bank account under a business name be considered PESS?

>> DEBORA WAGNER: So, this is where it gets complicated. It depends on how you created your business. If it is -- your name is on the bank account as the only owner of this business, yeah, yeah. It could be Property Essential to Self-Support but if the bank account is under the corporate name, it is a corporate resource, and it is not my asset.

So, that is where talking to an expert about how to set up your business is really important. If the bank account is in my name, doing business as Tracy's books and things, then I am going to have to provide evidence that that is Property Essential to Self-Support. So, yeah, the income could be, but it will be tied to the business. I need that property to pay for inventory, to pay for stock, to pay for things related to the business.

>> ALEYDA TORUNO: Do you need to apply for PESS, like you do like a PASS Plan?

>> DEBORA WAGNER: Great question. No. You don't apply for

it, but when reporting your resources to Social Security, you know, every so often they do a Redetermination. Right? They bring you in and ask, what is this money sitting in this bank account? Or tell me about things you have bought in the past year.

If I tell them I have a new van, they might say, wait a minute, that will count as a resource. You have a second vehicle.

But if I tell them I am using it in my plumbing business, then they can apply the Property Essential to Self-Support rules to exclude it.

So, you don't do an application, but when you are reporting those resources to Social Security, you have to be clear that it should not count because it is resources that you need to support your business.

>> ALEYDA TORUNO: That is what we have for now. Thank you.

>> DEBORA WAGNER: Somebody asked if there is a form required to report PESS. There is not. It is just when you are talking to them about your resources, you are clear it is Property Essential to Self-Support.

All right. I will do the summary of the topics that we have gone over today about SSI and Self-Employment. And then I am going to look to see with Aleyda if there are any other questions that you asked related to the topics that we covered today?

So, the first thing I really want to tell you is that when people are on SSI, they are always better off when they go to work. They will always have more money when they work. That includes people who are self-employed. That is because Social Security counts less than half your Earned Income -- that Net Earnings from Self-Employment -- they will count less than half.

So, as your income goes up, your SSI goes down, but it goes down very slowly. Right? It only counts half the money that you earn. Less than half.

You can use all of the traditional SSI Work Incentives to help self-employed workers keep more SSI as their Net Earnings from Self-Employment goes up.

So, as Aleyda told you, you can use the Student Earned Income Exclusion. We have the General Income Exclusion of $20, and the Earned Income Exclusion of $65, and one-half the remainder.

You can deduct the value of Impairment-Related Work Expenses, and Blind Work Expenses, and any of that income that you are using to fund your Plan to Achieve Self Support, or PASS.

So, those rules can help reduce that Countable Income, and maximize the amount of the SSI Payment.

Now, the Plan to Achieve Self Support, or PASS, can help people who get SSI, to save income or resources that they need to start a business without impacting their SSI Eligibility.

So, any income that they are saving in the PASS doesn't count as income for SSI, and the resources they have saved in that account do not count when looking at the resource limit for SSI.

So, PASS Accounts good used to protect both income and resources for people on SSI.

Remember, PASS has to be used for a specific work goal, but I have helped a lot of people use PASS to start their own business, and for people with a disability, it is a great way to save to start that business.

Now, achieving better life experience, or ABLE Accounts, allow people to get SSI to save, to start a business, among other things. They can even get help from their family and friends. They can contribute money to the ABLE Account to help them start their business.

Now, remember, SSI does not count, $100,000 saved in a savings account, so that is a really powerful savings tool.

And PESS excludes business resources for self-employed workers on SSI. Without PESS, it would be really hard for someone on SSI to save the money to start a business, to buy the goods they need to start a business, right?

But PESS allows them to exclude those resources, and it doesn't impact their SSI.

So, at this point I am going to stop sharing my screen, and --

>> ALEYDA TORUNO: We do have a couple of questions to address.

>> DEBORA WAGNER: Good.

>> LAURA THRASHER: So, great questions.

When you speak with Social Security about resources that are potentially PESS, do you have to remember that term? Or can you say I use this for my business?

>> DEBORA WAGNER: In a perfect world you can just say, I just use this for my business! But sometimes with Social Security, it helps to know the magic words.

So, now that you have had this training, I would call it, this is Property Essential to Self-Support. I use this in my business, and you can tell them, this is the van that I use to drive to people's houses to fix their plumbing. These are the tools I use when I work as a plumber.

This is my supply of pipes and other equipment that I need to work as a plumber. To help them understand why none of that should count.

>> ALEYDA TORUNO: Here is a great question, too. Any tips to discuss PESS with a Business Advisor and mentor? They are not usually versed in Social Security language. So, they might not understand about this provision.

>> DEBORA WAGNER: Well, I mean, you can certainly educate them, and they can help the next person on SSI that they work with as a Business Advisor. But it is not important for them to know, because it is not related to the operations of the business. It is important for the person on SSI to know when they are reporting those resources to Social Security. They have to know that term. Your accountant doesn't need to know that it is PESS, right? But they do need to label it as business property. That will then help you when you are talking to Social Security about why it shouldn't count as a resource.

>> ALEYDA TORUNO: All right. There were some questions leftover about ABLE. Most of the folks are asked about the payback provision. If you are not currently enrolled, does the payback provision still apply?

>> DEBORA WAGNER: No. All Medicaid is doing is trying to collect back the money they spent on the designated beneficiary's medical expenses, so, they are recouping the money they spent on this person. If that person never used Medicaid, they never spent money on them, so, there is no money for them to take back.

Some states allow people to roll over the money in an ABLE Account from one designated beneficiary to a family member who also qualifies as a designated beneficiary. So, if I had two children on SSI, and one of them passed away, I can roll the fund from that ABLE Account over to their sibling's ABLE Account, and that would then leave nothing for Medicaid to take back in my state. But those are the types of questions to ask when you are looking at setting up an ABLE Account in a state, figure out how their Medicaid payback works, if they even have Medicaid payback in that state.

>> ALEYDA TORUNO: Okay. Then there is a question. Do you have to be self-employed to use PESS?

>> DEBORA WAGNER: Great question. You don't have to be self-employed. I certainly have worked some clients who are trades-people, and they have had their tools and equipment, and if they worked finish somebody else, and that could be excluded as Property Essential to Self-Support.

So, instead of having my own plumbing be, I work for

Aleyda's plumbing business but she still required me to have my own tools and equipment I took to my job, that can be included as tools essential to self-support. Great questions.

All right. Let's talk about the SSI Resource Limit. When I say it is $2,000 for an individual that, means only one person eligible for SSI.

To be an SSI couple, they have to both be eligible for SSI. So, if two people eligible for SSI live together, and hold themselves out as being married, they are an SSI couple, and their resource limit is $3,000 for the two of them. Their combined resources cannot be more than $3,000. If I were on SSI and got married to somebody not on SSI, there is a whole process they would team or count some of that person's resources as if they were my resource, even if they are not in my name, so, that is another whole set of rules.

>> ALEYDA TORUNO: That is it. I can't believe we covered all the questions. There were a lot of great questions!

>> DEBORA WAGNER: Absolutely. Anything else you wanted to add, Aleyda?

>> ALEYDA TORUNO: No.

>> NIKKI POWIS: I want to say, I was so impressed. There are 82 unanswered questions in the Q&A Box. A reminder to everybody, if you asked a question and we didn't get to it, you will get these answers. It will take a little bit, because, obviously, there are five weeks. Just today there were 82 questions. We will be compiling sort of an FAQ, and getting Deborah, Aleyda, and also Ray to answer those questions and we will get them to you down the road.

A reminder, if you are going to miss and want credit, you do need to watch the recording.

There have been questions about, do I have to register? You registered once for this whole course. If you registered for the whole course, you don't have to register again. You only have to register again if you are going to watch a recording, and then every recording has its own registration for that particular recording which we need to know that you have watched that in order to get credit if you are asking for credit. CRCs, or CEUs.

Okay. There are more questions coming in now.

Can a second home be used for PESS?

>> DEBORA WAGNER: It would have to be essential for self-support. If I own another house on my street, and that is where I operate my business, or I am selling second-hand clothing and that building is used for that business, then it could be Property Essential to Self-Support.

>> NIKKI POWIS: What about rental properties? Are those

essential to Self-Employment?

>> DEBORA WAGNER: If you own and manage rental property, it really depends on how you are doing it. Let's say I live in a duplex, I have lived in one of the units and rented the other unit, I am probably not engaged in the business of being self-employed, right? I probably have a day job. I am just bringing in extra income to help pay my mortgage, right?

But now if I own an apartment building with four units and I am providing all kinds of support and I am running it. Maybe I own a couple of buildings or five billings -- it is a magnitude of scale -- so the more you own and the more you are involved in supporting yourself through operating those properties, the more likely Social Security is to consider that Self-Employment.

Remember, for SSI, they treat Self-Employment much kinder than they treat Unearned Income.

So, if I am just getting money from rent, and it is not my business, it is going to significantly reduce my SSI. But if I am running a business and it is Net Earnings from Self-Employment, then they are going to count less than half that money when they calculate my SSI Payment.

So, I really recommend if somebody is thinking about doing rental property as their Self-Employment, that they talk with a Work Incentive Planner who can look at those rules around rental property, and help them understand where they would tip from Unearned Income, to the Earned Income world.

>> NIKKI POWIS: Okay. Fabulous. We are do have a few minutes left so I was just -- you already answered that question. I was going to say, Aleyda, I am not even sure how to ask that question that was in there, so I am glad you just answered it. Okay!

A reminder if you look back through the Chat, you will find the links to down from the PowerPoint session. And if you control down, all the recordings are there, each one listed separately. There are a lot of questions about where is link, and how do I find the recordings?

The link has been posted several times into the Chat and the Q&A.

So --

>> DEBORA WAGNER: I am sorry, Nikki. I also put a link to the PASS Online website in the Chat Box. If you didn't see that, and want that link, it is also available to everybody in the Chat.

>> NIKKI POWIS: Okay. All right. All right! Okeydokey. I think that looks like it is it!

If you have questions, you can certainly put them in, and we will get to them, like I said, and send them out in probably about three weeks, because it will take a while.

And, so, thank you, ladies, so much. Again, I am so impressed with the question-answering there. Fantastic!

Hopefully everybody will join us fen on Thursday for the next session!

Which, remind me, Deborah, what is next session on?

>> DEBORA WAGNER: So, on Thursday, we will talk about what happens to your healthcare when you are self-employed. We will look at things like Medicaid, Medicare, the Affordable Care Act Marketplace and talk about ways to keep that coverage. It is all well and good when you are making money, but you have to have medical coverage, too, so we will talk about that on Thursday.

>> NIKKI POWIS: That is great. I am sure we will have a lot of questions about that. Thank you so much, and we will see you next time.

(Session was concluded at 2:10 PM ET)