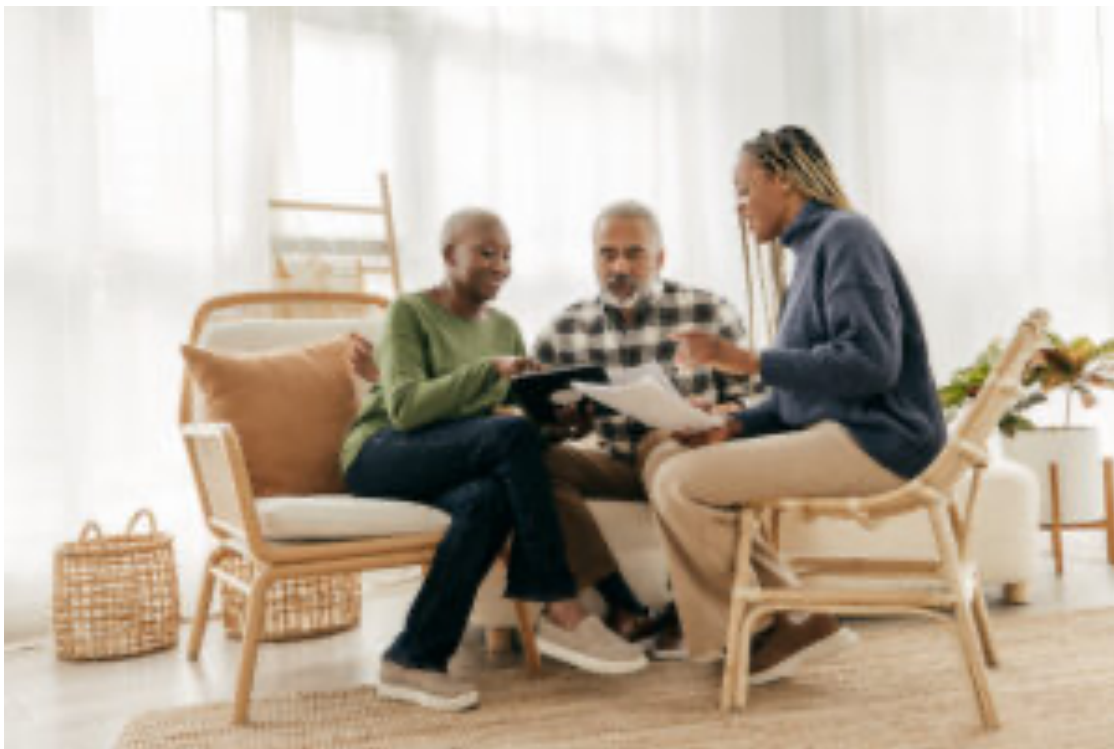




## Three Ways to Avoid a Reduction in SSI Benefits Due to In-Kind Support and Maintenance (ISM)

*This issue of The Voice® is written by SNA member [Rachel Trafton, Esq.](#) of [Maine Elder Law Firm LLC](#) in Bangor, Maine. The firm focuses exclusively on the legal needs of aging Mainers and people with disabilities, including special needs planning, long-term care planning and estate and trust administration.*

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Only individuals with limited income and assets are eligible for Supplemental Security Income, known as SSI. (Do not confuse SSI and Social Security Disability Insurance (SSDI) which is a very different program.) If an individual who receives SSI is given cash by a friend or a family member or even by the trustee of a special needs trust for the benefit of that individual, the SSI benefit will be reduced dollar-for-dollar.

**Example 1:** Assume Martha has a daughter named Daphne. Martha gives Daphne \$1,000 in the month of January to pay rent. Daphne would lose her SSI for the month because of the receipt of that cash which exceeds her SSI benefit of \$943 in 2024.



The purpose of the SSI benefit is to pay for food and shelter. Therefore, when the individual on SSI receives food and/or shelter from someone else, the Social Security Administration treats that as “in-kind support and maintenance” or ISM. Like cash, it can reduce SSI benefits but in a different way than cash gifts. Instead, when the individual receives ISM, the SSI benefit will be reduced dollar-for-dollar but only up to a maximum of one-third of the SSI benefit and in some cases, a \$20 general disregard applies (this is called the Presumed Value Rule).

**Example 2:** *Assume that Daphne lives with Martha rent-free. The Social Security Administration will request information to determine the value of rent-free living. Assuming it is greater than one third of the full Federal Benefit Rate (\$943 in 2024), instead of receiving \$943, Daphne’s SSI will be reduced by one-third ( $\$943 - \$314.33 = \$628.67$ ). Daphne will receive a check for \$628.67.*

**Example 3:** *If Martha pays the landlord \$1,000 directly, then Daphne’s SSI will be reduced by one-third plus she will receive a \$20 disregard. ( $\$943 - \$314.33 + \$20 = \$648.67$ ).*

Here are three ways to support someone you care about who has SSI while avoiding creating ISM and the resulting reduction in the SSI benefit:

- 1. Pay for Expenses Other than Food and Shelter.**

Instead of paying for items that are considered ISM, pay for items that are not considered ISM. For example, instead of paying for the individual’s electricity bill, pay for the individual’s cable bill.



Below is a list of the only items which Social Security deems ISM. Compare that to the list of items that you could pay for without a reduction in SSI benefits.

### **ISM**

Mortgage payments  
Home insurance (but only if it is required by the terms of a mortgage)  
Rent  
Real property taxes  
Heating fuel  
Gas  
Electricity  
Water  
Sewer  
Garbage removal  
Food\*

### **Not ISM**

Clothing  
Household furnishings and furniture  
Phone and cell phone services  
Cable and internet services  
Vehicles, including insurance, gas, and maintenance  
Travel  
Entertainment  
Education, tutoring, tuition  
Medical expenses including equipment, medication, therapy, treatment  
Taxes

*\*The Social Security Administration has proposed to omit food from ISM calculations – stay posted to the Voice for an update!*

## **2. Sign a Rental Agreement.**

As illustrated in Example Two above, providing housing at no cost to an individual who receives SSI will reduce the individual's monthly benefit amount by one third. To avoid this, families may sign a rental agreement. The rental agreement sets forth the household expenses included as part of the rent payments (i.e., the ISM items listed above). The Social Security Administration will require proof that the rent is based on fair market value and verification that rent has been paid by the individual.

## **3. Fund an ABLE Account.**

For individuals whose onset of disability was prior to age 26, (this will change to 46 in 2026) an ABLE account is a simple way to avoid ISM. (The individual does not have to receive SSI



by age 26.) A friend, family member, or the trustee of the special needs trust can contribute to an individual's ABLE account. The individual can then use the funds in the ABLE account for any "qualified disability expense," including food and shelter. There is no impact on SSI benefits if the individual uses funds from their ABLE account to pay for the items that would otherwise be considered ISM. Note that an individual may have only one ABLE account, and there is an annual cap for total deposits (from all sources) to an ABLE account. That cap is \$18,000 in 2024 (although a working beneficiary may have a higher contribution limit).

Due to the complexity of the ISM rules for SSI, it is highly recommended for SSI recipients and their families to consult with legal professionals for guidance on how the rules specifically relate to their circumstances and to explore potential strategies to minimize or alleviate ISM reductions.

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