



Avoiding SSI Reductions When An Adult With Disabilities Lives With Family

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When individuals with disabilities live with family members, it can complicate their eligibility for Supplemental Security Income (SSI). Since SSI's monthly cash payments are meant to pay for food and shelter, contributions from others for such living expenses may reduce SSI or could disqualify the beneficiary completely.

With planning, that can be avoided. SSI rules are complicated, and there's decision-making discretion at the local Social Security office, so it's important to prepare for the questions that SSI personnel will pose. [Detailed SSI requirements can be found here](#), and families may wish to consult a special needs attorney.

In-Kind Support and Maintenance

When an individual receiving or applying for SSI is receiving assistance from a third party for food or housing, [it's considered in-kind support and maintenance \(ISM\)](#). ISM can reduce the monthly benefit the same as if cash were received.

If the individual is receiving both complete food *and* shelter expenses from the third party, the SSI benefits for which they would otherwise be eligible will be reduced by one-third. For cases in which help is being provided for food *or* shelter, or not completely for both, the SSI reduction is capped at one-third of the maximum allowable benefit plus \$20 (in 2017, a total of about \$265 for an individual). However, if an individual receiving SSI is *paying reasonable rent* in order to live with relatives in a complete unit considered separate from the others, a *separate household* has been established and ISM isn't applicable. Even when living with others, paying a proportionate amount that covers both food and shelter will avoid a reduction in SSI.

Unfortunately, the rules are open to some interpretation and discretion by a local office. In some cases, the amount paid by the recipient has not been accepted as being reasonable for food and shelter. In others, ISM has been applied if the individual lacked a separate area for the storage, preparation and consumption of food. Families faced with such determinations should consider [appealing the decisions](#).

State Supplements

Note that some states supplement federal SSI payments and may have different regulations governing living arrangement eligibility.

Rental Agreement

To avoid ISM, families should put in place a written rental agreement, covering the individual's proportional share of household operating expenses and, if applicable, food. The agreement should include the renter's and landlord's names, the rental address, and the amount, purpose and frequency of payment. Upon request, the renter should be able to produce rent receipts. Families should also document prevailing rents in the area. An important condition is that the individual pay fair market value for what is received.

Loans and Retroactive Payments

It can take many months to be approved for SSI, and families sometimes loan the individual funds while waiting for the decision and retroactive benefits. If considered a "gift," the funds count as income, and the retroactive benefits would be reduced accordingly. However, if a family puts a *loan agreement* in place, the adult with disabilities can be eligible for retroactive payments without reduction with which they can use to reimburse family members. The loan of ISM or even cash itself is not considered income by SSI as long as there is an understanding and agreement between the parties to pay it back.

Depending on the state, the agreement may or may not need to be writing. Other requirements include:

- Statement of amount loaned and repayment terms. Interest is not required.
- Understanding by both borrower and lender that the money must be repaid, regardless of whether or not the individual ultimately receives government benefits.
- Repayment plan must be feasible, given the individual's resources.
- Services, such as chores, cannot be considered as payment contributions.
- Agreement must be in place for the full time to be covered by retroactive SSI payments.

ABLE Account

Another option to consider is [establishing an ABLE account](#). This relatively new planning tool is a tax-free savings option for qualifying individuals that does not interfere with their eligibility for means-tested government benefits, including SSI. Only individuals whose disability appeared prior to their turning 26 are eligible. Up to \$14,000 per year can be put into an ABLE account, including funds from the SSI-eligible individual, family members or any other source.

In effect, as long as the individual does not gift away the ABLE funds or retain the funds withdrawn from the ABLE account month-to-month in their own personal bank account, the use of the funds will not affect SSI eligibility. Funds from ABLE accounts may be used to pay for housing, food, transportation, clothing, utilities, cable subscriptions and many other basics without affecting SSI. ABLE funds used for certain housing expenses may create an IRS penalty, but it is usually very small. A key advantage to an ABLE account is that it can be funded by family members, and the individual can then use the funds to pay for rent and food without having an SSI ISM reduction as described above.

With forethought, it's quite possible for adults with disabilities to collect SSI while living in the family home. But doing homework ahead of time and understanding the rules is a must.

Frequently Asked Questions (FAQ's)

SSI living arrangement rules

SSI living arrangement rules dictate the eligibility criteria and benefit amounts for individuals receiving Supplemental Security Income. These rules govern where an individual resides, how they share expenses with others, and the types of support received from friends or family members. Understanding the nuances of living arrangements, such as owning a household, sharing expenses in a communal living situation, or receiving in-kind support and maintenance, is crucial for accurately reporting to the Social Security Administration (SSA) and ensuring compliance with SSI regulations. Adherence to these rules directly impacts an individual's ability to receive SSI benefits and the amount they are eligible to receive, making it imperative for recipients to navigate these guidelines with clarity and precision.

How much does SSI allow for rent?

The amount of rent that Supplemental Security Income (SSI) allows for varies depending on factors such as the recipient's living arrangement and geographical location. SSI benefits are intended to cover basic needs, including shelter costs, but the specific allowance for rent is not fixed. Instead, the Social Security Administration (SSA) considers factors such as the recipient's income, living situation, and whether they receive any in-kind support or assistance with housing expenses. While SSI benefits can contribute towards rent payments, recipients may need to explore additional resources or support services to cover any shortfall between their benefit amount and actual housing costs. It's essential for SSI recipients to understand their housing expenses within the context of their overall budget and seek assistance or adjustments as needed to ensure stable housing arrangements.

How is rent calculated for SSI?

Rent calculation for Supplemental Security Income (SSI) recipients involves a multifaceted approach that takes into account various factors. The Social Security Administration (SSA) considers the individual's living arrangement, including whether they have their own household, share expenses with others in a communal living situation, or receive in-kind support and maintenance. Additionally, the SSA evaluates the recipient's income, including any SSI benefits received, as well as any other sources of income. Depending on the circumstances, the SSA may also consider geographical location and prevailing rental rates in the area. By assessing these factors comprehensively, the SSA determines the portion of the SSI benefit that can be allocated towards rent payments, ensuring that recipients receive support tailored to their specific needs and circumstances.

What does SSI consider living expenses?

Supplemental Security Income (SSI) considers various living expenses when determining eligibility and benefit amounts for recipients. These expenses encompass essential costs associated with maintaining a suitable standard of living, including but not limited to rent or mortgage payments, utilities such as electricity, water, and heating, groceries and food expenses, personal care items, transportation costs for medical appointments or essential errands, and other necessary household expenses. Additionally, SSI may also factor in medical expenses not covered by insurance or other assistance programs. By accounting for these living expenses, SSI aims to provide financial assistance that adequately supports individuals with disabilities or limited income to meet their basic needs and maintain a stable living situation. Understanding and accurately reporting these expenses are crucial for recipients to ensure they receive the appropriate level of support from the program.

What is the average SSI payment?

The average Supplemental Security Income (SSI) payment varies based on several factors, including the recipient's living arrangement, income, and additional financial assistance received. However, as of recent data, the average monthly SSI payment for an individual is approximately \$800. This amount may be higher or lower depending on factors such as the recipient's marital status, any additional income sources, or the cost of living in their geographic location. It's important to note that SSI payments are intended to assist individuals with limited income and resources to cover basic living expenses, including shelter, food, and other essential needs. Understanding the factors that influence SSI payment amounts can help recipients effectively budget and manage their finances to maintain a stable standard of living.

What is the income limit for SSI in 2024?

The income limit for Supplemental Security Income (SSI) in 2024 is determined by various factors, including the recipient's living arrangement and any additional financial assistance they may receive. As of 2024, the federal income limit for SSI eligibility stands at \$814 per month for individuals and \$1,221 per month for couples. However, it's crucial to note that these are federal limits, and some states may have higher income thresholds or different rules regarding SSI eligibility. Additionally, certain types of income may be excluded or disregarded when determining eligibility, such as a portion of earned income or certain forms of assistance. Understanding these income limits and eligibility criteria is essential for individuals seeking SSI benefits, as it helps ensure they receive the necessary financial assistance to meet their basic needs while navigating their specific financial circumstances.

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