



## **Managing Retroactive SSI Benefits**

It can take years for Supplemental Security Income (SSI) benefits to be approved for a child with disabilities. Often, the process is prolonged as parents or guardians appeal an initial rejection. Once approved, payment is retroactive to the month following initial application. But the guidelines for using those funds differ significantly from those governing regular monthly SSI payments.

## **Separate Account**

Large awards (six or more times the maximum federal benefit rate, which is \$4626 for 2019) must be kept in a savings, checking or money market account established in the child's name and dedicated to back benefits. The Social Security Administration (SSA) deposits the retroactive payments directly into that account, and the funds, including interest, are not counted towards SSI's asset limit. SSA informs [representative payees](#) if the back payments will require a dedicated account.

## **Permitted Use**

Retroactive payments may only be used for products and services that both benefit the child and are related to their disability. This contrasts with the permitted use of regular monthly SSI payments, which need not be related to the child's disability so long as they are in the child's best interest, including their portion of family food and housing expenses. In emergency situations, SSA permits the use of retroactive payments for housing and food. It's a good idea to check with Social Security or a special needs attorney if you have questions.

## **Calculation and Payment**

Depending on the amount involved, you may receive back payments in either a lump sum or installments. If the funds total more than three times the maximum monthly SSI benefit, they will be distributed in three installments, at six-month intervals. While the 2019 federal maximum monthly payment is \$771, that amount is higher in states that provide an SSI supplement. The initial two installments can be no more than three times your maximum monthly payment, with the remainder sent in the third payment.

SSA will increase the first two payments if the funds are needed for the following reasons:

- Medical needs

- Debt related to necessities such as housing, food or clothing
- Automobile costs, if needed as transportation for medical care
- Mobile phone, if needed to contact medical practitioners
- Computer, if needed to access online services, including the Social Security website
- Purchase of a home

If you become ineligible for SSI before receiving your approved retroactive payments, you will receive a lump sum.

### **Annual Reporting**

SSI requires that a form be completed annually detailing how funds from both retroactive and regular payments have been spent. They require documentation, so be sure to retain bank statements, receipts and other records. You'll need to explain, in the case of back payments, how expenses related to the child's disability. You may be required to return funds if you knowingly spent money inappropriately or cannot demonstrate with the proper documentation that you used the funds in an allowable fashion. Such decisions can be appealed.

### **Change of representative**

A change in the child's representative payee requires closing the dedicated account, filing a final accounting of funds and returning the balance to SSA. The remaining money will be forwarded to a new dedicated account to be established by the new representative payee.

When the child turns 18, if competent to handle their own finances, they become responsible for managing the dedicated account. Restrictions continue to apply until all funds have been distributed or the child becomes ineligible for SSI, whichever comes first.

The process of managing retroactive SSI payments can be complicated and subject to interpretation. Consult SSA or a special needs attorney with any questions.

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