



SSI Rules for Students

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July 2016 - Vol. 10, Issue 4

A person who receives SSI (Supplemental Security Income) because of a disability can attend school and continue to receive SSI while a student. There are some special rules, however, that apply to SSI recipients who are students. Students, parents and trustees of special needs trusts must know these rules and how they can affect a student's SSI benefit amount.

What is SSI?

SSI is a monthly cash benefit for individuals with disabilities of any age or individuals age 65 or older. To qualify for SSI, a person's non-exempt resources must be less than \$2,000 for an unmarried person, or \$3,000 for a married couple. The home, one vehicle, household furnishings, and certain burial arrangements are exempt resources that are not taken into account in determining eligibility. The federal SSI monthly benefit amount is \$733 for 2016, but some states provide a modest supplemental amount. Other income that a SSI recipient receives (e.g. wages, an allowance from parents, other government benefits) may reduce the SSI benefit amount dollar for dollar.

This article specifically addresses issues that apply to a SSI recipient who is at least 18 years old and a student in high school, college or a vocational training program.

Some common questions that arise for such students include the following:

- If a student receives a scholarship, will that reduce or eliminate the student's monthly SSI benefit?*
- Will financial aid be treated as income that will reduce the student's monthly SSI benefit, or will any portion of the financial aid not immediately spent on educational*

expenses be treated as a resource that may put the student over the SSI resource limit?

- *If a student works while in school, will any earnings reduce or eliminate the monthly SSI benefit?*
- *If the school provides student housing, will that reduce the monthly SSI benefit?*

Student Financial Aid

HEA or BIA Financial Aid

All student financial assistance received under Title IV of the Higher Education Act of 1965 (HEA) or under the Bureau of Indian Affairs (BIA) student assistance programs is excluded from income and resources, regardless of use. The resource exclusion for this educational assistance does not impose a time limit to expend the benefits. Regardless of how long the assistance is held by the student, it is excluded from resources in determining an individual's eligibility for SSI. Interest and dividends earned on unspent Title IV HEA or BIA assistance are also not counted as income to the SSI recipient. Examples of HEA programs include Pell Grant, Federal Work-Study, Direct Loan, Perkins Loan, Federal Supplemental Educational Opportunity Grant, and Academic Competiveness Grant.

Other Financial Aid

Scholarships, fellowships, grants or gifts that are from sources other than the BIA or Title IV HEA are excluded from a student's countable income if used to pay for tuition, fees, or other necessary educational expenses at any educational institution, including vocational or technical training programs. Any portion of such financial aid that is not used immediately to pay tuition, fees or other necessary educational expenses, but is set aside for such use at a future date, is excluded from the student's income in the month of receipt and excluded as a resource for up to nine months after the month of receipt.

Any portion of the financial aid not used or set aside for allowed education expenses is treated as income in the month of receipt and the remaining funds will be treated as a resource in the following month. Financial aid that is set aside for education expenses but ultimately not used for those purposes is treated as income in the month the funds are spent for non-education expenses.

For example, Sally receives a \$5,000 grant in September of 2015 from the Rotary Club for her college expenses. She pays \$4,000 to the school for her tuition and sets aside \$1,000 for school fees and supplies during the school year. As long as Sally spends the \$1,000 by the end of May of 2016, the grant will not be treated as income or a resource that will reduce her monthly SSI benefit. If Sally uses \$500 of the education grant to pay for a trip to

visit her grandmother in November of 2015, that is not an education expense and the \$500 will be treated as income in the month of November. When income varies for a SSI recipient, the SSI benefit amount is not adjusted until the third month from the month of receipt, so Sally's SSI benefit will not be reduced until the month of January 2016.

The SSI program has specific rules regarding how educational benefits offered to veterans affect SSI eligibility. Due to the complexity of the veterans' education benefits, they are not addressed in this article. A SSI recipient who is eligible for veterans' education benefits should review applicable SSI regulations to determine if the benefit will be treated as income or a resource that can affect SSI eligibility.

How Student Earnings Affect the Monthly SSI Benefit Amount

Students often need to work while they are in school to help defray their school expenses, either summer employment or part-time work during the school term. Generally, earned income from a job will reduce a person's monthly SSI benefit. There are specific rules that apply to students regarding how earnings affect the SSI benefit. These rules are referred to as Student Earned Income Exclusions (SEIE) and are more generous than the rules that apply to non-students.

To understand the SEIE rules, it is helpful to first review how earnings affect a non-student's SSI benefit amount. If a SSI recipient has earned income from a job or self-employment, SSI excludes \$65 plus one-half of the remaining earnings, together with an additional general income exclusion of \$20. The remaining countable earnings will reduce the monthly SSI amount.

To illustrate, if Tom receives SSI and earns \$615 in the month of January, this is how his earned income will affect his SSI:

Gross earned income	\$ 615
Minus earned income exclusion	– 65
Minus general income exclusion	– 20
Total countable earned income	530
Minus one-half of earned income	– 265
Countable earned income	\$ 265
SSI benefit amount	\$733
Minus countable earned income	–265

Adjusted SSI benefit amount \$468

If a SSI recipient qualifies as a student, instead of disregarding one-half of earnings, the first \$1,780 of monthly earnings, up to an annual amount of \$7,180, is disregarded. If a student earns more than \$1,780 per month, the excess amount will be subject to the general SSI rules for earned income illustrated above.

To qualify for the SEIE, the student must be under the age of 22 and “regularly attending school,” i.e. twelve hours per week for high school, eight hours per week for college, and twelve hours per week for vocational training. (There are special accommodations if a student must be home schooled because of a disability.) The student must attend school at least one month per calendar quarter in order to claim the SEIE during that quarter. The SEIE applies to income earned during a calendar year.

To illustrate, Sally gets a summer job while she is in school and earns \$1,500 in each of June and July, and \$2,200 in August. She will be entitled to her full SSI benefit for June and July because her earnings were below \$1,780 for each of those months, and she attended school for at least one month during each of the second and third calendar quarters. In August, \$1,780 of her earnings will be excluded, along with a \$65 earned income exclusion and \$20 general income exclusion, one-half of the remaining earnings will offset and reduce her SSI benefit. Due to the delayed manner in which SSI tracks countable income, her SSI check will not be reduced until the month of October for the income she earned in the month of August. Sally’s total earnings equaled \$5,200 for 2015, so she did not exceed the \$7,180 maximum annual earnings exclusion for students.

Student Housing

The SSI benefit amount will generally be reduced by up to one-third of the maximum federal SSI monthly benefit, plus \$20, if the SSI recipient receives assistance with food or shelter expenses. This rule is referred to as In-kind Support and Maintenance (ISM). So what happens to a student who receives SSI, lives on campus, and whose room and board expenses are paid by parents or financial aid?

As long as the student is over age 18, attending school will be treated as a temporary absence if:

- *The student indicates an intent to return to her permanent residence for holidays, summer, or upon graduation; and*
- *The student lived in her permanent residence for at least one full calendar month before leaving for school.*

As long as the student's absence from her permanent residence is considered to be temporary, having room and board paid for the student at school during that temporary absence will not result in an ISM reduction in the student's monthly SSI benefit amount. (In contrast, if the student receives free room and board at her permanent residence there will be an ISM reduction in the SSI amount for that reason, not because she received student housing and meals while temporarily absent from her permanent residence.)

As a final illustration, Sally lived with her parents until she started attending a school for the hearing-impaired at age 20. Her parents pay for her room and board for the nine months of the year that Sally is attending school. Sally intends to return to her parents' home for the summers during her school program. When Sally started receiving SSI after graduating from high school, she paid her parents rent of \$300 per month out of her SSI check. She will continue to pay this amount to her parents while she is temporarily away at school. Since Sally pays for her shelter expenses at her permanent residence, she has no ISM reduction in her monthly SSI benefit.

A student who receives SSI based upon disability can attend an education program without necessarily reducing her monthly benefit. However, students, family members and trustees of a special needs trust for the student's benefit must be aware of the rules related to how financial aid, employment earnings, and student housing and meals can affect the student's SSI benefits.

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