



# VCU

VIRGINIA COMMONWEALTH UNIVERSITY

Work Incentives Planning and Assistance  
National Training and Data Center

## **Introduction to Social Security Disability Benefits, Work Incentives and Employment Support Programs – Lesson 3**

# Lesson 3: Title II Disability Benefits and Work

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# Learning Objectives

Upon completion of this training, participants will:

1. Identify and describe the factors Social Security considers during SGA determinations;
2. Describe work incentives that can be applied to reduce countable earned income during SGA determinations;
3. Describe work incentives that allow beneficiaries to test their ability to work without losing cash payments;
4. Describe work incentives that allow beneficiaries to get benefits back if work stops; and
5. Describe how the Extended Period of Medicare Coverage (EPMC) allows beneficiaries to retain Medicare if cash payments stop due to work.

# Brief Review of the Title II Disability Benefits

- Three different types – SSDI, CDB, DWB.
- Title II disability benefits are a form of insurance - not welfare. They are NOT means-tested. Resources and most forms of unearned income have no effect on these benefits.
- The amount of disability benefits payable under Title II is determined by the number holder's work record.
- The Substantial Gainful Activity (SGA) limit on countable earned income applies at initial application and forever onwards.

# Understanding the SGA Concept

- SGA is a decision, not a number.
- SGA is an assessment of the VALUE of a person's work effort – this value may or may not be the same as what the person was actually paid or earned.
- SGA determinations require judgment and interpretation – they are not always black and white.
- SGA determinations generally can't be made in “real-time”.
- Only Social Security personnel can make SGA determinations.

# SGA Guidelines

- Annually set amount against which “value” of work is compared.
- Work performed in a given year is compared to the SGA guideline for that year.
- A pattern of work valued above the annual guideline is likely to be considered SGA.
- A pattern of work valued under the annual guideline is unlikely to be considered SGA.
- The SGA guideline is different for individuals receiving benefits based on blindness.

# Factors that Social Security Considers during SGA Determinations

1. Circumstances that may reduce how much earned income counts – determining “countable earned income”.
2. Length of time the beneficiary was able to maintain SGA level work.

# Determining Countable Earned Income

Not all of a beneficiary's earned income may count when an SGA determination is made. Two important provisions are considered when determining countable earned income:

1. Subsidy and Special Conditions; and
2. Impairment Related Work Expenses (IRWE).

# Subsidy and Special Conditions

- Sometimes a person's disability results in the need for extra assistance, a reduced production rate, frequent breaks, fewer job duties than co-workers in a similar job, or other accommodations.
- When that happens, the individual's wages represent not only pay for their work effort, but also represents help from someone else, or higher pay than would be received by a nondisabled employee for the same work.
- If earnings don't accurately reflect the true VALUE of the person's work effort, Social Security must assess that value in another way.

# How Subsidies Affect SGA Determinations

- When Social Security makes SGA determinations, they are interested in the ABILITY of the individual to perform substantial work—not just earnings.
- A subsidy or special condition is support a person receives on the job that could result in more pay being received than the actual value of services performed.
- Social Security considers the value of subsidies when they determine whether or not a person is engaging in SGA. The value of extra help or higher earnings may be deducted from monthly earnings when Social Security determines if work is SGA.

# Impairment Related Work Expenses

Social Security recognizes that some people with disabilities incur special costs by working that non-disabled people would not.

Because of this, Social Security allows beneficiaries to deduct the cost of certain **“Impairment Related Work Expenses” (IRWEs)** from gross earnings when they are deciding if “countable earnings” demonstrate the performance of SGA.

This allows some beneficiaries to earn more than the SGA guideline and still retain cash payments.

# IRWE Criteria

1. Related to the disability/impairment for which the person is receiving treatment from a health care provider;
2. Necessary for work;
3. Paid out of the beneficiary's pocket and not reimbursed.
4. Paid in the month earnings received (with some exceptions);  
and
5. The expense must be “reasonable” (i.e.: usual and customary).

NOTE: The cost of durable items may be pro-rated over a 12-month period.

# More about IRWEs

- The determination of whether or not an item or expense may be deducted as IRWE may only be made by Social Security.
- Request the determination in writing in order to use appeal rights, if necessary. Sample IRWE request templates are provided in handouts.
- Individuals must have receipts to prove the expense was paid.

# Considerations Related to How Long SGA Level Work is Maintained

An unsuccessful work attempt (UWA) is an effort to do substantial work in employment or self-employment which was discontinued or reduced to the non-SGA level after a short time (no more than 6 months) because of the individual's impairment or the removal of special conditions related to the impairment that are essential to the further performance of work.

# Considerations when Earnings Fluctuate

- Social security may average earned income when it fluctuates over and under the SGA guideline.
- Averaging is used to establish a consistent pattern of work to determine if, after deductions, work represents the ability to perform SGA.
- Averaging is unnecessary when work is consistently above or below SGA, or when work is determined to meet UWA criteria.
- Averaging is only applicable at certain times in the back-to-work process.
- Averaging policies are very complex!

# Most Common Fears Title II Beneficiaries Have about Work

- If I engage in SGA will my benefits stop right away?
- If I try to work at a substantial level, but it doesn't work out, can I get my benefits back again?
- Will I lose my Medicare if I work at a substantial level?

# Work Incentives that Allow Beneficiaries to Test Ability to Work

## 1. The Trial Work Period (TWP)

The TWP provides beneficiaries an opportunity to test their ability to work while maintaining full benefit checks, no matter how much the beneficiary earns.

The individual must continue to have a disability under Social Security regulations!

# Important Facts about the TWP

- Earnings must be over the current TWP guideline for a TWP month to be used.
- No other work incentives apply during TWP - ALL gross earnings count.
- No special TWP amount for blind persons.
- The TWP doesn't end until 9 TWP months have occurred within a 5 year (60 month) period.
- TWP months don't have to be consecutive.
- Only one TWP per period of entitlement.

# Work Incentives that Allow Beneficiaries to Test Ability to Work

## 2. The Grace Period

When a beneficiary performs sustained SGA level work for the first time after the TWP, Social Security allows a payment to be made in this month (the cessation month) and the two succeeding months, called the grace months, for a total of three months.

# The Good News!

Even if a beneficiary went to work earning over the SGA guideline right away and maintained that level of earnings, **cash benefits would not stop for at least 12 months** (9 TWP months + 3 Grace Period Months). This provides a year long safety net during which the beneficiary can prepare for benefit cessation.

**NOTE:** The TWP and Grace Period are only afforded ONCE during a period of entitlement. If a beneficiary has already used some or all of these work incentives, the safety net period could be shorter than 12 months.

# Work Incentives that Allow Beneficiaries to Get Benefits Back

## 1. The Extended Period of Eligibility (EPE)

After the TWP ends, Social Security provides another safety net to beneficiaries who work enough to cause cash benefits to cease.

The EPE allows an individual who has not medically improved to be re-entitled to benefits any time during the reinstatement period, if his or her work activity falls below the SGA level.

# Important Facts about the EPE

- Always begins the month after TWP ends.
- 36 consecutive months.
- Once the EPE starts, it cannot be stopped – no way to “bank” months.
- Suspended benefits are reinstated if countable earnings fall below SGA level.
- Work activity can’t cause termination during the EPE, only suspension.
- UWA and income averaging are NOT applicable for purposes of reinstating benefits during EPE.

# More about the EPE

- If a beneficiary isn't performing SGA at the time the 36-month reinstatement period ends and never engages in SGA again, benefits may continue indefinitely.
- If benefits are reinstated during the EPE, they will continue indefinitely until the person again performs SGA, or Social Security determines that the disabling impairment has medically improved
- Only one EPE is provided per period of entitlement.

# Work Incentives that Allow Beneficiaries to Get Benefits Back

## 2. Expedited Reinstatement (EXR)

EXR allows individuals who terminated from disability benefits due to work to get benefits back again in an expedited manner if work stops or is reduced below SGA.

EXR is available for 60 months after termination and provides another option for getting benefits back besides reapplication.

# Important Facts about EXR

- Person must be unable to perform SGA due to the same or a related disability to the one for which benefits were previously paid.
- Up to 6 months of provisional payments are possible while the medical review is being conducted.
- If the person isn't found to be medically disabled, provisional payments don't have to be paid back.

# Work Incentives that Allow Medicare to Continue

The Extended Period of Medicare Coverage (EPMC) allows eligible beneficiaries to retain Medicare coverage (including premium free Part A) for AT LEAST 93 months after the end of the TWP if cash benefits are ceased due to employment.

# Summary and Next Lesson

- This lesson provided a general overview of how Title II disability benefits are affected by paid employment.
- We have provided you with additional resources that further explain the concepts presented - videos, links to websites, excerpts from CWIC training manual.
- The next lesson will provide an overview of the SSI program.