

SSI and SSDI—Social Security's TWO Disability Programs

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It's complicating enough that Social Security operates two entirely separate disability benefit plans, but having their initials only one letter apart practically guarantees confusion. Yet one letter can be very important as there is a world of difference between the two plans. The two plans are **SSI (Supplemental Security Income)** and **SSDI (Social Security Disability Insurance)**. Perhaps the best way to clear the confusion is to look at them together, noting their few similarities and their major differences.

First, the concept and goal of each plan shows why there are major differences:

- **SSI** is a "needs-based" benefit. It is a safety net that provides a monthly benefit for disabled persons (and children) under age 65 and persons aged 65 and older who can show a financial need for the benefit.
- **SSDI** is also called SSD. Social Security calls it just "Disability" and refers to the DIB, or the Disability Insurance Benefit. Whatever it's called (we'll use SSDI), the program was created so workers who become disabled and unable to work to their Normal Retirement Age will be able to access their Social Security retirement benefit early. Financial eligibility, discussed below, is solely based on how long and how much you paid in F.I.C.A. payroll taxes.

There are a few similarities between the plans:

Both SSI and SSDI:

- Are administered by the federal Social Security Administration.
- Will pay a monthly benefit to totally disabled persons who qualify.
- Have the exact same definition of medical disability to qualify for benefits, and follow the exact same procedure in determining whether or not an applicant is disabled
- That's about it for similarities.

Now, the major differences:

Amount of Monthly Benefit

- **SSI:** Pays a set amount each month. The amount will vary some depending on whether the beneficiary lives independently, lives in a board and care facility, has cooking facilities, lives rent-free, is blind, or several other factors.

A disabled person living alone in his/her own apartment with cooking facilities is eligible to receive up to \$733 per month during 2015 from the federal government. The amount is raised each year with a Cost of Living Increase.

However, SSI functions as a safety net, or a floor of income; any other income received is deducted from that SSI base amount, although they will ignore the first \$20 per month received from any other source.

- **SSP:** Some states supplement the federal SSI payment with an additional payment raising the total monthly benefit. California's contribution, for example, increases the \$733 to about \$890 per month.

States that do not contribute any additional SSP payments are Arizona, Mississippi, North Dakota, and West Virginia. States that contribute additional SSP payments AND allow Social Security to administer most of them along with SSI are: California, Delaware, District of Columbia, Hawaii, Iowa, Montana, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. The remaining states administer their own SSP payments and you must apply directly to the state. Because this occasionally changes, check with your local Social Security office to see what your state currently does.

- **SSDI:** Pays a monthly benefit based on the total amount of F.I.C.A. payroll taxes the person has paid into Social Security over his/her working career. The benefit may be anywhere from one dollar per month to \$2,663 per month in 2015.

The calculation attempts to estimate what the retirement benefit would be if the person continued working to retirement and pay that amount as the SSDI monthly benefit.

To get an estimate of what your retirement and SSDI benefit would be, go to: www.ssa.gov/mystatement, register, and look for the Summary of Earnings.

Financial Eligibility

These are the non-medical requirements for the benefits. One is based on what you "don't have" while the other looks only at the F.I.C.A. payroll taxes you paid.

- **SSI** benefits are only available to persons who can show that they have very few assets or resources and low income.

Resources/Assets must be less than \$2,000 (\$3,000 for a married couple). This includes all money in cash, checking, savings, as well as retirement savings accounts. It also includes real estate (except the home you live in), stocks, bonds, mutual funds, and other investments. It does NOT include one car, the residence you live in, most personal property including furniture and clothing, and certain other exempt items.

Income is more complicated since it is related to the amount of SSI and SSP benefit you are eligible to receive, and that varies. Generally, your income must be less than the amount of benefit you would be eligible to receive, and SSI will only pay the difference between your other income and the amount you would be entitled to receive based on your residence and living situation.

For example: If you would be eligible to receive \$733 from SSI but your SSDI pays you \$800 per month, you would not be eligible for any SSI benefit. However, if your SSDI payment were only \$300, you would be eligible for a partial payment from SSI that would take your total income up to \$753 per month. \$20 of the SSDI income is ignored when calculating the SSI portion.

- **SSDI** financial eligibility is based solely on the Social Security (F.I.C.A.) payroll taxes you paid over your working career. It totally ignores how much money you do or don't have. To be eligible for SSDI, you must have paid F.I.C.A. taxes in 20 out of the last 40 calendar quarters (five out of the last ten years) before becoming disabled. If you are under age 31, that number is reduced. If you are over age 42, the minimum number of quarters increases approximately one quarter for each year over age 42.

As long as you can meet the payroll tax payment requirement, you may receive SSDI benefits if you become totally disabled, regardless of what other income or wealth you may have. You can win the lottery and still be eligible for SSDI.

When Monthly Payments Start

When monthly benefits start varies between the two plans.

- **SSI** benefits start on the first of the month after you first submit your application, even if it takes several months to get approval.

For example: You submit your SSI application on April 14 and your claim is approved on July 25. Social Security will owe you benefits from May 1, which they will send you in a lump sum payment.

Once you are approved, SSI checks arrive on the first of each month for that month.

- **SSDI** benefits start in a totally different manner. First, you are not eligible to receive any SSDI benefits during the first five calendar months of your disability, regardless of when you apply for benefits.

For example: You stop working due to symptoms of HCV on February 14, 2012. You don't get around to applying for SSDI benefits until September 3, 2012. On November 10, 2012, Social Security sends you a letter saying that you were approved for SSDI benefits and the Onset Date (the day they consider your total disability to have started) is February 15, 2012, the day after your last day of work. You would be eligible for benefits beginning August 1, 2012 (five full calendar months after your Onset Date). You would receive a lump sum check for the benefits from August through October.

The regular monthly checks for SSDI come on a Wednesday in the month following the month that you "earn" the benefit. Your SSDI check for November will come during December. It will always be on the same Wednesday, first, second, third, or fourth, depending on what day of the month you were born.

Medical coverage

In most states, medical insurance coverage accompanies SSI and SSDI.

- **SSI** will vary some by state, but in almost all states you are eligible for Medicaid if you receive even one dollar from SSI. In most states, Medicaid comes automatically with approval for SSI benefits. In some states you must make a separate application with your state's Department of Human Services.
- **SSDI** is accompanied by Medicare, the federal healthcare plan, regardless of what state you live in. However, a person receiving SSDI benefits does not become eligible for Medicare until they have received SSDI benefits for twenty-four months. The twenty-four month waiting period does not apply to persons disabled due to ALS (Lou Gehrig's disease) or ESRD (End Stage Renal Disease).
- In the SSDI example above, the person who starts receiving SSDI benefits on August 1, 2012 will be eligible for Medicare on August 1, 2014.

Periodic Confirmation of Continued Eligibility for Benefits

Both plans will periodically re-examine your medical records to see if you are still totally disabled. The review to see if you are still disabled is called a Continuing Disability Review. It will occur every three to seven years, depending on the nature of your disability. For persons with HCV, the disability reviews will usually be from five to seven years apart.

- **SSI** will review your financial records every year to see if you still financially qualify for SSI benefits. If your income or resources exceed their maximums, your benefits will stop.
- **SSDI** has no ongoing review of financial eligibility. SSDI beneficiaries only have the Continuing Disability Reviews.

If you apply to Social Security for disability benefits, they are supposed to screen you for both SSI and SSDI. Just to be sure, if you find your SSDI is less than \$900 per month, ask the representative about SSI to see if you might be eligible.

When you apply for SSI, in addition to medical records, Social Security will want to see financial records, including bank statements, lease and mortgage agreements, savings and other documentation of your financial status.