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Supplemental Security Income (SSI): Accounts Not Counted As Resources

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Summary

As a means tested program, Supplemental Security Income (SSI) places a limit on the assets or resources of its beneficiaries. However, there are four types of accounts that can be used by SSI beneficiaries for specific purposes without affecting their SSI eligibility. Money placed into burial accounts, money used as part of a Plan for Achieving Self-Support (PASS), money placed in Individual Development Accounts (IDAs), and money placed in dedicated accounts for children are not counted as resources for the purposes of determining SSI eligibility. These accounts can be used by SSI beneficiaries to build assets or plan for the future and represent an important part of the overall SSI program.

This report provides an overview of these four types of accounts and outlines the cases when money placed into these accounts is exempt from the SSI resource limitations. Legislation introduced in the 109th Congress (P.L. 109-171, S. 922, H.R. 4751, S. 1588, H.R. 4227, and H.R. 1682) is also discussed. This report will be updated to reflect any changes in this legislation or other relevant legislative activity.

Supplemental Security Income

Under the provisions of Title XVI of the Social Security Act, disabled individuals and persons who are 65 or older are entitled to benefits from the Supplemental Security Income (SSI) program if they have income and assets that fall below program guidelines. SSI benefits are paid out of the general revenue of the United States and all participants receive the same basic monthly federal benefit.[1] In most states, adults who collect SSI are

[1] The basic monthly federal benefit amount for 2007 is $623 for a single person and $934 for a couple. This amount is supplemented by 44 states and the District of Columbia. Arizona, Georgia, Kansas, Mississippi, Tennessee, West Virginia, and the Commonwealth of the Northern Mariana Islands do not offer a state supplement. SSI benefits are not available to residents of (continued...)

automatically entitled to coverage under the Medicaid health insurance program.[2] A participant in the SSI program receives the federal benefit amount, plus any state supplement, minus any countable income.[3]

During November 2006, more than 7.2 million people received SSI benefits. In that month, these SSI beneficiaries each received an average federal cash benefit of $452.40 and the program paid out a total of nearly $3.4 billion in federal SSI benefits.[4] The average monthly benefit is lower than the federal benefit amount because a person's final monthly benefit is based, in part, on his or her earnings and other income.

SSI Resource Limits

Individuals and couples must have limited assets or resources to qualify for SSI benefits.[5] Resources are defined by regulation as "cash or other liquid assets or any real or personal property that an individual (or spouse, if any) owns and could convert to cash to be used for his or her support and maintenance."[6]

The countable resource limit for SSI eligibility is $2,000 for individuals and $3,000 for couples. These limits are set by law, are not indexed for inflation and have been at their current levels since 1989.[7]

Not all resources are counted for the purposes of determining SSI eligibility. The Social Security Act and federal regulations provide various types of resource exclusions that allow individuals or couples to own certain assets and not have them counted against

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[1] (...continued)
Puerto Rico, Guam, or the United States Virgin Islands. Residents of these jurisdictions are eligible to receive federal benefits from their commonwealth or territorial government under provisions of Title XIV and Title XVI of the Social Security Act. These benefits are administered by the Department of Health and Human Services. For additional information on the SSI program, see CRS Report RL32279, *Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)*, by Scott Szymendera.

[2] Thirty-nine states, the District of Columbia, and the Commonwealth of the Northern Mariana Islands grant Medicaid eligibility to all adult SSI recipients, or have Medicaid eligibility rules that are the same as those of the SSI program. For more information, see [http://www.ssa.gov/work/ResourcesToolkit/Health/medicaid.html].

[3] The first $20 of income in a month, the first $65 of earned income in a month, and one half of earned income above $65 in a month are not counted for the purposes of determining the SSI benefit level. For additional information on the SSI income rules, see CRS Report RS20294, *SSI Income and Resource Limits: A Fact Sheet*, by Scott Szymendera (hereafter cited as CRS Report RS20294).

[4] Social Security Administration, *SSI Monthly Statistics, November 2006*, Table 1. Available on the Social Security Administration website, at [http://www.ssa.gov/policy/docs/statcomps/ssi_monthly/2006-11/index.html].

[5] For additional information on the SSI resource rules, see CRS Report RS20294.

[6] 20 CFR § 416.1201.

[7] 42 USC § 1382(a).

their $2,000 or $3,000 resource limit.[8] In addition, the laws governing several federal benefit programs, including the Food Stamp program, prohibit the Social Security Administration (SSA) from counting benefits paid under these programs as resources when determining SSI eligibility.[9] The following section of this report will detail the four types of accounts that a person or couple may have money in and not have that money counted as a resource for the purposes of determining their SSI eligibility.

Burial Accounts

Money set aside by an SSI recipient to pay for his or her burial expenses can be excluded from the SSI resource limits. Each person may set aside up to $1,500 for burial expenses and these expenses must be separately identifiable from other assets and money held. A burial plot owned by an individual or a couple is not considered a resource and its value is not counted against the $2,000 or $3,000 resource limit.

There are two cases in which the amount of the burial expense exclusion may be reduced. First, the total amount permitted to be excluded is reduced by the face value of all life insurance policies held by the individual or his or her spouse. The face value of a policy is the amount the insurer agrees to pay the beneficiary upon the death of the insured. Second, the excluded amount of burial expenses is reduced by the total amount of money held in an irrevocable trust (commonly called an irrevocable burial trust) available to meet the burial expenses of the individual or his or her spouse.

Special Rules for Trusts. Under the provisions of the Foster Care Independence Act of 1999, P.L. 106-169, the *corpus*, or total value, of any trust established by an individual is counted as a resource when determining SSI eligibility unless there is no circumstance under which a payment from the trust could ever be made for the benefit of the individual or the individual's spouse.[10] Nearly all trusts, even irrevocable burial trusts, trusts deemed irrevocable under state law and trusts with specific exculpatory clauses exempting the trust from parts of the Social Security Act, are covered by this provision and the entire value of the corpora of these trusts is counted as a resource.[11] While most irrevocable burial trusts are not excluded from the SSI resource rules, the value of the corpora of these trusts is still used to reduce the amount of the burial expense exclusion.

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[8] The SSI resource exclusions can be found in Section 1613 of the Social Security Act (42 USC § 1382b) and in the Code of Federal Regulations at 20 CFR §§ 416.1210-416.1239.

[9] With the exception of the Food Stamp program, the programs with these statutory exclusions are mainly smaller programs that provide benefits to a limited group of people. A complete list of these programs can be found in the Code of Federal Regulations at 20 CFR § 416.1236.

[10] This provision does not apply to trusts established prior to January 1, 2000.

[11] The SSA has issued guidance on the specific cases in which a burial trust can be excluded from the resource rules. This guidance can be found in the agency's Program Operations Manual System (POMS) at Section SI 01120.201(H). The entire POMS can be found on the website of the SSA at [https://s044a90.ssa.gov/apps10/poms.nsf/partlist!OpenView].

Plans for Achieving Self-Support (PASS)

A Plan for Achieving Self-Support (PASS) is an individual plan for employment designed by an SSI beneficiary. An SSI beneficiary designs his or her own PASS, usually with the assistance of a state Vocational Rehabilitation agency, disability service organization or Ticket to Work Employment Network. The plan must be submitted in writing to the SSA and must be approved by a special network of SSA employees called the PASS Cadre.

A PASS must include a specific goal for employment, such as a specific job type desired or a plan for setting up a small business. In addition, a PASS must include a time line for achieving the employment goal. The PASS must also include a list of any goods, such as assistive devices or job-specific tools, or services, such as schooling, that will be needed by the beneficiary to achieve his or her goal and must include a time line for the use of these goods or services and their cost.

Resources included in an approved PASS are not counted against the SSI resource limits. There is no limit to the amount of resources that can be excluded as part of a PASS and these resources can include money set aside to pay for elements of the PASS such as training or items purchased as part of the PASS such as assistive technology devices. If a beneficiary does not fulfill the terms of the PASS, then these resources can be counted and he or she may lose SSI eligibility and be required to reimburse the SSA for benefits paid after eligibility was lost.

Individual Development Accounts (IDAs)

Individual Development Accounts (IDAs) are matched savings accounts that allow families and persons with low-incomes to set aside money for education, the purchase of a home, or the creation of a business.[12] An individual may place money from his or her earnings into an IDA and have that amount of money matched by the state with funds from the state's Temporary Assistance for Needy Families (TANF) block grant. In addition, under the provisions of the Assets for Independence Act, P.L. 105-285, nonprofit organizations, and state, local, or tribal governments may compete for grants to fund IDAs for low-income households. IDAs funded through this grant process are often referred to as Demonstration Project IDAs.

Money saved in a TANF IDA or a Demonstration Project IDA, including the state contribution and any interest earned, is not counted as a resource for the purposes of determining SSI eligibility.[13] There is no limit to the amount of money in an IDA that can

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[12] For additional information on IDAs, see CRS Report RS22185, *Individual Development Accounts (IDAs): Background and Current Legislation for Federal Grant Programs to Help Low-Income Families Save*, by Gene Falk (hereafter cited as CRS Report RS22185).

[13] There are other types of IDAs that are targeted to specific groups, including refugees and persons living in assisted housing. However, only TANF and Demonstration Project IDAs are exempt from the SSI resource rules.

be excluded from the SSI resource calculation. However, there are limits to the amounts states and other entities can contribute to IDAs.[14]

Dedicated Accounts for Children

When a child SSI beneficiary is owed back SSI benefits of more than six months, his or her representative payee is required to place those benefits in a dedicated account at a financial institution.[15] This dedicated account must be in the child's name and can not be invested in stocks, bonds, or other types of securities. Any money placed in the account and any interest earned on the account is the property of the child.

The representative payee may use the money from the dedicated account for the medical care or education and training needs of the child. In addition, money from this account can be used for personal needs assistance, special equipment, housing modifications, or therapy for the child based on his or her disability or for other items and services for the child approved in advance by the SSA. Money from a dedicated account can not be used for the daily expenses, food, clothing, or shelter of the child. The representative payee is responsible for keeping records and receipts of all deposits and expenditures and is liable to the SSA for any misuse of money in a dedicated account.

Money in a dedicated account for children is not counted as a resource for the purposes of determining the child's SSI eligibility or the SSI eligibility of the representative payee.

Legislative Activity in the 109th Congress

Deficit Reduction Act of 2005, P.L. 109-171

P.L. 109-171, the Deficit Reduction Act of 2005, re-authorized the entire TANF program including the provisions relating to IDAs. No changes were made to the IDA program rules.

Savings for Working Families Act of 2005, S. 922 and Savings for Working Families Act of 2006, H.R. 4751

S. 922 and H.R. 4751 would have allowed additional low-income individuals to establish tax-exempt IDAs to fund education, the first purchase of a home, or small business expenses. The value of these IDAs would not have been counted against the SSI resource limitation.

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[14] For additional information on these limits see CRS Report RS22185.

[15] Back benefits are often the result of delays in the disability determination process. For additional information see CRS Report RL33374, *Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI): The Disability Determination and Appeals Process*, by Scott Szymendera.

S. 1588 and H.R. 4227

S. 1588 and H.R. 4227 would have clarified the existing rules on the exclusion of irrevocable burial trusts from the SSI resource limitations by codifying into law the guidance issued by SSA in Section SI 001120(H) of its Program Operations Manual System (POMS). These guidelines specify that in order for the corpus of an irrevocable burial trust to be excluded from the SSI resource limitations, the trust must be created under the following circumstances:

- an individual irrevocably contracts with a provider of funeral goods and services for a funeral; and
- the individual funds the contract by prepaying for the goods and services; and
- the funeral provider subsequently places the funds in a trust; or
- the individual establishes an irrevocable trust, naming the funeral provider as the beneficiary.

SSI Modernization Act of 2006, H.R. 1682

H.R. 1682 would have increased the income and resource limitations used to determine eligibility for the SSI program. Under the provisions of this bill, the SSI resource limitation for a single person would have increased from $2,000 to $3,000 while the resource limitation for a married couple would have increased from $3,000 to $4,500. In addition, these resource limits would have been subject to an annual cost of living increase.