Disability Facts & Resources Guide

Most Americans know someone with a disability, but few are aware that disability could affect them at any point in their lives. Though some disabilities exist from birth, others, such as work-related injuries and serious illnesses, can be incurred later on, even by people in good health. All disabilities and illnesses have the potential to bring incredible financial strain.

People with disabilities are at a greater risk for poverty throughout their life course and especially in old age. For this reason, an understanding of government benefits, as well as other financial opportunities available is crucial for the financial security of anyone with a disability and his or her dependents. Even if you do not need these resources now, you or a member of your family may need them in the future. To help get you started, this guide offers information and resources that are available for individuals living with a disability or serious illness.

Did You Know?

Disability is Common

- 1 in every 5 Americans, or 54 million Americans, have a disability, and 1 in 10 have a significant disability (World Institute on Disability)
- 3 in 10 workers entering the workforce today will become disabled before retiring, and 1 in 7 workers will be disabled for 5 years or more (Council for Disability Awareness)

Disability Often Leads to Poverty and Unemployment:

- 49 million Americans with disabilities are living in poverty (National Disability Institute)
- Individuals with disabilities are 3 times more likely than non-disabled individuals to live at or below the poverty level, 2 times as likely to be unemployed, and 7 times more likely to have the majority of their total income come from public assistance sources (National Disability Institute)
- People with disabilities make up a greater proportion of impoverished Americans than all racial and ethnic minority groups combined (Center for Economic and Policy Research)
- As many as 70% of people with disabilities are unemployed and 34% of adults with disabilities live in households with a total income of $15,000 or less, compared to only 12% of those without disabilities (World Institute on Disability)
- 16.2% of disabled women aged 16-64 are unemployed, almost double the unemployment rate for women without disabilities (Bureau of Labor Statistics)

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• Only 10% of people with disabilities own homes compared to 71% of those without disabilities (World Institute on Disability)

• Disability continues to be the leading cause of bankruptcies and mortgage foreclosures, causing nearly 50% of foreclosures compared to two percent from death (Council for Disability Awareness)

• Only 30% of employees in private industry have access to some type of long-term disability insurance through their employers (Council for Disability Awareness)

• Annual out-of-pocket health-care expenditures among working-age people with disabilities are approximately 3 times that of their counterparts without disabilities (Social Science Quarterly)

**Disability Insurance Programs Can Help Tremendously, But They Alone Are Not Enough!**

• More than 7.3 million people receive a monthly cash grant from SSI, and 6 million of those have a disability (National Disability Institute)

• Close to half of all workers receiving SSDI benefits are in their 20s, 30s or 40s (Social Security Administration)

• SSI can bring individuals out of poverty if they have other sources of income, but in 2007, more than 2.5 million working-age SSI recipients had no other income (National Disability Institute)

• 83% of working Americans with disabilities (over 1 million people) who are eligible for various tax credits are not receiving them (National Disability Institute)

**Income and Asset Building Options for People with Disabilities**

In addition to public assistance programs, tax credits and special savings accounts are also available to individuals with disabilities. It is important to understand and take advantage of all the income and savings options available in order to build assets and achieve greater economic stability and opportunity. Here are some key income and asset building sources:

**Social Security Disability Insurance (SSDI) and Supplement Security Income (SSI)**

**What is Social Security Disability Insurance?**

Social Security Disability Insurance (SSDI) is a government program that provides monthly benefits to people who have worked and paid Social Security taxes. Generally, an individual’s disability must be incapacitating enough to take them out of the workforce for a year or more. The amount of your monthly SSDI benefit depends on how much you earned when you were working.

**What is Supplemental Security Income?**

Supplemental Security Income (SSI) provides monthly benefits to low-income individuals over 65 and to people with disabilities, in order to help them meet their basic needs. It is paid for by the U.S. Treasury General funds, not your tax dollars.

**How do I qualify for SSDI and SSI benefits?**

Generally, SSDI benefits are paid to people who are unable to work for a year or more because of their disability. In addition, you need five years of work in the ten years before the year you become disabled to qualify for SSDI.
(Younger workers need fewer years of work.) If your application is approved, your first Social Security disability benefit will be paid for the sixth full month after the date your disability began.

Whether you qualify for SSI depends on your income and resources. You may not have more than $2,000 ($3,000 for a couple) in assets. Your home and one car will not be counted in this equation, nor will the first $20 a month of more income you receive, the first $65 a month you earn from working and half the amount over $65, food stamps, shelter you get from private nonprofit organizations, and most home energy assistance. In 2019, a person must have less than $791 a month in “unearned income” to receive SSI benefits. A couple can get SSI if they have unearned income of less than $1,177 a month. Unearned income includes Social Security benefits, workers’ compensation, certain veterans’ compensation or pension payments, and unemployment to name a few.

What about health care?

Everyone who is eligible for SSDI benefits is also eligible for Medicare after a 24-month qualifying period, meaning you must wait 24 months from the beginning of your disability entitlement to sign up for Medicare. After the waiting period, Medicare will help you pay for many medical services you need.

If you are receiving SSI, Medicaid takes care of your medical bills while you are in the hospital or receiving outpatient care.

How can I apply?

Go to www.ssa.gov or call 1-800-772-1213. If you are deaf or hard of hearing, call the TTY number, 1-800-325-0778 to ask for an appointment.

What information do I need to have when I apply for SSDI and/or SSI benefits?

When applying, you will need to have your Social Security number, your birth certificate, and a copy of your most recent W-2 form. If you are applying for SSI, the interviewer will also need information about your income and assets, like bank statements, unemployment records, rent receipts, and car registration.

In addition, to determine that you are disabled according to SSDI and SSI rules, you will need to provide the names and information of any doctors you are seeing, how your disability has affected your daily activities, and the kinds of jobs you have had over the past 15 years.

Even if you do not have every piece of information ready, filing a claim now will help you get the process started, and the Social Security Administration can help you get the rest of the information later.

Earned Income Tax Credit (EITC)

What is Earned Income Tax Credit?

Earned Income Tax Credit (EITC) is a refundable federal income tax credit for low- to moderate- income working individuals and families. It was established to create an incentive to work by offsetting the burden of federal payroll taxes. If you qualify for EITC and your EITC exceeds the amount of taxes you owe, the government will pay you a tax refund. Millions of American families who are eligible for the EITC do not receive it, leaving billions
of additional tax credit dollars unclaimed. Research by the Government Accountability Office and the IRS indicates that between 15% and 25% of households who are entitled to the EITC do not claim their credit, or between 3.5 million and 7 million households.

How do I know if I qualify for EITC?

To find out if you qualify, and if so, for what amount, use the EITC Assistant at https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/use-the-eitc-assistant. For 2009, the maximum claim for an adult with one child was $3,043. A claimant with two qualifying children can receive a maximum credit of $5,028. Your investment income cannot be more than $3,100. If you are eligible, you can find all the forms you will need to submit on the IRS website.

**Individual Development Account (IDA)**

What is an Individual Development Account?

An Individual Development Account (IDA) is a type of savings account that helps low-income families by matching the contributions they make to the account. Usually IDA accounts are to be used to save for a first home, to pay for post-secondary education, or to start up or develop a small business. Nonprofits, private organizations, and/or the government provide the matching funds for IDA account users. These accounts give low-income families a leg-up and help enable them to save for things that will enhance their economic and overall futures.

In fact, as many as 93% of current IDA participants reported that they feel more confident about their futures and 85% said they felt more in control of their lives; 73% said they were more likely to buy or renovate a home and 57% said they would start or expand a business (World Institute on Disability).

For more information on IDAs and to learn about the various IDA programs available, check out Prosperity Now’s webpage on IDA’s: https://prosperitynow.org/issues/individual-development-accounts.

**Special Needs Trust**

What is a Special Needs Trust?

More commonly called a “supplemental needs trust”, a Special Needs Trust provides for the supplemental needs of a disabled person without disqualifying him or her from benefits received from government programs, because the trust is not counted as assets by Medicaid. It is generally overseen by a family member of the disabled person or by a court-appointed trustee. The trust is different from typical estate plans in that its funds are restricted to uses that the government does not cover rather than simply existing to provide for the general welfare of the disabled beneficiary.

Who should set up a Special Needs Trust?

Even if the disabled individual is legally competent, he or she cannot set up the trust him/herself. A family member or court must set up the trust in order for it to be considered separate from assets that Medicaid counts against benefits.
Who is eligible to have a Special Needs Trust?

The individual must be disabled according to Social Security’s standards.

What are the Different Types?

1. **Family-Type Special Needs Trust:** This is the most common type of special needs trust. It is a “living” trust and is set up by the parents, guardian or other family member, with the disabled person as the beneficiary. Anyone can make a contribution to the trust except for the disabled person. This is a way for money such as family inheritance to be given to a disabled individual without disqualifying him or her from government benefits. Parents will often also buy a life insurance policy payable to the trust.

2. **Pooled Special Needs Trust:** Anyone (such as family members) can put money into this type of trust, but it must be established by a non-profit organization. There are multiple beneficiaries to this type of trust, and the non-profit is responsible for pooling the funds and distributing them. Like the family-type special needs trust, a pooled trust cannot be spent on a beneficiary’s basic needs. Another disadvantage is that the distribution of funds is controlled by the organization and is spread among many beneficiaries with special needs. Any entitlement a beneficiary has in the trust dies when he or she dies, and the rest of the money is left to other beneficiaries of the trust.

3. **Court-Ordered Special Needs Trust:** This is a rare type of trust that is only set up in cases where a disabled individual has been given a court settlement or similar sum that would otherwise disqualify him or her from receiving government benefits.

What are the restrictions?

If the Special Needs Trust is “family type” or a pooled special needs trust, the money cannot be used for basic needs. It is intended to provide for supplemental care.

Resources

The Social Security Administration

[www.ssa.gov](http://www.ssa.gov)

- Information on SSI: [www.ssa.gov/benefits/ssi/](http://www.ssa.gov/benefits/ssi/)
- Information on SSDI: [www.ssa.gov/benefits/disability/](http://www.ssa.gov/benefits/disability/)
- Information on the Ticket to Work Program, which helps to improve and diversify work opportunities for SSDI beneficiaries: [www.ssa.gov/work/overview.html](http://www.ssa.gov/work/overview.html)

Other Information on Social Security Disability

Disability Benefits Center: Details benefits available for people with disabilities,
[www.disabilitybenefitscenter.org](http://www.disabilitybenefitscenter.org)
Health and Human Services Office on Disabilities

- Programs for People with Disabilities: https://www.hhs.gov/programs/social-services/programs-for-people-with-disabilities/index.html
- The Community Living Initiative, an initiative that aims to improve independent living for people with disabilities: www.medicaid.gov/medicaid/ltss/community-living/index.html
- Money Follows the Person Program, an initiative that allows individuals with special needs more choice in their living situation while allowing them to keep necessary funding wherever they go: www.medicaid.gov/medicaid/ltss/money-follows-the-person/index.html

National Disability Institute

- A nonprofit organization working to improve independence of people with disabilities: www.realeconomicimpact.org/

Government Benefits

A list of benefit programs and resources that may apply to you if you have a disability: Go to www.benefits.gov/ and select “Disability” in the Search toolbar.

Volunteer Income Tax Assistance Program

The Volunteer Income Tax Assistance (VITA) program offers free tax help to people who generally make $54,000 or less, persons with disabilities, the elderly and limited English speaking taxpayers who need assistance in preparing their own tax returns. https://www.benefits.gov/benefit/1543

Prosperity Now (formerly the Corporation for Economic Development [CFED])

Prosperity Now works at the national, state and local level on five main issues: financial assets and income, business and jobs, housing and home ownership, education, and health care. www.prosperitynow.org