Modernizing SSI for Today and Tomorrow

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What is the General Income Exclusion?

- Amount of income other than current earnings not counted in determining SSI benefits
  - Every $1 in general income above the exclusion amount reduces the federal SSI benefit rate ($710/month) by $1
  - Income from Social Security and pensions is counted as “general income” not “earned income”
  - Means-tested benefits, such as SNAP/Food Stamps are not counted as income

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The value of the General Income Exclusion has eroded dramatically

- General Income Exclusion in 1972: $20/month
- General Income Exclusion in 2013: $20/month
- $1 in 1972 = $5.57 in 2013
- If the General Income Exclusion had kept up with increases in the cost of living since 1972, it would be $111/month in 2013.

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What does the erosion of the General Income Exclusion mean for beneficiaries?

- $111/month =14 days' worth of food/month
- $20/month = 2 ½ days' worth of food/month

Updating the General Income Exclusion would help many SSI beneficiaries

- More than half of aged SSI beneficiaries receive Social Security benefits averaging $490/month
- Nearly one-third of SSI beneficiaries 18-64 receive Social Security benefits averaging $529/month
- Updating the exclusion to $111/month would provide a modest reward for past work effort
- But it still would not bring beneficiaries up to poverty
  - Poverty guideline 2013: $11,490/year, $957.50/month
  - $710/month (federal SSI benefit) + $111 = $821/month

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What is the Earned Income Exclusion?

- Amount of earnings (wages, self-employment income, etc.) not counted in determining SSI benefits
  - Every $1 in earned income above the exclusion amount reduces SSI by $0.50

The value of the Earned Income Exclusion has eroded dramatically

- Earned Income Exclusion in 1972: $65/month
- Earned Income Exclusion in 2013: $65/month
- If the Earned Income Exclusion had kept up with increases in the cost of living since 1972, it would be $362/month in 2013.

What does the erosion of the Earned Income Exclusion mean for beneficiaries?

- An SSI recipient working for the federal minimum wage ($7.25/hour) would:
  - Reach $65 after 9 hours work/month, then lose half of every additional dollar earned
  - Reach $362 after 50 hours work/month
- Only a small percentage of SSI beneficiaries have income from work (1.4% of aged, 4.8% of 18-64) but average amounts are $384, $275/month respectively
- Retaining$275 in earnings plus $710/month in SSI would lift a beneficiary slightly above the poverty line

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What is the Resource Limit?

- Amount of resources an individual/couple can own and be eligible for SSI.
  - Resources are cash or other liquid assets or real or personal property that could be converted to cash, including retirement savings
  - Any amount of countable resources above the limit is a complete disqualification
  - Some resources are not counted toward the limit (home, car used for essential transportation, household goods)

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The value of the Resource Limit has eroded dramatically

- Resource Limit in 1972: $1,500 individual, $2,250/couple
- Resource Limit in 2013: $2,000 individual, $3,000/couple (unchanged since 1989)
- If the Resource Limit had kept up with increases in the cost of living since 1972, it would be $8,359/individual, $12,539/couple in 2013

What does the erosion of the Resource Limit Exclusion mean for beneficiaries?

- Must be even poorer to receive assistance; more likely to be homeless
- Less able to deal with extra expenses such as car or home repair
- Disincentive to save
  - Replacement of defined benefit plans with defined contribution plans particularly penalizes retirement savings

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Proposals to Modernize SSI

- The Supplemental Security Income Restoration Act, H.R. 1601, would:
  - Update General Income Exclusion to $110/month;
  - Update Earned Income Exclusion to $357/month;
  - Update Resource Limit to $10,000/individual, $15,000/couple;
  - Index these values for inflation; and
  - Make other needed reforms.