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SOCIAL SECURITY DISABILITY BENEFITS

An individual who qualifies as “disabled” may be eligible for cash benefits through the Social Security Administration (SSA). The SSA defines “disabled” as being “unable to engage in substantial gainful activity.” If an individual who qualifies as disabled has “insured worker” status, i.e., the individual who is disabled has worked long enough and has paid enough in social security taxes, then he will be entitled to SSDI benefits. Those individuals who are disabled before age 22 but do not themselves have “insured worker” status, may also be entitled to SSDI benefits based on the earnings record of a retired or deceased parent.

SSDI benefits, because they are based on the earnings record of the individual who is disabled or that of a retired or deceased parent, are not based on financial need. In other words, unearned income and resources will have no effect on eligibility for such benefits. Twenty-four months after first becoming eligible for SSDI benefits, an individual will also be eligible for Medicare coverage. As is the case with SSDI eligibility, income and resources will not affect entitlement for such coverage. Medicare serves as the primary insurance assuming no other coverage is available.

If the above does not apply, the individual who is disabled may qualify for SSI benefits. Unlike SSDI, SSI is based on financial need and, thus, an individual must not only qualify as disabled, but also meet income and resource requirements. In general, the resource limit is \$2,000 for a single individual and \$3,000 for a married individual, which does not include the primary residence owned by the individual, a vehicle, household goods and personal effects, a burial plan, burial plot, and limited life insurance. An individual who is eligible for SSI benefits in any amount is categorically or automatically eligible for Medicaid or Arizona Health Care Cost Containment System (AHCCCS) benefits. Medicaid or AHCCCS is the “payer of last resort,” and, thus, serves as the secondary insurance to Medicare.

Note, children with a disability who are under the age of 18 may not financially qualify for SSI benefits due to the fact that the income and resources of the parents are deemed or attributed to the child. However, at age 18 parental deeming no longer applies. On the other hand, a child with a disability over the age of 18 who qualifies for SSI may have his SSI offset or reduced by SSDI on the retirement or death of a parent.

An individual with a disability whose SSDI benefit is less than the federal maximum benefit rate, which is currently \$674 per month in Arizona effective 1/1/09, will receive an SSI benefit that results in a total benefit of \$694 per month effective 1/1/09 (the first \$20 of unearned income is disregarded for SSI eligibility purposes) if he meets the financial requirements of the SSI program.

The SSA will appoint a Representative Payee to receive and manage the disability benefits of an individual who is under the age of 18 or who is incapable of managing the benefit himself. A Representative Payee has a duty to report material information that may impact the individual's eligibility for benefits, and account to the SSA annually for his management of such benefits.

