

Student Earned Income Exclusion Funding Transition: Case Example

by Daniel Scarborough

Arturo is an 19 year old student who is disabled. He currently receives his full SSI check of \$637. On January 1, 2008, Arturo started an internship at Wei-Bigg Computer Company after school as part of Downtown High School's Hi-Tech Supported Employment program. He will earn \$ 950 a month until his internship ends for summer vacation on June 31st. In October, Arturo will return to his job for 3 remaining months of the year at \$950 a month.

Arturo's Transition Coordinator reports that his parents have been reluctant to allow him to participate in the internship training program because they believe he will lose access to SSI if he goes to work. His mother is also concerned about him losing his Medicaid if he has any earned income.

Putting your knowledge to work

Using the student earned income exclusion (SEIE), Arturo can deduct(exclude) up to the first \$1,550 of his monthly salary up to \$6,240 in 2008. This means that during each month of January-June, he can exclude all of his earnings and thus receive a full SSI check. Arturo can do this for 6 full months ($\$6,240 / 950 = 6.57$ months) and spend \$5,700 of his yearly SEIE allowance.

Jan	Feb	March	April	May	June
\$950	\$950	\$950	\$950	\$950	\$950

Arturo's Octobe SSI Calculations

In October, after summer vacation, Arturo will only have \$240 remaining he can exclude using the student work exclusion:

\$950 - SEIE
 $\times 6$ - months (Jan- June 2008)
 \$5,700 - total SEIE

\$6,240- maximum SEIE in 2008
 - 5,700 - countable SEIE
 \$ 540 - remaining SEIE

Because all his earnings cannot be excluded under the SEIE, Arturo should begin to use the other work incentive exclusions. His eligibility calculations for October have to consider the \$20 general income exclusion and the \$65 earned income exclusion :

\$ 950.00 - earnings
 - 540.00 - remaining SEIE
 410.00 - adjusted income
 - 20.00 - general income exclusion
 390.00 - adjusted remaining income
 - 65.00 - earned income exclusion
 325.00 - adjusted remaining income
 - 162.50 - 1/2 remaining income
\$ 162.50 – total countable income

Assuming Arturo will not be using other work incentives IRWE or PASS —which he should consider doing— Arturo's SSI will go down in the month of October to \$474.50:

637.00 - FBR/ 2008
 -162.50 - total countable income
 \$474.50 SSI eligibility/ October

Arturo's November-December SSI

In November-December, Arturo will have none of the yearly SEIE allowance of \$6,240 remaining. His SSI eligibility will ajust accordingly:

\$ 950.00 - earnings
 - 20.00 - general income exclusion
 930.00 - adjusted remaining income
 - 65.00 - earned income exclusion_
 865.00
 - 432.50 - 1/2 remaining income
\$432.50 – total countable income

Arturo's SSI for November—December will be **\$204.50:**

\$637.00 - FBR/ 2008
 - 432.50 - total countable income
\$204.50 SSI eligibility