

## **IDAs and PASS: Exploring the Opportunities**

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### **What exactly is a PASS?**

Plan To Achieve Self-Support, or PASS, is a work incentive most similar to and complementary of IDAs in terms of providing an opportunity for Social Security Disability beneficiaries to save for and acquire assets. PASS permits individuals to deduct countable income, or exclude resources that would otherwise reduce or eliminate the SSI payment. PASS is an agreement between the Social Security Administration and the beneficiary. The beneficiary agrees to take outlined incremental steps to achieve a specific employment goal. The plan allows the beneficiary to use “countable income” or resources to pay for goods or services needed in order to reach the goal. In turn, the SSA replaces the PASS expenditures by increasing the individual’s SSI benefit payment. This program offers tremendous flexibility. Beneficiaries have used it to start small businesses, to pay for education and training, to purchase vehicles and necessary equipment, to pay for short-term job coaching services, to pay for child care, and for other goods or services too numerous to name here. Unlike an IDA, however, a PASS cannot be used to support homeownership.

PASS is intended to help beneficiaries acquire the services and items they need to initially start work. It is not intended to be a mechanism or means for making income or resources available to cover ongoing work costs. In addition, the intent of the PASS work incentive is not only to help a beneficiary become employed, but to become employed in a job / business that will ultimately result in increased earnings and reduce reliance on government benefits. Consequently, for a PASS to be approved by SSA, there must be a reasonable chance that an individual will be able to achieve their stated work goal and there must be a clear connection between the work goal and increased earning capacity.

One of the most valuable aspects of the Plan to Achieve Self-Support is that it empowers individuals with disabilities to take charge of the own path to employment and greater economic self-sufficiency. PASS empowers beneficiaries in the following ways:

- PASS reflects individual choice - Individuals choose their own work goal and determine the best route for achieving this goal.
- PASS is self-financed - Individuals use their own funds to pursue the plan. The receipt of or increase in SSI benefits replaces some or all of the funds that the individual uses for the PASS.
- PASS is largely self-directed - Individuals decide what goods and services are needed to reach the work goal, plan which milestones will be achieved and by what timeframes, and manage PASS funds when purchasing the needed goods or services.

### **How does a PASS work?**

Since the SSI program is means-tested, income and resources an individual has may affect eligibility for benefits as well as how much in SSI benefits are due each month. A PASS allows an individual to take any type of income or resource which would normally be counted by the SSI program and set it aside in a designated account for a specific use. The countable income or resources set aside in the PASS are excluded from affecting the SSI payment amount and benefit eligibility.

For example, if an SSI beneficiary who has \$300.00 in monthly countable income commits all of it to approved PASS expenses, the SSA will disregard the \$300 when it determines SSI eligibility and payment amount. For this beneficiary, SSI benefits would replace all \$300. In cases such as this, the SSI beneficiary may receive an SSI payment up to the full Federal Benefit Rate (FBR) while still retaining the income in a PASS account. The extra SSI helps beneficiaries pay for living expenses (i.e. food and shelter) while working toward their work goal. In this manner, the SSI program is able to invest in beneficiaries who are actively pursuing employment that will lessen future dependence on public benefits.

In some instances, individuals who would be eligible for SSI except that they have excess resources or income (or both) can use a PASS to establish eligibility for SSI, which almost always means that they will be eligible for Medicaid, as well. An approved PASS allows SSA to disregard income or resources that are included in the plan and are necessary for achieving the work goal. If this disregard brings countable income or resources below the allowable limits, and the individual meets SSA's disability standard, then SSI eligibility may be established.

While PASS is generally described as an SSI work incentive, it actually can be used by beneficiaries of the Social Security title II disability program (such as SSDI) to establish SSI eligibility. If an SSDI beneficiary receives a monthly cash benefit that is above the allowable unearned income limit, then SSI eligibility is

precluded. However, if the SSDI payment is set aside under an approved PASS, and the individual meets all other SSI eligibility criteria, then eligibility for SSI may be established. The SSI payment is provided to support the basic costs of food and shelter while the SSDI payment funds the items / services the person is saving for and purchasing under the PASS.

In some cases, the extra SSI generated by a PASS will match the amount being spent in a PASS. However, each PASS situation must be computed separately to find out what the financial impact will be. Even when the PASS does not replace the money spent dollar for dollar, there may be other factors that make a PASS advantageous, such as allowing Medicaid eligibility. The long-term benefits of a successful PASS, both financial and personal, may be worth the investment now.

### ***PASS Example:***

John, an SSI beneficiary, currently works part-time and earns \$400 a month. After SSA applies the allowable SSI income exclusions to his earnings, it is determined that John has total countable income of \$157.50. (This is the amount of John's \$400 monthly earnings that are considered in determining his SSI check.) Based on his countable income of \$157.50, John receives a reduced SSI check each month in the amount of \$516.50.

John has a goal of owning a small landscaping business, but he would need to purchase equipment to get started. With the help of his Vocational Rehabilitation counselor, John develops a business plan so that he knows exactly what he needs to get his business off the ground and how he will go about initial start-up. He also develops a PASS plan where he plans to set-aside \$157.50 of his earnings each month to pay for some of the items he needs. His VR counselor will also help purchase some of the equipment he needs.

Once John's PASS is approved by the SSA and he begins to set aside the \$157.50 each month for his business start up expenses, these funds are disregarded in determining his monthly SSI payment. Specifically, income set aside under a PASS is deducted directly from a beneficiary's total countable income. With a monthly PASS set aside of \$157.50, John's total countable income is now zero. The result is that John is now eligible for a full SSI cash payment each month (\$674 in 2011).

As a result of his PASS, while John is growing his savings for his small business at the rate of \$157.50 / month, he is also experiencing an increase in his monthly SSI check in the same amount.

## Requirements of a PASS

To qualify for a PASS, a person must:

1. Meet SSA's definition of disability or blindness; and
2. Meet the non-medical eligibility requirements for SSI (except for income and/or resources that can be set aside in a PASS).

For SSA to approve a PASS submitted by an eligible individual, the following basic requirements must be met:

Feasible Occupational Goal: The PASS must be specifically designed for each individual and have a designated employment goal that is reasonable and attainable. A PASS with a self-employment goal must include a detailed business plan; however, the lack of a business plan should not delay an individual's submission of a request for a PASS. The PASS could initially cover any costs associated with the development of a business plan. General small business start-up costs will be approved for a minimum of at least 18 months, if necessary for business operation.

Earnings Requirements – The work goal must be expected to provide enough earnings within a reasonable period of time after completion of the PASS to substantially reduce the individual's SSI benefits and to eliminate any SSDI benefits the individual receives. Higher earnings potential may exist even if the person is working in the same job. The individual may use the PASS to increase the number of work hours or reduce excludable work expenses (e.g., decrease job coach costs) and, thus, increase countable income for SSI purposes.

Interval Steps/Milestones - The PASS must include specific steps or milestones and corresponding timeframes leading to attainment of the work goal. These demonstrate the person's progress toward achieving the goal and should be described sufficiently so that completion of steps is readily discernible.

Definable Timeframe - Specific time frames must be established for the PASS. Schedules must be provided for meeting the vocational goals, which indicate the month and year that it is expected to begin and end. The time allotted must be reasonable for achieving the goal and reflect the person's estimated time for completing the goal. While PASS is a time limited work incentive, there are no set time limits or maximum time frames under which a PASS may operate. SSA's rules require that PASS Specialists take into account individual needs and the specific employment goal when determining a reasonable time limit for achieving the goal.

The Plan for Achieving the Goal Must Be Viable - The actual plan for achieving the occupational goal must be realistic and viable. When making this

determination, SSA will consider the individual's education and training needs; any assistive technology required; and the interval steps (and the corresponding time frame to complete each step) necessary to actually secure employment or start a business.

Sources to be Set Aside - PASS plans must clearly identify the sources and the amount of income or resources to be set aside. This may include anything that would otherwise cause ineligibility for SSI or reduced SSI payments such as earnings, SSDI, benefit supports (other than SSI), savings accounts, in-kind support and maintenance (ISM), deemed income from parents or spouse, stock dividends, and loans (loans don't count as income, but do count as resources if they are not spent).

Expenditures - The PASS must state how the money set aside will be spent to achieve the occupational objective. A list must be included of monthly planned expenditures by grouping or category with an explanation of their connection to the occupational objective. Goods and services under the PASS may be bought outright, rented or leased. Examples of common PASS expenditures include:

- Supported employment services such as job development and job coach services;
- Equipment, supplies, operating capital, and inventory required to establish a business;
- Tuition, books, supplies and all fees and costs imposed, by or in connection with, an educational or occupational training facility including tutoring, counseling, etc.;
- Attendant care;
- Child care;
- Additional costs incurred for room and board away from principal residence which is required to attend educational, training, employment, trade or business activities;
- Equipment or tools either specific to individuals' conditions or designed for general use (i.e., for individuals without disabilities);
- Dues and publications for academic or professional purposes;
- Uniforms, specialized clothing, safety equipment (everyday clothing is not allowable);
- Basic life skills training if currently pursuing an occupational objective and the training is necessary for attaining the objective;
- Medical and social services;
- Operational or access modifications to buildings or vehicles to accommodate disabilities;
- Least costly alternatives for transportation, including public transportation and common carriers, hiring private or commercial carriers, assistance with purchase of a private vehicle;
- Preparation fees for developing a PASS;

- Licenses, certifications and permits required for employment (government imposed penalties, fines, or income taxes are not allowable.)

Organization - The PASS must be in writing and SSA has established form SSA-545 to assist in completing a comprehensive plan. Individuals should use form SSA 545 when initiating a PASS. The PASS form may be accessed online by going to : <http://www.socialsecurity.gov/online/ssa-545.html>

### **Who Would Benefit from Using a PASS?**

While PASS is a powerful work incentive, not every individual who meets SSA's definition of disability would benefit from developing such a plan. Some characteristics of the most likely candidates for a PASS would be individuals who:

- are already receiving rehabilitation services (training counseling, therapy) from one or more of the following entities: the state vocational rehabilitation (VR) agency; state agency for the blind; other public agency (e.g. Department of Veterans Affairs); an approved Employment Network, or a private community rehabilitation agency;
- are in education or training programs or planning to attend such programs;
- are currently working or seeking work including self-employment
- express an interest in rehabilitation;
- express an interest in becoming self-supporting and decreasing dependence on Social Security disability benefits;
- would otherwise have initial eligibility denied or continued eligibility suspended or terminated solely due to excess income (including title II benefits) or resources; or
- otherwise would have their SSI benefit reduced due to income.

Individuals who, although being blind or having a disability, usually may not qualify for or benefit from a PASS include those who:

- are not interested in pursuing employment or self-employment which would increase self-sufficiency and decrease dependence on public benefits;
- previously used a PASS to secure the needed items and services that they identified as being sufficient to make them employable, but have not tried to secure their stated employment goal;
- are ineligible for SSI benefits for any reason other than excess income or resources;
- are under age 15 or over age 65;

- do not have any income or resources to set aside and do not expect to have any;
- are unwilling to use set aside funds strictly for the PASS; or
- do not require any additional items or services to become employed.

## **PASS and IDAs: Exploring the Possibilities**

When considering the possibility of using a PASS and IDA simultaneously to promote an individual's financial well being and economic self-sufficiency, it is important to keep in mind that PASS is first and foremost an employment support program. PASS is an incentive designed to encourage and support work and enhanced self-sufficiency of individuals receiving, or potentially eligible to receive, Supplemental Security Income (SSI). The overarching goal of a PASS is to promote the employment and the ability of a beneficiary to earn more money.

PASS is a way for the Social Security Administration to make a relatively short-term, time limited investment in a beneficiary today, with the goal of achieving long term gains in the future. In other words, if SSA supports a beneficiary through a PASS to get the things they need to work now, it will increase the likelihood that they will work, earn more money and be less dependent on SSI to meet their basic living needs in the long term.

PASS is not just about helping people to build assets. It is about helping people to use their income (earnings or unearned income they get from other sources) to get the items and services they need to work.

While IDAs focus on promoting self-sufficiency through acquiring assets that grow in value over time, PASS promotes the self-sufficiency of beneficiaries by helping them to be successful in employment. In some cases, this means helping beneficiaries to save for and purchase assets that they need for their job or self-employment. In other cases, it means helping people to use their income to pay for certain services or supports that they need to work.

While PASS and AFI IDAs differ slightly in their intended outcomes, the fact remains that both are valuable tools with the potential to assist people to acquire assets and enhance their ability to be more self-sufficient. When considering PASS opportunities for IDA participants, it is just critical to keep in mind that acquiring assets through use of a PASS always needs to be tied to an employment outcome. If an IDA participant has no interest in pursuing an employment goal, then PASS is not a viable option to support their asset development goals. If, on the other hand, an IDA participant with a disability is interested in pursuing both employment and asset development goals, then a

PASS may be just the ticket to help them move more strategically and efficiently forward with their plans.

The following table provides a side-by-side comparison of AFI IDA and PASS characteristics, including purpose, eligibility and programmatic requirements. All of these factors are important in assessing how effective PASS might be for a particular IDA participant:

<b>COMPARISON OF IDA AND PASS CHARACTERISTICS</b>		
	<b>AFI IDA</b>	<b>PASS</b>
<b>Purpose</b>	<p>Promote Self-Sufficiency through accumulating savings and acquiring long-term assets that grow in value over time.</p> <p>Means to Save for Specific Asset Purchase.</p>	<p>Promote Self-Sufficiency through Employment.</p> <p>Means to set aside income and / or resources to acquire items and services needed to reach work goal.</p>
<b>How It Works</b>	<p>Participants make regular savings deposits into IDA account and leverage match dollars.</p> <p>Every dollar in savings deposited into an AFI IDA by participants is matched (from \$1 to \$8 combined Federal and nonfederal funds)</p>	<p>Exclusion of funds set aside for PASS expenses permits eligibility for SSI and Medicaid, or a higher SSI payment.</p> <p>SSI replaces part or all of the funds used for PASS expenses instead of living expenses.</p>
<b>Eligibility Criteria</b>	<p>TANF Eligible</p> <p>Or</p> <p>EITC Eligible</p> <p>Or</p> <p>Annual household income less than twice poverty</p>	<p>Meet SSA's definition of disability or blindness;</p> <p>And</p> <p>Meet all non-medical criteria for SSI eligibility except for income and/or resources that can be set aside in a PASS</p>

	<p>(about \$40,000 for family of four)</p> <p>And</p> <p>Household net worth less than \$10,000 (excluding value of a residence and one car) at enrollment</p>	<p>Or</p> <p>Meet all non-medical criteria for SSI eligibility and have income and/or resources that can be set aside in a PASS.</p>
<p><b>Savings Goals</b></p>	<p>AFI IDA Savings Goals:</p> <ul style="list-style-type: none"> <li>▪ Capitalizing a small business (start or support a new or existing small business);</li> <li>▪ Enrolling in postsecondary education or training;</li> <li>▪ Tuition and fees required for the enrollment or attendance</li> <li>▪ Fees, books, supplies, and equipment required for courses of instruction</li> <li>▪ Acquiring a first home</li> </ul>	<p>Examples of common PASS expenditures include:</p> <ul style="list-style-type: none"> <li>• Self-Employment: Equipment, supplies, operating capital, and inventory required to establish a business;</li> <li>• Education or Training: Tuition, books, supplies and all fees and costs imposed, by or in connection with, an educational or occupational training facility including tutoring, counseling, etc.;</li> <li>• Additional costs incurred for room and board away from principal residence which is required to attend educational, training, employment, trade or business activities;</li> <li>• Equipment or tools necessary to meet goal, either specific to individuals' conditions or designed for general use (i.e., for individuals without</li> </ul>

		<p>disabilities);</p> <ul style="list-style-type: none"> <li>• Supported employment services such as job development and job coach services;</li> <li>• Attendant care;</li> <li>• Child care;</li> </ul>
<b>Written Plan Requirement</b>	<p>Participant Savings Plan Agreement Required</p> <p>Business Plan or Plan to Use a Business Asset Purchased</p>	<p>The PASS must be in writing and SSA has established form SSA-545 to assist in completing a comprehensive plan.</p> <p>Business Plan required for self-employment goal.</p>
<b>Contributions</b>	<p>Earned Income Requirement: Individual's contributions must be earned income</p> <p>Variance in IDA structure:</p> <p>How much will participants save?</p> <p>How long will they have to accumulate savings?</p> <p>How much will the project match for each dollar participants save?</p>	<p>Individual's contribution may include anything that would otherwise cause ineligibility for SSI or reduced SSI payments such as:</p> <ul style="list-style-type: none"> <li>▪ earnings,</li> <li>▪ SSDI, benefit supports and other types of unearned income (other than SSI),</li> <li>▪ savings accounts,</li> <li>▪ stock dividends</li> </ul>
<b>Disbursements</b>	<p>Participant withdrawals allowed for two reasons:</p> <ul style="list-style-type: none"> <li>▪ Asset purchases</li> <li>▪ Emergency needs that arise while in the project</li> </ul>	<p>The PASS must state how the money set aside will be spent to achieve the occupational objective.</p> <p>Monthly expenses for services / item:</p>

	<p>Must save for at least six months following the date of account opening before making a withdrawal.</p> <p>Disbursements must be approved in writing</p>	<ul style="list-style-type: none"> <li>▪ List of items or services / supports to be purchased each month</li> <li>▪ List of items or services / supports for which savings will be set aside to purchase or put down payment on at later date.</li> </ul>
<b>Case Management</b>	<p>Most AFI Projects also provide one-on-one counseling and on-going case management services. Examples:</p> <p>Periodic contact with saver throughout IDA period</p> <p>Maintain records/ Distribution of savings statements</p> <p>Information &amp; Referral for other support needs</p>	<p>SSA monitors progress but does not provide case management.</p> <p>Individual responsible for setting up account, making contributions, record keeping, making withdrawals from account for planned purchases.</p> <p>See “Tips for Managing Your PASS”</p> <p>Assistance available through WIPAs, other benefits planners</p>
<b>Time Frame</b>	<p>Time frame for participant savings vary across AFI Projects.</p> <p>While project grants last 5 years, all funds must be drawn down and asset(s) purchased before the end of the 5-year period.</p> <p>Option exists to transition IDA savers across IDA grant periods.</p>	<p>Specific time frames must be established for the PASS. Schedules must be provided for meeting the vocational goals, which indicate the month and year that it is expected to begin and end.</p> <p>While PASS is a time limited work incentive, there are no longer set time limits or maximum time frames under which a PASS may operate.</p>
<b>Impact on SSI Benefit Eligibility</b>	<p>Funds set aside in AFI IDA do not count toward</p>	<p>Income / Resources used for PASS disregarded in</p>

<b>and Payment</b>	the SSI resources limit, matching deposits do not count as income, and the account owner's deposits can actually cause the SSI benefit amount to go up.	determining SSI eligibility and payment amount. Assists with establishing SSI and Medicaid eligibility or increases SSI payment amount.
<b>Impact on Ability to Meet Savings Goal</b>	Amount of Federal funds from one AFI Project that may be allocated to each individual's account: \$2,000 for an individual and \$4,000 per household (where multiple household members hold IDAs)	SSI payment can increase up to current Federal Benefit Rate (maximum SSI monthly payment).  Federal Benefit Rate in 2011 is \$674.
<b>Financial Education</b>	<p>Participation in financial education required. Often required to complete training before opening IDA account.</p> <p>Education includes:</p> <p>General financial &amp; debt management education (banking, investing, money management)</p> <p>Credit counseling and credit repair</p> <p>Guidance in accessing refundable tax credits including the Federal and State Earned Income Tax Credit (EITC), child tax credit, and others</p> <p>Specialized training about owning a home, starting a business or attending post-secondary school.</p>	No Requirement to participate in financial education / financial support services.

## **When might using a PASS and an IDA at the same time be beneficial for an AFI Program participant?**

One challenge to individuals participating in an IDA relates to having the earned income necessary for the contribution. In cases such as this, PASS may be a first step towards meeting their long-term asset development goals. An individual may opt to use a PASS alone or in combination with accessing other employment services available in the community to assist them in securing employment. The employment and earnings outcome supported by a PASS will make IDA participation a possibility.

In addition to using a PASS as a conduit to IDA participation, there are other circumstances when using a PASS and IDA together may be helpful to a beneficiary. The following are specific examples of circumstances on how a PASS may complement IDA participation for select beneficiaries.

- Scenario 1: A person is contributing earnings to an IDA for an asset goal that promotes an employment outcome – specifically post-secondary education or self-employment.

In situations such as this, the earnings contributed to the IDA can simultaneously be excluded under a PASS, enabling the beneficiary to leverage additional funds (savings) through their SSI benefit.

### Without a PASS:

As explained earlier, under regular program rules an SSI beneficiary's contribution to an IDA is deducted from their earnings in determining the SSI payment amount they are due. The deduction of the IDA contribution from earnings results in the beneficiary having less total countable income, which in turn means that the beneficiary is due an increase in his or her cash payment. SSI supplements a person's income from all sources, so less countable income due to IDA participation means more in SSI. For all SSI beneficiaries, excluding AFI IDA contributions directly from countable earnings results in an individual recovering half of their contribution through their SSI cash benefit. For instance, if an SSI beneficiary deposits \$100 of their earnings each month to an IDA, that reduces their countable earned income by \$50, which can increase their SSI benefit by up to \$50. The increase in SSI is in addition to the matching IDA contributions (which do not count as income under SSI rules).

### With a PASS:

If a beneficiary chooses to establish a PASS that excludes the IDA funds they are saving for post-secondary education or self-employment, the PASS exclusion will result in an individual recovering all of their IDA

contribution through their SSI cash benefit (up to the SSI Federal Benefit Rate). For example, if the same individual discussed above established a PASS to exclude the \$100 earnings they are setting aside in their IDA, their countable earnings would decrease by \$100. The reason that PASS results in beneficiaries recovering a greater amount in their SSI payment is simply due to where SSA deducts the PASS exclusion when it determines countable earned income.

The financial advantages of establishing a PASS for individuals in this situation are clear. An IDA participant with a PASS not only accesses matching funds to help them meet their asset goal, but also leverages additional SSI funds to assist them in meeting daily living expenses while they save.

Keep in mind, that to exclude the monthly IDA contribution under a PASS, the asset that the person is saving for must support an employment outcome. This is clearly the case for IDA participants with a savings goal of self-employment – and the PASS can be established for the same self-employment goal. For IDA participants saving for post-secondary education, they will only be able to establish a PASS to exclude the funds being saved in the IDA by identifying a specific vocational goal that is the intended outcome of the post-secondary education they are paying for. For example, if an IDA participant is saving to pay for training as a registered nurse, their PASS would identify an employment goal of registered nurse and the educational savings would be indicated in the PASS as an item they would need to pay for and participate in to reach this goal.

Clearly, as it is not a vocational outcome, funds set aside in an IDA for home ownership cannot be excluded in a PASS.

- Scenario 2: A person is contributing earnings to an IDA, and has additional unearned income, such as an SSDI benefit. While the unearned income cannot be used as contribution to the IDA, it can be used in a PASS. If the IDA participant is saving for education or self-employment, their unearned income can be set aside in a PASS to help them save toward their employment outcome.

Without a PASS:

After an exclusion of \$20, unearned income in the SSI program results in the SSI check being reduced dollar for dollar. For example, if an individual has SSDI of \$220 a month, this unearned income causes a reduction in their monthly SSI of \$200.

With a PASS:

By using unearned income in a PASS to save / pay for post-secondary education or self-employment expenses, participants can leverage additional SSI dollars to be used towards their IDA savings goal, making it possible to reach their goal more quickly. For example, if an IDA participant set aside their \$200 in SSDI in a PASS for their self-employment goal, as well as their \$100 earnings contribution to their IDA for self-employment, all \$300 will be excluded from countable income in determining their SSI payment. The IDA participant would essentially be saving \$300 a month toward their self-employment goal and would have the potential to recover the full amount of their savings in their SSI payment.

- Scenario 3: A person has other items or services they need in order to meet their work goal that are not permissible AFI IDA savings goals (e.g. assistive technology, personal assistance services, transportation).

While a PASS could be established to set aside funds for these additional employment expenses, it would require that the IDA participant have additional income to use for these expenses beyond the earnings being contributed to the IDA. For example, an IDA participant has \$200 in earnings and is currently contributing \$50 a month to his or her IDA for post-secondary education. A PASS is established to exclude the \$50 IDA contribution, as well as an additional \$50 of earnings towards job development / job placement services that will be needed to secure employment once the education program is completed.

- Scenario 4: A person is participating in a non-federal IDA for post-secondary education or starting a business and has a need to set up a PASS to exclude their IDA funds (contributions, match, interest earned) as income and resources.

Establishing a PASS is most necessary and advantageous for persons participating in IDA programs that are not federally funded (i.e., AFI or TANF IDAs). This is due to the fact that current SSI program exclusions for IDAs do not extend to non-federal IDAs. Depending on how the state or local IDA is set up or structured, funds contributed to and accumulated in an IDA may count as income and / or resources for the SSI program. In these instances, a beneficiary may want to establish a PASS to exclude IDA self-employment or post-secondary education funds supporting an employment goal.

- Scenario 5: A participant's IDA account will be closed and there are unused earnings contributions that will be returned to them.

If there is unused cash reclaimed when an IDA ends that is disbursed as cash, it will be counted as income for the SSI program in the month that it is received. Any amount remaining at the beginning of the second month will count as a resource. There are, however, options available to prevent these funds from being counted as income and resources, and adversely affecting SSI eligibility and payment amount. The funds may be rolled over by the IDA program into a new IDA account if appropriate. Beneficiaries may also consider setting the funds aside in a Plan for Achieving Self-Support to be used in support of an employment goal, or may use the funds for other items or services not considered as countable income or resources for the SSI program.

### **PASS Considerations for IDA Participants**

Its flexibility and potential to assist individuals to plan for and secure the items and services they need to work clearly sets PASS apart as one of the most valuable SSA work incentives. Given the obvious parallels between IDAs and PASS in supporting asset development and self-sufficiency, it is easy to understand the growing interest in this program on the part of AFI grantees. However, in spite of the potential PASS offers to assist IDA participants to more strategically and quickly meet their asset development and self-sufficiency goals, it is important to recognize that PASS is not for everyone.

The following are important questions that should be addressed in the discussion with IDA participants who are considering use of a PASS:

#### Does a PASS make sense given the person's employment goals and needs?

Regardless of the asset goal being pursued through an AFI IDA, PASS is not a good option if an individual is not interested in pursuing employment or self-employment and willing to reducing their reliance on benefits supports in the long-term. In addition, the person must have a need for additional items or services to be saved for and purchased under the PASS. If the employment goal is attainable without the benefit of additional supports, then there is no need for a PASS.

#### Does establishing a PASS make good financial sense?

- Are additional funds necessary and available for a PASS?

In some instances, using an IDA and a PASS simultaneously will not require additional funds. This is the case if an individual has an IDA for post-secondary education that will lead to a career goal or an IDA for self-employment. In these instances, the person is simply excluding their IDA contribution in a PASS.

In other cases, such as when a person is setting aside funds for items or services that are not permissible IDA asset goals, additional funds outside of the earnings being contributed to the IDA will be required. These PASS funds may be either earned or unearned income, or other resources that the person has.

- Is the individual in a position to recover the funds set aside in a PASS through an increase in SSI payment?

PASS will not always result in a beneficiary recovering 100% of the funds used under the plan through an increase in SSI payment. How much of the PASS expense is actually recovered varies significantly across beneficiaries and is limited by the Federal Benefit Rate, which is the maximum monthly SSI payment. The current Federal Benefit Rate in 2011 is \$674. An individual currently receiving a \$500 SSI payment can only increase their monthly payment by \$174, in spite of the fact that they begin to contribute \$200 to a PASS.

Given that the financial outcome of using a PASS will vary across individuals, it is essential that this impact is carefully assessed and understood by the participant. The SSI program rules and payment calculations are complex. Fortunately, there are benefits and work incentives coordinators available in each state to assist IDA applicants and participants with their questions related to work, benefits, and IDAs. A primary partner for AFI grantees are the SSA funded Work Incentives Planning and Assistance (WIPA) Projects. AFI grantees should take full advantage of the information and assistance to individual beneficiaries available through the WIPA projects – particularly when assisting an IDA participant to explore the potential benefits of using both IDA and PASS. The following is a link to additional information on the WIPA projects:

<https://secure.ssa.gov/apps10/oesp/providers.nsf/bystate>.

- Does the individual have the ability to meet their daily living expenses (food and shelter)?

If a person is experiencing difficulty meeting living expenses while they participate in IDA, a PASS can help them to recover the full amount of their IDA earnings contribution through an increase in SSI payment. Meet basic needs while saving.

Is the IDA participant willing to commit the time and effort to developing a feasible plan for employment and completing the PASS application and approval process?

Individuals interested in a PASS are required to submit their plan in writing using a standardized form, SSA-545-BK. This form can be found in PDF format at: <http://www.socialsecurity.gov/online/ssa-545.html>. Additionally, individuals submitting a PASS for approval who are not currently receiving SSI will need to simultaneously complete the initial eligibility and application process for SSI. For those individuals already receiving SSI, meeting initial eligibility for SSI has already been accomplished and this step is not necessary.

The PASS form requests detailed information in multiple areas, including work goal, medical / vocational / educational background, employment plan activities and expenses, and funding for the work goal. Significant planning and effort are required of the individual to gather required information, develop a viable plan, complete the application and work with SSA personnel throughout the review and approval process.

#### Need for separate IDA and PASS Plans and Accounts

Both IDA and PASS require that funds be set aside in special accounts. AFI Project participants' Individual Development Accounts are either custodial or trust accounts established by the AFI Project organization. PASS Plans, on the other hand, must show how income/resources set aside will be kept clearly and easily identifiable. Separate bank accounts for PASS savings are usually used to provide for verification of PASS savings and expenditures.

A legitimate concern of individuals considering use of IDA and PASS simultaneously is the need to maintain separate accounts. If a PASS is being established strictly to exclude funds contributed to an IDA, then it is possible that the IDA account can also serve as the PASS account. However, if the PASS involves excluding funds in addition to the IDA contribution that will be need to be accessed and used periodically for purposes other than the specific IDA savings goal, two separate accounts will need to be established and managed.

#### Need for additional case management and monitoring supports.

While one of the most valuable work incentives, PASS is also one of the more complex, time and effort intensive work incentives. PASS development and approval is just the first step in the process. Successful implementation of the plan requires on-going management and monitoring, including establishing and managing the PASS account, ensuring that savings / spending plans are implemented, maintaining records, tracking progress on key milestones identified in the employment plan, and communicating with SSA personnel.

While some individuals will be very effective in managing their PASS efforts on their own, others will require additional supports. Again, WIPA projects and other

disability agencies and organizations are key partners to consider for these types of supports.

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