Featured Blog of the Month

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Keeping Recipients in Poverty: Problems with Supplemental Security Income Asset Limits

BY KELSEY BROWN

The Supplemental Security Income program has the strictest asset limits of any federal program, keeping recipients below the poverty line and unable to cover basic living expenses. This article discusses debated topics regarding the limitations the program puts on recipients.

Supplemental Security Income (SSI) is a federal program administered by the Social Security Administration (SSA). This program was created as a way to provide monthly cash assistance for need-based individuals.

To get SSI, a person must be disabled or at least 65 years old and have very limited income and resources – otherwise known as assets. In fact, the SSI program has the strictest asset limits of any federal program. Right now, SSI recipients cannot have more than $2,000 assets for individuals, and $3,000 for couples.

Old Numbers

SSI's asset limits have changed very little since the program's creation in 1972. When the program was first enacted, legislators set the asset limit at $1,500 for individuals and $2,250 for couples. These limits were slightly increased in 1985 and again in 1989 to what is it now.[1]

Astonishingly, the current limits have not been updated for over 30 years, leaving recipients unable to save for unexpected bills, emergencies, retirement, and other everyday living expenses.

Furthermore, SSA employees must continually oversee and verify recipients' countable assets including cash, bank accounts, retirement savings, stocks, mutual funds, savings bonds, property, vehicles, life insurance, household goods, and burial funds. And because the resources of spouses and parents are seen as valuable to the recipient, employees must examine those assets as well.

While SSI benefits only make up 5% of the payments that the SSA issues, it nonetheless requires 35% of the agency's budget to administer.[2] This is problematic given that the SSA's workload has increased by 22% or 12 million new Social Security/SSI recipients within the last 13 years, while its staff shrank by 16%.[3]

Moreover, because of this low asset limit, recipients who are even slightly over the limit will have their benefits suspended, and eventually terminated if they cannot get their assets back within range in 12 months. As a result, each year an average of 70,000 recipients will have their benefits suspended, and 40,000 will have their benefits terminated for exceeding the asset limit.[4]

Debated Topics

One area of debate is whether to update the 30-year-old guidelines that the SSI program uses. Some legislators are looking into taking steps to update, expand, and simplify the SSI program.

For example, on Sept. 12, 2023, the SSI Savings Penalty Elimination Act was introduced in the U.S. Senate that would raise SSI asset limits to $10,000 for individuals and $20,000 for married couples, and index asset limits to inflation. Additionally, the SSI Restoration Act would raise asset and income limits, eliminate marriage penalties, and eliminate penalties for applicants or recipients who transfer resources to another individual for less than fair market value.

Another aspect of the SSI that has a major impact on recipients is the SSI's in-kind support and maintenance (ISM) policies. ISM requires that recipients disclose any material help that they receive from family and friends – whether it is groceries, a place to sleep, or cash gifts.

ISM is a costly, complex, labor-intensive process for the SSA to administer.[5] Among other things, employees must ask recipients detailed questions about household members and expenses in order to categorize their living arrangement to determine whether they receive in-kind support. This process must be repeated every time recipients' circumstances change.

No other federal program counts in-kind support when determining benefit levels.[6] This process is often described as invasive and difficult for recipients to comply with. Not to mention, ISM deters family and other support for older and disabled individuals and forces recipients to rely on other government assistance programs.

ISM is the leading cause of SSI overpayments.[7] And with the SSA oftentimes being delayed in detecting and addressing these payments, recipients are usually overpaid for months, racking up thousands of dollars in overpayments. This is worrisome, since most SSI recipients have little to no other income, making it virtually impossible for them to repay the overpayment.

Many believe that eliminating ISM would simplify the SSI program, reduce SSA administrative costs, and allow recipients to accept help from friends and family without consequence.

Lastly, another topic of debate is raising the SSI monthly benefit amount. As it is now, the maximum monthly SSI benefit amount is well below the poverty line, leaving many recipients with below-poverty income and unable to cover basic living expenses.

For example, in May 2023, of the 7.5 million people collecting SSI benefits, 85% did so because of a severe disability. And households with a disabled member need about $18,000 more per year to have the same standard of living as a similar household without a disabled member. Costs included "customized wheelchairs, home and automobile modifications, and other medical equipment not covered by Medicaid."[8]

A higher benefit amount would ensure SSI recipients' income is above the federal poverty line, while also allowing them to pay basic living expenses, and save for expenses related to their health conditions.

Conclusion: Penalty for Saving

SSI asset limits discourage saving and encourage individuals to dispose of much-needed resources.

Put differently, this low asset limit penalizes SSI recipients for saving. Because surpassing the limit can cause the termination of not just SSI benefits, but also Medicaid, housing assistance, and other government benefits, a cautious recipient will avoid saving too much.

However, assets play a vital role in improving economic flexibility and stability for low-income individuals.[9]

Addressing these highly debated topics and coming up with solutions will not only ensure that recipients can save and accept help from their loved ones with confidence but will also increase the efficiency and solvency of the SSI program.

This article was originally published on the State Bar of Wisconsin's Public Interest Law Section Blog. Visit the State Bar sections or the Public Interest Law Section webpages to learn more about the benefits of section membership. **WL**

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ENDNOTES

[1]Kathleen Romig, Luis Nuñez, and Arloc Sherman, *The Case for Updating SSI Asset Limits,* Center on Budget and Policy Priorities, Sept. 20, 2023.

[2]Kathleen Romig and Sam Washington, *Policymakers Should Expand and Simplify Supplemental Security Income,* Center on Budget and Policy Priorities, May 4, 2022.

[3]Romig, Nuñez, and Sherman, *supra* note 1.

[4]*Id.*

[5]Romig and Washington, *supra* note 2.

[6]*Id.*

[7]*Id.*

[8]Romig, Nuñez, and Sherman, *supra* note 1.

[9]Romig and Washington, *supra* note 2. **WL**