

## Subsidies

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### A Subsidy Exists When the Employer:

- ◆ Willingly pays more in wages than the value of services performed; or
- ◆ Receives full value only because some agency provides extra services to the employee.

### How Subsidies Affect the Substantial Gainful Activity (SGA) Determination:

- ◆ The \$1,620 SGA rule (\$2,700 for persons who are statutorily blind) applies to SSDI applicants and recipients and SSI applicants who are not statutorily blind.
- ◆ The monthly subsidy is deducted from gross earnings to obtain countable earnings.
- ◆ If monthly countable earnings are less than \$1,620 or \$2,700 for the blind (for calendar year 2025), after subsidy deductions, the person is not performing SGA.

**Note:** Impairment related work expenses and paid time off (vacation, personal, holiday, and sick pay) could also be used to reduce countable earnings. If countable earnings are more than the SGA amount, an SSDI or SSI application may be denied or, in the case of an SSDI beneficiary the benefit could be suspended or terminated if SGA occurs after the 9-month trial work period.

### Some Indicators That a Subsidy May Exist:

- ◆ The individual works shorter hours or has fewer duties than others.
- ◆ Extra help or supervision is given.
- ◆ The individual produces less, or their work is of lesser quality than others.
- ◆ The individual is frequently absent or receives more breaks or rest periods.

### A Subsidy Provided by an Employer May Be Specific or Non-Specific:

- ◆ With a specific subsidy, the employer assigns a specific amount as a subsidy.
  - E.g., the employer states that the individual is paid \$15.50 per hour even though his or her productivity would only justify \$10.50 per hour (a specific \$5 per hour subsidy).
  - The Social Security Administration (SSA) will typically accept the subsidy figure that is identified and adequately explained by the employer.
- ◆ With a non-specific subsidy, the employer either does not set the value of the subsidy or does not adequately explain how it was calculated.
  - In these cases, the SSA will investigate to determine the value of the subsidy.
  - The advocate or rehabilitation professional can play an important role in assisting the employer (or SSA) in accurately assessing the value of the subsidy.

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