

Subsidies

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 \$1,260 SGA rule (\$2,110 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 \$1,260 or \$2,110 for the blind (for calendar year 2020), after subsidy deductions, the person is not performing SGA. (\$1,260 or \$2,110)

Note: Impairment related work expenses and paid time off (vacation, personal, holiday, and sick pay) could also be used to reduce countable income.

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 \$10 per hour even though his or her productivity would only justify \$7 per hour (a specific \$3 per hour subsidy).
 - As a general rule the Social Security Administration (SSA) accepts 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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