

# **SSDI Instructions for Vendors in the Randolph Sheppard Program - 2019**

Vendors in the Randolph Sheppard program who meet Social Security's definition of blindness can usually keep their Social Security Disability Insurance (SSDI) benefits even if they have very significant earnings.

Here are six actions each vendor who gets SSDI should take:

**1. Report to Social Security that you are working.** You can do this in one of three ways. First, you can call your local Social Security office or the national toll-free line (1-800-772-1213). Second, you can send a letter to your local Social Security office. Or third, you can visit your local Social Security office. Keep a record proving that you reported to Social Security. If you call, record the date and time of the call and the Social Security worker you spoke with; if you send a letter, send it certified and request a return receipt; if you visit your local office, ask for a receipt. You should report that you are working if you have just started working as a blind vendor, or if you have been a vendor for a while but have not reported that you are working.

**2. Make sure Social Security has you coded in their system as having "statutory blindness".** Just call either your local Social Security office or the national toll-free line (1-800-772-1213) and ask. (You can do this at

the same time that you call Social Security to notify them you are working.) If you are statutorily blind, you can earn more money than non-blind people can and still keep your SSDI. You are statutorily blind if the vision in your better eye, with correction, is no better than 20 over 200, or your field of vision is no greater than 20 degrees. You also meet the definition if your vision in one eye, with correction, is no better than 20 over 200 and your field of vision in the other eye is no greater than 20 degrees. If you believe you meet this definition, but Social Security does not have you coded as blind in their system, ask to be referred to NABM's Benefits Consultant (see item 6 below).

**3. Prepare for work reviews.** From time to time, Social Security will review your earnings from work to see what impact, if any, they should have on your SSDI. Work reviews usually happen once every few years. The two best ways to be prepare for work reviews are (A) to have your tax return done as soon as you can after the calendar year ends, and (B) to get a letter each year from your Business Enterprise Program (BEP) that documents the business expenses that the program covers at no cost to you. Social Security deducts these so-called "unincurred business expenses" from your earnings when determining whether your earnings are high enough to stop your SSDI. If your earnings, after subtracting unincurred business expenses, are below the level Social Security calls "substantial gainful activity (SGA)", then you will be able to

keep your SSDI. In 2019, the SGA earnings level for blind people is \$2,040 a month. For non-blind people, the level is \$1,220 a month. Unincurred business expenses include the following items the BEP provides your business that you don't pay for:

- Rent and utilities for work space
- Management services
- Equipment (depreciated, usually over 5 or 7 years)
- Maintenance and repairs
- Cleaning services
- Other items the BEP provides to your business

Many BEP's will provide letters documenting all the unincurred business expenses you receive. Others will provide letters that document all the expenses except rent and utilities. If your BEP doesn't calculate the value of rent and utilities you receive, you can do it yourself. Just measure the area of your work space in square feet. Multiply the square footage by the market rate per square foot per year for similar commercial space. You can ask your building management, look at commercial real estate ads for properties in the same area, or consult with a commercial realtor to estimate the market rate. Once you determine the value of the rent and utilities you receive, ask your BEP to include this information in the letter they send you.

**Note:** When you get SSDI and start paid work for the first time after you've qualified for SSDI, Social Security may

give you a 9-month “trial work period”, when you can earn any amount without affecting your SSDI. After your trial work period ends, then your earnings need to stay below SGA for you to keep SSDI. You also need to avoid doing SGA for the first 12 months after your “onset date” – the date Social Security determined your disability met their standard. For more information, see Social Security’s pamphlet, “Working While Disabled: How We Can Help” at [www.ssa.gov/pubs/ENN-05-10095.pdf](http://www.ssa.gov/pubs/ENN-05-10095.pdf).

#### **4. Figure out if your earnings, after subtracting your unincurred business expenses, are below SGA.**

If your business is a sole proprietorship, a limited liability company (LLC), or a simple partnership, and your vending business is your only source of earnings - Start with your net profits – that’s your total business revenue for the year minus the business expenses you paid for during the year. You can find this amount at the bottom of the Schedule C, Profit or Loss from Business form included in your tax return.

Multiply your net profit by 0.9235 (a deduction for the extra Social Security tax you pay as a self-employed person). The result is called your “net earnings from self-employment (NESE)”.

Take your NESE and subtract your total unincurred business expenses for the year.

Next, subtract the amount of any commissions (revenue) you received during the year from vending machines that you did not service, operate or maintain.

If the resulting amount is less than \$24,480 for the year, and you are statutorily blind, then your earnings are below SGA, and your SSDI should continue.

If you are not statutorily blind, and the resulting amount is less than \$14,640 for the year, then your earnings are below SGA, and your SSDI should continue.

If the resulting amount is above SGA, there are other subtractions from earnings you may be able to use to keep your earnings below SGA. Ask to be referred to NABM's Benefits Consultant for help (see item 6 below).

If your business is a C Corporation or files taxes as a S Corporation, or if you have more than one business, or if you have a job in addition to your business - Ask to be referred to NABM's Benefits Consultant for help (see item 6 below).

**5. Comply with work reviews.** When Social Security is ready to do a work review, they will send you a letter notifying you. The letter will usually include a form called "Work Activity Report – Self-Employment (SSA 820)". You should complete this form and return it to Social Security along with the tax returns for all years Social Security is reviewing, and letters from your BEP documenting your unincurred business expenses for the same years. You can also provide the attached memo to Social Security.

When you complete the Work Activity Report form, note the following:

Question 4, net earnings – Take your net profits for the year and divide them by the number of months your business operated that year. Take the resulting amount and list it as your net earnings for each month your business operated during the year.

Question 6, management responsibilities – If someone else helps you with management functions for your business, enter the number of hours per month the other person performs these functions, and the number of hours per month you perform them. List the functions the other person performs, and the ones you perform. Some of the functions may be the same for both you and the other person.

Question 8, unincurred business expenses and free help – List the unincurred business expenses you received from your BEP and the total amount of these expenses for each year Social Security is reviewing. Refer to the letter from your BEP, which should be attached to the Work Activity Report form. If you also receive free help from another person to operate your business, describe the help, list the number of hours per year the person helped you, and estimate the hourly wage you would need to have paid for this kind of help from an employee. Multiply the number of hours by the hourly wage and list the total value of the unpaid help for each year Social Security is reviewing.

NABM's Benefits Consultant can advise you about unpaid help (see item 6 below).

Question 9, disability-related expenses – If you pay for expenses related to your disability or another medical condition, nobody reimburses you for the expenses, and the expenses are needed at least partly for work, you may be able to deduct these as “impairment related work expenses (IRWE's)”. You may only need to list IRWE's if your net earnings from self-employment, after subtracting your unincurred business expenses and the value of unpaid help you received, are above SGA. List the expenses, the amount you paid for each, and when you paid for them. NABM's Benefits Consultant can advise you about this (see item 6 below).

Remarks – Use the Remarks section to add information for any question for which you need more space.

Signature – Sign your name, enter the date, your telephone number and mailing address in this section.

**6. Get free help from NABM's Benefits Consultant if you need it.** NABM members are eligible for free help from the Benefits Consultant. The Consultant can help with work reviews and other Social Security issues, including if your SSDI has already stopped. To be referred to the Consultant, send an email to Nicky Gacos, NABM President, at [nickycolorado@netscape.net](mailto:nickycolorado@netscape.net).