Self-Employment and Supplemental Security Income

When assessing how much you are earning in self-employment, the Social Security Administration (SSA) counts Net Earnings from Self Employment (NESE). This is your gross receipts minus your business expenses multiplied by .9235. This way, a portion of your net earnings are counted when determining your income from self-employment.

For self-employment, SSA will work with you to project your average earnings from self-employment over an entire calendar year. Based on these projections, your monthly SSI check will be adjusted based on what you and SSA project will be your annual NESE. It is very important to get a good estimate of what you expect your annual earnings from your NESE will be, because SSA will retroactively adjust your SSI check over the entire calendar year. If you have inaccurate projections, you may incur an overpayment or an underpayment in your SSI check.

Once you’ve projected your annual NESE, SSA will use a countable income formula to determine your SSI monthly payment amount. The countable income formula includes a General Income Exclusion of $20 per month (if not already applied to unearned income) and an Earned Income Exclusion of $65 per month. Then the remainder of your earnings are divided by 2. This means that SSA counts less than 1/2 of your earnings when figuring your SSI payment amount.

SSI recipients need to be aware of several important work incentives. These include:

- **Property Essential to Self-Support (PESS)**—PESS excludes some resources that are essential to your means of self-support when your eligibility for SSI is determined. SSA does not count property that you use in a trade or business. To use this exclusion, inform SSA of these type of resources.

- **Student Earned Income Exclusion**—This is a special exclusion for individuals who are under the age of 22, regularly attending school, and earning income. The amount of the exclusion allowed is $1,780 per month or a maximum of $7,180 in 2015.

- **Impairment-Related Work Expenses (IRWE)**—In some limited circumstances this work incentive may help you during self-employment if you have reasonable expenses for items and services that are related to your disability, that are necessary for you to work, that you pay for out of pocket in the months you are working, and that are not reimbursed by another source. If, for example, you are self-employed at home
and need to make modifications to your residence in order to work there, but you are unable to deduct those costs as a business expense, you might be able to declare the expenses as an IRWE.

- **Blind Work Expense (BWE)**— If your primary disability on record with SSA is blindness, Social Security, when deciding your SSI eligibility and payment amount, will not count any earned income that you use for items or expenses needed to earn that income. Those even include taxes that you pay for your business. Contact a benefits counselor or SSA to learn more about the allowable deductions.