

Self-Employment and Social Security Disability Insurance for the Entrepreneur



Quick Look: For people who are self-employed and getting SSDI, Social Security offers some helpful work incentives. They can be useful to start a business or keep a business going, and they can help a business owner earn the most they can.

After your Trial Work Period is complete, Social Security will begin to look at your Net Earnings from Self-Employment (NESE) every month. When deciding how much you are making through self-employment, the Social Security Administration (SSA) counts NESE. NESE is your gross earnings minus your business costs multiplied by .9235. Only some of your net earnings count when Social Security is deciding how much you're making from self-employment. Remember, gross and net earnings are not the same.

If you are self-employed and receive Social Security Disability Insurance (SSDI), you should be aware of several important work incentives, including:

- **Trial Work Period**—Trial Work Period months count when your NESE is over \$880 (in 2019) or when you work for 80 hours or more in self-employment. It is important to report your earnings and the hours you work each month to Social Security when you are self-employed.
- **Extended Period of Eligibility**—Social Security will average your NESE over a period of work to decide if you are earning Substantial Gainful Activity (SGA). This amount is \$1,220 in 2019. (If you are blind, the SGA amount for 2019 is \$2,040.) During the Extended Period of Eligibility, if you earn under SGA, you will continue to receive your SSDI benefit. As a business owner, you must consult with a Benefits Information Network liaison, Community Work Incentives Coordinator, or other professional to understand and plan for SGA.
- **Impairment-Related Work Expenses (IRWE)**—When you're self-employed, an IRWE may help you if you have:
 - a. reasonable expenses for items and services related to your disability,
 - b. that are necessary for you to work,

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- c. that you pay out of pocket in the months you are working,
- d. and that are not reimbursed by another source.

These types of expenses may help you, because Social Security figures in those costs, which could then keep your Net Earnings from Self-Employment below the SGA level. This work incentive may apply to you in some limited circumstances if you are unable to claim these items as a business expense.

- **Unincurred Business Expenses**—If there is work support given to you at no cost (for example Vocational Rehabilitation pays for services or equipment you need in self-employment), the cost of this support is deducted from your net earnings in deciding when you have reached SGA.
- **Unpaid Help**—If you receive help from friends, relatives, professionals, or others in performing business-related tasks, and they are not paid for this assistance, the fair labor cost of this help is deducted from your net earnings to decide whether you are earning at the SGA level.

Steps for Establishing Self-Employment and Work Incentives

Talk to and meet with Social Security to determine if your work activity is a trade or a business. Also, talk to and meet with them to figure out what type of business structure you want (i.e., sole proprietorship, a partnership, corporation). These are important things to figure out. Each local Social Security office has a Work Incentive Liaison or Technical Expert that can help you understand your business.

- Decide if you need help finding and getting start-up funds. You have options for this. Refer to the [Center on Community Living and Careers' Self-Employment webpage](#) for more information, such as the “Self-Employment Resource Information” and “Self-Employment Services” documents.
- Research and decide on a method to keep track of expenses and earnings from your business. You have options and choices to make, and the advice of others who are professionals will be helpful here. The method you choose makes a difference in your NESE for Social Security’s purposes. Refer to the [CCLC Self-Employment webpage](#) for more information, such as the “Self-Employment Resource Information” and “Self-Employment Services” documents.
- Make sure you are filing the right forms with the Internal Revenue Service. Look through the “Self-Employment Resource Information” and “Self-Employment Services” documents on the [CCLC Self-Employment webpage](#) for more information.

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2019 Work Incentive Fact Sheet

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Other Considerations

If you receive other state or federal aid, you will also need to understand the impact of self-employment on these benefits. A Community Work Incentives Coordinator or a Benefits Information Network Liaison can help you understand these issues. You'll find contact information in the box below.

The Small Business Administration can offer valuable advice to you regarding your business venture, finance and accounting procedures, and other important issues that will help you in making your self-employment successful.

The [Center on Community Living and Careers' Self-Employment webpage](#) has information to help you understand Social Security language and work incentives. The webpage also has documents with links to resources and services, to help you find the support you need as a business owner. On another page of its website, the Center on Community Living and Careers has much [more information about work incentives and benefits](#).

Work Incentives Planning and Assistance

Northern and Central Indiana:

1-855-641-8382 (toll free)

or

Southern Indiana:

1-800-206-6610 (toll free)



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812-855-6508