Building Wealth on the Foundation of Employment
Portfolio Series

Introduction

The vision of the U.S. Department of Labor (USDOL) is to advance the economic futures of workers, including those with disabilities. The unique mission of the Office of Disability Employment Policy (ODEP) within USDOL is to promote the involvement, cooperation, and collaboration of multiple federal, state, and local agencies with the private sector, to increase participation of individuals with disabilities in the workforce and economic mainstream. No single program, policy, funding stream, or strategy is a universal solution for the multiple challenges encountered by individuals with disabilities who want become economically self-sufficient. Yet, across the federal government, there are tools and strategies now being implemented to help lift low-income wage earners—including individuals with disabilities—out of poverty and empower them through employment and expanded economic opportunities. This portfolio series introduces asset development concepts, tools, and activities that individuals with disabilities, their families, and the workforce development professionals who support them can use to build wealth on the foundation of successful employment.

Asset Development Basics

Assets are resources that promote financial self-sufficiency, community participation, and quality of life experiences. Research has demonstrated that asset ownership improves self-concept and community status and is associated with better health. For individuals with disabilities, income preservation, savings, and asset development have not been traditionally associated with employment, and, thus, have not been a focus of public policy. Simply earning income through employment does not guarantee that individuals with disabilities will be on the track to greater financial independence.

Series Contents and Intended Audience

This series will serve as an important tool for individuals with and without disabilities and their advocates, service providers, and employers. The strategies offered will provide a clear and practical pathway to pursue greater financial independence in conjunction with their career goals.

The series will explore the following topics:

I. Financial Education
II. Earned Income Tax Credit
III. Individual Development Accounts
IV. Social Security Work Incentives and Benefits Management
V. Braiding Multiple Resources in Self-Directed Budgets

Each of the attached briefs will offer practical Action Steps for the reader to further explore and to take advantage of available resources.

Why This Series is a Useful Tool for Individuals

Using this series, eligible individuals and families will be guided to access multiple resources that can assist them in building their personal wealth. Each of these briefs is designed to be

accessible to professionals in the field and to recipients of services and benefits. Users are provided with contact information, Web sites, and strategies to pursue these benefits.

Why This Series is a Useful Tool for Employers

Employers increasingly face the challenge of retention of talent and human capital. Companies can no longer afford to compete only for the highest-level professionals and assume the lower-paying positions will fill themselves. The human resource is now the investment of principal importance to any company that depends on a range of skills for production or delivery of its product or service. As such, providing resources that promote greater value and satisfaction to their employees, without incurring additional costs, should be a meaningful proposition to any executive or human resource professional. This series is designed to either be distributed to a company's employees, or to act as a guide for human resource professionals on how to better leverage various incentives on behalf of company employees.

Why This Series is a Useful Tool for the Workforce Development System

Organizations and agencies that provide employment or other assistance are frequently unaware of the broad range of asset development strategies available to their constituents and customers. By using and distributing this brief, the workforce development system can assist its customers in attaining long-term financial stability. Also, by diversifying the types of resources available to its customers, the obligation placed on any single funding stream will decrease.

Building Wealth on the Foundation of Employment
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Financial Education: Critical Skills to Maintain Employment and Enhance Asset Building

Introduction

Enjoying economic success requires the knowledge to make informed decisions about managing income, savings and asset development. Easy access to credit, a societal emphasis on consuming, and limited understanding about the long-term importance of saving and building assets limits economic stability. The result is often unmanageable debt, which further perpetuates low-income status. To respond to these challenges, financial education programs have expanded rapidly nationwide. This brief will provide important information about financial education programs and their role in promotion of the economic well being of workers with and without disabilities.

Financial Education Basics

Financial education programs and strategies are diverse in their outreach and their delivery of information. They cover such topics as money management, saving, home ownership, debt reduction, avoiding fraud, and the efficient use of credit. These basic financial planning skills can help individuals and their families meet short-term, intermediate and long-term financial goals. Regardless of their disability status, working age adults, who may be new or returning to the workforce, need access to financial skill building for effective participation in the economic mainstream and to maximize life opportunities.

Financial education information is becoming more available from financial institutions, consumer and community-based groups, and government agencies. Material in the form of brochures, fact sheets, and downloadable curricula represent some options readily available for no cost. Financial education classes are also becoming more readily available in most communities.

Financial Education Programs

In 2001, the Federal Deposit Insurance Corporation (FDIC) launched a financial education program called Money Smart, to provide money management skill building and create positive banking relationships. Money Smart was considered a work-related activity and, as such, was counted toward the TANF participant's work requirements. Money Smart has ten modules that take one and two hours each to complete. The ten training modules are:

- **Bank on It:** An introduction to bank services
- **Borrowing Basics:** An introduction to credit
- **Check It Out:** How to choose and keep a checking account
- **Money Matters:** How to keep track of your money
- **Pay Yourself First:** Why you should save, save, save
- **Keep It Safe:** Your rights as a consumer

- **To Your Credit:** How your credit history will affect your credit future
- **Charge It Right:** How to make a credit card work for you
- **Loan to Own:** Know what you're borrowing before you buy
- **Your Own Home:** What home ownership is all about

Instructional materials include a facilitator or trainer's guide to conduct interactive class exercises. An online version of Money Smart allows instructors to follow student progress electronically. Money Smart is also available in Braille and large print formats.

In addition of Money Smart, another national program of the Consumer Federation of America (CFA) is the America Saves Campaign. This campaign provides education and one-on-one support to promote income preservation and sound financial decisions. Motivational workshops and support from a trained Wealth Building Coach help the saver set savings and debt management goals. Savers are also eligible to sign up for free or low-cost banking services with area banks.

State Financial Education Programs and Workforce Development Systems
In Wisconsin, the Department of Workforce Development (DWD) is emphasizing the availability of financial education in all One-Stop Career Centers. An interactive DVD that covers a variety of topics ranging from debt management, to credit education and employer sponsored investment benefits has been made available statewide through the One-Stops. The state's emphasis on financial literacy is recognition that the financial health of Wisconsin's citizens is important to the overall health of the state's economy. In addition, Money Smart is offered as a training program in a growing number of centers.

In addition to Wisconsin, Florida's workforce development system is collaborating with the FDIC to train One-Stop and community-based disability organization staff to become facilitators of Money Smart. According to a survey of 1,000 employers statewide, the Florida Chamber of Commerce reported that 64 percent feel financial literacy training would enhance worker productivity. Ninety-three percent of Florida employers agreed that entry-level employees who have an understanding of basic economic principles learn on-the-job skills more easily.[1]

Text Box:
In addition to the REI Tour, New Jersey, Allies, Inc—a Community Rehabilitation Provider—established the Success of Saving (SOS) financial literacy program, with the support of the state Developmental Disabilities Council. SOS empowers individuals with disabilities economically, by teaching them how to budget and save earned income in a personal savings account. The program encourages saving through a combination of interactive coursework, trips to local banks, and setting a savings goal. Deposits made by program participants are matched by the SOS program. When participants have saved $500 of their earned income, it is matched by $1,000 toward the purchase of their goal, upon completion of financial education classes.

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[1] *Economic Development Survey, Executive Summary*, Florida Council on Economic Education, 2003, accessible at: http://fcee.org:4001/resources/

The Financial Literacy and Education Commission

Congress created the Financial Literacy and Education Commission (FLEC) in 2003. FLEC's strategy encompasses four critical areas: building public awareness of available resources; developing tailored, targeted materials and dissemination strategies; tapping into public-private and private-private partnerships; and expanding the research and evaluation of the impact of financial education programs. FLEC recognizes individuals with disabilities as an underserved population and specifically identifies the need to increase their awareness and use of beneficial tax provisions. An outcome of the Commission is the creation of the MyMoney.gov Web site, to provide a convenient and accessible source for credible and free financial education resources.

Conclusion

To move toward greater economic independence and self-sufficiency, individuals with and without disabilities are beginning to benefit from expanded opportunities for financial education. Efforts to make working age adults aware and knowledgeable about the importance of money management, saving, and asset development is a shared responsibility of the workforce system, financial institutions, employers, multiple government agencies, and community-based organizations. Financial literacy skills will help inform important money-related decisions, increase savings, improve financial stability, and raise expectations for a better economic future for individuals with and without disabilities.

Action Steps

1. Learn more about the financial education opportunities mentioned in this brief.
    a. FDIC – Money Smart - http://www.fdic.gov/consumers/consumer/moneysmart/
    b. America Saves - http://www.americasaves.org/
    c. Real Economic Impact Tour – http://reitour.org
    d. Success of Saving (SOS) program in New Jersey for individuals with significant disabilities. Visit http://www.alliesnj.org/services13.htm.
2. Learn more about accessible and free financial education resources offered at http://www.mymoney.org.
3. Review the following resources on line:
    a. *Taking Ownership of the Future: The National Strategy for Financial Literacy.* Financial Literacy & Education Commission, 2006. http://www.mymoney.gov/pdfs/ownership.pdf
    b. "Can Financial Literacy Enhance Asset Building?" – Elizabeth Bell and Robert I. Lerman, *Opportunity and Ownership Project* (6), September 2005. http://www.urban.org/UploadedPDF/311224_financial_literacy.pdf
    c. "Financial Literacy: An Overview of Practice, Research, and Policy" – Sandra Braunstein and Carolyn Welch, *Federal Reserve Bulletin,* November 2002, 445-457. http://federalreserve.gov/pubs/bulletin/2002/1102lead.pdf
    d. *Educating Democracy: Tax and Financial Service Needs of Working American with Disabilities.* National Disability Institute, 2006. http://www.reitour.org/docs/Educating_Democracy.doc

e. Florida Chamber of Commerce and Florida Council on Economic Education Survey, 2003. www.fldfs.com/PressOffice/pdfs/financialliteracysurvey.pdf
f. *Economic Development Survey, Executive Summary*, Florida Council on Economic Education, 2003. http://fcee.org:4001/resources/

Building Wealth on the Foundation of Employment
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The Earned Income Tax Credit: Capitalizing on Tax Incentives

Introduction

Poverty remains a major issue nationwide, and it especially impacts individuals with disabilities. Overcoming the barrier of poverty and creating long-term personal economic stability requires more than just employment. Working-age adults with disabilities are three times more likely to live in poverty than their non-disabled peers. This brief will provide information about the Earned Income Tax Credit (EITC), which is an important tool to encourage work and improve economic status.

EITC Basics

Congress first approved the EITC in 1975 as a refundable tax credit for eligible low-income workers with and without disabilities. There are three major purposes of the EITC: (1) to reduce the tax burden on low-income workers, (2) to provide a work incentive, and (3) to supplement wages. Every year, millions of taxpayers claim this credit, resulting in tens of billions of dollars in tax refunds.

Many working individuals with and without disabilities do not realize they may qualify for the credit and are unfamiliar with the concept of a "refundable credit." A refundable credit offers a benefit to workers whose earnings are too small to have any tax liability, for example, those whose who typically earn too little to file a return.

Eligibility for the EITC

Single or married people who worked full or part-time can qualify for the EITC, depending upon their income level. For example:

- A worker without children between the ages of 25 and 64 on December 31, 2006, with an income below $12,120 (or $14,120 for married workers) can claim an EITC up to $412.
- Workers with children, raising one or more child in their home, and with an income of less than $36,348 (or $38,348 for married workers) on December 31, 2006, may qualify for an EITC up to $4,536.
- Workers with investment income exceeding $2,800 in 2006 may not claim the EITC. To claim the EITC, a worker must file a tax return with the IRS (either Form 1040, 1040A, or 1040EZ).

Workers do not have to calculate their own EITC. If they choose, the IRS will calculate it for them.

Workers with Disabilities
To be eligible for the credit, an individual must have earned income, also known as wages or salary. Most disability-related public benefits, such as Social Security Income (SSI) or Social Security Disability Insurance (SSDI) (See attached brief on Social Security benefits), are not considered earned income. An individual with a disability, and between the ages of 25 and 64, who worked part-time would qualify for the EITC. If an individual with a disability received either SSI or SSDI and did not work at all in the previous tax year has a spouse who did work, then they together may qualify for the credit.

It is important to know that claiming the EITC will not affect eligibility for Medicaid (the Medicaid program provides medical benefits to groups of low-income people, some who may have no medical insurance or inadequate medical insurance), Social Security benefits, food stamps, veteran's benefits, or federally assisted housing. While continued eligibility for these public benefits will not be adversely impacted, many government benefit programs also have rules about the amount of resources a person may have, in order to remain eligible. As such, claimants should consult Benefits Specialists (see attached brief on Social Security and Benefits Management) to assist them in determining how best to save or spend these resources. Employees should consult with their state Work Incentives Planning and Assistance (WIPA, formerly Benefits Planning Outreach and Assistance) organization (see attached brief on Social Security Incentives) to clarify how an EITC refund might affect them. For Medicaid, states have the flexibility to set resource limits beyond the standard rule of a two-month period. It would be advisable for workers with disabilities to check with the Medicaid program in their states about the application of tax incentives on resource limits.

It is also important to know that eligible workers with disabilities who are filing for the EITC for the first time may file retroactively, to claim the credit for a three-year period.

(XX Make Text Box)
The Retroactive EITC Claim
Mary Williams is not married and has no children. She worked part-time in 2004, 2005, and 2006 and currently receives SSI benefits. In each of the three past years, Mary earned $5,000. Mary's earnings would entitle her to a $387 tax refund, by claiming the credit in 2006. Mary has not filed a tax return for any of the past three years, because she did not earn enough to pay taxes. Since the EITC can be claimed retroactively, Mary can now submit to the IRS a tax return for each year and be entitled to a refund of over $900.

Assistance with Tax Filing
The IRS Stakeholder Partnerships, Education and Communication (SPEC) Division is directly involved in marketing and outreach to low-income workers. In the last two years, SPEC has been engaged in the Real Economic Impact Tour (REIT) to deliver financial education and tax preparation services at no cost to low-income workers with disabilities (for more information on the REIT, see www.reitour.org). Persons with and without disabilities can also receive free tax preparation service through Volunteer Income Tax Assistance (VITA) sites in 30 cities. At VITA sites, IRS trained volunteers will help low-income workers prepare and file a tax return,

including access to EITC. VITA sites in many communities are located in libraries, community colleges, shopping malls, faith and community-based organizations, and in One-Stop Career Centers. For more information on how to find a VITA site near you, please see the resource section below.

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Workforce Development System Improves Access to VITA
Workforce Florida and the Agency for Workforce Innovation are collaborating with IRS Territory Managers to establish VITA sites across the state in One-Stop Career Centers as an easy access point for low-income workers with and without disabilities. For example, in Palm Beach County, the IRS collaborated with United Way, the workforce development system, and community and faith-based groups, to operate 41 VITA sites countywide in 2006. One partner, Goodwill Industries, provided funding to support sign language interpretation for clients at any VITA site. As a result of this initiative, the number of individuals with disabilities assisted doubled from the previous year and returned $1.5 million in tax refunds to this target population.

Connecting the EITC and Asset Development
The IRS offers an option for tax filers that will allow them to "split their refund." The split refund enables a filer receiving a refund through a direct deposit, to arrange for part of it to be deposited directly into a savings account. This allows lower income workers a convenient automatic savings mechanism that can start them on a path to advance self-sufficiency. The split refund may also be a way to provide an initial deposit for an Individual Development Account (IDA), a matched savings plan that is tied to a specific asset development goal. (For more information on IDAs, please see the attached brief) Furthermore, it opens up opportunities to engage financial institutions in developing new services that are attractive to lower income tax payers. Many of the IRS facilitated community partnerships nationwide are collaborating with banks and credit unions at VITA sites to open new savings accounts. Low-income filers can expedite their refund, by filing electronically with the assistance provided at the VITA site, and then refund their money directly into their new account.

Conclusion
EITC is a unique tool to both encourage work and preserve income for low-income workers with and without disabilities. With the new option of a split refund, the VITA site can bring together financial institutions and other community partners to start a relationship with the lower income worker with and without disabilities that connects use of the credit with the benefits of savings, financial education, and the importance of asset building.

Action Steps

1. Learn more about the EITC and VITA sites in your community, by visiting the IRS Web site at www.irs.gov/EITC.

2. Learn more about IRS marketing and outreach to individuals with disabilities through community partnerships nationwide, by reviewing http://www.irs-eitc.info/SPEC/.

3. Review the TAXfacts+ Campaign/ Real Economic Impact Tour Web site: www.reitour.org.

4. Find a VITA site to assist you in preparing your tax returns and accessing this tax credit: http://www.irs.gov/individuals/article/0,,id=107626,00.html.

   Or call: 1-800-829-1040

Building Wealth on the Foundation of Employment
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Individual Development Accounts: Amplifying the Power of Savings

Introduction

Individual Development Accounts (IDAs) offer opportunities to match savings of individuals, to help achieve specific asset building objectives. This brief will provide important information about IDAs and the opportunity they offer low-income workers with and without disabilities.

Individual Development Account (IDA) Basics

IDAs are matched savings accounts designed to help low-income working individuals plan for and reach specific asset-building goals. In an IDA program, an eligible individual signs a savings agreement with a participating agency to save earned income for a specific purpose. The participant's savings are put into a separate bank account and matched with program funds. Since 1998, and on an ongoing basis after passage of the Assets for Independence Act (AFI), the Office for Community Services (OCS) in the U.S. Department of Health and Human Services has managed the federal IDA program, on a competitive basis, with those state and local government and nonprofit agencies selected as program managers.

Federally funded IDAs promote savings for any one of three targeted asset-building goals: home ownership, small business start-up, and post-secondary education. To be eligible for an IDA, an individual must be working and also eligible for Temporary Assistance for Needy Families (TANF) or the Earned Income Tax Credit (EITC. See the attached brief on the same topic). Eligible individuals or families must also have a net worth limit of $10,000, excluding primary residence and one motor vehicle.

How Individual Development Accounts Work

Each IDA participant signs a savings agreement that identifies one of the three allowable asset objectives, sets a goal of the total amount to be saved and matched, and sets a savings or investment schedule of a certain amount to be deposited in the IDA at regular intervals. The participant then determines a match rate with the program manager, which may range from one to eight dollars for each dollar the participant saves. For example, if Susan enters into a four-to-one match IDA, and saves one hundred dollars a month, she will have a total of $6,000, including the $1,200 she contributed and the $4,800 matched by the IDA. Under the AFI program, the maximum federal contribution to one IDA account is $2,000 and must be deposited with an equal amount of nonfederal dollars for a minimum of $4,000. Participants must spend their funds within five years or it is returned to the U.S. Treasury.

In all AFI projects, participants must enroll in basic financial education classes, with a focus on budgeting, responsible credit use, investments, and taxes. Most projects require at least 12.5 hours of training, before a proposed asset can be purchased.

IDA Program and Participant Profile
There are over 200 AFI projects nationwide and over 1,000 agencies and organizations that are involved with participants. Since 2000, over 200 million dollars in federal and nonfederal funds have supported AFI projects. In their 2006 Annual Report to Congress, the OCS indicated that, in the past five years, participants had opened 34,454 IDAs and over 29 million dollars were used to purchase long-term economic assets. More than 9,000 participants have finished their savings investment schedule, completed their required financial education, and used their accumulated savings and matched funds to accomplish asset development goals; for example, 3,448 purchased homes, 2,538 started or expanded small businesses, and 2,855 used their funds to start or continue post-secondary education.

Program managers for AFI projects are diverse; about 33 percent are community action agencies specifically designed for fighting poverty in local communities, and about 15 percent are community development organizations with an interest in affordable housing and community development. The remaining grantees include state and local government agencies, United Way affiliates, and community and faith-based organizations. Most projects cover a defined local geographic area, but there are a growing number of statewide and multi-state projects. Sources for matching funds include financial institutions and foundations, as well as state and local governments.

AFI projects are not required to identify whether participants are individuals with disabilities or current recipients of Social Security Income (SSI) or Social Security Disability Insurance (SSDI). While there is no research method to identify the current participation rate of people with disabilities in IDA programs, anecdotal information is available that working age adults with disabilities are interested in a matched savings plan for targeted asset development goals. IDA participants with disabilities may need varying types of reasonable accommodations to effectively participate in financial education classes and more individualized counseling.

IDAs and Persons with Disabilities
Individuals with disabilities who are working part- or full-time and are eligible for EITC would also be eligible for an IDA. Many low-income wage earners with a disability are simply unaware of the benefits of an IDA. To remain eligible for SSI and Medicaid, there are strict resource limits. However, federally funded IDAs are exempt from being counted as an asset. SSDI beneficiaries have no limits on the amount of money they can save or resources they can acquire. (For more information on ensuring that these incentives will not conflict with your Social Security benefits, please see the attached brief on Social Security.)

An IDA could be established for an SSI or SSDI beneficiary that saves income for a specific asset-building goal and have the added benefit of matched dollars to the dollars saved from earned income. The IDA, under these circumstances, actually helps preserve eligibility for Social Security benefits.

On a national level, the OCS is collaborating with the Administration on Developmental Disabilities to sponsor the AFI Family Support 360 IDA's Initiative, whereby training and technical assistance will be offered to AFI grantees nationwide, to enhance services for people with disabilities.

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Implementing IDAs: Examples from the Field

In the last three years, the OCS has funded a number of projects that support individuals with disabilities in establishing IDAs. In Chicago, for example, the National Research and Training Center on Psychiatric Disability teamed up with Good City Asset Builders Community Development Corporation, an existing IDA provider, and Thresholds, a psychiatric rehabilitation center, to bring adults with psychiatric disabilities into the IDA program. Individuals have received financial education, counseling assistance, and ongoing support with establishing an IDA. Chicago's Charter One Bank set up the initial IDA accounts and local match is being provided by a private foundation. Participants have started to save toward the purchase of a home, toward higher education, and toward the founding of a small business.

In Manchester, New Hampshire, the Center for Community Economic Development and Disability and an existing IDA provider have collaborated on a similar venture. In Florida, technical assistance funded by the Florida Developmental Disabilities Council is being offered to IDA providers in multiple locations, to help identify and support individuals with disabilities who want to benefit from matched savings towards a specific asset goal.

Conclusion

IDAs offer working age adults with and without disabilities new opportunities to preserve income and build assets for a better economic future. There is a growing array of new collaborations at the local, state, and national levels that are bringing together public and private sector resources to support matched savings with asset building goals, in particular, for individuals with disabilities. IDAs act as a vital and critical tool to promote asset development and help individuals move up the economic ladder.

Action Steps

1. Learn more about AFI projects in your state and opportunities for persons with disabilities, to establish IDAs. OCS offers an AFI Project Locator organized by state and local areas on their Web site. www.acf.hhs.gov/assetbuilding/states.html
2. Learn about future opportunities and AFI projects and how to apply for them. www.acf.hhs.gov/assetbuilding/applying.html
3. Learn more about activities of the joint OCS and ADD initiative, by contacting the AFI Resource Center at AFIProgram@acf.hhs.gov.
4. Learn more about specific efforts to create IDAs for individuals with disabilities in:
    a. *Chicago:*
    Judith Cook, Director
    National Research and Training Center on Psychiatric Disability, University of Illinois at Chicago
    cook@ripco.com
    b. *New Hampshire:*
    Tobey Davies, Director
    Center for Community Economic Development and Disability, Southern New

Hampshire University School of Community Economic Development
t.partch-davies@snhu.edu

c. *Florida:*
Elizabeth Jennings
Asset Development Specialist
National Disability Institute
ejennings@ndi-inc.org

5. Review these additional resources for further information:
   a. Office of Community Service, June 2006. Report to Congress—Assets for Independence Program.
   http://www.acf.hhs.gov/assetbuilding/congressionalreports/2006/AFI_2006_Report_to_Congress.pdf
   b. Center for Social Development: www.gwbweb.wustle.edu/users/csd
   c. Corporation for Enterprise Development: www.cfed.org and www.idanetwork.org
   d. World Institute on Disability: Equity Newsletter:
   www.wid.org/publications/?page=equity

Building Wealth on the Foundation of Employment
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SOCIAL SECURITY: Work Incentives and Benefit Management

Introduction

For people with disabilities who receive Social Security benefits, the concept of wealth accumulation is often not only unfamiliar, but sometimes threatening. Failure to properly manage social security benefits, when attaining employment and building wealth, can lead to benefit loss, including the loss of medical benefits. Given the complexity of the system and its variability from state to state, people with disabilities and their families often choose to accept poverty rather than risk benefit loss.

Social Security benefits can be used constructively to support and assist the process of wealth accumulation and financial independence. This brief will examine various work and asset incentives inherent in Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) benefits. Furthermore, it will guide readers to the resources required to properly manage benefits, while attaining employment and achieving wealth accumulation goals.

Social Security Benefits

Through the Social Security Administration (SSA), eligible individuals (i.e., individuals with a disability who have limited income and resources) can receive SSI benefits, SSDI benefits, or both, depending on their situation. The SSA is far more than a provider of cash benefits. Rather, it increasingly seeks to provide progressive supports for individuals with disabilities seeking to enter or return to the employment market. Initiatives and resources for working, while receiving benefits from SSA, offer these individuals options to become more self-determined and a productive member of the community, while earning an income and building assets. The SSA also offers many individuals with disabilities a range of medical and income supports, as well as incentive programs, to facilitate this movement towards work.

Community Work Incentive Coordinators (CWICs)

Community Work Incentive Coordinators are a nationwide resource designed to guide individuals and families through the complex choices required to attain employment and wealth, while receiving Social Security benefits. CWICs operate through a state's Work Inceptives Planning and Assistance (WIPA) organization, and can assist in determining eligibility, applying for and coordinating work incentives, and in advising individual and families on how best to maintain Medicaid benefits while working and building assets. Given the complexity and variety of the SSA's work incentives, contact with a local CWIC is an almost necessary element of a career search and asset-building strategy for a recipient of Social Security benefits.

Property Essential to Self-Support (PESS)

Under this provision, any property—such as tools, uniforms, or equipment necessary for an employee to do his or her job—is excluded as a resource. Also, under PESS, SSA will exclude

any property, equipment, or other items that belong to an active unincorporated business, including funds conserved in a business account.

Individuals who save money in an active unincorporated business account may later use those funds to purchase necessary business-related items, or may draw the funds out and use them for any purpose, including purchasing a house or buying an adapted vehicle.

Plans to Achieve Self-Support (PASS)
A PASS is a way to use countable income to fund a vocational goal. Normally, countable income would reduce a SSI payment. Instead, in exchange for promising to set aside money to use for an approved and specified goal, the SSA will increase the SSI payment, to provide support for living expenses while the PASS is active. SSI beneficiaries may set resources aside in the PASS, as well as income. A PASS applicant must use resources or income other than SSI income to pay for the goods and services he or she needs to meet the goal. Approved PASS Plan goals can include (not an exhaustive list) costs related to education that will make a individual more employable, or the cost of purchasing a car that will be used as transportation for work.

Because PASS is a work incentive program, it can also be used to develop startup funds and equity in a small business. Once the business is profitable, the SSA will continue to exclude the resources in the business under the PESS provisions discussed above, as long as the unincorporated business is active.

Home Ownership
A home, in which the SSI beneficiary lives, and any attached property are excluded as a resource for SSI entitlement. Individuals wishing to build assets can improve the value of the home by paying mortgage payments, by making home improvements, or by simply by living in the home as market values increase. If someone gives a home to an SSI beneficiary, such as in a will or by paying the down-payment for that dwelling, the gift is considered in-kind support and only affects the individual's SSI payment by reducing it for one month. After that, if the individual is living in the home, it becomes an excluded resource.

Text Box
Example: Social Security Work Incentives Used to Acquire Resources
In North-Central Montana, a career seeker wanted to open a hauling business to focus specifically on larger trucks that most tow-trucks could not haul. He had a suitable truck, but needed many pieces of additional equipment to fit the truck for heavy hauling. He was assisted in writing a PASS plan and the plan was approved by SSA. In his PASS plan, he wrote a summary of his employment goals, and detailed what he thought his earnings would be if he were able to purchase the equipment he needed. With the resources from his PASS plan, he purchased the hauling hitch and other equipment. He not only achieved an important career goal that allowed him to start his own business, he also garnered permanent resources that would continue to assist him in building assets even after the PASS plan was closed.

Conclusion
Reliance on Social Security benefits often keeps the recipient from acquiring assets and building

an economic foundation. This brief has been designed to assist users and their support staff as they learn to draw on these benefits as a tool to attaining assets.

Action Steps

The Social Security Administration funds community agencies to provide Work Incentives Planning and Assistance (WIPA) to beneficiaries of Social Security who wish to work. There are WIPA Community Work Incentive Specialists (CWICS) in every state and territory nationwide. The services are free, and may be accessed by anyone receiving benefits due to disability or blindness.

1. You can find the WIPA project that serves your area by calling: 1-866-968-7842 or by visiting: http://www.ssa.gov/work/ServiceProviders/WIPADirectory.html.
2. You can also search for the office that serves your address by entering your ZIP code at the following address: https://s044a90.ssa,/gov/apps6z/FOLO/fo001.jsp You can also use this link to help you locate other agencies in your area.
3. To apply for Social Security benefits, you should contact the Social Security Administration at: Toll Free: 1-800-772-1213. TTY number, 1-800-325-0778.
4. To apply for Medicaid under a buy-in program, you can contact your local Medicaid or TANF (welfare) office.
5. Individuals interested in using Plans to Achieve Self-Support (PASS) should contact the local Community Work Incentives Coordinator for assistance. The PASS form may be found online at: http://www.ssa.gov/online/ssa-545.html.
6. Additional information on PASS plans, including examples, can be found at: www.PASSOnline.org.

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Portfolio Series

Self-Directed Budgets: Planning for Financial Success

Introduction

This brief differs from the others in this portfolio, as it does not detail a specific funding stream or asset development resource. Rather, self-directed budgets are a method that allows customers to braid multiple resource streams and to allocate them in a way that meets their individually determined needs and goals for career advancement and self-sufficiency. Self-directed budgets allow individuals to manage their income and have access to public resources, spending and saving. The following brief will explore the relationship between a self-directed budget, a person-centered plan (or other type of officially mandated career search planning tool, such as an Individual Employment Plan, etc.), and the general concept of wealth and asset building. Our goal, in including this brief in the larger portfolio, is to assist individuals, families and professionals in the process of thinking of asset development as a necessary element of everyone's plan, and to encourage them to begin a strategy for acquiring wealth that begins and works in tandem with a strategy for career development and independent living.

Basic Elements of Self-Directed Budgets

Self-directed budgets are also often called individual accounts or individual budgets, and are typically a piece of an individual's person-centered plan, for use as a means of managing the various public and private resources that are applied to the job search and to other life needs, such as housing and personal care. Medicaid services, under Independence Plus waivers, often depend on self-directed budgets. In this brief, we are using the term in the general sense that it might be used in anyone's life: that numerous resources are available to an individual, and that all these resources, including standard income, savings plans, SSA Incentives, vocational rehabilitation funding and so forth, must be managed accurately, to ensure that each is used to greatest effect.

A person-centered planning process

Any type of individualized or self-directed budget will typically operate as a piece of a larger person-centered planning process. Depending on the agency or organization that is facilitating this process, it will be called anything from an Individual Plan for Employment (for customers of the Vocational Rehabilitation), a Transition Plan (for students transitioning from school to work), an Intensive Service Plan (under the Workforce Investment Act), or simply a Person Centered Plan under Medicaid and as a common reference. Even Social Security PASS plans are a sort of limited person-centered plan with a self-directed budget. Each of these plans, despite the differing authorities under which they operate, have basic requirements of details regarding how the individuals in question will choose to manage their job search or the career they are currently pursuing. These plans are used as justification for funding from these various authorities, and, in most cases, will include the need for some sort of budget. While these plans always require a detailed account of a job search or the maintenance of a position, and the various other life needs that surround employment (e.g., personal care, housing, transportation, etc.), they seldom require

individuals to detail what steps they will take, beyond attaining and maintaining employment, to achieve long-term financial stability.

'Braiding' multiple funding streams and resources
Weaving together this range of traditional and non-traditional resources is also known as braiding funding. Braided funding is the practice whereby resources from multiple funding and resource streams are 'woven' together to fund a service to a single individual. This method has proven potential for serving individuals with multiple or complex needs, including an individual who has a low-income and has fewer personal financial resources with which to develop a plan for employment and career development.

Braiding multiple resources is an important aspect of both the person-centered plan and the self-directed budget. While it is becoming increasingly common to talk about combining multiple resources (e.g., Vocational Rehabilitation funding with a Medicaid Waiver and a PASS plan) for a career search or the founding of a small business, it is, again, rare that the discussion turns toward how to braid various resources and dollars for an individual's long-term financial stability.

Individual choice and control
The third element of self-directed budgets is individual control choice of the desired services and supports. It is the responsibility of individuals to take control of their services, and it is the responsibility of their support staff and members of their network to support them in this, *without controlling the process or dictating their decision.* Participants should choose their services, have primary control over the agreements or contracts for services, approve the expenditures made, and participate in the ongoing monitoring of the quality of the services obtained.

Asset Development and Self-Directed Budgets
Asset development strategies can be easily incorporated into the person-centered planning process and the development of a self-directed budget. For example, an individualized self-directed budget can include $25 per month of wages set aside to be matched in an Individual Development Account, for the purpose of saving for a down payment for a first home. The self-directed budgeting process allows the individual (and facilitator) to think through the details of the needed expenditures, including investments that will build assets over time.

Many asset development programs, including individual development accounts (for more information, see the attached brief on IDAs) and micro-enterprise programs (programs designed to assist entrepreneurs who seek to open businesses smaller than those considered 'small businesses), include financial literacy training as part of their services. Individuals who want to develop a self-directed budget may benefit from taking the financial literacy classes at their local community development agency. (See also the attached brief on Financial Education.)

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Example: Self-Directed Budgets to Reach and Prosper in Employment
John, an aspiring entrepreneur in Minnesota, sought to open an online store to sell copper fixtures that he manufactured. He and his support team determined that he should develop a

budget for supplies, for an adequately powerful computer, the relevant accounting software, monthly costs—such as an internet connection and maintenance of an e-commerce Web site—and marketing expenses. A separate budget figured his personal expenses, how much he wanted to be paid, what he could save, and so forth. A prominent feature of this budget was his hope to eventually purchase a house.

Using his connection with a state Community Work Incentive Coordinator, the aspiring entrepreneur leveraged his Social Security benefits for a PASS plan to purchase computer and manufacturing equipment and supplies. Connections to other disability systems, such as Vocational Rehabilitation, assisted him in paying for other necessary items and services.

With the business founded, John then allotted a certain amount of his pay to be contributed to a matching IDA. Again, in conjunction with his CWIC, he paid himself enough to maintain certain Social Security and Medicaid benefits, and determined that his rate of pay would also qualify him for an EITC claim. Before filing his tax returns, he connected with his local VITA site to assist him in filing taxes in the best fashion for his business and himself. With the EITC and IDA, he is now on a faster road to home ownership.
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Conclusion
Self-directed budgets, in the context of a person-centered planning process, are a vital tool for individuals and families who seek greater control and flexibility in the process of acquiring employment and assets. We hope that this portfolio will assist individuals, their families and their professional supports in harnessing the potential for the wide range of resources and incentives available to them.

Action Steps

1. Find out if your state Medicaid program has one of the self-determination initiatives, including an Independence Plus waiver, a Real Choices project, or other options that may allow for self-direction. For information, refer to your state's Health and Human Services Web Site, or see: http://www.cms.hhs.gov/IndependencePlus/03_1915%20(%20c)%20Waiver.asp
2. Check with your One-Stop Center or vocational rehabilitation office to determine if self-directed budgets and person-centered planning are available service options. For information on One Stops and related services, see: www.servicelocator.org
3. Meet with a WIPA benefits counselor for a full benefits analysis and counseling about the work incentives that you may be able to use for your employment plan. For information on finding a WIPA, see: http://www.socialsecurity.gov/work/ServiceProviders/WIPADirectory.html
4. Clearly identify your goals, supports you currently have in place to reach them, and the 'gaps' that other system resources might help you to fill. For helpful tools for the career seeker, see: http://www.marylandcep.org/cetools.html
5. Ask everyone you meet with and everyone in your support network to connect you with another person who might be able to assist you with resources, advice, or connections.

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