

Social Security Language for the Entrepreneur



This document lists the definitions of key words and phrases found in Social Security-related fact sheets. We use some of these fact sheets during the “ABCs of Self-Employment” information session. Social Security language, though, can be confusing for most people to understand. Even someone familiar with Social Security rules often will re-read information.

If you are a person interested in exploring self-employment, there are a few ways you might use this definition document:

- If the wording is confusing on the fact sheets, use this list to help learn Social Security language.
- If someone is with you as a support person, show them this definition sheet too. You can review it together to better learn Social Security language.

A-E

ABLE Account: One way to save money over \$2,000. Other people can put money in this. People need help to set this up and take care of it.

Asset: This is anything I own.

Accrual Accounting Method: This is one way to keep track of how much I make and spend when I have my own business.

Benefits Information Network Liaison (BIN): This person knows all the work rules. They let me know what working will do to my SSI or SSDI check, my rent, my food stamps and my medical help.

Blind Work Expense (BWE): This is used with SSI and SSDI. These BWEs help “make working work for me.” BWEs are just like IRWEs, but for blind people.

Business Plan: This is what I have to write to get help to start a business. Most people get help to write this plan.

Business Structure: This means type of business. There are mostly five types.

Cash Accounting Method: This is one way to keep track of how much I make and spend when I have my own business.

Community Work Incentives Coordinator (CWIC): This agency person can help me plan as I work. They let me know what working will do to my SSI or SSDI check, my rent, my food stamps and my medical help.

Deduction: Something used to lower taxes. Many people get help from a CPA to figure out what deductions they can take every year.

Extended Period of Eligibility: 36 months after I have made at least \$880 for nine months, but there are special rules. A person should work with a CWIC to keep track of this.

Earned Income Exclusion: \$65. SSA does not count this as money I got each month.

F-I

Federal Insurance Contributions Act (FICA): People pay this money to the IRS for taxes. People who are self-employed can use a CPA to help with this.

Form SSA-545: This is the form used to write a PASS. A BIN or CWIC can help people with this.

General Income Exclusion: \$20. SSA does not count this as money I got each month.

Impairment Related Work Expense (IRWE): IRWEs are used with SSI and SSDI. An IRWE is a way I can “make working work for me”. There are five rules for using an IRWE. A local SSA office person approves IRWEs.

Individual Development Account: This is a way to save money above the \$2,000 limit. An expert or support person can help set this up and keep track of it.

Internal Revenue Service: The U.S. agency that collects taxes and gives tax refunds. Self-employed people pay the IRS business taxes each year.

J-M

Limited Liability Corporation: This is one business type. Most people plan with an expert to decide which business type is right for them.

Medicaid: Health care benefit for people who receive an SSI check.

Medicaid Income Threshold: This amount is \$38,002 for 2019 in Indiana.

Medicaid Section 1619b: Helps people to keep working and keep Medicaid. The limit for income is \$38,002. Most people use help from a BIN or CWIC to make this work.

Medicare: Health care benefit for people who receive an SSDI check. Healthcare starts twenty-four months after the check starts.

N-P

Net Earnings: This is how much a person makes at work after everything is taken out of their check and after they use those work incentives.

Net Earnings from Self Employment (NESE): This is how much money a person makes after business expense. A business owner must tell Social Security how much they think this will be every year.

Order of Selection (OOS): This means Vocational Rehabilitation cannot help all the people with finding a job right now.

Partnership Structure: This is one business type. Most people plan with an expert to decide which business type is right for them.

PASS Self Employment Work Goal: This is the work goal written on a PASS plan. Most people use the help of a CWIC or BIN for this.

Plan for Achieving Self Support (PASS): The PASS plan can help people save money to buy things they need to work. PASS plans are written with SSA form 545.

Property Essential to Self Support (PESS): PESS is for SSI. PESS can be confusing for most people because the rules are very specific. Most people use the help of a CWIC or BIN to figure out what is and is not property.

Q-S

Resources: This means anything owned, in a bank savings account or in a bank checking account.

Schedule C or Schedule C-SE: This is a tax form. Most people get help from a CPA to fill out this form.

Self-Employment Subsidy: This is a way people can lessen what SSA says they earn. Most people will use the help of a CWIC or BIN to figure out a subsidy.

Self Sufficiency: This means a person has enough money to 'make it on their own'.

Service Corps of Retired Executives (SCORE): This place helps people write a business plan. SCORE helps people to start their own business.

Small Business Administration (SBA): This place helps people write a business plan. SBAs help people to start their own business.

Small Business Development Center (SBDC): This place helps people write a business plan. SBDCs help people to start their own business.

Social Security Administration (SSA): This is the office sending benefit checks every month. People must let SSA know how much they earn each month. People must work with SSA if they want to use work incentives.

Social Security Disability Insurance (SSDI): This is a benefit check received each month around a person's birth date. Medicare comes with this after 24 months.

Sole Proprietorship: This is one business type. Most people plan with an expert to decide which business type is right for them.

SSI Break-Even Point: This means a person is making enough money to cause an SSI check to go down or stop.

Start-Up Funds: This is money needed to start a business. Many agencies can help locate start-up money. Most people get help to find start-up money.

Student Earned Income Exclusion: This is a way for people to keep as much SSI as possible while going to school or learning a trade.

Substantial Gainful Activity (SGA): This is an SSA decision and only applies to SSDI. Monthly earnings of \$1220 (\$2020 if blind) for a blind person. When working and getting an SSDI check, SGA is important.

Supplemental Security Income (SSI): This is a benefit check received each month when disabled and having low income. A person must apply for this check. \$771 month is the most a person can get. Medicaid comes with this benefit.

T-Z

Trial Work Period for SSDI (TWP): This is a try-out time for self-employment. A person can earn \$880 each month for at least nine months, but there are special rules. People need help from a CWIC to keep track of this.

Un-incurred Business Expense: Things or help a self-employed person gets without paying for it. These relate to the cost of running a business.

Unpaid Help: This is help a person gets for their business, but does not pay for.

Workforce Investment Act Agencies: These agencies let people know where to get help with work.

Work Incentives: These help people be able to keep working. They make it easier to keep an SSI or SSDI check higher.

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