Fletcher Tilton PC

Attorneys at law

RESPONSIVE SOLUTIONS

Understanding the SSI "One-Third Reduction Rule"

By Theresa M. Varnet, Esq.

The Social Security Administration (SSA) will decrease the amount of your Supplemental Security Income (SSI) benefit by one-third if it is determined that you are receiving "in-kind support" from your parents or a friend or relative. If you live in the home of another individual and s/he does not charge you for the cost of room and board, then SSA assumes that s/he is making a voluntary contribution towards your support. Regardless of the actual dollar value of this "in-kind support," SSA regulations "deem" the value of the support to be equal to one-third of your SSI benefit and will reduce your benefit by that amount.

In order to avoid losing one-third of your SSI check, you must be able to show that you are either paying rent or contributing your "fair share" of the cost to maintain your household. To determine whether you are paying your fair share, SSI officials will require you to itemize your household's expenses and divide those expenses by the number of people living in the home. Household expenses include total monthly expenditures for: food, rent, mortgage, property taxes, heating fuel, gas, electricity, water, sewage, and garbage collection. If the amount of expenses divided by the number of people in the home is less than \$735, SSA will allow you to keep your whole SSI benefit. If the amount is greater than \$735, (even if only by a few dollars), SSA will deem this excess amount as a voluntary contribution towards your support, and will reduce the SSI benefit by one-third. Paying rent to a parent, friend or relative will avoid the one-third reduction in value of the benefits. However, if rent is paid to the parents, this could jeopardize their ability to claim the SSI recipient as a dependent for purposes of the IRS. To claim a child as a dependent, the parent must provide more than 50 percent of the child's support. Where the child is paying rent, the parent may find it harder to demonstrate that s/he is providing at least 50 percent of the dependent's support, and therefore harder to qualify for the deduction.

Example:

If the SSI recipient is determined to receive In-Kind Support (that is, the SSI recipient receives free food and/or shelter), s/he will receive only two-thirds of the SSI benefit amount, which is \$490.

RESPONSIVE SOLUTIONS

Two simple words that explain our commitment to you. Being responsive is a critical element in building a strong attorney-client relationship. Whether you are a new or existing client, we'll be quick to respond to your needs with the knowledge necessary to find solutions to your legal concerns.

WE HAVE ANSWERS

To learn how we can assist, contact our Special Needs Practice Group Leader Frederick M. Misilo, Jr. at 508.459.8059 or fmisilo@fletchertilton.com.

> Theresa M. Varnet P: 508.459.8079 F: 508.459.8379 E: tvarnet@fletchertilton.com



FletcherTilton.com

This material is intended to offer general information to clients and potential clients of the firm, which information is current to the best of our knowledge on the date indicated below. The information is general and should not be treated as specific legal advice applicable to a particular situation. Fletcher Tilton PC assumes no responsibility for any individual's reliance on the information disseminated unless, of course, that reliance is as a result of the firm's specific recommendation made to a client as part of our representation of the client. Please note that changes in the law occur and that information contained herein may need to be reverified from time to time to ensure it is still current. This information was last updated October 2017.