

Unincurred Business Expenses

Unincurred Business Expenses can be used if you are receiving SSDI benefits; have used your Trial Work Period; **are self-employed**, and have net earnings that are more than the Substantial Gainful Activity level of \$1,220 (or \$2040 if blind). Net earnings from self-employment are your gross earnings minus your business expenses.

Using unincurred business expenses can sometimes allow your Social Security Disability Insurance (SSDI) benefits to continue even though your benefits should stop.

Unincurred business expenses are services or items you need in order to run your business, but you don't pay for these expenses yourself. Some examples of unincurred business expenses are:

- Computer equipment, tools or other items provided by Rehabilitation Services or any other source
- A friend donates time to do the company billing
- Your spouse does the bookkeeping for your business, and doesn't take any pay.

NOTE: The item/service must be an expense that the IRS would allow as a legitimate business expense.

Because you did not pay for these expenses you cannot claim them when you file your taxes. However, Social Security may be able to consider them as unincurred business expenses when they calculate your countable income.

Why Use Unincurred Business Expenses?

Here is an example of how using unincurred business expenses can keep someone eligible for an SSDI payment even when they earn more than the Substantial Gainful Activity Level.

Jim has his taxes prepared for his business. After expenses, his net earnings are \$1,300 a month. Since Jim's net earnings are more than the \$1,220 Substantial Gainful Activity level, he should not receive his monthly SSDI check.

However, Jim's brother helps in the business by making the deliveries each month. He does **NOT** get paid for this. Jim would have to pay a courier \$100 a month to make these deliveries. The value of the deliveries is approved as an unincurred business expense by Social Security. Jim's net earnings of \$1,300 minus his \$100 in unincurred business expense = \$1,200 in countable earnings.

Because Jim's countable earnings are now below the \$1,220 Substantial Gainful Activity level, his monthly SSDI payments can continue.

What Do You Need to Keep Track of Your Unincurred Business Expenses?

If you receive items from an organization or person you will need to provide Social Security with the following information:

- What item was provided
- When you received the item
- The name, address and phone number of the person or agency that bought the item for you.

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- If a family member provided the item, their relationship to you
- The value of the item
- Why the item was given to you.

If you received services Social Security will ask you

- What service(s) was provided
- Whether the service(s) was a one-time event or whether it will be ongoing
- The name, address, and telephone number of the person or agency that provided the service
- If a family member is providing the service, their relationship to you
- The amount of time each month the person spends providing the service(s).
- A reasonable estimate of what those services are worth.
- Why the service was provided

The forms, "Report of Unincurred Business Expenses" will help you keep track of both the items and services you have as unincurred business expenses. Print these tracking forms.

How Do I Get My Unincurred Business Expenses approved?

1. Call your SSDI Claims Specialist

_____ at: _____

- Report your self-employment earnings and Unincurred Business Expenses.
- Explain the Unincurred Business Expenses you have, and ask when you should submit this information.

2. Gather all the information the SSDI Claims Specialist asks you to send in. This may include letters from the agencies or family members that helped you with your business.

3. Send all the information to the SSDI Claims Specialist with a note asking her/him to call to let you know if your expenses are approved.

4. **Do not assume you get to use unincurred business expenses until your Claims Representative says it has been approved.** Call the Connection if you have problems or questions.

5. Keep all information about your self-employment earnings and your unincurred business expenses in a safe place so they are easy to find.

6. Be sure to send copies of your earnings information and records of your Unincurred Business Expenses to Social Security when they ask for them.

7. The Connection suggests that you have all of the information about your business expenses and unincurred business expenses available when you report your annual earnings to Social Security.

For more information regarding how work will affect your government benefits call the Work Incentives Connection at 651-632-5113 or 1-800-976-6728 or MN Relay -711.

This information was prepared for you by the Work Incentives Connection. The Connection cannot guarantee that you can use the work incentive, Unincurred Business Expenses. You must get this work incentive approved by your local Social Security office by following the steps outlined above.

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NOTES TO KEEP

Date you called your Claims Specialist:

What you told your Claims Specialist and what they told you:

Did the Claims Specialist approve your Unincurred Business Expenses?

YES or NO

What do you need to send them?

When should you send the information in?

Date you sent the information to SSDI:
