

DEDICATED ACCOUNTS

What is a Dedicated Account?

Once the Social Security Administration (SSA) determines your child is disabled and eligible for Supplemental Security Income benefits (SSI) your child will begin to receive monthly benefits. However, if there has been a delay between when you first applied, and when your child is finally approved, your child will be eligible for retroactive benefits. Retroactive benefits are the benefits that should have been paid from the time you applied for SSI until you actually began to receive a monthly check. If the retroactive benefits exceed six times the federal benefit amount, or \$4,536, then all of the retroactive benefits must be put into a dedicated account. If your child's retroactive benefits are less than \$4,536 a dedicated account is not required.

In order to receive the retroactive benefits you will have to open a dedicated account. This account must be separate from all other money, including monthly benefits. SSA will then deposit the retroactive benefits into the dedicated account. The retroactive benefits belong to your child, but the money can only be used for specific purposes that are different from monthly benefits. Retroactive benefits can only be used for items and services that specifically relate to your child's disability.

How and What Can I Spend Dedicated Funds On?

Yes:

- Education, medical needs, and other costs associated with a child's disability.
- Get permission from your local SSA office, in writing, for any purchases that aren't medical or educational. You can appeal if the request is denied.
- Keep records of how you spend the money. Save all of your receipts and any letters from doctors or teachers that explain why your child needed the item or service.

No:

- Do not use the money in the dedicated account for daily living expenses such as food, rent or clothing. Monthly benefits can be used for those expenses.
 - o Exception: if you are in danger of becoming homeless or being evicted you may be able to use the funds for housing. Also, if your child's disability requires special food and/or clothing you may be able to use dedicated funds. You should still ask SSA first.
- Do not mix the money in the dedicated account with any other money
- Do not throw away any documentation for how and why you spent the money.

Eligibility and Keeping Benefits Separate

Does the Money in the Dedicated account Count as a Resource? No, it does not. SSI eligibility rules limit the resources a child can have to \$2,000. However, money in your child's dedicated account does not count toward the resource limit.

Can I add Money to the Dedicated Account? No. If you mix the dedicated account with other funds SSA might count the entirety of the account as a resource, including the retroactive benefits, making your child over resource and ineligible. The money in this account must stay completely separate.

Are there exceptions to adding money to the dedicated account? Yes. If your child is awarded another back payment or back award due to an underpayment you may be able to add those funds to the

dedicated account. However, you should ask SSA if the new money can or must be put in your child's dedicated account. Interest accrued by the dedicated account may also stay in the account.

What if I need to add money to establish the account in the first place? You can use a small sum of money, up to \$25, that is not part of the retroactive payment to establish the account in the first place. This may be necessary if the bank requires minimum deposit to open an account. SSA calls this a "temporary loan." Once SSA deposits the retroactive benefits into the account you must withdraw the money used to open the account. This must be done by the end of the month following the month SSA deposits the money. The money used to open the account initially will still count as a resource.

Requesting Permission for Special Purchases

Funds in the dedicated account can be used on your child's behalf for medical treatment, education, and job skills training. It can also be used for other items or services related to your child's disability if it will benefit your child. If you are not clear that a purchase will be allowed ask for approval first.

Compile the below information:

- What you want to purchase and how much it costs
- How the item is related to your child's disability
- A supporting letter from your child's doctor to demonstrate the medical use of the item or
- A supporting letter from your child's teacher or school administrator to demonstrate the educational use of the item.

Contact your local SSA: Explain to the representative that you want to make a purchase using funds from the dedicated account. If SSA makes a decision immediately on the phone, ask for a copy of the decision in writing to keep for your records. However, a decision will likely not be made on the phone. SSA will probably ask you information about why you want to make the purchase. Give SSA a copy of the information you gathered above. Keep the original documents for yourself.

Appeal: If your request to make the purchase is denied by SSA you have 30 days to appeal the decision. If it is denied again you can request a hearing before an Administrative Law Judge and can continue to appeal up to the Federal Court. **If you request approval for a purchase, do not spend funds until you have received permission.**

How to Track Your Spending

You will have to provide SSA with a report on how you spent funds from the dedicated account annually. You must keep track of how you spend the money. Keep all receipts and bank statements. Also keep letters from SSA that approved purchases along with letters to support the purchase from doctors or teachers. If you pay by cash or debit card you will have proof of how you spent the money. SSA recommends keeping records for at least two years.

Track each purchase in an account or check register: An account register is a way to keep track of your spending. Record all purchases at the time you make them so that it is easier for you to explain a purchase later. The following page has a sample register you can use (make copies of the page so you have enough space). Make sure to balance the register against the dedicated account each month.

