

Benefits Planning Assistance Outreach

The Role of Benefits Planning Assistance & Outreach Benefits Specialist in Self-Employment Cases

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Self-Employment cases can be challenging for Benefits Specialists because they combine the complex effects of self-employment earnings and small business ownership on public benefits with the intricacies of private sector business planning and management. This combination sometimes causes Benefits Specialists to become confused about their role in working with beneficiaries who are considering self-employment, or who already own small businesses. This fact sheet was designed to clarify the roles and responsibilities, as well as the limitations within each of the two critical areas specific to self-employment: the business domain and the benefits domain.

THE BUSINESS DOMAIN

Benefits Planners should:

1. Research local resources that are available to help beneficiaries with business planning, feasibility studies, financing, accounting systems and bookkeeping, tax planning/preparation, and setting up corporations/LLC, etc.
2. Provide specific information and referral services to help beneficiaries connect with local sources of business expertise and assistance.
3. Understand the requirements of a business plan necessary for a PASS to be approved when self-employment is the occupational goal.
4. Help beneficiaries understand the business plan requirements inherent in the PASS program – reviewing business plans and providing general feedback about whether PASS requirements are met or not.
5. Advise beneficiaries about the impact of various business structures (corporations, LLC, sole proprietorship, etc.) on public benefits.
6. Advise beneficiaries on the impact of accounting methods (accrual vs. cash) on public benefits.
7. Help beneficiaries understand how to include work incentive payments in business financial statements.

Benefits Planners should NOT:

1. Help beneficiaries decide what type of business they should pursue.
2. Determine whether or not a beneficiary is capable of starting and managing a business.
3. Provide direct assistance with writing, editing or critiquing business plans.
4. Share information with beneficiaries on any legal or tax issues related to business establishment or management.
5. Give advice to beneficiaries on sources of business financing beyond work incentives related to public benefits. Benefits Specialists do not assist with preparing financing requests or loan applications.
6. Perform feasibility studies or assessments. Benefits Specialists are not qualified to evaluate the viability of a business concept.
7. Prepare financial statements for the business such as break-even analysis, cash flow analysis, or income/expense statements.
8. Provide business analysis, consultation and problem solving services to increase profitability.

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THE BENEFITS DOMAIN

Benefits Planners should:

1. Explain the effects of self-employment income and business ownership on SSI, Social Security disability benefits, Medicaid, Medicare and all other public assistance programs.
2. Perform detailed, written Benefits Analysis to spell out how self-employment will impact benefits
3. Provide specific advice about use of work incentives in self-employment, based upon the unique needs of the individual.
4. Teach beneficiaries how work incentives may be used to help fund self-employment.
5. Provide specific advice about and assistance with using of a PASS in establishing a business.
6. Facilitate the development of a PASS to include coordinating with SSA PASS specialists to facilitate approval of the plan
7. Act as an intermediary with business advisors to help them understand how work incentives may be applied to help establish a business.
8. Act as an intermediary with accounting or bookkeeping professionals to help them understand specific accounting needs related to Social Security benefits
9. Follow up periodically with beneficiaries pursuing self-employment with active PASSs to see that everything is going as planned.
10. Coordinate work incentives planning for self-employment with VR counselor (if appropriate)

Benefits Planners should NOT:

1. Attempt to talk beneficiaries out of pursuing self-employment due to the complex inter-relationship between business ownership and public benefits.
2. Simply referring the beneficiary to local SBDC or SBA without fulfilling your responsibility for assisting with the benefits analysis and advise-ment
3. Try to develop, edit, revise or in any way oversee or manage the writing of the business plan. Benefits Specialists are simply NOT trained to assist with this process.
4. Write the entire PASS in isolation of the beneficiary. The PASS belongs to the individual with the disability – not the Benefits Specialist. Substantial involvement from the beneficiary is necessary if the PASS is to be successful
5. Take responsibility for setting up business accounts, reporting estimated earnings to SSA or keeping track of PASS expenditures. The Benefits Specialist's role is to teach the beneficiary to do these things.
6. Provide benefits counseling to individuals who are withholding information about income and resources from SSA or misrepresenting net earnings from self-employment to any agency administering public benefits programs.

Understanding the impact of self-employment income and business ownership on public benefits is a core competency for Benefits Specialists. It is not an optional area of expertise that a Benefits Specialist may simply choose NOT to master. It is the primary duty of a Benefits Planner is to provide the information necessary to assist beneficiaries in making fully informed choices about employment – whether that is wage employment or self-employment. Benefits Specialists must take responsibility for gaining this knowledge and using the available sources of training and technical assistance for support.

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