

## Social Security Administration

## § 416.1225

owes \$1,500 on the looms. Sharon's net earnings from self-employment is \$400. Since Sharon's equity in the looms and other equipment (\$5,500) is under the \$6,000 limit for property essential to self-support and her net income after expenses (\$400) is greater than 6 percent of her equity, her income-producing property is excluded from countable resources. The home is not considered in any way in valuing property essential to self-support.

*Example 2.* Charlotte operates a farm. She owns 3 acres of land on which her home is located. She also owns 10 acres of farm land not connected to her home. There are 2 tool sheds and 2 animal shelters located on the 10 acres. She has various pieces of farm equipment that are necessary for her farming activities. We exclude the house and the 3 acres under the home exclusion (see § 416.1212). However, we look at the other 10 acres of land, the buildings and equipment separately to see if her total equity in them is no more than \$6,000 and if the annual rate of return is 6 percent of her equity. In this case, the 10 acres and buildings are valued at \$4,000 and the few items of farm equipment and other inventory are valued at \$1,500. Charlotte sells produce which nets her more than 6 percent for this year. The 10 acres and other items are excluded as essential to her self-support and they continue to be excluded as long as she meets the 6-percent annual return requirement and the equity value of the 10 acres and other items remains less than \$6,000.

*Example 3.* Henry has an automobile repair business valued at \$5,000. There are no debts on the property and bills are paid monthly. For the past 4 years the business has just broken even. Since Henry's income from the business is less than 6 percent of his equity, the entire \$5,000 is counted as his resources. Since this exceeds the resources limit as described in § 416.1205, he is not eligible for SSI benefits.

(b) *Exception.* Property that represents the authority granted by a governmental agency to engage in an income-producing activity is excluded as property essential to self-support if it is:

- (1) Used in a trade or business or non-business income-producing activity; or
- (2) Not used due to circumstances beyond the individual's control, e.g., illness, and there is a reasonable expectation that the use will resume.

*Example:* John owns a commercial fishing permit granted by the State Commerce Commission, a boat, and fishing tackle. The boat and tackle have an equity value of \$6,500. Last year, John earned \$2,000 from his fishing business. The value of the fishing permit

is not determined because the permit is excluded under the exception. The boat and tackle are producing in excess of a 6 percent return on the excluded equity value, so they are excluded under the general rule (see paragraph (a) of this section) up to \$6,000. The \$500 excess value is counted toward the resource limit as described in § 416.1205.

[50 FR 42687, Oct. 22, 1985]

### § 416.1224 How nonbusiness property used to produce goods or services essential to self-support is counted.

Nonbusiness property is considered to be essential for an individual's (and spouse, if any) self-support if it is used to produce goods or services necessary for his or her daily activities. This type of property includes real property such as land which is used to produce vegetables or livestock only for personal consumption in the individual's household (for example, corn, tomatoes, chicken, cattle). This type of property also includes personal property necessary to perform daily functions exclusive of passenger cars, trucks, boats, or other special vehicles. (See § 416.1218 for a discussion on how automobiles are counted.) Property used to produce goods or services or property necessary to perform daily functions is excluded if the individual's equity in the property does not exceed \$6,000. Personal property which is required by the individual's employer for work is not counted, regardless of value, while the individual is employed. Examples of this type of personal property include tools, safety equipment, uniforms and similar items.

*Example:* Bill owns a small unimproved lot several blocks from his home. He uses the lot, which is valued at \$4,800, to grow vegetables and fruit only for his own consumption. Since his equity in the property is less than \$6,000, the property is excluded as necessary to self-support.

[50 FR 42687, Oct. 22, 1985]

### § 416.1225 An approved plan to achieve self-support; general.

If you are blind or disabled, we will pay you SSI benefits and will not count resources that you use or set aside to use for expenses that we determine to be reasonable and necessary to fulfill

**§ 416.1226**

an approved plan to achieve self-support.

[71 FR 28265, May 16, 2006]

**§ 416.1226 What is a plan to achieve self-support (PASS)?**

- (a) A PASS must—
  - (1) Be designed especially for you;
  - (2) Be in writing;
  - (3) Be approved by us (a change of plan must also be approved by us);
  - (4) Have a specific employment goal that is feasible for you, that is, a goal that you have a reasonable likelihood of achieving;
  - (5) Have a plan to reach your employment goal that is viable and financially sustainable, that is, the plan—
    - (i) Sets forth steps that are attainable in order to reach your goal, and
    - (ii) Shows that you will have enough money to meet your living expenses while setting aside income or resources to reach your goal;
  - (6) Be limited to one employment goal; however, the employment goal may be modified and any changes related to the modification must be made to the plan;
  - (7) Show how the employment goal will generate sufficient earnings to substantially reduce your dependence on SSI or eliminate your need for title II disability benefits;

*Example 1:* A Substantial Reduction Exists. Your SSI monthly payment amount is \$101 and your PASS employment goal earnings will reduce your SSI payment by \$90. We may consider that to be a substantial reduction.

*Example 2:* A Substantial Reduction Exists. You receive a title II benefit of \$550 and an SSI payment of \$73. Your PASS employment goal will result in work over the SGA level that eliminates your title II benefit but increases your SSI payment by \$90. We may consider that a substantial reduction because your work will eliminate your title II payment while only slightly increasing your SSI payment.

*Example 3:* A Substantial Reduction Does Not Exist. Your SSI monthly payment amount is \$603 and your PASS employment goal earnings will reduce your SSI payment by \$90. We may not consider that to be a substantial reduction.

- (8) Contain a beginning date and an ending date to meet your employment goal;

- (9) Give target dates for meeting milestones towards your employment goal;

- (10) Show what expenses you will have and how they are reasonable and necessary to meet your employment goal;

- (11) Show what resources you have and will receive, how you will use them to attain your employment goal, and how you will meet your living expenses; and

- (12) Show how the resources you set aside under the plan will be kept separate from your other resources.

- (b) You must propose a reasonable ending date for your PASS. If necessary, we can help you establish an ending date, which may be different than the ending date you propose. Once the ending date is set and you begin your PASS, we may adjust or extend the ending date of your PASS based on progress towards your goal and earnings level reached.

- (c) If your employment goal is self-employment, you must include a business plan that defines the business, provides a marketing strategy, details financial data, outlines the operational procedures, and describes the management plan.

- (d) Your progress will be reviewed at least annually to determine if you are following the provisions of your plan.

[71 FR 28265, May 16, 2006]

**§ 416.1227 When the resources excluded under a plan to achieve self-support begin to count.**

The resources that were excluded under the individual's plan will begin to be counted as of the first day of the month following the month in which any of these circumstances occur:

- (a) Failing to follow the conditions of the plan;
- (b) Abandoning the plan;
- (c) Completing the time schedule outlined in the plan; or
- (d) Reaching the goal as outlined in the plan.

[50 FR 42688, Oct. 22, 1985]

**§ 416.1228 Exclusion of Alaskan natives' stock in regional or village corporations.**

- (a) In determining the resources of a native of Alaska (and spouse, if any)