The cost of certain impairment-related items and services required by individuals in order to work are deducted from gross earnings in calculating SGA, even if these items and services are also needed for non-work activities. The purpose of the IRWE is to allow Title II beneficiaries to reduce income below SGA levels until they can work at a level of self-sufficiency, which decreases reliance on benefits.

For Social Security beneficiaries, deducting an IRWE may keep monthly gross earnings below SGA, thus enabling them to maintain Social Security eligibility. The cost of IRWE expenses can also be deducted from gross earnings during initial application processes, enabling individuals to meet the SGA requirement.

For an IRWE deduction to be allowable, the following criteria must be met:

- Expenses must be directly related to the person’s impairment(s) listed in their SSA disability file or other impairment for which they receive medical treatment;
- Individuals, because of a severe physical or mental impairments, must need the items or services to work;
- Costs must be paid by the individuals and not be reimbursable from other sources;
- Expenses must be paid in a month in which the individuals are, or were, working; and
- Expenses must be reasonable (represents the typical cost for item or services in the persons community).

The SSA list of allowable expenditures under IRWE is extensive and includes costs of adaptive equipment or specialized devices, attendant care, special transportation costs, as well as the cost of job coach services. Documentation of costs is submitted to the SSA claims representatives who are responsible for making the IRWE determination. Under some circumstances, IRWE payment for durable goods made during the 11-month period preceding the month work started can be deducted. Expenses incurred in a month of work but paid for after work stopped also can be considered.

**Supported Employment Services**

Payments made by Social Security beneficiaries to purchase supported employment services necessary for individuals to obtain and / or maintain competitive employment may be allowable deductible expenses.
Individuals with disabilities who are considering using the IRWE option may want to consider the following factors:

1. The expenses incurred during the initial support phases of supported employment are usually higher than can be comfortably accommodated within the monthly income amount individuals receive in earnings or benefit payments. Therefore, it may be advisable to use the IRWE option as a funding source for the follow-up phases (it may be more beneficial to use a PASS in the initial support phases); and/or

2. Use of other funding sources (i.e., VR services, MH / MR, DD services, etc.) with funds appropriated for the purpose of employment support services. This will avoid relaxation of demands on these sources, thus averting a miscalculated assessment of funding needs. Many individuals using the work incentives may later require supplemental resources to support their employment.

**Attendant Care Services**

Deductible:

- Services performed in the work setting;

- Services performed in the process of helping the beneficiaries prepare for work (dressing, etc.), the trip to / from work, and after work (cooking, bathing, etc.);

- Services which may benefit other members of beneficiaries’ families (i.e., cooking meals for the individuals which are also eaten by other family members); and/or

- Paid services performed by family members who can prove individuals suffer economically due to performing the services (i.e., family members must stop working or work reduced hours in order to perform the attendant care services).

Not Deductible:

- Services performed on non-work days or involving non-work activities;

- Services performed for other family members;

- Paid services performed by family members who do not suffer economic loss by performing the services; and/or

- Services performed “in-kind,” whether or not family members suffer an economic loss.
**Transportation Costs**

**Modified Vehicles:**
- Costs of structural or operating modifications (installing, maintaining, or repairing these items), which are directly related to the impairment.
- Mileage allowance for one’s own vehicle based on Federal Highway Administration standards.

**Unmodified Vehicles:**
- Where the impairment prevents the person from taking public transportation, not because of unavailability of public transportation.
- The deduction is based on federal mileage allowance.

**Example:** Person with cerebral palsy who is unable to walk to and from a bus stop.

**Driver assistance, taxicabs or other hired vehicles:**
- Deduct amount paid to driver.
- If the person’s own vehicle is used, deduct mileage allowance.

**NOTE:** One can more easily qualify for this deduction when a person’s impairment requires the vehicle to be modified.

**SSA Approved Mileage Allowances (based on vehicle weight)**

**Car:**
- “Subcompact” (Less than 2,500 lbs) ............................................... 28.9¢ / mile
- “Compact” (Less than 3,000 lbs) .................................................... 29.5¢ / mile
- “Intermediate” (Less than 3,500 lbs) .............................................. 33.4¢ / mile
- “Full-Sized” (3,500 lbs or more) .................................................... 37.9¢ / mile

**Pickup:**
- “Compact” ...................................................................................... 30.6¢ / mile
- “Full-sized” ..................................................................................... 35.1¢ / mile

**Van:**
- “Minivan” ....................................................................................... 35.3¢ / mile
- “Full-sized” ..................................................................................... 44.8¢ / mile

**Unknown Vehicle Type** ................................................................. 31.5¢ / mile

The rates listed above take into account operating costs to include:
- Depreciation
- Finance charges
- Gas and oil
- Parts and tires
- Maintenance and repairs
- Insurance
- Tolls and parking
- License fees
- Title fees
- Registration fees
- Local, state, and federal tax
- Inspection fee

---

1 SSA will be phasing out the use of vehicle class mileage rates and replacing them with the standard mileage rate permitted by IRS for non-governmental business use. Use the IRS standard mileage rate in determining the mileage expense for IRWE purposes unless the vehicle class mileage rate is more advantageous to the individual.
Medical Devices

Deductible:
• Wheelchairs;
• Dialysis Equipment;
• Pacemakers; and/or
• Respirators.

Not Deductible:
• Any devices not serving a medical purpose.

Prosthesis

Deductible:
• Artificial replacements for any body part (i.e., arms, legs, hips).

Not Deductible:
• Any prosthesis device considered to be primarily cosmetic.

Work-Related Equipment & Assistants

Deductible:
• Typing aids (i.e., one-handed typewriters);
• Training in the use of work-related equipment;
• Special work tools;
• Telecommunication devices;
• Interpreter services for individuals with hearing impairments;
• Visual aids for individuals with visual impairments (i.e., Braille devices, reader services, electronic enhancers); and/or
• Job coaching fees.

Not Deductible:
• Work-related devices not paid for by beneficiaries or previously deducted as business expenses in cases of self-employed individuals.
• General education.

Residential Modifications

Deductible:
• Individuals employed outside the home — exterior modifications which permit access to street / transportation (i.e., ramps, railings, sidewalks); and/or
• Individuals employed in home — modifications made to create a working space to accommodate individuals (i.e., widening doorway into office, installing wheelchair lift).
Not Deductible:
- Individuals employed outside the home — modifications to interior of home (i.e., lowering kitchen / bathroom cabinets, widening doorways); and/or
- Individuals employed in home — expenses previously deducted as business expenses in determining SGA.

**Routine Drugs / Medical Services**

Deductible:
- Costs of visits to doctor’s office to obtain regularly prescribed medical treatment / therapy to attempt to control the disabling condition; and/or
- Costs of regularly prescribed medical treatment / therapy which is necessary to control the disabling condition (i.e., anticonvulsant drugs, blood level monitoring, anti-depressant drugs, chemotherapy).

**Diagnostic Procedures**

Deductible:
- Costs of procedures related to evaluation, control, or treatment of disabling condition (i.e., brain scan).

Not Deductible:
- Costs of procedures not paid for by beneficiaries.

**Nonmedical Appliances and Devices**

Deductible:
- Appliances/devices prescribed by physicians as essential for controlling the disabling conditions at home or work (i.e., electronic air cleaner for individuals with severe respiratory conditions).

Not Deductible:
- Appliances/devices used at home or at the office which the beneficiaries do not have a verified work-related need (i.e., air conditioner, humidifier).

**Similar Items and Services**

Deductible:
- Cost of expendable medical supplies (i.e., elastic stockings, incontinence pads, catheters); and/or
- Costs of guide dogs, dog food, dog licenses, and veterinarian services.

Not Deductible:
- Costs of appliances/devices used primarily for physical fitness, which are not prescribed by a physician (i.e., exercise bike).
Marcus is labeled with mental retardation and is receiving $650 per month CDB benefits. He starts working with gross monthly earnings of $900. Without an IRWE, Marcus’ gross wages of $900, because they are greater than the SGA, will ultimately result in loss of his Social Security benefits following completion of his TWP.

By deducting an IRWE from his gross monthly wages, his countable income would be below SGA and allow him to sustain his Social Security benefits offsetting his IRWEs. The following example illustrates this:

**Example: IRWE Calculations – Impact on Social Security Benefits**

<table>
<thead>
<tr>
<th>STEP ONE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Monthly Earnings</td>
<td>$ 900.00</td>
</tr>
<tr>
<td>Minus IRWE</td>
<td>$ 250.00</td>
</tr>
<tr>
<td><strong>Equals Adjusted Gross Earnings (Non-SGA)</strong></td>
<td>$ 650.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STEP TWO</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Earnings</td>
<td>$ 900.00</td>
</tr>
<tr>
<td>Plus CDB</td>
<td>$ 650.00</td>
</tr>
<tr>
<td><strong>Equals Monthly Income</strong></td>
<td>$1550.00</td>
</tr>
<tr>
<td>Minus IRWE</td>
<td>$ 250.00</td>
</tr>
<tr>
<td><strong>Equals Total Usable Income</strong></td>
<td>$1300.00</td>
</tr>
</tbody>
</table>

There are no time limits on how long individuals can use the IRWE to pay for particular services or items. This is very beneficial for individuals who have ongoing impairment-related work expenses such as transportation assistance or supported employment follow-along services. It is not necessary that an IRWE be a monthly recurring expense. In some instances, individuals may have a one-time expense, such as a piece of medical equipment. In this case, they may choose to have the expense deducted as an IRWE all in one month or to have the expense pro-rated over a period of 12 months. Pro-rating the expense is particularly helpful if the services or items are costly. This approach can enable individuals to recover a greater amount of the expense over time.

The process of establishing an IRWE is easy. If an expense appears to meet all of the necessary criteria, individuals should document the cost of the expense and submit it to the local SSA office in letter format. Listing each of the criteria with an accompanying explanation of how the expense meets the criteria. The SSA claims representative will review it and make a determination.