



The Honorable Charles B. Rangel, Chairman

“How To” Manual for One-time, \$250 Economic Recovery Payments

Who is eligible?

Any adult age 18 or over (other than a student beneficiary) who was entitled to a retirement, survivors, or disability benefit from Social Security at any time during the period November 2008 through January 2009.

Also, any person receiving Supplemental Security Income (SSI) cash payments (except those in medical facilities in which Medicaid is paying for most of the cost of their care), Railroad Retirement benefits, or compensation or pension benefits from the Veterans Administration during that period.

Will an individual who was entitled to two separate benefits, such as SSI and Social Security, or Social Security and VA benefits, get two checks for \$250?

No. Such beneficiaries may only receive one payment of \$250.

Will a person who is both working and receiving Social Security, VA or Railroad Retirement benefits be eligible for this payment?

Yes, but the amount of the payment will be deducted from the total amount of the “Make Work Pay” tax credit created by the new law. The amount of the tax credit will be figured when the individual files their 2009 tax return.

Will the payment be included in the regular monthly Social Security, VA or Railroad Retirement benefits, or will it come separately?

The special \$250 payment will be paid separately from regular benefits, but will be paid in the same form the beneficiary receives monthly benefits. So, if the beneficiary normally receives a direct deposit of the monthly Social Security benefit, the special \$250 payment will also be direct deposited to the beneficiary’s bank account.

When will the payments be issued?

It is expected that most payments administered by SSA will be disbursed in May 2009.

Will this payment be taxable?

This payment is not subject to federal income tax.

Will a person who has applied for disability benefits but whose claim is still pending (e.g., on appeal and waiting for a hearing) be able to get the \$250 payment?

Yes, if the application is approved and adjudicated before December 31, 2010, and the benefits awarded retroactively cover at least one month during the period between November 2008 and January 2009.

Will the payment count as income which could reduce a person's SSI benefits?

No, and eligibility for Food Stamps, Medicaid or other federally-funded means-tested benefits will also not be affected. Payments are also excluded as a resource for the month of receipt and the following 9 months.

Will a retired government employee receiving a pension from a job that was not covered by Social Security be eligible to receive the payment?

Many will be issued a payment from the Social Security Administration, if they are receiving Social Security benefits or if they have a spouse who receives Social Security benefits. All others will be able to claim a special one-time refundable tax credit of \$250 on their 2009 tax returns (filed in 2010).

Will the cost of the Social Security payments be paid by the Social Security Trust Funds?

No. The cost of all the payments will be financed from the General Fund of the U.S. Treasury.

*Prepared by the staff of the Committee on Ways and Means
Charles B. Rangel, Chairman
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