



# SOCIAL SECURITY ADVISOR

## Social Security Planning for Retirement

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**How Health Savings Accounts Team Up with Medicare and Social Security**

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### Steps for Subsequent Social Security Disability Insurance Success

Last month's issue revealed the "Triple A" process for obtaining Social Security Disability Insurance (SSDI) benefits: application, approval, and (often necessary) appeals. Acceptance for SSDI is just the beginning, though.

This month we'll follow through on what to expect, post-approval. That includes the initial waiting period, the disability benefit computation, the on-going review process, and the incentives for SSDI beneficiaries to return to work.

#### A Claim Is Approved ...Then What?

Someone who has been awarded a favorable disability determination faces a five-month waiting period for SSDI benefits, which begins with the first full month that the claimant is (a) disabled, and (b) meets the disability insured status requirements. (*Under a law enacted in late 2020, claimants who have been diagnosed with amyotrophic lateral sclerosis [ALS], known as Lou Gehrig's disease, bypass the five-month waiting period.*)

**Example 1:** John was deemed disabled by Disability Determination Services (DDS) on March 22, after being diagnosed with chronic obstructive pulmonary disease. John's five-month wait began in April, so he

will be entitled to his first monthly SSDI benefit in September. He will collect his first SSDI benefit check in October (benefits are always paid in arrears, after the month for which they are due). Planning for this delay in advance may help to avoid undue strain on finances.

Going forward, after receiving disability benefits for 24 months, claimants such as John also become eligible for health insurance from Medicare. This 24-month wait is waived for those with ALS, as well as for disabled beneficiaries diagnosed with permanent kidney failure requiring dialysis or a transplant, so such individuals qualify for Medicare immediately upon an SSDI disability award.

Note that a favorable disability award letter from the Social Security Administration also provides an exception to the 10% early withdrawal penalty that generally applies to age pre-59½ distributions from qualified plans and IRAs. Disabled individuals should keep their award letter in a safe place!

#### Behind the Benefit Amount

*How much will SSDI recipients collect?* A claimant's disability benefit amount generally equals his or her primary insurance amount (PIA), the

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