



Payment of Food & Shelter

Generally speaking, trust funds should not be used to pay a trust beneficiary's food and/or shelter expenses. Paying these items will reduce a beneficiary's Supplemental Security Income (SSI) check, however it may be necessary.

Social Security considers these items to be **In-Kind Maintenance and Support (ISM)**. The trust beneficiary's benefits will be reduced dollar for dollar up to the Presumed Maximum Value (PMV). PMV is a value created by Social Security and represents a cap on the amount that can be deducted from the trust beneficiary's monthly SSI benefit.

Medicaid Only Client in California (Medi-Cal): The charity/trustee may pay for any item including In-kind Support & Maintenance (ISM) items such as groceries, utilities such as, gas, electricity, water, sewer, heating fuel, garbage removal **so long as the trust beneficiary partially contributes to the bill**. A home should be purchased outside the trust. When the home is bought prior to the Special Needs Trust is established, CPT Institute can make mortgage payments.

SSI Client: In-kind Support & Maintenance (ISM) items such as groceries, utilities such as, gas, electricity, water, sewer, heating fuel and garbage removal, can only be paid if the trust beneficiary elects to take a Presumed Maximum Value (PMV) reduction. With a PMV reduction all items can be paid. See below on how to calculate a PMV reduction.

$$\text{PMV Reduction} = (\text{Current federal benefit rate} \div 3) + \$20$$

The monthly maximum Federal amounts for 2022 are \$841 for an eligible individual.

$$\text{Maximum Reduction to SSI} = (\$841/3) + \$20 = \$300.33$$

Numbers are updated yearly. Please refer to this link <https://www.ssa.gov/cola/> for the latest figures.

The Social Security Administration calculates assistance in food & shelter assistance provided by third parties on a calendar month basis. See how ISM may affect benefits in the examples below.

- **Example 1:** Mr. Smith receives \$794/month in SSI payments. Trust pays rent & electricity of \$1,000/month & \$200/month for food. Benefits will be reduced by \$284.67. Mr. Smith will receive \$509.33 in SSI. Net benefit to client each month is \$1,709.33. Client continues to receive Medicaid.
- **Example 2:** Mr. Smith receives \$794/month in SSI payments. Trust pays food and/or shelter expenses of \$200 in a month. Benefits will be reduced by \$200 and Mr. Smith will receive \$594 in SSI. Net benefit to client each month is \$594. Client continues to receive Medicaid.
- **Example 3:** Mr. Smith receives \$543/month from Social Security Disability SSDI and \$190/month in SSI. Trust pays \$200/month in either food and/or shelter expenses. Mr. Smith receives \$0 SSI because \$200 is greater than the \$190 he received. Net benefit to client \$743, but Mr. Smith may also lose his Medicaid benefits. If this fits your situation, we recommend seeing an attorney specializing in SSI & Medicaid for further assistance.

In the above examples, all payments are made directly to third parties. A beneficiary **cannot be** reimbursed for food or shelter expenses. Shelter expenses are generally easy to pay directly. Because of the nature of food expenses, food purchases are usually made on a credit card or purchased by a third party. The trust would then pay the credit card or reimburse the third party in most states.

The trustee has a duty to keep records of payments, however it is the recipient of SSI who has a duty to report the receipt of ISM. Typically, ISM should be reported in the month the food and/or shelter items are received. If credit was extended to pay for the item, the month in which the bill was paid may be appropriate as well.