Does my loved one qualify for financial help because of their mental illness?

When an adult loved one has a severe and disabling mental illness, finances and financial planning can be confusing. Learning about public benefits and options to save and protect your loved one’s assets can provide some empowerment.

Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) are the largest of several federal programs that provide assistance to people whose ability to work is inhibited by their disabilities. The Social Security Administration oversees these programs and provides information about how to apply.

SSI is for disabled adults and children who have not worked at all or enough to be eligible for SSDI. They must have a qualifying disability and meet income and asset criteria.

SSDI pays benefits to individuals and certain family members if the “insured” beneficiary worked long enough — and recently enough — and paid social security taxes on earnings.

Applications may take many months to process, and initial denials are common. Individuals and family supporters are encouraged to ask what additional documentation is needed in order to file an appeal. If your loved one’s illness is becoming intractable and their ability to work is severely impaired, it’s never too soon to start a social security application.
SOAR supports increased access to social security benefits

The Substance Abuse and Mental Health Services Administration (SAMHSA) supports a program called SOAR, which stands for SSI/SSDI Outreach, Access, and Recovery. SOAR increases access to disability benefits for eligible children and adults who are experiencing or at risk of homelessness and have a serious mental illness, medical impairment, and/or co-occurring substance use disorder.

The SOAR model is designed to assist children and adults in applying for social security disability benefits, including those returning to their communities from jails and hospitals. SAMHSA's SOAR Technical Assistance Center helps states and communities strategize to end homelessness and promote recovery.

Check out SAMHSA's interactive map to help you find a SOAR program in your state.

How can my loved one save any money, given the income limits of their benefit?

People with disability benefits through social security or other benefits programs often have resource limits or might be subject to fines or taxes if they accumulate any wealth beyond what they need to meet very basic living expenses.

The Achieving a Better Life Experience (ABLE) Act of 2014 allows states to create savings programs for eligible people with disabilities. ABLE accounts have specific rules about how funds can be used, and distributions are tax-free only if used for qualified disability expenses. Establishment of an ABLE account can be part of regular estate planning for families who want to plan for the long-term financial needs of a loved one with disabilities.

What can be done to make sure my loved one uses their benefits wisely?

A representative payee (sometimes called rep payee) is an adult appointed by the Social Security Administration to handle the funds of a social security recipient. The recipient’s doctor must notify social security if they believe the individual isn’t able to manage their own finances. The beneficiary can appoint someone or use an agency to handle the funds.

The use of a representative payee can be immensely helpful to ensure that basic living expenses such as rent are reliably paid and to assist with savings and asset management. Family members or loved ones sometimes act as representative payee for a social security recipient. This is the lowest-cost option since agencies charge a small fee for the service. Before agreeing to be representative payee for a loved one, be sure to consider the potential strain it could place on your relationship.

Having financial management handled by a professional third party can promote independence and eliminate stress for aging caregivers who want to make sure their loved one’s needs will be met into the future.
How can I plan for my loved one’s long-term financial stability?

A special needs trust/pooled trust is an option for people who want to plan for their loved one’s long-term financial independence. A qualified family law attorney can help with these legal documents. The Special Needs Alliance is an organization of attorneys who focus on the practice of disability and public benefits law, and the website includes a button to find an attorney. As with the ABLE accounts discussed above, estate planning can and should include consideration of how best to ensure a stable financial future for our loved ones. There are multiple tools available to aid with this goal. For a referral to a qualified estate planning, elder law, or special needs attorney, contact your state bar association.