

March 2, 2017

Testy McTesterson
123 Nope
Charlotte, NC 28205

Dear Mr. McTesterson,

If you are awarded SSI benefits, the Social Security Administration will look at whether someone has provided food and/or shelter for you while you waited for benefits. If it is determined that you received food and/or shelter from someone else, then the amount of SSI benefits you receive could be reduced automatically by a third. This is what SSA calls the "one-third provision." As an example, in 2016, the maximum that anyone can receive for SSI is \$733 per month. If someone eligible to receive SSI is not paying for their food and/or shelter, they could be subject to the one-third provision. In that case, their monthly benefits would be cut by 1/3 and would be \$491.11 per month. As you can see, this is a substantial portion of monthly benefits that is automatically taken away.

The solution to the one-third reduction is to enter into an agreement to repay the person who is providing you the food and/or shelter. By entering into this agreement, you are stating that you intend to repay the person who is providing you with food and/or shelter, however, this agreement is NOT dependent on your receipt of benefits. **This is a legally-binding document, so if you enter into this agreement, even if you do not win your disability benefits, the lender would still legally be able to pursue you for repayment. Therefore, it is entirely up to you whether you want to enter into such an agreement.**

If you want to avoid the one-third provision so that you can receive additional SSI money, then please complete the copies of the enclosed Contract for Repayment of Loan for Living Expenses. The person who provides you with food and/or shelter will need to enter their name and address at the top and then write their name on the blanks on the form. They should also complete the section asking about living expenses. Both you and the lender will need to sign and date this form.

Also make sure to include the **TOTAL** number of people who live with you and Lender, including young children and anyone who is temporarily absent. So if someone normally lives with you and Lender, but is temporarily living somewhere else, you will want to include that person in the Total number.

Once you have completed the agreement, please return all copies to me in the enclosed envelope that I have provided. I will submit this document to Social Security and will mail you and the lender a copy as well.

If you have any questions regarding this form or how to complete it, please contact my office.

Sincerely,



Daniel A. Bridgman, Esq.

DAB/smh

EXAMPLE Contract for Repayment of Loan for Living Expenses

Lender: John Doe 123 Main Ave Anywhere, USA
 (First, Middle and Last Name) (Street Address) (City, State and Zip Code)

Debtor: Your Name

I, John Doe ('Lender') being of sound mind and memory and being at least 18 years of age, AND I, Your Name being of sound mind and memory and being at least 18 years of age, enter into the following legally and binding contract with mutual consent.

Your Name will pay Lender his/her share of household expenses (see below) for which Lender will provide to Your Name up until Your Name starts receiving an income which is anticipated to be Social Security disability benefits and/or Supplemental Security Income benefits. If Your Name does not win his/her disability benefits or appeal for benefits, then Your Name remains obligated to repay the Lender for each month of household expenses that has been provided to him/her since the inception of this agreement and until such debt is fully repaid. The rate at which repayment for back household expenses will be 25% of the benefits noted above unless this would cause an undue financial hardship. If it is determined that 25% would cause an undue financial hardship, the rate of repayment will revert to 5% of the benefits noted above. The following are the household expenses for which this contract covers:

EXAMPLE MONTHLY EXPENSES:

(1) Food (what food stamps does not cover)	<u>\$300</u>
(2) Rent or Mortgage Payment	<u>\$1,000</u>
(3) Utilities (electric, gas, water, etc.)	<u>\$200</u>
TOTAL MONTHLY EXPENSES	<u>\$1,500(a)</u>

(a) Total Monthly Expenses
 DIVIDED BY
 (b) # of adults in the house
 EQUAL
 (c) Your Share

HOW MANY people live with you in the household?

- Other Adults (including temporarily absent adults): 2(b).
- Children: 0.

Your Name share of household expenses are: \$500(c)

The above stated loan has been in effect since (when you started received the assistance), via oral contract.

Your Signature
 Debtor's signature

John Doe's Signature
 Lender's signature

Today's Date
 Date

Today's Date
 Date

Contract for Repayment of Loan for Living Expenses

Lender: _____
(First, Middle and Last Name) (Street Address) (City, State and Zip Code)

Debtor: _____

I, _____ ('Lender') being of sound mind and memory and being at least 18 years of age, AND I, _____ being of sound mind and memory and being at least 18 years of age, enter into the following legally and binding contract with mutual consent. _____ will pay Lender his/her share of household expenses (see below) for which Lender will provide to _____ up until _____ starts receiving an income which is anticipated to be Social Security disability benefits and/or Supplemental Security Income benefits. If _____ does not win his/her disability benefits or appeal for benefits, then _____ remains obligated to repay the Lender for each month of household expenses that has been provided to him/her since the inception of this agreement and until such debt is fully repaid. The rate at which repayment for back household expenses will be 25% of the benefits noted above unless this would cause an undue financial hardship. If it is determined that 25% would cause an undue financial hardship, the rate of repayment will revert to 5% of the benefits noted above. The following are the household expenses for which this contract covers:

MONTHLY EXPENSES:

- (1) Food (what food stamps does not cover) _____
 - (2) Rent **or** Mortgage Payment _____
 - (3) Utilities (electric, gas, water, etc.) _____
- TOTAL **MONTHLY** EXPENSES _____

HOW MANY people live with you in the household?

- Other Adults (including temporarily absent adults): _____.
- Children: _____.

_____ share of household expenses are: _____

The above stated loan has been in effect since _____, via oral contract.

Debtor's signature

Lender's signature

Date

Date

Contract for Repayment of Loan for Living Expenses

Lender: _____
(First, Middle and Last Name) (Street Address) (City, State and Zip Code)

Debtor: Testy McTesterson 123 Nope Charlotte, NC 28205

I, _____ ('Lender') being of sound mind and memory and being at least 18 years of age, AND I, Testy McTesterson being of sound mind and memory and being at least 18 years of age, enter into the following legally and binding contract with mutual consent. Testy McTesterson will pay Lender his/her share of household expenses (see below) for which Lender will provide to Testy McTesterson up until Testy McTesterson starts receiving an income which is anticipated to be Social Security disability benefits and/or Supplemental Security Income benefits. If Testy McTesterson does not win his/her disability benefits or appeal for benefits, then Testy McTesterson remains obligated to repay the Lender for each month of household expenses that has been provided to him/her since the inception of this agreement and until such debt is fully repaid. The rate at which repayment for back household expenses will be 25% of the benefits noted above unless this would cause an undue financial hardship. If it is determined that 25% would cause an undue financial hardship, the rate of repayment will revert to 5% of the benefits noted above. The following are the household expenses for which this contract covers:

MONTHLY EXPENSES:

- (1) Food (what food stamps does not cover) _____
- (2) Rent or Mortgage Payment _____
- (3) Utilities (electric, gas, water, etc.) _____

TOTAL MONTHLY EXPENSES _____

HOW MANY people live with you in the household?

- Other Adults (including temporarily absent adults): _____.
- Children: _____.

Testy McTesterson's share of household expenses are: _____

The above stated loan has been in effect since _____, via oral contract.

Debtor's signature

Lender's signature

Date

Date