

Demystifying Social Security's Childhood Disability Benefits (formerly DAC Benefits)

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I. WHAT ARE CHILD'S DISABILITY BENEFITS?

A. WHAT ARE CHILDHOOD DISABILITY BENEFITS (CDB)?

Childhood Disability Benefits (CDB), still widely known as Disabled Adult Child (DAC) benefits, are Social Security benefits available to certain adults whose disability began before age 22. These benefits are paid on the earnings record of a parent who is retired, disabled, or deceased.

Many people still call this the "DAC benefit." Technically, DAC stands for "Disabled Adult Child" and describes the person who may qualify for the benefit rather than the benefit itself. The term is also not person-centered language and is increasingly disfavored. However, it remains deeply embedded in practice. SSA's own POMS uses the term "DAC" in many places, and state Medicaid manuals, including Michigan's BEM 158, continue to use it as well. As a result, many practitioners, including me, still sometimes use "DAC benefit" as shorthand even though it is not technically precise.

Strictly speaking, the statutory benefit is a Child's Insurance Benefit (CIB) under Section 202(d) of the Social Security Act, 42 U.S.C. § 402(d). Childhood Disability Benefits (CDB) are one category of Child's Insurance Benefits.

CDB is entirely separate from Supplemental Security Income (SSI). CDB is a Title II insured benefit, while SSI is a Title XVI means-tested benefit. Eligibility for one does not require eligibility for the other. However, as discussed below, the order in which a person becomes entitled to SSI and CDB can have significant Medicaid consequences and may determine whether important Medicaid protections remain available.

B. WHY IS THE CDB BENEFIT SO SPECIAL?

The CDB benefit is such an important benefit for several reasons:

- **Not means tested.** A person's assets, unearned income, or family wealth do not affect eligibility. Warren Buffett's child could qualify for CDB benefits. Mere financial wealth does not disqualify a person from receiving CDB benefits.
- **Medicare eligibility.** Generally, after 24 months of entitlement to CDB benefits, the beneficiary becomes eligible for Medicare. Medicare is not means-tested and provides more access to providers than Medicaid.

- **Higher Than SSI Benefit Amounts.** The CDB benefit amount is typically much higher than Supplemental Security Income (SSI), as it is generally based on 50% of a parent's Primary Insurance Amount (PIA) while the parent is living and 75% after the parent's death.
- **Increased income is usually disregarded for Medicaid.** Not only is the income usually higher than SSI, but that higher income is often disregarded for Medicaid qualification purposes if the child first received SSI before receiving CDB benefits.
- **Lifetime (and COLA adjusted) benefit.** A child can turn 90 and still receive CDB benefits. Unlike many disability programs, CDB does not terminate at retirement age and receives annual cost-of-living adjustments.

That sounds great, right?

It *is* great.

But there are many traps associated with CDB benefits that can make a child ineligible for them. Hence, this is an hour-long presentation.

C. WHAT ARE THE REQUIREMENTS FOR CDB BENEFITS?

To qualify for CDB, a child must meet these requirements (42 U.S.C. § 402(d); 20 C.F.R. § 404.350):

- **Must be age 18 or older.** Child does not mean “minor” here. The CDB benefit is only available beginning at age 18.
- **Parent has RIB, DIB, or died insured.** The adult child may qualify if the parent is entitled to Retirement Insurance Benefits (RIB) or Disability Insurance Benefits (DIB), or died fully or currently insured under Social Security. 42 U.S.C. § 402(d)(1); POMS RS 00203.001A.1.b.
- **Must meet Social Security’s definition of disability.** The child must meet Social Security's definition of disability, which is generally the same standard used for Social

Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). This is discussed in more detail below.

- **Onset of disability began before age 22.** The individual must establish that the disability began before his or her 22nd birthday.
- **Continuous disability.** Although the statute does not expressly state it, courts have interpreted CDB eligibility to require that the individual's disability remain continuous from before age 22 until entitlement.
- **Not engaged in substantial gainful activity.** Working and earning money above the Substantial Gainful Activity limit (earning \$1,690/month or more in 2026) may jeopardize CDB eligibility.
- **Not Married.** Tragically, marriage generally ends entitlement to CDB benefits, with a narrow exception for marriage to certain other Social Security beneficiaries (see below).

Whenever possible, get a disability application filed before age 22. That way, SSA makes a disability determination before age 22, which can make proving onset and continuous disability significantly easier when the CDB claim is eventually filed.

D. HOW IS THE CDB BENEFIT CALCULATED?

The amount of CDB an individual receives is based on the earnings record of a parent:

- **While the Parent is Alive.** The benefit is generally 50% of the parent's Primary Insurance Amount (PIA), which is the amount the parent would receive at full retirement age.
- **After the Parent's Death.** If the parent is deceased, the CDB benefit is generally 75% of the parent's PIA.

Primary Insurance Amount is discussed in more detail below.

- **Family Maximum Benefit.** For most clients, you can stop here. But for some clients, you must understand the Family Maximum Benefit rule. The FMB refers to the limit on the total amount of Social Security benefits that can be paid to a family based on a single

worker's earnings record. When multiple family members, such as a spouse, children, or disabled adult children, are entitled to benefits on one worker's record, the total amount paid may be subject to this cap.

For Retirement and Survivor Benefits, the FMB generally ranges from 150% to 188% of the worker's PIA, depending on the applicable formula. For Disability Benefits, a different formula applies: the family maximum is generally 85% of the worker's Average Indexed Monthly Earnings, but cannot be less than the worker's PIA or more than 150% of the PIA.

Example: If a wage earner's PIA is \$2,000 and the FMB is 150%, the family maximum would be \$3,000. If the wage earner receives \$2,000, the remaining \$1,000 is the maximum amount available to be paid to eligible family members.

The family maximum is a ceiling, not an amount that must be paid out. Each family member is still limited to his or her own benefit rate (typically 50% or 75% of the worker's PIA), and unused room under the Family Maximum Benefit does not pass to anyone else.

When a child is entitled on both parents' records, the child is ultimately paid on only one record. However, SSA may apply the Combined Family Maximum Benefit rules, which can allow the family maximums from both parental records to be considered, subject to statutory limits. See POMS RS 00615.770.

Note: And this gets a lot more complicated than this.

E. WHEN DO CDB BENEFITS BEGIN?

Unlike Social Security Disability Insurance benefits, there is no five-month waiting period for CDB benefits. Once a parent becomes entitled to Retirement Insurance Benefits or Disability Insurance Benefits, or dies while insured under Social Security, a qualifying adult child may become entitled to CDB. Medicare generally begins after 24 months of CDB entitlement.

CDB benefits may also be retroactive. Retroactivity is generally limited to six months when CDB is awarded on the earnings record of a parent who is not entitled to Disability Insurance Benefits. Up to 12 months of retroactivity is available when the CDB claimant is entitled on the earnings record of a parent entitled to Disability Insurance Benefits. POMS DI 10115.030.

F. HOW DO I KNOW IF A CLIENT IS RECEIVING CDB BENEFITS?

Identifying CDB can be surprisingly difficult. SSA benefit letters may show the payment amount, SSI status, and Medicare coverage without clearly saying, “This is CDB.” Look for an award notice or detailed SSA record showing that the benefit is paid on a parent’s earnings record. You may see the parent’s Social Security number followed by a “C” beneficiary code, such as “C1.”

Still, it may be easy to distinguish CDB from SSI:

- **Check the payment date.** SSI is ordinarily paid on the first of the month. Social Security benefits are generally paid later, on the second, third, or fourth Wednesday. If the person receives both SSI and Social Security, or began receiving Social Security before May 1997, the Social Security payment generally arrives on the third.
- **Check for Medicare.** CDB leads to Medicare after 24 months of entitlement. Medicare does not come with SSI.
- **Check the amount.** The maximum federal SSI payment is \$994 per month in 2026. A payment above \$994 generally is not federal SSI alone, but it does not prove CDB. SSI may be lower because of income or living arrangements, and some states add a supplement.

But note, just knowing that the amount is greater than the maximum SSI limit does not distinguish CDB from SSD on an individual’s own work record. It can be harder to figure out CDB benefits if a child has a work history. While this often does not matter, the difference can be significant if Medicaid is a concern because of the income disregard for certain CDB beneficiaries under 42 U.S.C. § 1383c(c). For example, if a client has income over a Medicaid limit (e.g., higher than the Medicare Savings Program limit) yet is eligible for QMB, the client is likely receiving CDB benefits (although there could be other reasons).

State Medicaid agencies should already have most of this information through SSA data exchanges. In Michigan, MDHHS verifies DAC status through a centralized review process. Still, obtaining an SSA award notice or benefit verification letter can save everyone a lot of time.

II. OVERVIEW OF OTHER SOCIAL SECURITY BENEFIT CATEGORIES

Now that we have discussed the CDB benefit, we should discuss other Social Security benefits because these benefits are relevant to CDB benefits.

A. RETIREMENT SOCIAL SECURITY (RIB).

Why do we care about Retirement Social Security in a CDB presentation? Because a child's CDB benefit is calculated from a parent's Social Security record. Understanding a few basic retirement concepts makes many of the CDB rules easier to understand or explain.

i. Claiming at Full Retirement Age.

Childhood Disability Benefits (CDB) are based on a parent's Primary Insurance Amount (PIA), which is the monthly Social Security benefit the parent would receive if he or she claimed Retirement Insurance Benefits at Full Retirement Age (FRA). Thus, it is important to understand the basics of Retirement Social Security to understand CDB benefits and properly advise families.

- The PIA is based on a worker's **Average Indexed Monthly Earnings (AIME)**, which generally reflects the worker's highest 35 years of earnings after adjusting those earnings for changes in national wage levels.

Notice that it is Average Indexed Monthly Earnings. Earlier earnings are adjusted before calculating the AIME. The PIA formula is also progressive, meaning lower earnings receive proportionately greater weight than higher earnings.

- Claiming Retirement Social Security at Full Retirement Age (FRA) results in a retirement benefit equal to 100% of the worker's PIA.
- For anyone born in 1960 or later, Full Retirement Age is 67. Earlier birth years may have a slightly lower Full Retirement Age, but for most clients today, you can safely think of FRA as age 67.

ii. Claiming Before or After Full Retirement Age – We don't care!.

A parent can claim Retirement Social Security before or after Full Retirement Age (FRA):

- **Claiming Early.** Claiming early (as early as age 62) permanently reduces the parent's retirement benefit. For an individual with a Full Retirement Age of 67, claiming at age 62 generally results in about a 30% reduction in the monthly retirement benefit.
- **Claiming After Full Retirement Age.** Claiming late increases the parent's retirement benefit through delayed retirement credits. For individuals born in 1960 or later, waiting until age 70 generally results in a benefit that is approximately 24% higher than the Primary Insurance Amount (PIA).

For purposes of calculating Childhood Disability Benefits (CDB), however, the parent's claiming age generally does not matter. A child's CDB benefit is based on the parent's Primary Insurance Amount (PIA), not the amount of the parent's actual retirement check. Early retirement reductions and delayed retirement credits affect the parent's benefit, not the child's.

Likewise, if a parent receives Disability Insurance Benefits (DIB), the child's benefit is still calculated from the parent's PIA.

The real question is often not: “Should the parent claim Social Security early or late?” For parents that have a child with a disability, the question is often: “Does the value of starting CDB benefits now outweigh the value of delaying the parent's Social Security benefit?”

For the parent, Medicare is largely a non-issue. Medicare eligibility generally begins at age 65 regardless of when Retirement Social Security is claimed. For the child, however, timing can matter significantly. A child generally cannot receive CDB benefits, and therefore cannot begin the path toward Medicare eligibility, until the parent becomes entitled to Social Security. This is discussed in more detail below.

B. DISABILITY INSURANCE BENEFITS (DIB/SSDI).

Why are we discussing SSDI in a CDB presentation? Because the same disability rules apply, a parent's DIB entitlement can create CDB eligibility, and DIB on the child's own work record may be an important backup when CDB is unavailable.

i. **Medical Eligibility.**

Medical eligibility criteria matter in two ways for Childhood Disability Benefits (CDB). First, the child must satisfy Social Security's definition of disability to receive CDB benefits. Second, a parent becoming entitled to Disability Insurance Benefits (DIB) can trigger eligibility for CDB benefits on the parent's earnings record. The disability standard for CDB is generally the same standard used for Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). SSA uses a five-step sequential evaluation process:¹

1. **Substantial Gainful Activity (SGA).** The claimant must not be engaged in substantial gainful activity. In 2026, SGA is \$1,690 per month for most individuals and \$2,830 per month for blind individuals. Earnings above those levels will generally result in a denial unless an exception applies.
2. **Severity of Impairment.** The claimant must have a medically determinable impairment that significantly limits basic work activities.
3. **Listed Impairment.** The claimant is disabled if the impairment meets or medically equals one of Social Security's listed impairments.
4. **Past Relevant Work.** If the claimant does not meet a listing, SSA determines whether the claimant can perform past relevant work.
5. **Other Work.** If the claimant cannot perform past relevant work, SSA determines whether the claimant can adjust to other work considering age, education, work experience, and residual functional capacity. At this stage, the burden shifts to SSA to show that other work exists.

In most CDB cases, proving disability itself is not the hardest issue. The real battles are often establishing disability before age 22, proving continuous disability, and addressing work activity after age 22.

¹ See Avram Sacks, The Nuts and Bolts of SSI and SSDI, Stetson Law 2023 SSA Mechanics Boot Camp.

ii. **Calculating the Social Security Disability Benefit.**

The Social Security Disability benefit is calculated similarly to Retirement Social Security. SSA still calculates a worker's Average Indexed Monthly Earnings (AIME) and then applies the Primary Insurance Amount (PIA) formula. However, unlike Retirement Social Security, SSA generally considers only the years up to the disability onset date rather than a full lifetime work history.

The formula is highly progressive. In 2026, 90% of the first \$1,286 of Average Indexed Monthly Earnings is included in the Primary Insurance Amount calculation. Because younger workers typically have fewer years in the calculation and fewer zero-earning years, individuals who become disabled at younger ages may receive surprisingly high Disability Insurance Benefits.

iii. **Younger Workers Need Less Credits.**

Many practitioners assume a young adult has not worked long enough to qualify for Disability Insurance Benefits (DIB) on the individual's own work record. That is often incorrect. Social Security applies much more lenient insured-status rules to younger workers.

- **Before age 24.** Generally, 6 work credits earned during the 3-year period ending when disability begins.
- **Age 24 to 31.** Generally, the individual must have worked about half of the time between age 21 and the date disability began.
- **Age 31 or older.** Generally, 20 work credits earned during the 10-year period before disability began (often described as working 5 of the last 10 years).

If CDB benefits are unavailable because of a continuous-disability issue, work history, marriage, or another eligibility problem, do not automatically assume Social Security benefits are unavailable. A young adult with even a modest work history may qualify for Disability Insurance Benefits on his or her own record.

C. **SUPPLEMENTAL SECURITY INCOME (SSI).**

Why do we care about SSI in a CDB presentation? Because many of the Medicaid protections that make CDB so valuable depend on the beneficiary first receiving SSI. Further, many children

with disabilities will spend years on SSI and Medicaid before a parent retires, becomes disabled, or dies and makes CDB available.

Unlike Retirement Insurance Benefits (RIB), Disability Insurance Benefits (DIB), and Childhood Disability Benefits (CDB), SSI is a means-tested Title XVI benefit. Assets matter, and income matters.

i. Medical Eligibility.

SSI uses the same medical disability standard discussed above for Disability Insurance Benefits. The five-step sequential evaluation process applies equally to SSI and CDB claims.

ii. Income Eligibility.

For SSI, the SSA considers all income but treats earned and unearned income very differently.

- **Earned Income.** SSI is somewhat forgiving of earned income. Earned income includes wages and self-employment income. SSI excludes the first \$20 of income, excludes an additional \$65 of earned income, and then counts only half of the remaining earned income.

Example: John earns \$1,000 per month from work.

1. **Earned income:** \$1,000
 2. **Apply the \$20 general income exclusion** (which applies to both earned and unearned income):
 - $\$1,000 - \$20 = \$980$
 3. **Apply the \$65 earned income exclusion:**
 - $\$980 - \$65 = \$915$
 4. **Divide the remaining income by 2** (since only half of earned income counts):
 - $\$915 \div 2 = \$457.50$
 5. **Subtract the countable income from the federal benefit rate:**
 - In 2026, the SSI federal benefit rate for an individual is \$994.
 - $\$994 - \$457.50 = \textbf{\$536.50 (John's SSI payment)}$
- **Unearned Income.** SSI is much less forgiving of unearned income. Unearned income includes Social Security benefits, gifts, pensions, annuities, dividends, rental income, child support, spousal support, and cash distributions from a special needs trust. Unearned income generally reduces SSI dollar-for-dollar after the \$20 general income exclusion.

Example: John receives \$1,000 per month of unearned income.

1. **Unearned income:** \$1,000
2. **Apply the \$20 general income exclusion:**
 - $\$1,000 - \$20 = \$980$
 - **Subtract from the 2026 Federal Benefit Rate (\$994):**
 - $\$994 - \$980 = \$14$ (John's SSI payment).

Small, but as discussed below, even a few dollars of SSI can be worth a great deal.

It is quite common for our clients to receive both Social Security and SSI when their non-SSI Social Security benefit is under \$1,014 (\$994 federal benefit rate plus the \$20 income disregard). A small SSI payment may not seem important, but it can trigger automatic Medicaid eligibility in many states and can become extraordinarily valuable when later transitioning to CDB benefits.

Common Mistake: Cash distributions from a special needs trust generally count as unearned income for SSI purposes.

iii. **Asset Eligibility.**

To qualify for SSI, an individual generally must have countable resources below \$2,000 (\$3,000 for a married couple). Countable resources include cash, bank accounts, stocks, bonds, investment accounts, and non-exempt real estate.

Fortunately, many assets are excluded from the SSI resource calculation, including:

- A primary residence;
- One vehicle;
- Personal and household belongings;
- Certain prepaid funeral and burial arrangements;
- ABLE accounts (subject to applicable limits); and
- Certain special needs trusts.

SSI resource rules can be unforgiving, but they are also filled with exceptions. Before concluding that a client is over the \$2,000 resource limit, always determine whether the asset is actually countable. The list of exempt resources is surprisingly long and can be found at POMS SI 01110.210.

III. CDB BENEFITS WITH RETIREMENT

A. TIMING RETIREMENT AND THE CDB BENEFIT

A *parent's* decision about when to claim Social Security retirement benefits can have significant consequences for a child with a disability. The analysis is not simply about maximizing the parent's lifetime Social Security benefits. It may also affect when the child becomes entitled to CDB, when the child becomes eligible for Medicare, and whether the child can preserve Medicaid eligibility after transitioning from SSI to CDB.

For that reason, families with a child who may qualify for CDB should consider Social Security planning well before the parent claims retirement benefits. Age 60 is not too early to begin that analysis, particularly if the child is approaching age 18. Retirement-maximization software can be useful, but the analysis should also account for the disabled child's benefits.

Among attorneys who regularly attend Stetson, Avram L. Sacks in Illinois is particularly knowledgeable about Social Security. A commercially available planning program is Maximize My Social Security (<https://maximizemysocialsecurity.com/>).

There are at least three considerations that traditional retirement-maximization software may not adequately value:

- **Establishing SSI eligibility before CDB begins.** For many families, it may be important for the child to establish SSI eligibility after age 18 before the parent's retirement triggers CDB eligibility. This can be critical to preserving Medicaid under the special rules applicable when CDB causes the loss of SSI. The Medicaid protection may ultimately be worth substantially more than the CDB cash benefit itself.
- **Starting the child's path to Medicare.** CDB entitlement can also start the clock toward Medicare eligibility. Medicare ordinarily becomes available after the applicable 24-month qualifying period. Thus, delaying the parent's claim can also delay the child's eventual access to Medicare.
- **Reducing dependence on means-tested benefits.** CDB and Medicare are not themselves means-tested programs. Moving from SSI to CDB can therefore reduce some of the financial-eligibility issues associated with SSI. But Medicaid may remain essential,

particularly for individuals receiving community-based services, so the goal is often Medicare plus preserved Medicaid, not Medicare instead of Medicaid.

B. DON'T OVERLOOK THE CHILD-IN-CARE BENEFIT.

When a parent becomes entitled to Social Security retirement or disability benefits, do not overlook a potential additional benefit for the other parent who has the worker's disabled adult child in care. A spouse may qualify at any age based on having an entitled child in care. 42 U.S.C. § 402(b)(1)(B)(ii), (c)(1)(B)(ii); 20 C.F.R. §§ 404.330, 404.348-.349. The benefit can be up to 50% of the worker's PIA without the usual reduction for the spouse's age, although the family maximum and an earnings test can reduce the amount. In 2026, the earnings-test exempt amount is \$24,480 for someone below full retirement age for the entire year.

The rules change after the worker dies. A surviving parent, including a qualifying surviving divorced parent, may receive mother's or father's benefits based on having a disabled child in care, generally equal to 75% of the worker's PIA before application of the family maximum or earnings test. 42 U.S.C. § 402(g). SSA expressly recognizes surviving divorced mother's and father's benefits when the applicable child-in-care requirements are satisfied.

What does "in care" mean for an adult child? For a disabled child age 16 or older, the answer depends on the nature of the disability. For a child with a mental disability, the parent must exercise parental control and responsibility, such as supervising the child's activities and participating in important decisions regarding the child's needs. For a child with a physical disability, the parent must regularly perform personal services for the child. Providing financial support, food, or shelter alone is not necessarily enough. This is also another reason to carefully consider how guardianship and other arrangements may affect the child-in-care benefit.

And don't forget the family maximum. Assume a parent first becomes eligible for retirement benefits in 2026 with a PIA of \$3,000. The family maximum is approximately \$5,288, leaving approximately \$2,288 available for auxiliary beneficiaries. The child's unreduced CDB rate is \$1,500. Add a \$1,500 child-in-care spouse's benefit, and the two auxiliary benefits exceed the amount available under the family maximum, reducing each to approximately \$1,144. Even after the family maximum reduction, however, adding the child-in-care benefit increases total family Social Security income by approximately \$788 per month.

IV. WORKING AND ITS IMPACT ON CDB BENEFITS

The CDB benefit gets complicated quickly when a child has or is working. Let's break this down to whether the child works *before* receiving CDB or *after*.

A. **WORK BEFORE CDB ENTITLEMENT: THE CONTINUOUS DISABILITY PROBLEM.**

Nothing complicates a CDB claim quite like significant work before the individual becomes entitled to CDB. The statute simply requires that the disability begin before age 22. 42 U.S.C. § 402(d)(1)(B)(ii). In practice, however, SSA may technically deny an initial CDB claim when there is any month of post-age-22 substantial gainful activity. *See, e.g.*, POMS DI 11020.050.

This problem falls particularly hard on children of younger parents. A child cannot become entitled to CDB on a living parent's record until the parent becomes entitled to retirement or disability benefits. Thus, there may be many years between the child's 22nd birthday and the parent's entitlement during which work activity can complicate the child's eventual CDB claim.

For example, suppose an individual with a lifelong disability works for a year at age 23 and earns \$1,750 per month. The 2026 SGA guideline for a nonblind individual is \$1,690 per month. This will likely become a problem.

But earnings above the SGA guideline do not necessarily end the analysis. Before giving up on the CDB claim, examine the work carefully:

- **Impairment-Related Work Expenses (IRWE).** Deductible impairment-related expenses associated with the individual's work may reduce the earnings considered in evaluating SGA. SSA maintains separate rules governing the development and deduction of IRWEs. *See* POMS DI 10520.001
- **Subsidies and Special Conditions.** The individual's wages may overstate the actual value of the work because of extra supervision, a job coach, reduced duties, additional breaks, accommodations, or other special conditions. SSA considers the value of the work actually performed in determining SGA. *See* POMS DI 10505.025.
- **Unsuccessful Work Attempt.** Work lasting no more than six months may be disregarded when the individual stops working, or reduces the work below SGA, because

of the impairment or the removal of special conditions necessary to perform the work.
POMS DI 24005.001.

And losing CDB may not mean losing Social Security disability benefits altogether. Ironically, the same work that creates the CDB problem may help the individual become insured for SSDI on his or her own earnings record. Younger workers have special rules and can qualify with substantially fewer credits than the ordinary 20-out-of-40-quarter requirement. 20 C.F.R. § 404.130(c); POMS RS 00301.140.

SSDI on the individual's own record is not necessarily equivalent to CDB. Most importantly for our clients, it does not itself provide the special 42 USC § 1383c(c) Medicaid protection associated with the loss of SSI because of CDB. The benefit may also be lower than CDB payable on a parent's record. Still, SSDI, Medicare, and, where available, a Medicaid Buy-In program can sometimes produce a very good alternative outcome. SSA recognizes Medicaid Buy-In programs as another potential Medicaid pathway for working individuals with disabilities.

Tell your Congressional Representatives to support the Work Without Worry Act of 2026 (S. 5006, introduced July 15, 2026), eliminating this perverse incentive for a potential CDB beneficiary to not even try to work.

As you can see, the general advice to parents is to get CDB benefits before trying significant work if possible.

B. CHILD WORKS AFTER RECEIVING CDB BENEFITS.

The consequences of work are generally less severe once a child is already receiving CDB benefits. Before entitlement, work can threaten eligibility for CDB. After entitlement, the principal concerns become preserving Medicaid and navigating Social Security's work incentive rules.

Work and the Potential Impact on Medicaid

Many families assume the Medicaid protection provided by 42 U.S.C. § 1383c(c) is permanent. It is not.

The protection continues only so long as the beneficiary would remain eligible for SSI if the CDB benefit were completely disregarded. The CDB benefit is excluded from the calculation, but

earnings are not. Under the normal SSI income rules, after the \$20 general income exclusion and \$65 earned income exclusion, one-half of the remaining earnings count toward SSI eligibility.

As a result, a beneficiary can lose the Medicaid protection provided by 42 U.S.C. § 1383c(c) even while continuing to receive CDB benefits. In 2026, a beneficiary living independently generally retains that protection until earnings reach approximately \$2,073 per month $((\$994 \times 2) + \$85)$. A beneficiary living in the household of another person, including many adult children who live with parents, generally loses protection at approximately \$1,411 per month $((\$663 \times 2) + \$85)$. Notably, that figure is below the 2026 substantial gainful activity amount of \$1,690 per month. Impairment-related work expenses and similar exclusions may increase both thresholds.

The practical lesson is simple: a CDB beneficiary may lose Medicaid protection before earning enough to jeopardize the CDB benefit itself.

Although the details vary by state, earnings can eventually cause a beneficiary to lose the Medicaid protection provided by 42 U.S.C. § 1383c(c) even while the beneficiary continues to receive CDB benefits. For many working beneficiaries, a state's Medicaid Buy-In program becomes the next source of Medicaid coverage.

Work and its Impact on the CDB Benefit

Work presents a second concern: whether earnings eventually jeopardize the CDB benefit itself.

Fortunately, Social Security does not immediately terminate CDB benefits simply because a beneficiary works. Most CDB beneficiaries are subject to the same work incentive rules that apply to other Title II disability beneficiaries, including the Trial Work Period and Extended Period of Eligibility.

In oversimplified terms:

- **Earnings consistently below the Trial Work Period amount (\$1,210/month in 2026).** Generally, beneficiaries who never trigger a Trial Work Period month face relatively little risk of losing CDB benefits.
- **Occasional Trial Work Period months.** A beneficiary may test the ability to work without immediately losing benefits. Occasional Trial Work Period months are not

necessarily a problem, but they should be monitored carefully because only nine Trial Work Period months are available.

- **Regular earnings above Trial Work Period levels.** Once Trial Work Period months are exhausted, the analysis becomes substantially more complicated. The beneficiary enters the Extended Period of Eligibility, and careful review of earnings, subsidies, special conditions, impairment-related work expenses, and substantial gainful activity rules becomes critical.

I find it healthy to think –

Substantial Gainful Activity to get on Social Security Disability - \$1,690/month in 2026.

Trial Work Period trigger to stay on Social Security Disability without issues - \$1,210/month in 2026.

V. CDB INCOME DISREGARD FOR MEDICAID ELIGIBILITY (SECTION 1634(C))

A. WHY SHOULD A CHILD ALWAYS GET SSI BEFORE RECEIVING CDB BENEFITS?

For many, one of the most valuable features of CDB is ability to receive a higher Social Security benefit while preserving Medicaid.

Under 42 U.S.C. § 1383c(c), an individual age 18 or older who loses SSI because of entitlement to, or an increase in, Childhood Disability Benefits is treated as if he or she were still receiving SSI for Medicaid purposes. SSA refers to these individuals as a "special group of former SSI recipients." See POMS SI 01715.015. The practical result is that many beneficiaries can receive a substantially larger CDB benefit while retaining Medicaid.

Two important caveats apply.

First, protection lasts only while the individual would still be eligible for SSI with the CDB disregarded. All other income and resources still count. SSI's \$2,000 limit is the federal baseline, but a state may apply a more generous SSI-related limit. Michigan, for example, now uses the Medicare Savings Program limit for DAC Medicaid (\$9,950 in 2026). Either way, this is where special needs trusts and ABLE accounts still matter.

Second, the protection is not administered uniformly across the country. Section 1634 states and 209(b) states apply different Medicaid eligibility methodologies, and the details vary significantly from state to state. As a result, attorneys should always analyze the Medicaid consequences separately from the Social Security entitlement.

But the most important takeaway is this:

The Medicaid protection provided by 42 U.S.C. § 1383c(c) generally applies only if the individual was receiving SSI before losing that SSI because of CDB.

That creates a significant problem for some families. A child whose parent dies, retires early, becomes disabled, or simply never applied for SSI may go directly onto CDB without ever receiving SSI. In those cases, the CDB increase may not receive the special Medicaid treatment available under 42 U.S.C. § 1383c(c). The result can be devastating. The child receives a higher Social Security benefit but loses Medicaid eligibility or becomes subject to restrictive state Medicaid rules.

Attorneys should be particularly careful when SSI and CDB applications are filed at the same time. SSA procedures generally contemplate paying SSI first in order to protect Medicaid eligibility. In theory, SSI is awarded, CDB is awarded later, SSI terminates because of the higher CDB benefit, and the individual qualifies for the Medicaid protection provided by 42 U.S.C. § 1383c(c).

In practice, however, attorneys should not assume the process will work perfectly. Timing issues, retroactive awards, and state Medicaid agency interpretations can create unexpected problems. Whenever possible, the safer course is to establish SSI eligibility well before CDB entitlement begins.

After nearly a decade of advocacy from the Special Needs Alliance, Representative Debbie Dingell introduced the Childhood Disability Benefits Fairness Act (H.R. 9846) in July 2026. The bill would eliminate the requirement that an individual receive SSI before becoming entitled to Childhood Disability Benefits to preserve Medicaid protections under 42 U.S.C. § 1383c(c). If enacted, it would correct this injustice where individuals with identical disabilities and financial circumstances can receive dramatically different Medicaid treatment solely because of the timing of a parent's retirement, disability, death, or the order in which benefits were claimed.

B. WHAT CAN A PARENT DO IF A CHILD DOES NOT HAVE SSI FIRST?

If the parent has reached full retirement age but is not yet 70, there may be an opportunity to preserve the Medicaid protection provided by 42 U.S.C. § 1383c(c) by establishing SSI eligibility before CDB begins. A child generally cannot become entitled to CDB on a living parent's record unless the parent is entitled to retirement or disability benefits. Whether a parent may be able to “suspend” their benefit is way too complicated for here.

If that option is unavailable, such as when a parent has died, or already claimed benefits years earlier, the next question is whether the child can engage in any meaningful work activity. Even modest employment may qualify the child for a state's Medicaid Buy-In program for workers with disabilities, potentially avoiding a Medicaid spend-down. These programs vary considerably from state to state, including differences in income limits, resource limits, premiums, and age restrictions. As a result, attorneys should carefully review the rules of the applicable state program.

If neither solution is available, the family may be left with a medically needy spend-down, assuming the state offers a medically needy pathway at all. See 42 U.S.C. § 1396a(a)(10)(C) and 42 C.F.R. § 435.831. At that point, the analysis becomes highly state-specific. Depending on the jurisdiction, potential options may include Medicaid Buy-In programs, qualified income trusts, pooled special needs trusts, spend-down strategies, or other state-authorized pathways to Medicaid eligibility.

The practical lesson is straightforward: the best solution is usually to establish SSI before CDB begins. If that opportunity is lost, the case often becomes a Medicaid planning problem rather than a Social Security problem.

VI. MARRIAGE PENALTY

Perhaps the most shocking CDB rule is also one of the easiest to understand: marriage usually terminates CDB benefits.

Unlike SSI, which treats marriage primarily as a financial event, the CDB program generally treats marriage as a loss of eligibility. Congress created only a narrow exception. A CDB beneficiary may marry without losing benefits if the spouse is entitled to certain Title II Social Security benefits, including another CDB beneficiary or an individual receiving retirement,

disability, divorced-spouse, widow(er)'s, mother's, father's, or parent's benefits. 42 U.S.C. § 402(d)(5); 20 C.F.R. § 404.352(b)(4). The exception does not apply to marriage to a student child beneficiary, nor does it apply to marriage to someone who receives only SSI because SSI is not a Title II benefit.

What happens if the marriage ends? The answer depends on whether the child was entitled to CDB before the marriage:

- **The child was never entitled to CDB before the marriage.** Initial entitlement requires only that the applicant be unmarried at the time of application. Accordingly, a child whose marriage ended by divorce, annulment, or the spouse's death may still qualify for CDB benefits. 42 U.S.C. § 402(d)(1)(B); SSR 84-1; POMS RS 00203.020.
- **The child was entitled to CDB and later married.** This is where the rule becomes particularly harsh. Once entitlement terminates because of a disqualifying marriage, SSA generally will not re-entitle the child on the same parent's record, even if the marriage later ends through divorce or the spouse's death. 20 C.F.R. § 404.351; POMS RS 00203.015B. In some situations, however, the child may still qualify for initial entitlement on the other parent's record if that parent is entitled to retirement or disability benefits or has died.
- **The marriage was void or annulled.** A void marriage does not terminate entitlement. An annulled voidable marriage generally permits reentitlement beginning with the month of annulment, unless the court awarded, or retained authority to award, permanent alimony. SSR 84-1; POMS RS 00203.015B.

One final coordination rule deserves mention. A person who qualifies for both CDB and a divorced-spouse benefit does not receive both benefits in full. SSA pays the higher benefit, not the sum of the two. 42 U.S.C. § 402(k)(2)(B); 20 C.F.R. § 404.407.

A top issue of the national and local Arcs is lobbying Congress to end these marriage penalties.