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FIRM MANAGEMENT

The Disability Accounting Practice II

It doesn't have the glamor of Hollywood stars for clients, nor the rapid-growth cache of accounting for the new marijuana trade. But if your accounting firm is looking to build a national reputation and a loyal client base that is largely ignored by the rest of the industry, I will once again say...become experts in accounting for the disabled.

Dave McClure • Apr. 29, 2014

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[Read Dave McClure's previous article on [“Accounting's Disability Niche.”](#)]

Consider the facts, according to the Social Security Administration:

- As of December, 2013, there were 8.8 million Americans receiving Social Security Disability payments.
- Disabled workers and their dependents account for 16% of total benefits paid in December 2013.
- About 90 percent of workers age 21-64 in covered employment in 2013 and their families have protection in the event of a long-term disability.
- Just over 1 in 4 of today's 20 year-olds will become disabled before reaching age 67.
- 68% of the private sector workforce has no long-term disability insurance.

The rules of disability accounting are simple, unless you want to actually survive. The problem is that if you can't work and are on disability, you shouldn't be able to work and collect benefits at the same time. But the government truly does want you to work, and to come off of the disability role, and they have a program to help you do that.

Which is where accounting comes in.

The rules for trying to return to work from disability are complicated. First you have to try for nine non-consecutive months to make money, then you can have three years making a little money. Generally this is just enough to pay your co-pays and other medical bills, but that's a different issue.

The real issue is that virtually no one knows the rules for earning income while you are disabled. Certainly not the folks at the Social Security Administration, who are even less informed than the people who dispense tax return advice over at the Internal Revenue Service.

So if you choose to serve disabled workers trying to get back to work, here are a couple of resources you really want to know about, but no one will point you to:

- If you are working a wage job, there is no real need for accounting help. But the majority of people with chronic disabilities choose instead to do consulting or self-employment jobs to work around their disability. Here are the [federal regulations](#) covering that.
- So how do you handle the Social Security Administration? I found this [handy guide](#) from California, which includes the forms needed to file with the SSA.
- If you actually own the business, it gets even more complicated. See [this guidance](#).

Be aware that what the Social Security Administration allows as business deductions are far different from what the IRS allows, in one important way. The SSA allows disabled people to write off medical co-pays, deductibles and travel, which the IRS does not allow until you meet the 10 percent threshold. Which most disabled people will meet, if they do not itemize deductions.

Does this mean that every accounting firm should specialize in disability accounting? No. But there is room for a couple of firms to take this niche, and someone needs to.

Perhaps an accounting firm run by a disabled person.

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