

# Income Averaging

Fact Sheet 2025

## What does Social Security consider when working and receiving SSDI?

When a Social Security Disability Insurance (SSDI) beneficiary works and has completed their Trial Work Period (TWP), Social Security will compare their gross monthly earnings (before taxes) and work pattern, referred to as Substantial Gainful Activity (SGA), to a monthly threshold. In 2025, that threshold amount is \$1,620 or \$2,700 if statutorily blind. The SGA threshold usually changes annually. Generally, if gross monthly earnings are at or above the SGA threshold, the SSDI beneficiary *will not* be entitled to their SSDI cash benefits. However, if gross monthly earnings are *below* the SGA threshold, the beneficiary *will be* entitled to their SSDI cash benefits.

## What is Income Averaging?

Income Averaging is a tool that Social Security uses with SSDI beneficiaries who are self-employed, or whose monthly earnings fluctuate greatly. When determining whether work income is SGA, Social Security will use the average monthly earnings, rather than a month-to-month comparison.

## How can Income Averaging help?

Social Security will *add* the countable earnings within a specific review period they establish, and then *divide* that amount by the number of months worked during the review period. This *equals* the average monthly earnings. If earnings fall below the SGA threshold, the SSDI beneficiary's cash benefits will continue.

## Income Averaging Example:

In 2024, John worked part-time, and his earnings fluctuated during the 12 months he was employed. He previously completed his TWP. The following chart shows John's actual gross monthly earnings that he reported to his local Social Security office:

Month	Earnings	Month	Earnings
Jan.	\$0	Feb.	\$1,060
March	\$0	April	\$ 0
May	\$1,000	June	\$1,550
July	\$1,090	Aug.	\$1,550
Sept.	\$1,550	Oct.	\$1,000
Nov.	\$1,700	Dec.	\$1,700

- Total 12-Month Period Earnings: \$12,200
- Average 12-Month Period Monthly Earnings: \$1,017 ( $\$12,200 \div 12$  months gross earnings)

Social Security determines that John is *not* performing SGA, even though 5 of the 12 months were at or above the SGA threshold (\$1,620).

## Can I request Income Averaging?

Yes. If your earnings fluctuate greatly, you can discuss this work incentive with your local Social Security Claims Representative when reporting your work activity for the first time. In addition to this, you should consistently report your gross monthly earnings to ensure Social Security has current and accurate information about your case. Ultimately, consistent reporting and income averaging, if applicable, can help prevent overpayments.

## When can Income Averaging be used?

Income Averaging can only be used after TWP ends.

**Note:** Income Averaging cannot be used once the three-month grace period has occurred.

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