

The ALERT

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*Web site:
www.lasclev.org*

Unpaid Student Loans – Impact Senior Social Security Benefits

By Carol Eisenstat



benefits of social security retirees and disabled seniors with these debts.

By law, Social Security can take retirement and disability benefits to repay student loans in default. Social Security can take up to 15% of a person's benefits. However, the benefits cannot be reduced below \$750 a month or \$9,000 a year. Supplemental Security Income (SSI) cannot be offset to repay these debts.

Before offset begins, Social Security sends a notice. Debtors

Many seniors are in default on student loans. These loans may have been taken out for them or others. Either way, Social Security is offsetting the

should know that the notices they receive from Social Security are just to tell them that offset will begin. **Debtors cannot appeal, challenge, change, or question this debt to Social Security. To do this, they must go back to the agency to which the debt is owed.** The notices from Social Security will have the name and contact information for the agency that is claiming the debt is owed. To change or challenge the offset, the debtor will have to set up a payment plan, or argue hardship to the agency that is owed the money.

Debtors can avoid or stop an offset by getting the student loan out of default. Income Based Repayment (IBR) is an option. It gives borrowers a way to make loan payments. IBR provides for reasonable student loan payments based on a person's income. Payments can be as low as \$0. After 25 years on the program, any remaining debt is forgiven. People with loans in default cannot be in the program. However, people can get their loans out of default by making a number of "reasonable" payments. Once the loan is out of default, offset of benefits should stop.

Food Assistance for Seniors

By Deborah Dallmann

Many seniors struggle to pay bills while on a fixed income. They might have to choose between buying food or medication. Under the federal Supplemental Nutrition Assistance Program (SNAP), seniors may qualify for food stamps (now called “food assistance”) to help buy food.

In Ohio, a person can apply for food assistance at the local County Department of Job and Family Services. They can apply in-person, by phone, or on line. If you apply by phone, you will be mailed an application that same day. Later, you will need to have a face-to-face interview with your caseworker. You will also have to give proof of your income and bills (e.g. rent and utilities receipts, bank statements). It is important that you mail, fax, or deliver these papers as soon as possible.

Whether you can receive food assistance depends upon:

- the number of people in your household,
- your income, and
- your resources
(such as cash, savings and checking accounts).

Your income must be below a certain limit. A special income rule applies to elderly or disabled persons. The

county will not look at your “gross” income, but will subtract certain expenses (such as heating and cooling expenses, mortgage or rent, and medical expenses), and use this “net” income to decide if you qualify.

A household with an elderly member (over 60 years old) can have up to \$3,000 in resources. Household goods, most retirement plans, and the home you live in are not counted as a resource.

If you are approved, you will receive an “electronic benefits transfer” (EBT) card. Shopping with the card is like shopping with a bank debit or ATM card. You can buy food or food-related products, including seeds and plants to grow food. You cannot buy alcohol, tobacco, or vitamins. In 2012, a single senior can receive as much as \$200 per month for food assistance. A household of two can receive up to \$367 every month.

If you think you might qualify, you can do a quick check and apply at Ohio’s Benefit Bank online at www.thebenefitbank.com. You can also call your County Department of Job and Family Services or apply online at <https://odjfsbenefits.ohio.gov>.

Federal Payments & Social Security Benefits to be Electronic By March 2013

By Karla Perry

If you, a friend, or family member is getting Social Security benefits, Supplemental Security Income (SSI) or any federal payment, it is likely that you get them electronically. However, many people still get benefits and other payments with a paper check.

Soon, people will not be able to get a paper check in the mail. By March 1, 2013, nearly all federal payments will be made electronically. This will include Social Security and SSI benefits.

People will be given two ways to receive their benefits. One choice will be direct deposit to the person’s bank or credit union account. The federal check then will go straight into the person’s account on payment day each month.

Another way to get a payment will be with a direct express debit card account. Money would be put on the card’s account on payment day each month. Payments will then be available for the person to make purchases

and get cash back with purchases. To learn more about direct express go to *www.GoDirect.org*.

People who still get paper checks now need to change the way their payments come to them. The change can be made at the local federal benefit agency office, on line at *www.GoDirect.org* or by calling the U.S. Treasury Electronic Payment Solution Center at 800.333.1795. For direct deposit, people can also make the change at their bank or credit union.

People who are just applying for benefits will not be able

to get paper checks. They will only be able to receive federal benefit payments electronically. Their choice will be to get their payments by direct deposit or on the direct express card. When they apply, they will have to choose one of these ways for payment. If they want to choose direct deposit, they will have to provide their bank or credit union account information.

The government said it made the change from paper checks because it is safer and easier. It also saves taxpayers money and is good for the environment.

Cash or Plastic? Or Both?

By David Rothstein, Policy Matters Ohio and the New America Foundation

People are swiping more at the checkout line, and they are not using a traditional credit or debit card. Millions of consumers are now using prepaid debit cards to make payments. Prepaid cards are debit cards without a bank account attached. Cards provide instant benefits to customers including access to a wide array of ATM networks, faster payment, and less of a need to carry cash.

The speedy growth in the prepaid debit card market is due to several needs. First, nearly 30 percent of Ohioans are under-banked. This means either they have no bank account or they have an account but use check cashers and fringe lenders. These cards fill some of that void. Second, cards reduce costs to employers and government agencies. It is cheaper and quicker to use a debit card than to produce a paper check. Ohio has moved to cards (if direct deposit is not used) for unemployment and food assistance. Social Security, if not direct deposited, is now also provided on debit cards. Nevertheless, there are some costs to the consumer. Consumer advocates have rightful concerns about the fees on these cards and how much the user knows about them. Some cards charge for basic services like monthly access and ATM fees. Additional fees include overdraft, replacement, paper statements, customer service calls, and load fees. A major concern is that some cards have a point-of-

sale transaction fee, meaning a charge "per" swipe. The overall concern is that fees will add up and reduce the overall benefit of the card.

Perhaps the largest challenge for clients entering the field of prepaid debit cards is the abundance of choices. There are hundreds of different cards with different fee structures. Greater openness is needed so that customers can compare cards to each other. A nonprofit research group, CFSI, designed a disclosure box that is an excellent way for customers to understand the costs of a card and compare it to others (see below). Some advice for card shopping includes:

- Stay away from celebrity-branded cards, which often have higher fees;
- Avoid cards with overdraft fees and lines of credit;
- Determine what functions are of interest to identify the best card; and
- Direct deposit into a bank account is almost always the best option.

XYZ Prepaid Card Co.		
Prepaid Card Fee Summary		
Fee Category	Fee Type	Amount
Total Cost of Setup:	Monthly Fee	\$ X.00
	Activation	\$ X.00
Add Money:	Direct Deposit	Free
	Cash (at a Store)*	\$ X.00
Get Cash:	ATM*	\$ X.00
	Store Cash Back	Free
Spend Money:	Signature	Free
	PIN	\$ X.00
Information:	Call Customer Service	\$ X.00
	Online/Mobile Information*	Free
	ATM Balance Inquiry*	\$ X.00
Caution:	Replacement Card	\$ X.00
	Inactivity	\$ X.00
	ATM Decline	\$ X.00
Other fees may apply, see terms and conditions for details. *Third party fees may apply.		
www.XYZPrepaidCard.com		(202) XXX-XXXX



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RETURN SERVICE REQUESTED

The Legal Aid Society of Cleveland offers free legal services to low-income seniors.

For help from Legal Aid,
call 216.687.1900 or
888.817.3777.



If you qualify for our services and we have the resources to assist you, we will either give you advice or educational information to help you with the next steps in the legal process, refer you to a volunteer attorney, or represent you in your legal matter.

You may need to meet with an attorney. If you are unable to come to a Legal Aid office, an attorney can arrange to meet you at a senior citizen center or some other office near your home.

Visit Legal Aid's web site at www.lasclev.org.



This newsletter is meant to give you general information and not to give you specific legal advice. This information cannot take the place of advice from a lawyer. Each case is different and needs individual legal advice. You should contact a lawyer if you need representation or if you have questions.

If you have a communications limitation, contact us through the Ohio Relay Service. Interpretation services are available so that anyone can communicate with us in his or her dominant and/or preferable language.

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