

# Navigating Benefits

Protecting recipients' benefits is a major concern for guaranteed income pilot programs. While our current social safety net is often experienced as a complex, precarious, and difficult-to-navigate system, it is nonetheless vitally important that a guaranteed income program supplement, not replace, social safety net benefits and that recipients experience a net improvement in their financial stability.



**READ MORE:** MGI's [Guaranteed Income Program Design Considerations](#), GICP's [The Benefits Cliff and Guaranteed Income](#), GICP's [Federal Benefits Protection](#), GICP's [Compiled Research: Public Benefits and Guaranteed Income](#)

## Prioritizing Benefits Continuity

When recipients experience benefits continuity, it can make it much easier to plan for their financial futures and avoid the destabilizing “benefits cliff” — Aspen FSP and Springboard to Opportunities' [Start at the Beginning](#) brings up some key implications for recipients:

- “Prioritizing benefits continuity—by ensuring that benefit amounts remain consistent until households reach an income threshold that far exceeds the poverty level—can provide households with the stability and consistency that promotes an establishment of long-term financial plans and overall improvement of participants' financial lives. In contrast, the use of protracted phase-ins and narrow phase-outs leads to destabilizing variation in benefit size and often subjects recipients to an abrupt loss of benefits, or a “benefits cliff.” While these design choices are frequently intended to prioritize wage income over public sources of income, prior research has shown that more generous and consistent benefits are associated with better employment outcomes.”<sup>1</sup>

Impact Charitable's [Direct Cash Transfer \(DCT\) Best Practices](#) brings up some key strategies a pilot program can utilize to help recipients protect their benefits:

- “Depending on the amount, frequency, and duration of a [direct cash transfer] program, recipients may become ineligible to receive other public benefits. To avoid this, a [direct cash transfer] program should first identify what benefits individuals currently receive. Then, it's important to understand how the cash transfer will interact with other public benefits via the Federal Reserve Bank of Atlanta's [Benefits Cliff Dashboard](#). Use this information to decide on a final cash payment amount. It may also be necessary to:
  - Seek waivers or legislation from respective state and local agencies that exempt the cash transfer to be counted as income that otherwise may push

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<sup>1</sup> Black, Rachel, Riani Carr, and the Aspen Financial Security Program, “Start at the Beginning: A Person-Centered Design and Evaluation Framework for Policies to Boost Household Cash Flow and Beyond” (Aspen FSP and Springboard to Opportunities, 2021), page 13.

recipients over the income limit of certain benefits. Establish cash transfers as gifts to avoid the IRS considering the payment as income. Provide each recipient a letter stating so.

- Stand up a “Hold Harmless” fund to compensate individuals who unintentionally do end up losing benefits. Most [direct cash transfer] programs across the U.S have been able to protect the majority of benefits other than SNAP and disability.
- Offer benefits counseling and provide choices to recipients. Some may choose to forgo certain benefits (like SNAP) in favor of cash, while others may choose to withdraw from the program to protect certain benefits, like disability, which tend to provide higher amounts and are harder to obtain.”<sup>2</sup>

Disregarding guaranteed income payments as income is one such strategy to mitigate benefits loss:

- “Benefits that are disregarded as income allow recipients to contribute to other areas of their financial lives without the fear and reality of penalties that accompany benefits being counted as income. In contrast, calculating income puts forms of benefits in tension with each other and prevents households from receiving the full scale of benefits for which they would otherwise be eligible. Recipients must either choose to forego pursuing benefits that would jeopardize their participation in a current program, or, as many households encountered during the pandemic, experience an unexpected loss of benefits. Not only does this dynamic create a financial tradeoff between forms of needed benefits but creates a perception of these systems as indifferent to their well-being or posing a potential risk.”<sup>3</sup>

## Federal vs. State Benefits

Guaranteed income programs don’t only need to navigate federal benefits — they also must navigate the maze of differing local benefits administered by each state. Aspen FSP and Springboard to Opportunities’ [Start at the Beginning](#) brings up an important consideration regarding state vs. federal benefits and the discrimination faced by communities of color when attempting to access these benefits:

- “For policies boosting household cash flow to provide predictable and sufficient support equitably and at the scale of families needing these resources, key standards for eligibility and minimum thresholds for benefits supporting sufficiency must be in place and apply regardless of where families live. State-administered programs provide a variance of standards, support, and introduce additional opportunities for administrative requirements and racially exclusionary practices. Both historically and in the present day, states with larger Black populations consistently provide lower benefits while imposing stricter conditions on program accessibility.”<sup>4</sup>

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<sup>2</sup> Gotfredson, Christina, “Direct Cash Transfer (DCT) Best Practices” (Impact Charitable, 2022), page 18.

<sup>3</sup> Black et al., “Start at the Beginning”, page 14.

<sup>4</sup> Black et al., “Start at the Beginning”, page 10.

# Calculating Benefit Effects

There are a number of online tools that can be used to calculate the effect of a guaranteed income on a recipient's existing benefits. Look to the resources below for some of these tools — including Benefit Kitchen's free version.



**ONLINE TOOLS:** [Benefit Kitchen](#), Federal Reserve Bank of Atlanta's [Guaranteed Income \(GI\) Dashboard](#)