

Rental Agreement – Explanation

What is a rental agreement, and why might I need one?

If you receive shelter for free, the Social Security Administration (SSA) may consider the value of the shelter to be income to you and reduce your Supplemental Security Income (SSI) benefit by as much as one-third. One way to avoid this benefit reduction is to pay rent in exchange for shelter.¹ The attached rental agreement creates a legally enforceable contract to pay rent to a landlord. It means that you have “rental liability.”

Note:

- To avoid a benefit reduction, your monthly rent must be at least one-third the maximum individual SSI “Federal Benefit Rate” plus \$20. In 2025, that amount (rounded up) is \$343. The SSI Federal Benefit Rate usually increases each year, so your rent must increase each year too.
- The agreement cannot apply to months in the past. It begins when it is signed (or later, if the parties choose) and continues until the parties end it.
- Payments under the agreement must be made by direct payment of money, not with services (e.g., lawn mowing, housekeeping, etc.). Payments should be documented (e.g., with copies of paper checks) so that you can show SSA that you made them.

What does it mean to have rental liability?

When you have rental liability, you and the landlord are considered to be in “separate households” and functioning as “separate economic units,” even if the landlord is a family member and you live in the same home.

Note:

- SSA may ask whether you and the landlord function as separate households. SSA may ask whether you and the landlord make joint decisions about the property or pool money for household expenses. While sharing decisions and expenses is typical for roommates, people in separate households do not typically do those things. SSA may also ask whether you purchase your own food and prepare your own meals or if you pay your landlord a flat fee for food and meals. In the attached agreement, you can choose the option that applies to your situation.

¹ If both you and another member of your household receive public assistance benefits (e.g., SSI, Supplemental Nutrition Assistance Program (SNAP) benefits, or Temporary Assistance for Needy Families (TANF)), the rules are different. Consult a lawyer for more information.

What if I cannot afford to pay rent right now?

The landlord may choose to wait to collect payment until, for example, you get a job or receive disability benefits. But even if the landlord waits to collect payment, your obligation to pay is unconditional. That means you owe the landlord whether or not you get a job or receive disability benefits.

Note:

- If the landlord waits to collect payment, the landlord is loaning you the amount you owe each month. SSA will consider whether you have a “feasible” (or reasonable) plan to repay that loan. If the income that you expect to receive in the future will not cover both repayment and living expenses, SSA may decide that your repayment plan is not feasible.
- SSA may consider the amount the landlord loans and collects to be a “resource” of the landlord. There may also be tax implications to loaning and collecting rental payments. The landlord should consult a tax advisor for more information.

Can I pay rent with funds from my Achieving a Better Life Experience (ABLE) account?

Yes. An ABLE account allows individuals with a disability that began before age 26 to save money to spend on “qualified disability expenses,” which include shelter and basic living expenses. Anyone can contribute to an ABLE account so long as total yearly contributions do not exceed the annual gift tax exemption. In 2025, the annual gift tax exemption is \$19,000. More information on ABLE accounts in Maryland is available on the [Maryland ABLE website](#).

Rental Agreement

Residence address: _____

Renter, _____, and Landlord(s), _____,
agree that:

1. Beginning _____, 202____, Renter will pay Landlord(s) \$_____ each month as a rental payment in exchange for shelter at the address listed above. This rental payment covers a private room at the residence address, with access to all common areas, and the cost of utilities.

Renter and Landlord(s) further agree that [select one]:

- ☐ In addition to the rental payment listed above, Renter will pay Landlord(s) \$_____ each month as a flat fee for food and meals.
OR
 - ☐ Renter will purchase food and prepare meals separately from Landlord.
2. In the event the amount of the rental payment listed above should be less than one-third the maximum Federal Supplemental Security Income (SSI) payment amount for an individual (the individual SSI "Federal Benefit Rate") plus \$20, the amount of the rental payment due under this Rental Agreement shall automatically increase so that it is no less than one-third the individual SSI Federal Benefit Rate plus \$20.
 3. Landlord is solely responsible for making decisions about home repairs and improvements and paying for such improvements.
 4. Renter has an unconditional obligation to pay the amount owed each month under this agreement. If Renter is unable to pay in any month, Landlord agrees to loan Renter the amount owed and Renter agrees to pay Landlord the amount loaned, without interest, with anticipated wages or other income, including disability benefits, at a rate of \$100 per month. If at any time Landlord chooses not to loan Renter additional amounts, and Renter does not pay the amount owed that month, Landlord retains the right to ask Renter to move out without affecting Renter's obligation to repay all amounts previously loaned.

5. This agreement will continue each month after this month unless either party terminates the agreement in writing with at least thirty days' written notice. This agreement may be superseded by agreement of all parties at any time.

If you have questions, please contact Landlord at _____.

Signature of Renter

Date

Printed Name of Renter

Signature of Landlord 1

Date

Printed Name of Landlord 1

Signature of Landlord 2 (if applicable)

Date

Printed Name of Landlord 2 (if applicable)