

# How Income Affects SSI Eligibility and Payment Amount

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## Introduction

Supplemental Security Income or SSI is an economic needs-based income support program provided to eligible individuals who are disabled, blind, or age 65 or older and who have little income and few resources. SSI cash payments are intended to supplement any other income an individual may already have in order to meet minimum needs for food and shelter. Because the SSI program is means-tested, the Social Security Administration (SSA) considers how much a person has in both income and resources when determining initial eligibility for benefits. Even after initial eligibility for SSI is established, SSA continues to assess the countable income and resources of all SSI recipients on a monthly basis. Individuals with countable income and resources over the allowable limits are not eligible for an SSI cash payment or associated Medicaid coverage.

## How Income is Defined in the SSI Program

The SSI program considers income to be anything an individual receives in cash or in-kind that can be used to meet the basic needs for food or shelter. In-kind income isn't cash, but is actual food or shelter provided to the eligible individual by someone else. Under this definition, income also includes the receipt of anything that can be applied, either directly, or by sale, or conversion, to meet basic needs of food or shelter. This means that items SSI recipients are given which can readily be converted to cash, may count as income for both SSI eligibility determinations and when calculating how much SSI payment is due. An item would NOT count as income if it is not food or shelter and could not be used to obtain food or shelter. Some types of cash or in-kind items do meet SSA's definition of income, but are specifically excluded by Federal statute.

The SSI program also distinguishes between earned and unearned income. Any cash or in-kind item that meets the SSI definition of income must be either earned income or unearned income. Earned income and unearned income are treated very differently in the SSI program, so it is important that care is taken when distinguishing between these two categories. Descriptions of both types of income are provided later in this document.

Finally, SSI is only interested in that income which is “countable” - whether it is “countable earned income” or “countable unearned income”. An individual’s total countable income is determined after applying all allowable deductions or exclusions. There are myriad exclusions allowed for each of the two types of income and the most common of these will be explained in subsequent sections. To determine how much SSI is due for a month, the countable income is subtracted from the annually determined SSI Federal Benefit Rate (FBR) for either an individual or a couple. The more countable income an individual or couple has in a month, the less the SSI cash payment will be for that month. If an individual or couple has too much countable income, no SSI payment will be due at all.

The following discussion will explain how SSA treats income for the SSI program. The rules described in this document apply to both the Federal SSI benefits as well as any Federally Administered State Supplementary payments, in those States where such supplementary payments are provided.

## **What is NOT Considered to be Income**

As stated earlier, an item would NOT count as income for SSI purposes if it is not food or shelter and cannot be used to obtain food or shelter. Examples of some of the more common items which do NOT meet the definition of income for SSI purposes are listed below. The items listed here are not considered to be income exclusions. Income exclusions apply to items that DO meet the definition of income, but are simply excluded when determining countable income. We will discuss income exclusions later in this document. The most common items which do NOT meet the SSI definition of income would include:

- Medical and social services are not income for purposes of the SSI program. Under the complex circumstances specified in POMS SI 00815.050: Medical and Social Services, Related Cash, and In-Kind Items, cash and in-kind items received in conjunction with medical and social services are also not income for SSI purposes. The rules spelled out in this POMS citation are intricate. When in doubt about how to apply the provisions contained in this reference, contact the local SSA Field Office for a formal determination.
- Food and shelter received during a medical confinement are not income. A medical confinement exists when an individual receives inpatient medical services in a medical treatment facility. For more information, see POMS SI 00815.100: Food and Shelter Received During a Medical Confinement.
- Personal services performed for an eligible individual are not income. Examples of personal services would include mowing the lawn, doing housecleaning, going to the grocery store, and babysitting. For more information, see POMS SI 00815.150: Personal Services.
- Receipts from the sale, exchange, or replacement of a resource are not income, but are simply resources that have changed their form. This includes any cash or in-kind item

that is provided to replace or repair a resource that has been lost, damaged, or stolen. Refer to POMS SI 00815.200: Conversion or Sale of a Resource for more information on this issue.

- Generally, when an individual receives a rebate, refund, or other return of money he or she has already paid, the money returned is not income. Some rebates do not fit this description, so when questions arise, seek assistance from the local SSA Field Office. More information on this provision can be found at POMS SI 00815.250: Rebates and Refunds.
- Any amount refunded on income taxes already paid is not income. This rule applies even if the income from which the tax was withheld or paid was received in a period prior to application for SSI benefits. Income tax refunds are not income, even if the income taxes were already excluded as work expenses of the blind. See POMS SI 00815.270: Income Tax Refunds.
- Proceeds of a loan are not income to the borrower because of the borrower's obligation to repay. Likewise, money that a person borrows under a bona fide loan agreement is not income. Money received as repayment of the principal of a bona fide loan is also not income. A bona fide agreement is an agreement that is legally valid and made in good faith. If a loan is not bona fide, the cash provided by the lender is the borrower's unearned income in the month received. If a loan is not bona fide, payments towards the principal and interest are unearned income to the lender. Effective July 1, 2004, interest received on money loaned is excluded from income if the loan is bona fide. For more information, refer to POMS SI 00815.350: Proceeds of a Loan.
- Payment of an individual's bills (including supplementary medical insurance or other medical insurance premiums) by a third party directly to the supplier is not income. However, anything received in-kind as a result of the payment is income if it is food or shelter. For additional information, see POMS SI 00815.400: Bills Paid by a Third Party.
- If an individual's income is lost, stolen, or destroyed and that individual receives a replacement, the replacement is not income per POMS SI 00815.450: Replacement of Income Already Received. Similarly, a payment is not income when the individual is aware that he/she is not due the money and returns the check un-cashed or otherwise refunds all of the erroneously received money. See POMS SI 00815.460: Return of Erroneous Payments.
- Weatherization assistance such as insulation, storm doors, and windows, etc. is not income for SSI purposes per SI 00815.500: Weatherization Assistance.
- Employers make various payments on behalf of their employees that are not earnings and are not available to meet food or shelter needs. These types of payments are not considered to be income and would include funds the employer uses to purchase qualified benefits under a cafeteria plan; employer contributions to a health- insurance or

retirement fund; and the employer's share of FICA taxes or unemployment compensation taxes. For more information, see POMS SI 00815.600 Wage-Related Payments.

- With the passage of the Social Security Protection Act of 2004 and effective March 9, 2005, SSA eliminated clothing from the definition of unearned income. As a result, SSA generally will not count gifts of clothing as income when deciding whether a person can receive SSI benefits or when computing the amount of the benefits. There is one situation where SSA will be required to consider clothing as income. This situation could occur when an individual receives clothing from an employer that would count as a form of wages.

## **How SSI Treats Earned Income**

Earned Income is any cash or in-kind item that a beneficiary receives in exchange for work performed or as remuneration for work effort. Earned income would include the following types of payments:

- **Wages** - These payments are what an individual receives (before deductions like taxes) for working as someone else's employee. Wages may include salaries, commissions, bonuses, severance pay, military pay, sheltered workshop earnings, and any other special payments a person receives because of their employment. SSA counts GROSS earnings from wage employment, which means before any taxes or other deductions are taken out. Earned income is counted at the earlier of two points; when the person receives it, or when it is credited to their account, or set aside for their use. SSA determines earned income for each calendar month.
- **In-kind Earned Income** - This would include the value of food or shelter, or other items an individual receives instead of cash in exchange for work performed. The most common type of in-kind earned income is when room and board is provided as part of the remuneration an individual receives for live-in employment. SSA assesses in-kind earned income by applying current market value. If an individual receives an item (instead of cash) that is not fully paid for and he/she is responsible for an unpaid balance, only the amount previously paid is counted as income.
- **Net Earnings from Self-Employment (NESE)** - This refers to gross receipts from a trade or business that an individual operates, less allowable deductions. SSA counts net earnings from self-employment (NESE) on a taxable year basis. SSA also considers the earnings of statutory employees as earnings from self-employment for SSI purposes only (POMS SI 00820.100 B.3). Their net earnings from self-employment (NESE) are counted in determining SSI eligibility and benefit amount.

This is only a partial listing of the most common forms of earned income. For a complete listing of all the different types of earned income and how SSI would treat each type, refer to the SSA Program Operations Manual System (POMS) online at:

<https://s044a90.ssa.gov/apps10/poms.nsf/lx/0500820000!opendocument>

## Earned Income Exclusions

Not all earned income counts when determining SSI eligibility and payment amount. SSA first excludes income as authorized by specific Federal laws or statutes. Other earned income exclusions are then applied, in the following order to the remainder of earned income to determine countable earned income for each calendar month:

1. Earned income tax credit payments and child tax credit payments;
2. Up to \$30 of earned income in a calendar quarter if it is infrequent or irregular;
3. Earned income of a blind or disabled student regularly attending school, who is under the age of 22, up to the student earned income exclusion (SEIE) monthly limit, but not more than the SEIE yearly limit. (See [SI 00820.510](#) for monthly and yearly SEIE limits);
4. Any portion of the \$20 monthly General Income Exclusion (GIE), which has not been excluded from unearned income in the same month;
5. \$65 of earned income in a month;
6. Earned income of disabled individuals that is used to pay Impairment Related Work Expenses (IRWE). These are reasonable out-of-pocket costs that are related to the individual's disability and which are necessary for work. For more information, see POMS SI 00820.540 Impairment-Related Work Expenses (IRWE);
7. One-half of remaining earned income in a month;
8. Earned income of individuals with blindness that is used to meet any expenses the person has related to working-whether or not it is related to blindness, called Blind Work Expenses (BWE). Blind Work Expenses include items that would be excluded under the Impairment Related Work Expense (IRWE) rules. In addition, these deductions are any out-of-pocket expense that is necessary for work. For more information, see POMS SI 00820.535 Blind Work Expenses (BWE);
9. Any earned income used to fulfill an approved Plan for Achieving Self-Support (PASS). PASS is a highly valuable, yet complex work incentive. For more information on PASS, refer to Unit 6 of Module 3 in the CWIC Training Manual.

Earned income is never reduced below zero and unused earned income exclusions are never applied to unearned income. An unused portion of a monthly exclusion cannot be carried over for use in subsequent months. In addition, the \$20 general and \$65 earned income exclusions are applied only once to an eligible couple, even when both members (whether eligible or ineligible) have income, since the couple's earned income is combined in determining SSI payments.

## **How SSI Treats Self-Employment Income**

SSA counts net earnings instead of gross earnings when determining the SSI payments for an individual who is self-employed. SSA deducts business expenses allowed by the IRS on Schedule C of the Federal income tax form 1040 from the gross receipts that the person expects for the year to determine an estimate of Net Earnings from Self-Employment or NESE. Once an estimated NESE is determined, SSA divides those net earnings equally among all 12 months in the individual's taxable year (i.e. the calendar year). This is done even if the business is seasonal, did not operate for the entire year, or ceased operation prior to making application for SSI. Benefit payments are adjusted retroactively for the entire calendar year to reflect this estimated NESE.

After the initial year of self-employment, SSA generally uses the person's completed tax forms to determine the total net profit for the year and will adjust the SSI payments over the entire year to come based upon this estimate. At the end of each year, SSI recipients submit their tax returns to SSA so that actual NESE can be compared to what was estimated. The SSI payments will be adjusted retroactively to account for any variance between what was estimated and what was actually reported to the IRS as taxable profit. It is essential that SSI recipients who are self-employed make their estimates as early and accurately as possible to avoid large under or over-payments. As the year progresses, individuals may revise their estimates if earlier estimates were too low or too high. The more accurate the estimate, the less self-employed SSI recipients will owe or be owed by the SSA when the tax year closes.

## **Earned Income Limits**

There are limits on the amount of countable earned income an individual may have and still be found eligible for SSI benefits. When someone first applies for SSI based on disability, the limit on countable earned income is the current Substantial Gainful Activity (SGA) amount (NOTE: This SGA test does not apply to individuals applying for SSI who meet SSA's definition of blindness). This is because SSA's definition of disability is closely tied to an individual's ability to work at a substantial level. To find all past and current SGA guidelines, go to POMS DI 10501.015 Tables of SGA Earnings Guidelines and Effective Dates Based on Year of Work Activity at <https://secure.ssa.gov/apps10/poms.nsf/lrx/0410501015>

Once an individual is found eligible for SSI benefits, the SGA limit on earnings is no longer applied. For an SSI recipient who has already been found eligible for benefits, earnings are treated in the manner described above and the SSI check is gradually reduced as earnings go up. Even when countable earnings are high enough to cause complete loss of the SSI cash benefit, individuals may retain Medicaid coverage under a special work incentive known as "1619(b) Extended Medicaid Coverage". To qualify for extended Medicaid under the 1619(b) provision, individuals must continue to meet the SSA disability standard, must have earned income below a special annual threshold amount (which varies by State), must demonstrate a need for Medicaid

coverage and must continue to meet all other SSI eligibility requirements such as the unearned income limits and the resource limits.

## **How SSI Treats Unearned Income**

The definition of unearned income is very simple. Basically, SSA describes unearned income as any cash or in-kind item a person receives which is NOT earned income. Common forms of unearned income would include the following:

- Periodic public payments or private annuities or pensions: These payments are usually related to prior work or service (Social Security benefits, Veteran's benefits, Railroad Retirement benefits, Worker's Compensation, Unemployment Compensation, etc.)
- Income of a spouse or parent (for SSI recipients under the age of 18) that is determined by the SSA to be available to meet the need for food and shelter for the SSI recipient: A portion of spousal income or parental income for SSI recipients under 18 is "deemed" to be available to the SSI recipient because of the relationship between the SSI recipient and the parent(s), or an ineligible spouse. Deeming is a very complex SSI issue and recipients who are married or who are under age 18 need to have deemed income determined by SSA personnel.
- Alimony and child support payments: For SSI purposes, alimony and support payments are cash or in-kind contributions to meet some or all of a person's needs for food and shelter. These periodic payments may be court ordered or voluntary. Alimony or spousal maintenance is the unearned income of the adult named in the court order. Generally, child support payments (including arrearage payments) made on behalf of an SSI child is unearned income to the child. One-third of the amount of a child support payment made to or for an eligible child by an absent parent is excluded. For more information, see POMS SI 00830.420 Child Support Payments.
- Dividends and interest: These are returns on capital investments, such as stocks, bonds, or savings accounts. With the passage of Section 430 of the Social Security Protection Act, dividends or interest earned on resources not excluded under 1613(a) of the Social Security Act or excluded under other federal statutes are excluded income for SSI benefits beginning July 1, 2004. For more information see POMS SI 00830.500.
- Rental payments: Rental payments for things such as housing, the use of land or machinery are considered to be unearned income in most cases. SSA will only count the value of rental payments after expenses related to the rental properties are deducted. These determinations are made on a taxable year basis. In some cases, rental income is determined to be earned income if the SSI recipient is in the business of renting property or equipment. When in doubt about whether rental income would be considered to be earned or unearned, seek a determination from the local SSA Field Office.
- In-kind Support and Maintenance (ISM): If an SSI recipient is given food or shelter by another person, SSA will consider these items to be a specific type of unearned income

which they refer to as “in-kind support and maintenance” or ISM. If an individual lives throughout a month in the household of another person and receives both food and shelter from within the household, the SSI payment will be reduced by one-third of the Federal Benefit Rate (FBR). This reduction is known as the Value of the One-Third Reduction (VTR). The VTR applies in full or not at all. If a beneficiary receives in-kind support and maintenance in any other situation not subject to the VTR, e.g., living in one’s own household or receiving ISM from outside the household, the SSI benefit will be reduced by a MAXIMUM of one-third of the FBR plus \$20, which is called the Presumed Maximum Value (PMV). If the value of the food and shelter the beneficiary receives is less than the PMV amount, SSA will reduce the SSI payment by the actual value of the food and shelter. SSI benefits are not reduced by ISM when beneficiaries pay their pro-rata share of the household food and shelter expenses. In-kind support and maintenance decisions are very complex and may only be performed by SSA personnel.

Unearned income is counted when the individual receives it, when it is credited to the individual’s account, or set aside for the individual’s use. SSA determines an individual’s unearned income for each calendar month. In some cases, the unearned income that counts when calculating the SSI payment may be higher or lower than the actual income the person receives. For example, SSI recipients who also receive a title II disability benefit (such as SSDI) may be paying the Medicare Part B premium by having it withheld from their title II payment. When determining countable income, the SSI program will count the full Social Security disability payment before Medicare premiums are deducted even though the individual does not actually receive that amount to spend.

Another instance when SSI would count more than what the individual actually receives would be when funds are withheld from unearned income because of a garnishment or to pay a debt or other legal obligation. For example, if an SSDI beneficiary is entitled to \$450 per month in SSDI benefits, but \$150 was being garnished every month to pay for back child support, only \$300 each month would actually be received. However, for SSI purposes, the full \$450 would be counted as unearned income. On the other hand, if an eligible individual is due a cash settlement, SSA will subtract the expenses the individual incurs in getting the payment, before they use the remaining amount in the benefit calculation. For example, if an individual is paid for damages from an accident, SSA will only count what the person gets after deducting the amount paid for the individual’s medical, legal, or other expenses connected with the accident.

## **Unearned Income Exclusions**

The amount and source of all unearned income must be determined for SSI eligibility and payment purposes; however SSA does not count all of an individual’s unearned income. SSA first excludes all forms of income which are required to be excluded under Federal law. Many Federal statutes in addition to the Social Security Act provide assistance or benefits for individuals with little income and few resources and specify that the assistance or benefit that they provide will not be considered in deciding eligibility for SSI. Examples include food stamps, rental subsidies, home energy assistance payments, and educational or employment

grants and/or loans. Since these programs are excluded by other Federal statutes, they are never counted as income for the SSI program.

After all other Federal statutory exclusions are applied; SSA applies other unearned income exclusions. There are many forms of unearned income which are excluded, far more than could ever be catalogued in this document. No list can be all-inclusive, since the variety and type of unearned income is limitless and new exclusions are constantly being added to the regulations. The best advice is to check with your the local SSA Field Office as specific situations arise. For your convenience, we have attached a quick reference chart of the unearned income exclusions identified and described in the POMS with the citations for each clearly indicated. Items listed in bold print are exclusions required under a Federal statute.

### **LIST OF INSTRUCTIONS ABOUT UNEARNED INCOME EXCLUSIONS**

<b>PROGRAM</b>	<b>SECTION</b>
<b>Agent Orange Settlement Payments</b>	<a href="#">SI 00830.730</a>
Alaska Longevity Bonus Payments	<a href="#">SI SEA00830.175</a> (Seattle Region)
<b>AmeriCorps*Vista , Americorps and National Civilian Community Corps (NCCC)</b>	<a href="#">SI 00830.610</a> <a href="#">SI00830.537</a>
Austrian Social Insurance Payments	<a href="#">SI 00830.715</a>
Burial Funds, Interest on Excluded	<a href="#">SI 00830.501</a>
<b>Child Care Assistance Under the Child Care and Development Block Grant Act</b>	<a href="#">SI 00830.417</a>
Child Support	<a href="#">SI 00830.420</a> <a href="#">SI 00830.425</a>
<b>Corporation for National and Community Service (Formerly ACTION) Programs</b>	<a href="#">SI 00830.610</a>
<b>Department of Education (DE) and Bureau of Indian Affairs (BIA) Student Assistance</b>	<a href="#">SI 00830.455</a>
Disaster Assistance	<a href="#">SI 00830.620</a>
Dividends and Interest	<a href="#">SI 00830.500</a>
<b>Educational Assistance</b>	<a href="#">SI 00830.450</a>

<b>PROGRAM</b>	<b>SECTION</b>
<b>Energy Assistance</b>	<a href="#">SI 00830.605</a>
<b>Federal Perkins Loan</b>	<a href="#">SI 00830.455</a>
<b>Federal Supplemental Education Opportunity Grants (FSEOG)</b>	<a href="#">SI 00830.455</a>
<b>Food/Meal Programs</b>	<a href="#">SI 00830.635</a>
<b>Food Stamps</b>	<a href="#">SI 00830.635</a>
<b>Foster Grandparents Program</b>	<a href="#">SI 00830.610</a>
General Assistance	<a href="#">SI 00830.175</a>
Gifts Occasioned by a Death	<a href="#">SI 00830.545</a>
Gifts of Domestic Travel Tickets	<a href="#">SI 00830.521</a>
Grants, Scholarship, Fellowships, and Gifts	<a href="#">SI 00830.455</a>
<b>HUD Subsidies</b>	<a href="#">SI 00830.630</a>
<b>Home Energy Assistance</b>	<a href="#">SI 00830.600</a> <a href="#">SI 00830.605</a>
Home Produce	<a href="#">SI 00830.700</a>
Housing Assistance	<a href="#">SI 00830.630</a>
Hostile Fire Pay from the Uniformed Services	<a href="#">SI 00830.540</a>
<b>Individual Development Accounts (IDAs) -- Demonstration Project</b>	<a href="#">SI 00830.670</a>
<b>Individual Development Accounts (IDAs) -- TANF Funded</b>	<a href="#">SI 00830.665</a>
<b>Japanese -- American and Aleutian Restitution Payments</b>	<a href="#">SI 00830.720</a>
<b>Leveraging Educational Assistance Program (LEAP)</b>	<a href="#">SI 00830.455</a>
<b>Low Income Energy of Assistance</b>	<a href="#">SI 00830.600</a>
<b>Meals for Older Americans</b>	<a href="#">SI 00830.635</a>
<b>Milk Programs</b>	<a href="#">SI 00830.635</a>
<b>National Civilian Community Corps (NCCC)</b>	<a href="#">SI00830.537</a>

<b>PROGRAM</b>	<b>SECTION</b>
<b>Nazi Persecution, Payments to Victims of</b>	<a href="#">SI 00830.710</a>
<b>Netherlands WUV Payments to Victims of Persecution</b>	<a href="#">SI 00830.725</a>
<b>North Vietnam, DOD Payments to Certain Persons Captured and Interned</b>	<a href="#">SI 00830.745</a>
<b>Pell Grants</b>	<a href="#">SI 00830.455</a>
Private Nonprofit Assistance	<a href="#">SI 00830.605</a>
<b>Radiation Exposure Compensation Trust Fund (RECTF) Payments</b>	<a href="#">SI 00830.740</a>
Refunds of Taxes Paid on Real Property or Food	<a href="#">SI 00830.705</a>
Relocation Assistance	<a href="#">SI 00830.655</a>
<b>Retired Senior Volunteer Program (RSVP)</b>	<a href="#">SI 00830.610</a>
<b>Ricky Ray Hemophilia Relief Fund Payments</b>	<a href="#">SI 00830.755</a>
<b>Rural Housing Service (RHS), formerly Farmers Home Administration</b>	<a href="#">SI 00830.630</a>
<b>School Breakfasts</b>	<a href="#">SI 00830.635</a>
<b>School Lunches</b>	<a href="#">SI 00830.635</a>
<b>Senior Companion Program</b>	<a href="#">SI 00830.610</a>
<b>Special and Demonstration Volunteer Program</b>	<a href="#">SI 00830.610</a>
State Assistance Based on Need	<a href="#">SI 00830.175</a>
<b>University Year for ACTION (UYA)</b>	<a href="#">SI 00830.610</a>
<b>Veterans' Children with Certain Birth Defects, Payments to</b>	<a href="#">SI 00830.318</a>
Victims' Compensation Payments	<a href="#">SI 00830.660</a>
<b>Women, Infants, and Children Program (WIC)</b>	

## **Income Limits**

The SSI income limit applies to the combined total of countable earned and unearned income. Therefore, there is no unearned income limit or earned income limit, per se. There is simply one income limit which applies to total countable income after all deductions and exclusions have been applied.

The limit for countable income is the current Federal Benefit Rate (FBR) per month. Remember that there is one FBR for eligible individuals and another for eligible couples. There is only one exclusion applied to unearned income which is the \$20 General Income Exclusion (GIE). For example, if an individual receives an Unemployment Insurance benefit in the amount of \$400 per month, the countable unearned income would be \$400 - \$20 or \$380 each month. This amount will be subtracted from the FBR when determining the individual's SSI eligibility. When countable income exceeds the FBR for the current month, ineligibility for both SSI cash payments and Medicaid will result and the individual will enter a 12 month suspension period.

SSI eligibility is determined by using the current month's income. SSA payment amount is generally determined by using the countable income from 2 months prior under Retrospective Monthly Accounting rules

## **What Happens if Excess Income Causes Ineligibility for SSI**

When an SSI recipient has countable income in excess of the allowable limits, ineligibility for both SSI and Medicaid will result. Ineligibility will begin with the first month during which countable income exceeded allowable limits. While individuals with excess income are ineligible for both SSI cash payments and Medicaid at this time, they are not "terminated" from the SSI program. Beginning with the first month of ineligibility due to excess countable income, individuals are suspended from eligibility. The suspension period can last up to 12 continuous months before an individual's eligibility is terminated. The 12 month suspension period is a critically important safety net for SSI recipients which unfortunately, is little known or understood.

A "suspension" in the SSI program is a loss of SSI benefits or 1619(b) extended Medicaid coverage. It is always effective the first day of a month in which an individual no longer meets all SSI eligibility requirements. This may be because of excess resources or income (earned or unearned), being incarcerated in a penal institution, no longer meeting the citizenship requirements or any other non-disability related reason for SSI ineligibility. Generally, the suspension period is 12 months, allowing an individual 12 consecutive months after the effective date of a suspension to regain eligibility and have benefits reinstated without having to file a new application. To resume SSI benefits and Medicaid eligibility after a period of suspension the individual must notify SSA of the change and that the condition that caused suspension no longer exists. There is NO limit to the number of times a recipient may move into and out of suspension status.

It is important to understand that in the SSI program, suspension is NOT the same as termination. Termination means the individual's record has been completely closed. A person in suspension

status is not getting benefits, but is still in the SSA computer system. The SSA computer system automatically terminates certain SSI records after 12 consecutive suspension months are posted. See POMS [SI 02301.205](#) to learn more about the suspension process and how to reestablish eligibility after a 12 month suspension period. Most beneficiaries will receive a written warning from SSA when they are close to being terminated - towards the end of the 12 month suspension period. Suspension applies to SSI recipients in all statuses:

- 1611 (cash payment when earnings are under SGA),
- 1619a (reduced cash payment when earnings are over SGA), and
- 1619b (no cash payment due to earned income, extended Medicaid coverage).

Keep in mind that loss of SSI eligibility due to medical recovery causes termination in all cases, not suspension. In addition, a person in suspension status who is determined to no longer be disabled will be terminated from the SSI program. Once a person is terminated due to medical recovery, they either have to appeal and be re-instated, requested Expedited Reinstatement, or re-apply for benefits under a new period of entitlement.

## **Reporting Income in the SSI program**

SSI recipients are required to report any and all income to the Social Security Administration when the income is received. This requirement applies equally to earned income such as wages and unearned income such as child support or Worker's Compensation payments. It is recommended that all reporting of income be done either in person by going to the local SSA Field Office, or in writing by mailing a letter with income verification to SSA. SSI recipients are encouraged to retain a copy of all correspondence sent to or received from SSA. This correspondence may be needed to verify that reporting was performed if an overpayment occurs and SSA seeks recovery of funds.

SSI recipients may also report their employment income to SSA by telephone. The use of this system is somewhat limited because it does not permit deductions for most work incentives. Still, if a beneficiary does not have work incentive deductions, use of this system is valuable as a means to report actual wages in a month, and thus to reduce the risk of overpayments.

This automated telephone system works well for:

- Parents or spouses who are not disabled, and have income that will be deemed to the beneficiary "deemers".
- SSI beneficiaries with no work incentive deductions other than the Student Earned Income Exclusion
- Concurrent beneficiaries with no work incentive deductions other than the Student Earned Income Exclusion- note: however, that the automated report may not be used by individuals only receiving Title II benefits

The telephone wage reporting system may not be used by:

- Beneficiaries who have Impairment Related Work Expenses (IRWE)
- Beneficiaries who meet the definition of statutory blindness
- Beneficiaries who have a Plan to Achieve Self-Support (PASS)
- Beneficiaries who have deemed income
- Beneficiaries contributing earnings to an Individual Development Account (IDA)
- Beneficiaries with more than one employer in a month
- Beneficiaries who have difficulty with technology, and for whom this would be a burden

In the SSI program, there are many things which can affect eligibility for benefits as well as the amount of SSI payment received. The following list represents the most common information which should be reported to the SSA:

1. Unearned income including things like other SSA payments, child support payments, or any other cash received that is NOT wages.
2. Any gross wages/earnings and net earnings from self-employment. This includes in-kind items received in lieu of wages (like room and board)
3. In-kind support and maintenance received from others. This includes any assistance with food and shelter provided by another person.
4. Change of address
5. Changes in living arrangements
6. Changes in marital status
7. Resources or assets received that cause total countable resources to be over the \$2,000 limit.
8. Use of any specific work incentives.

When in doubt about whether or not a piece of information should be reported, it is best to go ahead and inform SSA about it. If the information is not relevant, then no harm has been done. If the information is relevant, then reporting will help insure that benefits are only paid when they are actually due and that the amount of the SSI cash payment is correct. It is always best to work proactively to avoid over or underpayments whenever possible.

## **How Income is Verified**

SSA conducts periodic SSI redeterminations for all SSI recipients. A redetermination is a review of a recipient's/couple's non-medical eligibility factors such as income, resources, and living arrangements to be sure they are still eligible for and receiving the correct SSI payment. SSI redeterminations are conducted at periodic intervals which may vary depending on the likelihood of payment error that may affect an individual's/couple's SSI eligibility and payment amount. Generally, SSI recipients can expect to have a redetermination conducted at least once per calendar year.

During the annual redetermination, the SSA Claims Representative examines income available to the SSI recipient on a month-by-month basis over the entire period since the last redetermination was conducted and determines how much in SSI payments were actually due. This information is then compared to the monthly SSI payments the recipient received and any balances are

calculated. It is not at all uncommon for there to be either an over or underpayment in evidence which must be settled. When SSA recovers an overpayment from an individual, they will typically withhold it from future SSI payments. By federal statute, SSA is not permitted to withhold more than 10% of the SSI payment for recovery of overpayments without consent.

SSA does not determine SSI eligibility solely on the basis of statements concerning eligibility factors by applicants and recipients. When possible, SSA will verify relevant information from independent or collateral sources and obtain additional information as necessary to be sure that only eligible individuals are paid and that payment amounts are correct. There is usually a delay between the month an individual receives income, and the month the income is reflected in the SSI payment. This is because the SSI program uses a system called Retrospective Monthly Accounting or RMA to figure payment amounts. In most cases, RMA methods will cause a 2-month gap between when income actually is received and when the SSI check is adjusted to reflect this income.

## **Conclusion**

Income determinations within the SSI program are one of the most complex aspects of administering these benefits. No matter what type of income SSI recipients have, only SSA can make the final determination as to when and how it counts. This document only touches on the broadest concepts regarding what income is for SSI purposes and provides very general information about how the various types of income are treated. For determinations on specific types of income, it is always best to seek assistance from the local SSA Field Office.

## **Frequently Asked Questions**

### **How do income and resources differ?**

Income is something received within a month. Resources are what you have already as of the first day of a new month. The difference between income and resources is really one of timing.

### **Are retroactive Social Security payments treated as income?**

Retroactive social security benefits are usually considered income in the month they are received. Retained funds may be excluded as a resource in some circumstances. The Windfall Offset Provision provides one exception. If a person who is receiving SSI benefits files an application for a Social Security disability benefit (such as SSDI) and retroactive benefits are due, SSA will reduce the amount of the retroactive payments by the amount of the SSI overpayment the award creates. When determining this overpayment, the SSA will calculate the back SSI payments again, as if the person had received SSDI in those months. The SSA refers to this as the windfall offset. For example, upon filing an application for SSDI, SSA determines that Sue is due retroactive benefits for the past 6 months. SSA then reduced Sue's SSDI retroactive payment by the amount of SSI overpayment before issuing the check to Sue. In cases like Sue's, SSA

would not count the remainder of the retroactive payment as income when Sue receives it. In some cases, however, retroactive payments would be considered income, so seek a determination from SSA when in doubt.

### **How does SSA treat infrequent or irregular income (earned or unearned) when determining eligibility and monthly payment amount?**

Passage of the Social Security Protection Act of 2004 changed the way SSI treats infrequent or irregular income. Beginning September 8, 2006, infrequent income is defined as income that an individual receives only once during a calendar quarter from a single source, and which the individual did not receive in the month immediately preceding that month or in the month immediately subsequent to that month, regardless of whether or not those payments occur in different calendar quarters. For SSI purposes, SSA will exclude the following amount of income which is received either infrequently or irregularly:

- The **first** \$30 per calendar quarter of earned income; and
- The **first** \$60 per calendar quarter of unearned income.

If an individual begins receiving a recurring payment (e.g., a Social Security check) in the third month of a quarter, the payment does not meet the definition of infrequent because it will be received in the following month, even though the following month is in another quarter. The same would be true if the recurring payment ended in the first month of a quarter, but had been received in the prior month in another quarter. Different rules apply to infrequent or irregular income received prior to September 8, 2006. Seek assistance from the local SSI Field Office if the income was received prior to when the new rules took effect.

### **Are residual checks or royalties counted as income?**

Royalties include compensation paid to the owner for the use of property, usually copyrighted material (e.g. books, music, or art) or natural resources (e.g. minerals, oil, gravel or timber). Royalties are considered unearned income, unless they are received as part of a trade or business, or received in connection with any publication of the individuals work, i.e., publication of a manuscript, magazine article, or art work.

### **Are food stamps or subsidized housing assistance counted as income for SSI calculations?**

Food Stamps, housing subsidies, energy assistance, disaster relief and many other types of means-tested unearned income are excluded when the SSA calculates SSI eligibility and payment amounts.

### **How is child support counted?**

Usually, child support payments are considered to be unearned income to the child only and are not income to the parent. When a child's SSI benefit is being calculated, the SSA excludes one-third of the amount of a child support payment made for an eligible child under age 18 by an absent parent. The one-third exclusion rule does not apply when determining the income of ineligible children in deeming calculations.

**When an SSI recipient is receiving a monthly stipend from participating in a volunteer service program such as Americorps\* Vista, does SSA count this as earned income?**

SSA excludes payments made to volunteers participating in such service programs from income and resources. An exception to this exclusion rule is if the Corporation for National and Community Service (CNCS) determines that the volunteer's value, adjusted to reflect the hours served is equal to or greater than the minimum wage in effect under the Fair Labor Standards Act or the minimum wage under applicable state law, whichever is greater. To date, the above exception has never been determined for a participant in a volunteer service program.

Effective with benefits payable on or after September 1, 2008, cash or in-kind payments provided by AmeriCorps State and National or AmeriCorps NCCC are excluded from income for SSI purposes, even if they meet the definition of wages.

**How are Veteran's Benefits considered when calculating SSI payments?**

There are many types of veteran's benefits. How the SSA treats VA payments depends on the type of payment the person is receiving. Individuals receiving a benefit from the Veteran's Administration should check with the SSA to see if it will affect SSI benefits. More a detailed explanation of Veterans benefits and how they may impact SSA disability benefits, refer to the CWIC Initial Training Manual, Module 3 Part B, Unit 6.

**Conducting Independent Research**

POMS SI 00810.000 -- General - Income Rules for the Supplemental Security Income Program- Subchapter Table of Contents

POMS SI 00815.000 -- What Is Not Income – Subchapter Table of Contents

POMS SI 00820.000 -- Earned Income – Subchapter Table of Contents  
POMS SI 00830.000 -- Unearned Income – Subchapter Table of Contents

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