

# Reporting Work Activity to The Social Security Administration

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## Reporting Earnings

Teaching beneficiaries how to correctly report earned income to SSA and other agencies providing public benefits is one of the most important jobs a CWIC has. It is essential to note that CWICs are not responsible for reporting wages on behalf of beneficiaries. However, CWICs should help beneficiaries develop methods for organizing wage information and assist in the preparation and of earnings reports.

## Work Reports within the Title II Disability Program

One of the challenges that Community Work Incentives Coordinators face is advising Title II disability beneficiaries when and how to report work. Should reports be made every month? Every quarter? Once a year? Unfortunately, there is no single perfect answer. The need to report work varies with the consumer's situation. Essentially, the report should occur when a change that would impact the beneficiary's payments has recently occurred. For example:

- When the Trial Work Period has been completed.
- When payments should be suspended during the EPE.
- When payments should be reinstated during the EPE.
- When payments should terminate because the 36-month reinstatement period of the Extended Period of Eligibility (EPE) has been completed, and the person has demonstrated the ability to perform SGA.
- After termination when a person should request Expedited Reinstatement or reapply due to a significant drop in earnings.

Unfortunately; however, these criteria are much harder to explain than reporting based on predictable time intervals like monthly or every three months.

The challenge of predicting the perfect reporting time stems both from the way field offices process work reports, and the way the Title II system treats work activity. Here are some of the reasons:

1. **Work decisions are always retrospective.** SSA never projects what will happen in the future because it can change. Instead, a Claims Representative tries to reconstruct a pattern of past work activity to determine if a beneficiary was due payments or not. The CWIC role, however, is to anticipate and help the beneficiary understand what will happen in the future. One of the challenges with this is that work incentives like Impairment Related Work Expenses (IRWE) and subsidy are only applied once the person's gross earnings have exceeded the applicable Substantial Gainful Activity amount. If the deductions suggested by the CWIC aren't accepted by the SSA, the person may already be overpaid before the work report occurs.
2. **The Title II program uses the amount earned in a month, rather than the amount paid when assessing whether or not work activity should impact payments.** That is confusing to beneficiaries. The pay stub itself is a much easier measure to consider as a concept of earnings than a computation of hours worked times the hourly wage. The pay stub, however, would provide incorrect information in situations where a person's check represents work activity in more than one month, as often happens at the beginning or end of the month.
3. **The workload is distributed differently in different field offices.** In some offices, a particular workgroup, or Work Incentive Liaison, processes the work activity reports. In other offices, the workload is distributed alphabetically. Without knowledge of the office staff and how the work distribution occurs, a CWIC may not know the best contact person to receive a particular beneficiary's report.
4. **Beneficiaries do not realize that telling SSA about work is only a work activity report if a Claims Representative looks at the pattern of work, and makes a decision.** They are unaware of the structure of the agency and often feel that calling the 800 number in one month, and receiving their payment the next month means that the report was properly processed.
5. **Even when work is reported with pay-stubs at the local office it is not monthly examined for impact on Title II benefits.** Often, the people taking reports are not the decision-makers. Instead, the front-line staff who take the report give the beneficiary a receipt, and enter the data into the computer system, but they do not examine it to determine if benefits should stop. Meanwhile, the beneficiary believes he or she has met all responsibilities to report work, and assumes that any impact will be determined as soon as possible.
6. **EWORk is a system that Social Security Claims Representatives use when making decisions about work activity.** Prior to EWORk, the decisions were all made manually, and information was not always transmitted electronically so that it could be associated with the person's file. Although EWORk has moved the SSA tremendously forward towards improving service to beneficiaries, it is still evolving. The good news is that EWORk offers receipts when work reports are made, and keeps track of the amounts the person earns. Currently, however, the system does

not do anything more than store the reports until and unless a Claims Representative looks at the work reported, re-enters it into the system that assists with determinations, and makes a decision. Until that time, the information is similar to an unopened letter in your mailbox. The information is in your hands, but has not been examined or processed.

### **What CWICS Can Do**

The SSA is actively seeking solutions to the challenges outlined above. Until the time that the systems are perfected; however, a CWIC has to educate beneficiaries and themselves to make the reports as painless as possible for everyone.

Here are some strategies for success:

1. Get to know the working style of the offices in your catchment area. This may mean frequent visits to talk with staff, to get to know them, and to ask about their preferred manner for beneficiaries to make reports effective and efficient.
2. Explain to beneficiaries that work reports under the Title II system are complex. Tell them that SSA does not access earnings from the IRS records to make work decisions; instead, it is up to the beneficiary to report work, or to report changes in work activity.
3. Make sure that beneficiaries understand that they have not reported work at all unless they have provided proof, and have received a receipt. Also, teach beneficiaries to keep a good record of all contacts with the SSA. If the beneficiary reports the work monthly, have him or her keep all the receipts and pay stubs. Remind the beneficiary also to keep all of the IRWE receipts, letters regarding subsidy, or any other evidence that may help prove appropriate work incentives in the future. These should always be submitted at the same time work reports are made or repeated. At the end of this module, there are worksheets you can use to facilitate reporting of the use of appropriate work incentives.
4. As part of your Work Incentive Plan, make sure the beneficiaries know the “touch points” for their particular circumstances. When possible, map out the dates on the WIP that reports would be most effective.
5. As part of your proactive follow-up plan, check with beneficiaries to insure that they made reports when important events occur. For example, if you know that a beneficiary will complete his or her Trial Work Period in four months, put a mark on your calendar to check to make sure the beneficiary made the report. Did they keep receipts? Did they give the SSA receipts or other evidence to show that work incentives were used?

There is no perfectly predictable system. The critical piece however, is to let beneficiaries know the limitations, so that they can be proactive.

### **When Work Reports Aren't Timely**

One of the tools CWICs have is the Benefits Planning Query, or BPQY. This invaluable tool offers the SSA a quick way to give CWICS essential information that they need in order to conduct an analysis. The BPQY draws information directly from five different SSA database records. The BPQY also provides IRS earnings information. The IRS data may never have been seen in conjunction with the Social Security benefit information until the CWIC looks it over.

Occasionally, the CWIC will find that there is an extensive work history that has not been reported, or that SSA has not adjudicated to determine the impact on Social Security Title II payments. A CWIC should use the BPQY as a tool to determine the need for reporting past work history.

The TWP information is the one piece of information most likely to be flawed on the Benefits Planning Query. This is not a function of the query itself; rather it is a function of the paper-based process for work events previously adjudicated by SSA. EWork will eventually solve this problem, but for now, the TWP field is a hint, rather than reliable evidence of the use of TWP months. Here are some guidelines of how to use this information as part of your analysis:

Compare the TWP field to the earnings and:

- If earnings are present, and the TWP is showing as having been completed, it should be correct.
- If no earnings are shown or alleged by the beneficiary since the date the disability benefits began, and no TWP months are used, believe it.
- If earnings are shown, but no TWP months are indicated—explore further!

It is at this point that the beneficiary may need to report his or her earnings. The CWIC can be instrumental in helping this happen in a productive way. The CWIC can help the beneficiary gather evidence of work activity and work incentives to help the SSA have all of the information necessary to make an appropriate decision. The CWIC can also help the beneficiary anticipate what might happen as a result of the work report. Keep a few things in mind:

- Earnings may not be shown for the most recent calendar year because there may be a lag crediting the person's earnings
- Earnings that represent sick pay, separation pay, vacation, etc., are not work for Title II work review purposes. Often beneficiaries will show earnings the year after disability onset that may simply represent a payout of vacation or sick pay.
- If you look at the monthly break-down of SSI earnings, instead of the annual earnings, remember that the SSI program bases determinations on the wages received, not the wages earned in a month.
- Remember that self-employment reports should only occur when the person's self-employment tax return is complete. SSA needs the self-employment schedules from the tax return in order to make accurate determinations.
- Remember that you may uncover a can of worms—but it is a can that will open by itself at a later date! The SSA computers will send alerts to the field offices when

earnings show up on a disabled beneficiary's record. It may take years for the report to be acted upon, and that may mean an enormous overpayment was made. Instead, proactive intervention from a CWIC may expose "the can of worms" earlier, and in a proactive manner. That is likely to help the beneficiary in the long run.

Finally, Remember CWICS do NOT make these work decisions. Do not predict or guarantee anything!

### **A Note about Self-Employment**

If a beneficiary is self-employed, the earnings reports should be made annually, when the individual has completed his or her tax return. If the individual has not completed the Trial Work Period, the SSA may also request a monthly break-down of profit and loss. The tax return is critical; however, because it shows all of the deductions, and the net profit the beneficiary has, rather than an estimate. For this reason, it is particularly important that beneficiaries who are self-employed report their tax liability to the IRS early in the next year. They can then take a photocopy of the finalized IRS 1040 and associated tax forms to the SSA office, along with proof of deductions for IRWE, unpaid help, and unincurred business expenses.

### **Reporting for the SSI Program**

SSI is a very different program, and requires different protocol for reporting wages or other income. Because SSI is income sensitive, rather than work sensitive, reports that occur more frequently can be effective in aiding the beneficiary to receive proper payment. One challenge with monthly adjustments, however, is that they generate monthly notices that may confuse the beneficiary. If that is particularly stressful, the beneficiary may wish to estimate future income with the SSA, and report less frequently.

It is also valuable to keep in mind that self-employed individuals should estimate their Net Earnings from Self-Employment as accurately as possible. Remember in the SSI program Net Earnings from Self-Employment are always averaged over the calendar year, regardless of when the money was earned in the calendar year. For this reason, estimates that significantly change annual self-employment income can drastically affect benefits, since they affect the entire year, rather than a single month.

### **Automated Reporting**

The Social Security Administration has recently released a new system that permits beneficiaries to report their work via telephone. The use of this system is somewhat limited because it does not permit deduction for the many work incentives that the beneficiaries you serve may access. 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.

The wage reporting system works well for:

- Parents or spouses who are not disabled, and have income that will be deemed to the beneficiary "deemors".

- 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.

Who may not use the wage reporting system:

- 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.

### Using the automated reporting system

Beneficiaries now have several options available to submit their wages on a monthly basis. Many individuals are candidates to use one of the reporting methods that provide automation benefits and time savings both to SSA employees and the person reporting wages. Not only the beneficiary can use the reporting system, but parents or spouses who are not entitled to benefits, but who have earnings from a single employer that is deemed to an eligible child or spouse may also use the system.

SSA accepts a variety of wage reporting methods; CWICs should recommend that individuals keep copies of ALL correspondence sent to SSA when written reports are provided. A recommended form to use when reporting work is included in the Conducting Independent Research section of this unit. This form is called a “Notice of Change in Earnings Status” and can be used to report any change in a beneficiary’s employment situation.

Another particularly important tidbit of information for the CWIC to impart to beneficiaries is that the Title II program and the SSI program do not always communicate with each other or share information which has been reported. This is important to note for those concurrent beneficiaries who are reporting earnings. They will need to report to BOTH the SSI program and to Title II. DO NOT assume that simply reporting to one program will ensure accurate information communication to the other program!

More Strategies for Success:

- Lay the groundwork for documentation collection at the onset of work.
- Teach the beneficiary why proper documentation is necessary.

- Demonstrate how to calculate wages in a month based on each particular program's rules.
- Utilize “How to Calculate Earnings for Wage Reports” and “Reporting Tips for Beneficiaries” as ongoing learning tools for beneficiaries. (Documents are included in the Conducting Independent Research section of this unit.)
- Provide work incentives request forms and status change forms to beneficiaries along with explanations for usage. (Forms are included in the Conducting Independent Research section of this unit.)
- Show the beneficiary how to complete all necessary forms and follow up the next month by allowing the beneficiary to complete their own forms with your supervision.

## **Conducting Independent Research**

Monthly Wage Reporting and Supplemental Security Income (SSI) For Sheltered Workshops – SSA Publication found online at <http://www.ssa.gov/pubs/10501.html>

Reporting Wages For People Who Receive Supplemental Security Income (SSI) – SSA publication found online at <http://www.ssa.gov/pubs/10502.html>

Reporting Your Wages When You Receive Supplemental Security Income (SSI) – SSA publication found online at <http://www.ssa.gov/pubs/10503.html>

Working While Disabled—How We Can Help - SSA publication found online at <http://www.ssa.gov/pubs/10095.html>

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