

Question: How are bonuses received at work counted under the SSA Disability programs?

Many companies award bonuses to their employees. CWICs often get questions from beneficiaries about how SSA treats bonuses that they receive at work. In order to provide accurate advisement, CWICs need to understand how bonuses are defined, whether or not they are considered earned income, and the differences between the treatment of bonuses under the Title 2 disability (SSDI, CDB, DWB) and SSI programs.

What is a bonus?

A bonus is generally a one-time or periodic payment made to an employee based on factors such as individual work performance, productivity of the company as a whole over a period of time, or simply as a gift unrelated to work performance. In order to determine the nature of a bonus, it is important to look at whether or not the bonus is due to services rendered by the employee.

The bonus may be a result of the performance of an individual employee, or the result of the productivity of the company as a whole. Either way, if the bonus can be attributed to the productivity of the employee, it is generally considered to be wages. SSA assumes that most companies have certain requirements that have to be met in order for a person to receive a bonus, such as being employed for a certain amount of time, working a set amount of hours per week, or participating in an area that saw an increase in business.

For example, if a major retail chain has a store that shows a profit over a quarter of a year, the management may award a bonus to each employee based on the percentage of profit. It is implied that each employee contributed to the productivity of the store over that period of time. The bonus is therefore considered to be wages.

How bonuses are treated in the Title 2 Disability Programs (SSDI, CDB, DWB)

Wages are counted under the Title 2 disability programs when they were **earned**, as opposed to when they were **received**.

SSA directs its employees to consider that bonuses represent the persons own productivity unless the beneficiary provides evidence that this is not the case. In other words, the burden of proof is on the beneficiary (see POMS DI 10505.010).

First, SSA determines if the bonus represents a specific amount of time, such as a quarter (4 months). If it does, then the amount of the bonus is distributed over the amount of time it was earned. For example, if an employee receives a bonus of \$400.00 based on third-quarter profits of the store, then \$100.00 is counted as wages for each month of that quarter.

If the amount does not represent a specific period of time, or if SSA is not able to determine the time period, then the bonus is distributed monthly over the time that the person had worked for the employer, up to one year's time (See POMS DI 10505.010).

Therefore, under the Title 2 disability programs, a portion of the bonus would be added to the gross monthly wages of the beneficiary for the defined time period. This could potentially have the effect of bringing a beneficiary's countable wages above the SGA level over a period of time, and CWICs need to be aware of this and counsel beneficiaries accordingly. Bonuses also count for the purpose of counting trial work months as well.

How bonuses are treated in the SSI program

The SSI program follows the same definition as Title 2 in regard to wages (See POMS SI 00820.100). However, SSI counts wages in the month that they are **received**, rather than when they are **earned**.

Remember, that if a bonus is determined not to be wages, it still counts as unearned income under the SSI program, and the entire amount, minus the \$20.00 General Income Exclusion (if there is no other unearned income) would count in the month received.

The potential issue for SSI beneficiaries is that the bonus will reduce the SSI payment in that month, possibly to the point where the beneficiary is not due a payment. If the countable earned income for one month causes the loss of the SSI payment, the beneficiary's Medicaid would generally be protected under Section 1619(b), since the bonus is considered to be earned income. If the bonus is considered unearned income and loss of the SSI cash payment results, the beneficiary could potentially also lose Medicaid eligibility for that month. However, due to the 12-month suspension rule, cash payments and Medicaid could resume in the next month when countable income drops back down below the break- even point.

Given these considerations, beneficiaries will likely have legitimate concerns about receiving bonuses at work, and how they may impact their SSA disability benefits. CWICs need to accurately determine which rules may apply to the treatment of bonuses, and assist the beneficiary in properly reporting the receipt of income from bonuses to SSA. Remember, only SSA personnel can make the final determination on treatment of a bonus.