

Retrospective Monthly Accounting

February 2011

Introduction

Effective April 1982, SSA calculates SSI payments for a given month on the known circumstances from an earlier closed month. This process of using income data from an earlier month to calculate the benefits due in a current month is known as “Retrospective Monthly Accounting” or RMA. RMA has two distinct components:

- the eligibility test which is based on the individual’s or couple’s income, resources and other factors in the month for which the payment calculation is made; and,
- The payment computation, which is generally based on the income in the second month before the month for which payment is being computed.

In other words, eligibility is determined for the current month and applies in that current month. However, the amount of SSI due to an eligible individual or couple is usually based on the income (earned or unearned) received two months earlier. Of course, SSI payment calculations also depend upon other factors such as whether in-kind support and maintenance is received, any overpayments that are being recovered, and whether deeming applies.

Budget Month and Computation Month

Whenever SSI benefits are calculated, SSA first looks to see if the individual or couple continues to be eligible for the SSI program. The “computation month” or CM is the current month for which SSI eligibility or payment is being determined. The “budget month” or BM is the month which is 2 months before the computation month. For example, if the computation month is March of this year, the budget month would be January of the same year. Since it is impossible for SSA to adjust an SSI check in real time, countable income from two months prior is generally used to calculate how much the current check should be. Assuming that all other SSI eligibility criteria are met, a federal SSI payment will be due whenever countable income is equal to or less than the current Federal Benefits Rate (FBR).

Since the eligibility computation and payment computation under RMA are generally based on countable income from different months, it may confuse beneficiaries. It may seem particularly confusing when an individual or couple is found ineligible in the current computation month. In this situation, no SSI payment is due in that month, regardless of how much countable income was received in the budget month two months earlier.

Example: Billie did not have any income in January through May. On June 5, Billie won \$900.00 in the lottery. Even though Billie had no income in June's budget month of April, she is ineligible for SSI payments in June because of her excess unearned income.

Transitional Computation Cycle

There are certain circumstances in which RMA is not applied because it isn't possible to use the month occurring two months prior to the computation month as the budget month. These instances would include:

- The first and second months of eligibility for payment of SSI benefits in an initial claim;
- The first and second months of eligibility following a period of ineligibility (12 month suspension period); and
- When a formerly ineligible spouse becomes eligible.

In these instances, SSA uses the "transitional computation cycle" or TCC to determine which month is used as the budget month. Basically, the transitional computation cycle uses the first month that the individual establishes initial eligibility or becomes re-entitled after a period of suspension as the budget month for that initial month, and for the following two months. In other words, for the first month in each TCC, the budget month is the same as the computation month. For the second month, the budget month is the month before the computation month. For the third month (and the following months), the budget month is 2 months prior to the computation month which is the usual RMA computation.

Example: Sharon received an inheritance in August that made her ineligible for SSI. In September and October, she still had more than \$2,000.00 of the inheritance as a resource, and was ineligible for SSI in those months. In October Sharon bought the small condo she has been renting with the inheritance as a down payment. Since the condo is Sharon's residence, it is excluded as a resource for SSI. Sharon is again due SSI for the month of November. Sharon worked in November, and earned \$275.

Because of the Retrospective Monthly Accounting provision, Sharon's SSI for November, December and January will be calculated using November's income. This is called the Transitional Computation Cycle (TCC). Sharon's payment in February will use December's income. From that point on, Sharon's SSI payments will be based on the usual RMA cycle. That means that the budget month will be the closed month occurring two months before the payment month.

Other RMA Exceptions

Some types of income affect the SSI payment in the current month in which it is received, even though other parts of the payment calculation are based on the budget month. Cost of Living (COLA) increases in the Social security title II programs, for example, are considered income immediately, and are subject to prospective instead of retrospective monthly accounting. This process is referred to as “COLA coordination”.

Cost of Living Adjustment (COLA) coordination is a special SSI payment computation that “coordinates” the SSI and Title II COLA increases. This special payment computation provides for COLA increases to be used in the SSI payment computation for the first and second months of a COLA increase. Generally, this would be in January and February since COLAs take effect in January of each new year.

As a result of COLA coordination, the increased Title II COLA income for January and February is used in the SSI payment computation for January and February. This prevents an SSI payment increase in January and February followed by a decrease in March that would occur with the standard Retrospective Monthly Accounting (RMA) payment computation. Other forms of countable income an individual receives are subject to the usual RMA computation with the budget month being two months prior to the computation month. Only the title II COLA is treated in this special way.

Example: Sam receives SSDI and works. When calculating his February SSI payment, the SSA uses the SSDI Sam receives in February with the COLA, instead of the amount Sam received in December. The earnings used to calculate Sam’s benefit, however are the earnings in the Budget Month of December.

- Earnings in December \$197.00
- SSDI received in February \$392.00.
- Unearned income of \$392.00 - \$20.00 General Exclusion = \$372.00 in countable unearned income.
- Earnings of \$197.00 - \$65.00 earned income exclusion divided by 2 = \$66.00 in countable earnings.

Add these together, and Sam has \$438.00 total in countable income. The SSA would then deduct this countable income from the current year’s applicable Federal Benefit Rate (FBR).

The Importance of RMA

It is valuable for CWICs to understand and be able to explain RMA to SSI recipients and their families. Without that information, it may be difficult to plan for fluctuations in income that occur because of the RMA computations.

Example: Stella works and receives SSI. In June, she earns \$285.00. In August she earns \$435.00. Because of RMA, Stella's August payment is based on her June, not her August earnings. In this situation, the SSA would call June the "budget month" for Retrospective Monthly Accounting.

It is helpful to remind SSI recipients that there is a delay in the effect earnings have. Stella, for example, will have extra to live on in August, because her earnings were higher, and her SSI was based on June's lower earnings. In October, however, when Stella does not have work income, her SSI payment is based on August, and she has much less income in the month for her living expenses. This fluctuation, if not expected or planned for, can leave an individual without enough funds to pay living expenses in a given month.

The information provided in this fact sheet is general in nature and does not cover the many different factors that may affect SSI benefit computations. When calculating the SSI payment due in any given month, Claims Representatives must consider myriad other factors such as whether a state supplement applies, whether in-kind support and maintenance under the PMV or VTR rule is in evidence, countable income from wages, presence of unearned income such as title II payments, eligible couple issues, overpayment recovery and windfall offset issues. This is a complex process involving data which CWICs may not have access to. The role of the CWIC is to explain the benefit computation process and to support beneficiaries with providing the information SSA needs to make correct computations.

Conducting Independent Research

POMS SI 02005.001 -- Retrospective Monthly Accounting – Computation
POMS SI 02005.005 -- Transitional Computation Cycle

Acknowledgements

Contributing Authors and Editors: Terri Uttermohlen

The development of this paper was funded by the Social Security Administration under Contract Number: SS00-07-60050, Training and Technical Assistance for the Work Incentive Planning and Assistance (WIPA) Program