Retrospective Monthly Accounting

January 2021

Introduction

Effective April 1982, Social Security calculates SSI payments for a given month on the known circumstances from an earlier closed month. Social Security refers to this process of using income data from an earlier month to calculate the benefits due in a current month 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 generally is based on the income received 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 to that current month. However, Social Security usually bases the amount of SSI due an eligible individual or couple 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 (ISM) is received, any overpayments that are being recovered, and whether deeming applies.

Budget Month and Eligibility Month

Social Security personnel check to see if the person is eligible and due a payment whenever they calculate SSI benefits. In most circumstances, Social Security looks at the month the payment will be received as the eligibility month, and the month two months prior to the eligibility month as the budget month. If the SSI recipient isn't eligible in a given eligibility month, even if they were in the budget month, they are not due a payment.

Example: Billie did not have any income in January through May. On June 5, Billie won $900 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 Social Security doesn't apply RMA because it isn't possible to use the month occurring two months prior to the computation month as the budget month. These instances 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, Social Security uses the "transitional computation cycle" or TCC to determine which month to use 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 of the inheritance as a resource, and was ineligible for SSI in those months. In October, Sharon bought the small condo she had been renting by using the inheritance as a down payment. Since the condo is Sharon's residence, Social Security excluded it 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 RMA provision, Social Security will calculate Sharon's SSI for November, December and January 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, Social Security will base Sharon's SSI payments 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's received, even though other parts of the payment calculation are based on the budget month. Cost of Living Adjustments (COLAs) in the Social Security Title II programs, for example, are considered income immediately, and are subject to prospective instead of retrospective monthly

accounting. Social Security refers to this process as "COLA coordination". 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 year.

As a result of COLA coordination, Social Security uses the increased Title II COLA income for January and February 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 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. The Title II COLA is the only form of income Social Security treats in this special way.

Example: Sam receives SSDI and works.   When calculating his February SSI payment, Social Security 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.

- SSDI received in February $392.

- Unearned income of $392 - $20 General Exclusion = $372 in countable unearned income.

- Earnings of $197 - $65 earned income exclusion divided by 2 = $66 in countable earnings.

Add these together, and Sam has $438 total in countable income. Social Security would then deduct this countable income from the current year's applicable Federal Benefit Rate (FBR).

The Importance of RMA

It's 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. In August she earns $435. Because of RMA, Stella's August payment is based on her June, not her August earnings. In this situation, Social Security would call June the "budget month" for RMA.

It's helpful to remind SSI recipients that there is a delay in the effect earnings have on the SSI cash payment. 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 doesn't 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 RMA provisions are complex and often confusing. Keep the following facts in mind:

- For most types of income, there is a 2-month lag between a person's income and its effect on SSI payment.

- This lag is affected when an individual is not eligible for payments for a time.

- When payments start up, there is a period of up to three months in which the payment amount will not fluctuate with changes in earning, but rather will be based on the same budget month's earnings for three months of payments.

- Once that cycle has passed, the SSI program resumes the rhythm of determining benefit payment amounts by calculating the benefit based on a month that occurred two months before the payment month.

The information provided in this resource document is general in nature and doesn't cover the many different factors that may affect SSI benefit computations. When calculating the SSI payment due in any given month, Social Security personnel must consider many 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 that CWICs may not have access to. The role of the CWIC is to explain the benefit computation process briefly and to support beneficiaries with providing the information Social Security needs to make correct computations.

Conducting Independent Research

- POMS SI 02005.001 -- Retrospective Monthly Accounting – Computation (https://secure.ssa.gov/apps10/poms.nsf/lnx/0502005001)

- POMS SI 02005.005 -- Transitional Computation Cycle (https://secure.ssa.gov/apps10/poms.nsf/lnx/0502005005)

- [POMS SI 02005.090 SSA-4968 -- SSI RMA Payment Worksheet](https://secure.ssa.gov/apps10/poms.nsf/lnx/0502005090)
  (https://secure.ssa.gov/apps10/poms.nsf/lnx/0502005090)

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