



# Understanding In-Kind Support and Maintenance (ISM)

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## **What is In-Kind Support and Maintenance (ISM)?**

Basically, in-kind support and maintenance (also known as ISM) is unearned income attributable to an SSI eligible individual (or couple) in the form of food or shelter that is given to the individual (or couple) or received because someone else pays for it. In-kind support may be provided by someone who lives in the same household as the recipient (such as a parent), or by someone outside of the household.

In-kind support and maintenance matters in the SSI program because SSI is intended to help pay for the basic costs of food and shelter. If someone else is helping to pay for these things, then it stands to reason that the SSI benefit would be reduced. If too much ISM is received and other forms of income are received, it may even cause a person to be ineligible for SSI benefits. For people who are determined to be eligible for SSI, in-kind support and maintenance can cause the benefit payment to be reduced. In-kind support and maintenance may be charged to an SSI eligible individual or an SSI eligible couple.

## **When ISM is NOT Charged**

The general rule is to charge ISM to an individual when he or she receives food or shelter, regardless of who is liable for payment of the food or shelter item received. However, there are numerous exceptions to this general rule. When an exception applies, the food or shelter an individual receives is not chargeable ISM. Some of these exceptions result from statutory exclusions while other exceptions result from situations in which the food or shelter received doesn't constitute income in accordance with Social Security regulations. Social Security doesn't charge ISM when an individual receives food or shelter which:

- Is specifically excluded by Federal law, (e.g., the Disaster Relief and Emergency Assistance Act). ([SI 00830.099](#));
- Meets the criteria for exclusion of infrequent or irregular unearned income ([SI 00810.410](#));
- Has no current market value ([SI 00835.320](#));
- Is provided under a governmental (Federal, State, or local) medical or social service program ([SI 00815.050](#));
- Is assistance based on need (ABON) from a State or one of its political subdivisions ([SI 00830.175](#));
- Is food or shelter received during a temporary absence ([SI 00835.040](#));
- Is received as a replacement of a lost, damaged or stolen resource. This includes temporary housing ([SI 01130.630](#));
- Is excluded under an approved Plan to Achieve Self-Support (PASS) ([SI 00870.001](#));
- Is received because of payments made under the terms of a credit life or credit disability policy ([SI 00815.300](#)); or
- Is received during medical confinement in an institution ([SI 00815.100](#)).

### **Relationship between ISM and Deeming**

“Deeming” is the term that Social Security uses to describe the process of considering another person’s income and/or resources to be available for meeting an SSI claimant’s (or recipient’s) basic need for food and shelter. The concept of deeming is based on the notion that those who have a responsibility for others share their income and resources for the benefit of these persons. Deeming relationships include:

- the parental relationship to a minor child,
- a spouse-to-spouse relationship, and
- the relationship between a sponsor and a legal alien.

In these situations, Social Security determines that a certain amount of the responsible party’s income and/or resources are “deemed” available for the welfare of the SSI claimant or recipient. Social Security considers this “deemed” income and/or resources when someone first applies for SSI, and when figuring the SSI payment amount for individuals already found eligible. For [more information about deeming](#), refer to additional resource documents posted on the VCU NTDC website (<https://vcu-ntdc.org/resources/resourceDetail.cfm?id=1>).

If Social Security deems income from the parent(s) to an eligible child, the agency will NOT also charge ISM from the parent(s) to that child. However, if ISM is being provided to the eligible child by some other party from outside of the household, Social Security will charge that to the child in addition to any income deemed from the parent(s).

Keep in mind that once an SSI recipient turns 18, Social Security considers the person to be an adult. From that point forward, parent-to-child deeming stops. As of the 18th birthday, Social Security no longer considers the income or resources of the parents when making eligibility determinations and calculating payment amount. There are no exceptions to this rule, even if the parents have been appointed as the legal guardian of the young adult with the disability. Parent-to-child deeming never applies to an SSI recipient who is 18 years of age or older.

While the parent's income and resources are no longer relevant once an SSI recipient turns 18, Social Security continues to be concerned about whether the parents (or others) are helping the individual pay for the costs of food and shelter. After the 18th birthday has occurred and the individual has successfully established eligibility for SSI under the adult rules, Social Security will look to see whether or not ISM is in evidence. For an SSI recipient aged 18 or older, ISM may be provided from within the household by the parent(s), from outside of the household by any other party, or even from both.

In situations in which spouse-to-spouse or sponsor-to-alien deeming is occurring, similar ISM rules apply. It's possible for ISM to be simultaneously assessed in situations where deeming occurs if the ISM is provided by someone other than the deemor. Social Security will not charge ISM if it's provided by someone living in the same household whose income is already subject to deeming to the individual.

### **Relationship between ISM and Living Arrangement**

The first step in the process of determining if ISM is in evidence is to determine which living arrangement (LA) the individual is in. How Social Security personnel view ISM and the value that they place upon it depends upon the living arrangement of an eligible individual or couple. Social Security begins this process by collecting evidence about the individual's living situation and deciding whether the person resides in a "household" or "non-household". Social Security has very specific definitions that they apply here which are described below.

## **Non-Household Living Arrangements**

A non-household situation exists if the recipient is either a transient or a resident of an institution. Social Security defines a transient as someone with no permanent living arrangement, or no fixed place of residence. A transient can be a homeless individual (i.e., someone who sleeps in doorways, overnight shelters, parks, bus stations, etc.); or a person who stays with a succession of friends or relatives and has no permanent living arrangement.

Residing in an institution (as defined for SSI purposes) can affect an SSI recipient's eligibility and/or payment amount. Residents of public institutions generally are ineligible for SSI. The reasoning here is that some other government source is already paying for the individual's food and shelter, thus, SSI isn't needed. Residents of medical facilities (public or private) may be eligible for SSI, but are limited to a maximum Federal payment of \$30 a month. However, there are many exceptions to these generalizations. Individuals living in a public emergency shelter for the homeless (PESH) may only be eligible for SSI for up to 6 months in any 9 month period. This is an exception to the standard rules that is intended to help homeless persons prepare for more permanent living arrangements.

## **Household Living Arrangements**

A household situation exists when an individual isn't a transient or a resident of an institution. It's important to remember that the SSI program defines "household" differently than the physical space in which the beneficiary resides. For SSI purposes, living within someone else's household actually means that "someone else" takes financial responsibility for the SSI beneficiary. Living in one's own household means that the beneficiary has financial responsibility for his or her own food and shelter; it doesn't necessarily equate to living alone. Here are two examples:

Carol lives with her mother, Adriana. Carol and her mom pay all costs equally for food, rent, utilities and other basic expenses. Carol receives SSI as a disabled individual. For the purposes of SSI, Carol is living in her own household.

Carol moves out to an expensive apartment complex. A wealthy family friend has decided to pay all of Carol's expenses, including rent, food, utilities, etc. For the purposes of Carol's SSI benefit, she is living in the household of another—even though she is living alone.

For purposes of living arrangement determinations and ISM, members of a household don't have to be related by blood or marriage. A person who is temporarily absent from a household is still a member of the household under some very specific circumstances. Social Security

applies very specific rules to temporary absences that will be covered a bit later in this document.

## **Developing Living Arrangements (LA)**

Social Security follows a prescribed sequence in developing an individual's living arrangement (LA) to ensure that the correct ISM valuation rule is used and that possible sources of ISM are not overlooked or developed unnecessarily. Social Security develops the living arrangement only for a person's permanent residence. For the purposes of developing LA, Social Security defines a residence as the location of abode or dwelling place. A residence is also a place where a person makes his/her home. In Social Security's parlance, "residence" is synonymous with the term "permanent living arrangement." Below is a brief description of the standard federal living arrangements.

### **1. Non-institutional Care**

This situation exists when an individual is placed by a public or private agency under a specific program of protective placement such as foster or family care. To qualify as non-institutional care, the placement must be a private dwelling (not an institution or commercial establishment) which is licensed or otherwise approved by the State to provide foster or family care. The placing agency retains responsibility for continuing supervision of the need for such placement and of the services provided. The individual, the placing agency, or some other third party pays for the food, shelter, and protective supervision provided. See [POMS SI 00835.790 Non-institutional Care Situations 2](https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835790). (<https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835790>).

### **2. Home Ownership**

Social Security considers an individual to be living in his/her own household when any form of ownership interest in the home belongs to the individual; his/her living-with eligible spouse; or any person whose income may be deemed to the individual. See [POMS SI 00835.110 - Home Ownership as LA Basis](https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835110). (<https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835110>).

### **3. Rental Liability**

An individual is living in his own household when there is liability to the landlord for payment of any of the rental charges on the part of the individual; the living-with eligible spouse; or any person whose income may be deemed to the individual. Room rental within a private dwelling is also a form of rental liability. When an individual lives in the same dwelling with the landlord, he/ she must be in a separate household from the landlord's in

order to have rental liability. A separate household functions as a separate economic unit, and more than one economic unit may exist in a single dwelling. If the individual and the landlord don't function as separate economic units, Social Security doesn't consider the individual to be in a separate household and cannot have rental liability. An arrangement in which a flat fee for room and board is charged would be another form of rental liability. It's a variation of separate room rental within a private dwelling. With a flat fee arrangement, the individual maintains a separate household from the landlord and pays a flat rate for food and shelter. See [POMS SI 00835.120 - Rental Liability as LA Basis](https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835120) (https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835120)

#### **4. Public Assistance (PA) Households**

A public assistance household is one in which every member receives some kind of public income maintenance payments (which this section refers to as "PA payments"). These are payments made under:

- Title IV-A of the Social Security Act - Temporary Assistance for Needy Families (TANF)
- Title XVI of the Social Security Act (SSI, including federally administered State supplements and State administered mandatory supplements);
- The Refugee Act of 1980 (those payments based on need)
- Disaster Relief and Emergency Assistance Act;
- General assistance programs of the Bureau of Indian Affairs
- State or local government assistance programs based on need (tax credits or refunds are **not** assistance based on need), and
- Department of Veterans Affairs programs (those payments based on need)

See [POMS SI 00835.130 - Public Assistance Households](https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835130) (https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835130 ).

#### **5. Separate Consumption**

Separate consumption means that an individual (or at least one member of an eligible couple) is taking all meals outside of the household in which he resides and isn't reimbursed by the householder. For separate consumption LA to apply, the individual must consume all of his/her meals elsewhere. For more information, see [SI 00835.140 - Separate Consumption](https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835140) (https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835140).

## **6. Separate Purchase of Food**

Separate purchase of food exists when an individual (or at least one member of an eligible couple) physically shops for his/her own food or gives instructions and money to someone to buy the food for him/her. Separate purchase of food can exist when an individual shops for his/ her own food but doesn't use his/her own money. It may also apply even if the individual uses the same condiments or facilities (e.g., refrigerator, stove) as the rest of the household, or consumes meals at the same time as the rest of the household. Separate purchase of food can also exist when an eligible spouse or a person whose income may be deemed to the individual buys food on behalf of the individual, but not necessarily only for the individual. See [POMS SI 00835.150 - Separate Purchase of Food](https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835150) (<https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835150>).

## **7. Sharing**

A sharing arrangement exists when an individual's contribution equals or exceeds his or her "pro rata" share of the household operating expenses, provided the household expenses include both food and shelter. Pro rata share is a term Social Security uses to refer to an individual's share of the household operating expenses computed by dividing the household operating expenses by the number of persons permanently residing in the household. The pro rata share represents the dollar value of the individual's food and shelter received from within the household. If the individual pays his/her pro rata share, Social Security doesn't consider him or her to be receiving any ISM from within the household. For additional information, refer to [POMS SI 00835.160 – Sharing](https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835160) (<https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835160>).

## **8. Earmarked Sharing**

Earmarked sharing exists when an individual (or at least one member of an eligible couple) designates part or all of his or her contribution toward household operating expenses for food or shelter and the contribution equals or exceeds the pro rata share of household expenses for food or shelter. For example, if the individual's contribution is earmarked for shelter only, Social Security determines the individual's pro rata share of shelter expenses. If the earmarked contribution equals or exceeds the pro rata share for shelter, earmarked sharing exists. Similarly, if the individual's contribution is earmarked for food only, Social Security determines the individual's pro rata share of food expenses. If the earmarked contribution equals or exceeds the pro rata share of food expenses, earmarked sharing exists.

When an individual earmarks a specific portion of his contribution for food and another specific portion for shelter, it's called double earmarking. Social Security computes the individual's pro rata share of food expenses and compares it to the portion of the contribution earmarked for food. Similarly, they compute the individual's pro rata share of shelter expenses and compare it to the portion of the contribution earmarked for shelter. If either earmarked contribution equals or exceeds a pro rata share of the item for which it's earmarked (either food or shelter), earmarked sharing LA is determined. See [POMS SI 00835.170 - Earmarked Sharing](https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835170) (<https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835170>).

Social Security gathers the information necessary to make LA determinations by interviewing the beneficiary and/or the representative payee or legal guardian. The form SSA-8006-F4 is an interviewing and development tool that Social Security personnel often use for developing living arrangement (LA) and in-kind support and maintenance (ISM) issues. The answers to the questions on the SSA-8006-F4 document the individual's allegations regarding LA basis and cash income received from within and outside a household.

Social Security may use an additional form (SSA-8011-F3) to verify things such as household operating expenses, the individual's contribution to household operating expenses, separate consumption, separate purchase of food, or earmarked contributions.

The LA decision is important because it determines which rule Social Security uses to calculate the value of the ISM. The value that is placed on the ISM is what affects the monthly SSI payment amount. A detailed discussion of how the ISM valuation rules work is provided a bit later in this document.

## **Temporary Absences**

Temporary absence is an individual's physical move from his/her permanent place of residence, which doesn't constitute a change in living arrangement for SSI purposes. In general, a temporary absence is an absence from a permanent residence that isn't intended to, and doesn't, exceed a full calendar month. A temporary absence exists if an individual:

- has been in his permanent living arrangement for at least 1 full calendar month prior to his absence; and
- intends to, and actually does, return to the permanent living arrangement in the same calendar month he leaves or in the next month.

Under certain circumstances, there are no limits on the length of a temporary absence and the individual isn't required actually to return. The exceptions are:

- temporary absence of a child due to school attendance, [SI 00835.042](#); and
- temporary absence due to confinement in a medical facility where Medicaid pays more than half the cost of care, [SI 00835.043](#).

During a temporary absence Social Security continues to value ISM as if the individual were physically in his or her permanent living arrangement. Temporary absence determinations can get very complex. When in doubt, CWICs should refer the matter to the local Social Security field office for a determination.

### **Determining the Value of In-Kind Support and Maintenance**

Social Security uses two standard approaches when determining the value of ISM an individual receives. These approaches are mutually exclusive – when one rule applies, the other does not. These two rules are known as:

- The Value of the One-Third Reduction (VTR) Rule, and
- The Presumed Maximum Value (PMV) Rule.

The situations in which each rule is applied are specifically prescribed in Social Security's policies and procedures and are related to the specific living arrangement the person has been determined to be in. Let's take a closer look at how each of these rules works.

#### **The Value of the One-Third Reduction (VTR) Rule**

When an eligible individual/couple lives throughout a month in another person's household and receives both food and shelter from others living in the household, Social Security applies the VTR rule for determining the value of the ISM received. **It's important to understand that both of these criteria have to be met in order for Social Security to apply the VTR rule. In other words, the individual must reside in someone else's household for an entire month, AND the individual must receive BOTH food and shelter from others in the household.** If either of these criteria are not met, then Social Security must apply the PMV rule when determining the value of the ISM.

When the VTR rule is applied, Social Security reduces the individual's SSI payment by a full one-third of the applicable FBR (individual FBR or couple FBR). Here are some additional facts about the VTR:

- If the VTR rule applies, it applies in full. Under the VTR, the applicable FBR is reduced by a full one-third and no exceptions to this rule are made.
- When the VTR applies, no additional ISM is chargeable. This means that no more than one-third of the applicable FBR may ever be charged as ISM when the VTR is in effect.

**EXAMPLE:** An eligible individual and his friend live in a house owned by the friend. The friend buys all of the food for the household and pays all the shelter expenses except for electricity. The friend's mother pays the electric bill each month. Because the eligible individual gets both food and shelter from the household and doesn't pay his pro rata share, he is subject to ISM valued under the VTR. Because the VTR applies, no additional ISM is counted for the payment of the electric bill by someone outside the household.

- The VTR (couple rate) can continue to apply to both members of an eligible couple in the month that the members separate. This can happen when an eligible couple subject to the VTR separates, and the member who leaves the household moves into the household of another and makes no contribution toward the operating expenses of that household. In the month following the separation month, they are considered eligible individuals for ISM purposes.
- No income exclusions apply to the VTR. The one-third reduction acts as a base rate reduction, not as a form of unearned income subject to the \$20 general income exclusion. In addition, ISM valued under the VTR cannot be set aside in an approved Plan to Achieve Self-Support (PASS).
- The VTR may apply even if the individual receives part of his/her food and shelter from inside the household and part from outside.
- It isn't necessary that an individual receive food and shelter from inside the household on each day of the month for Social Security to apply the VTR for the entire month.

When an individual lives in his/her own household, ISM can't be valued using the VTR, but must be determined under the second rule – the Presumed Maximum Value rule or PMV. The following individuals are considered to be living in their own household for ISM purposes:

- An individual who is in non-institutional care;
- An individual who has ownership interest in the home in which he/she lives;  
An individual who has rental liability for the shelter in which he/she lives; and
- An individual who lives in a public assistance household;

**NOTE:** For purposes of determining ISM, Social security may consider more than one eligible individual in a household to be “living in his own household” even though all the individuals are members of the same larger economic unit known as a household.

The following individuals are also not subject to the VTR because they are not receiving **both** food and shelter from inside the household.

- An individual who is separately consuming food;
- An individual who is separately purchasing food;
- An individual who is contributing an earmarked share for food or shelter; and
- An individual whose household operating expenses don’t include food (e.g., all food is purchased with food stamps) or don’t include at least one item of shelter (e.g., all shelter expenses are paid by someone outside the household).

Individuals who are not living in a “household” as defined by Social Security are also not subject to the VTR, but would have any ISM valued under the PMV rule. As described earlier in this document, these individuals would include:

- transients; and
- residents of institutions.

An individual who lives alone cannot be in the household of another (subject to the VTR) and because of this, food and shelter would not be provided from anyone else within the household. When an individual lives alone, ISM, if any, would be determined using the PMV rule.

Finally, an individual isn’t subject to the VTR unless he/she lives throughout the entire calendar month in the household of another.

## The Presumed Maximum Value (PMV) Rule

When an SSI eligible individual/couple receives ISM, but does **not** receive **both** food and shelter from the household in which the individual/couple lives, the value of the one-third reduction (VTR) rule doesn't apply and the ISM is valued under the Presumed Maximum Value (PMV) rule. The following individuals would be subject to the PMV rule if ISM were in evidence:

- An individual who is in non-institutional care;
- An individual who has ownership interest in the home in which he/she lives;
- An individual who has rental liability for the shelter in which he/she lives;
- An individual who lives in a public assistance household;
- An individual who is separately consuming food;
- An individual who is separately purchasing food;
- An individual who is contributing an earmarked share for food or shelter; and
- An individual whose household operating expenses don't include food (e.g., all food is purchased with food stamps) or don't include at least one item of shelter (e.g., all shelter expenses are paid by someone outside the household).

The PMV is a regulatory cap on the amount of ISM that can be charged. Any food or shelter received is **presumed** to be worth a maximum value which is set at one-third the Federal benefit rate (FBR) for an individual or an eligible couple, plus \$20 (the amount equal to the general income exclusion). Under the PMV rule, ISM is treated as a specific form of unearned income. The actual value of the ISM is determined up to the "presumed maximum value".

**EXAMPLE:** Harriet is an SSI recipient who lives with her brother and sister-in law. She pays her brother \$150 each month to cover her food costs but doesn't pay anything toward the other household expenses. Her pro-rata share of all the household expenses is high – over \$900 per month. Even though Harriet is receiving more than \$750 each month in assistance from her brother for shelter costs (\$900 pro rata share - \$150 in contributions for food = \$750) Social Security assesses the ISM under the presumed maximum value (PMV) rule by applying the maximum value of one-third of the current FBR plus \$20 which is  $\$261 + \$20 = \$281$  in 2020. This is considered a form of unearned income in the SSI calculations which causes Harriet's SSI check to be reduced by one third, resulting in a monthly payment of \$522 instead of the full FBR of \$783.

The good news about the PMV rule is that the recipient is guaranteed not to have the SSI payment reduced more than would be the case if he/she had ISM valued under the VTR rule. In addition, if the actual monetary value of the ISM is less than the applicable FBR plus \$20, then Social Security applies whatever the ISM is actually valued at as unearned income to determine

the payment amount. This means that the value of the ISM under PMV may be LESS than one third of the applicable FBR, resulting in less of a reduction in the monthly SSI payment. Unlike the VTR rule in which a one-third reduction always occurs, the PMV rule may result in a reduction of up to one-third of the applicable FBR, but may also be less than this amount.

**EXAMPLE:** Pablo is an SSI recipient who lives with his elderly grandmother. Pablo's SSI check is a significant source of income for the household and Pablo pays his grandmother \$500 each month to help cover his food and shelter costs. Pablo's pro-rata share of the household expenses is calculated at \$670 a month. The ISM Pablo receives from his grandmother is determined using the PMV rule. Since he contributes \$500 of his \$670 monthly food and shelter costs, the portion remaining is only \$170. This is LESS THAN the maximum value of ISM in 2020 of \$281 (one-third of the current FBR + \$20), so Social Security uses the actual figure of \$170 as the amount of ISM charged against Pablo. This is applied in the SSI calculations as a form of unearned income and \$20 of this is disregarded. Hence, Social Security reduces Pablo's SSI cash payment by \$150 due to ISM valued under the PMV rule.

Unlike the VTR, an individual may "rebut" the dollar value assigned to the PMV. When an individual produces evidence that establishes that the value of the ISM is less than the presumed maximum value (the FBR plus \$20), Social Security counts the lower value as income. This lower value is termed the actual value (AV) of ISM. The AV of ISM provided by someone inside the household is the difference between the individual's pro rata share and his/her actual contribution. In most cases, Social Security gives individuals 5 calendar days to provide evidence of the actual value of the ISM when rebutting a PMV determination. If the individual doesn't provide complete evidence needed to establish the AV by the close of the 5th calendar day following the request for evidence, and hasn't indicated a need for assistance or more time, Social Security will proceed with charging the PMV. If a letter is sent advising the individual of his rebuttal rights, Social Security allows 10 calendar days for a reply. If no reply is received by the close of business of the 10th calendar day, and the individual has not indicated a need for assistance, the agency proceeds with charging the PMV.

### **Instances in which ISM is Not Assessed**

ISM determinations are one of the most complex areas of SSI policy and procedure. Many beneficiaries, their family members, and disability services professionals misunderstand the ISM provisions. For example, it's commonly believed that SSI recipients who live with others in a household always have ISM charged, or that living alone in one's own household means that ISM is never assessed. Neither of these beliefs is true. To better understand the concept, let's look at several common situations in which ISM isn't charged.

### **Individual Lives in the Household of Another, but Pays the Full Pro Rata Share of Household Expenses:**

When an individual resides in another person's household, but pays their full pro rata share of the household expenses, ISM isn't charged. This is because the person is considered to be paying all of the costs associated with their own food and shelter. To make these types of determinations, Social Security has to complete four distinct steps:

1. Calculate the household's monthly operating expenses for food and shelter.
2. Determine how much of these expenses are attributable to the SSI eligible individual – the pro rata share.
3. Determine how much the SSI eligible individual is contributing to the household expenses for food and shelter.
4. Compare the individual's contribution with his/her pro rata share.

First, let's look at what type of expenses Social security considers when calculating household food and shelter costs and how these costs are dealt with to arrive at a monthly figure. When computing household operating expenses for inside ISM, the following 10 items are the only ones used in the applicable computations.

- Food
- Mortgage (including property insurance required by the mortgage holder)
- Real property taxes (less any tax rebate/credit)
- Rent
- Heating fuel
- Gas
- Electricity
- Water
- Sewer
- Garbage removal

The following are **not** household operating expenses:

- unpaid portions of food and shelter bills (i.e., arrearages) until they are paid;
- the cost of food consumed by individuals who separately consume or separately purchase their food; and
- the value of food purchased with food stamps (SNAP).

For purposes of ISM determinations, household operating expenses must be expressed as monthly amounts. Bills for food and shelter items that are not paid or billed monthly (e.g., weekly, quarterly, annually, etc.) must be converted to monthly amounts. Fluctuating household expenses are averaged to avoid giving undue weight to temporary or seasonal changes. The averaging period is the 12 full calendar months prior to the month for which the LA/ISM determination is needed. Examples of fluctuating expenses are food, electricity, or gas, i.e., expenses that vary from one billing period to the next depending on usage. Non-fluctuating expenses are not averaged. A non-fluctuating expense is one that doesn't vary from one billing period to the next or isn't dependent on usage. Examples of non-fluctuating expenses are rent, mortgage, and budgeted utility bills. Monthly household operating expenses are determined by adding the average of the fluctuating household expenses for the applicable period to the amount paid for any non-fluctuating expenses in the month for which a determination is made. Social Security then determines the individual's pro rata share of the monthly household expenses by dividing this figure by the number of people who reside in the household.

The next major step in the process is determining how much the SSI eligible individual contributes to the household expenses for food and shelter. A contribution must be from the individual's own funds unless the individual has an obligation to repay the value of food and/or shelter received under a bona fide loan agreement. The following are contributions for purposes of determining inside ISM:

- direct payment of a household operating expense (e.g., paying the rent);
- cash payments to the householder or other responsible person towards the household expenses for food and shelter;
- a promise to pay for the value of food and/or shelter received under a bona fide loan agreement; and
- payments (with the agreement of the householder) towards any expenses of the household or personal expenses of the householder (even if such a payment isn't specifically for one of the ten household expenses listed above).

**EXAMPLE:** Ann Thomas, an SSI recipient, lives with her brother in his apartment. Every month she makes his car payment of \$195 in lieu of contributing to the household expenses. In addition, she pays him \$10 every month as reimbursement for the gasoline used while she runs personal errands. Ms. Thomas also provides housekeeping services they both allege are worth \$50 a month.

Ms. Thomas' average monthly contribution is \$195. The \$10 reimbursement for gas and the value of the services cannot be included as part of her contribution because neither is a cash contribution towards the household operating expenses or towards the personal expenses of the householder.

The dollar amount of an individual's contribution toward household operating expenses is compared to the value of the food and/or shelter received from within the household to determine whether the individual receives countable in-kind support and maintenance (ISM) from inside the household. If the dollar amount of an individual's contribution equals or exceeds the value of the food and/or shelter received from within the household, Social Security considers the individual to be paying his/her pro rata share and doesn't consider the individual to be receiving countable ISM from inside the household.

**WARNING:** Each of the 4 steps involved in determining whether or not an individual is paying his/her full pro rata share is complex. These steps involve applying multiple procedures with numerous specific rules for special situations. While basic explanations of these procedures are provided in this document, CWICs must be aware that determinations of this type can only be made by Social Security personnel. CWICs must refer SSI recipients to the local field office whenever changes in ISM determinations need to be made.

### **Individual Establishes a Separate Household under a Rental Agreement**

There is another option for dealing with paying for food and shelter which involves establishing a different type of living arrangement. In this case, the eligible individual is considered to be in a "rental liability" living arrangement instead of residing in the household of another person.

While we typically think about rental liability in terms of an individual living in his/her own apartment or house, rental liability may actually take several different forms. For example, renting a room within someone else's private dwelling may be a form of rental liability. This would apply when an individual lives in the same dwelling with the landlord, but maintains a "separate household" from the landlord. For SSI purposes, a separate household functions as a separate economic unit, and more than one economic unit may exist in a single dwelling. If the individual and the landlord don't function as separate economic units, the individual isn't in a separate household and cannot have rental liability. It may sound a bit unusual, but it's certainly possible for a beneficiary to reside in the home of his/her parents but still be considered to be maintaining a separate and distinct household.

When deciding if a separate households exists, Social Security will obtain signed statements from both the individual and the landlord (which may be the parent or parents) as to whether they consider themselves members of the same household or separate households. If the landlord will not affirm or deny the individual's allegation of separate households, the separate household determination must be based on the individual's allegation and any available evidence. Social Security will also consider how the household is organized, how the rent is charged and paid, how meals are purchased and prepared, as well as issues relating to access to and use of the dwelling.

A flat fee for room and board may be another form of rental liability. It's a variation of separate room rental within a private dwelling. With a flat fee arrangement, the individual maintains a separate household from the landlord and pays a flat rate for food and shelter. The way Social Security develops for flat fee rental liability is essentially the same as for room rental in a private dwelling except for the additional consideration that the individual's payment is a payment for both food and shelter. The Claims Representative (CR) will first determine if the individual lives in a separate household. Next, the CR will determine that a flat fee for room and board exists and that rental liability is the living arrangement basis.

The amount charged for the flat fee should be based upon current fair market value (CMV). The CR will generally ask the individual and the landlord how the flat fee was determined and whether this same amount would be charged to any other renter. If the landlord would charge a higher amount to some other renter, then the difference between what the SSI recipient pays and what another renter would pay may be counted as ISM. **The PMV rule is always used to determine ISM for an individual who has rental liability. The VTR never applies when an individual is in his/her own household.** If the landlord indicates that the flat fee is what would be charged any renter and represents market value, then no ISM will be assessed.

The rental liability option fits some individuals and their families very well, while other families would not feel comfortable with this arrangement. The CWIC should be knowledgeable about this option and present it as one possible method for paying for food and shelter.

### **Changing LA/ISM Determinations**

Social Security will check on living arrangement and any ISM being received each calendar year during the annual redetermination. However, LA/ISM determinations can be changed at any time throughout the year – there is no need to wait until the annual redeterminations.

Numerous events could cause a change in the designated living arrangement and in turn, this

may cause a change in the amount of ISM charged against the individual. Some events to be aware of would include:

- Moving to a new residence;
- A change in the amount or type of contribution the individual makes to household expenses;
- A change in household composition;
- A change in household expenses related to food and shelter (example: paying off the mortgage);
- Assistance with a household item or expense provided by someone outside the household;
- Placement in a medical facility, nursing home, or institution.

Individuals may simply choose to change the way they pay the costs of their food and shelter and these changes should be reported to Social Security as soon as they occur.

### **Helping Beneficiaries Understand ISM Determinations – the Role of the CWIC**

When Social Security interviews applicants and families, they specifically ask about whether or not the applicant contributes anything toward the cost of the household. Family members often answer this series of questions incorrectly because they don't understand why Social Security is asking these questions or how Social Security will use the information they supply. In the first place, families get confused about timing. When Social Security initially asks if a claimant is paying anything toward the cost of the household, families will sometimes answer "no" because the individual has no income or resources with which to contribute at the time the question is posed. Social Security personnel really are asking whether the person will contribute, or would contribute if he/she had any funds with which to do so. Unfortunately, in this scenario, a simple misunderstanding about a question may cause an SSI applicant to be found ineligible, or if found eligible, could cause an automatic one-third reduction in the base SSI rate.

Let's describe another scenario. Some families will respond in the negative to questions about asking the disabled individual to contribute toward the household costs because they are trying to answer in the way they believe Social Security wants them to. In these situations, the families are under the impression that it isn't appropriate or acceptable to ask a disabled family member to help pay for the costs of his/her food and shelter. In some cases, the family may have every intention of using the SSI payment for food and shelter, but tells Social Security that

they will not because they fear giving the “wrong” answer. Again, this problem really speaks to a misunderstanding about how the information will be applied. When questions about contributing to the household are asked, Social Security personnel are not making a value judgment. They are simply trying to ascertain whether the family intends to “supplement” or “subsidize” the SSI by helping the individual with a disability to pay for his/her pro-rata share of the household expenses.

When working with beneficiaries and families, CWICs need to provide clear and concise information about how Social Security makes living arrangement determinations, how LA affects ISM, and how the VTR/PMV rules are applied to determine the value of the ISM being provided. CWICs can help beneficiaries and their family members understand the importance of the living arrangement and how different arrangements can lead to changes in SSI payment. If the SSI recipient is living in the household of others, the best way to begin counseling on paying for food and shelter is to start by estimating the recipient’s pro-rata share. Once the CWIC has this estimate, it will be much easier to talk to the family and the individual about ability to pay for some or even the all of the pro rata share.

If the individual is able to pay the full pro-rata share, this is easy to arrange and document for Social Security. When the recipient pays the full pro-rata share, the SSI payment will be adjusted to reflect the full FBR for that year (less any countable income the person has). There are innumerable ways to handle payment of household expenses and different beneficiaries will chose different routes. The critical point is to make sure the individual and their family members/concerned professionals understand how decisions about paying for food and shelter impact SSI eligibility and payment amount so that informed decisions may be made which are in the best interests of the individual.

## **Conclusion**

As a final note on the subject of living arrangements and ISM, keep in mind that situations change all the time. SSI recipients and families need to understand that any change in the living arrangement or the payment for food and shelter must be reported to Social Security in a timely fashion. Since these issues can impact the SSI payment amount, failure to report changes can cause overpayments or underpayments to occur. It’s always best to keep Social Security informed of all changes in the living arrangement.

## **Conducting Independent Research**

A great many POMS citations cover the subject of in-kind support and maintenance. The Subchapter Table of Contents listing most of these citations can be found at [POMS SI 00835.000](#)

[- Living Arrangements and In-Kind Support and Maintenance](https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835000)  
(<https://secure.ssa.gov/apps10/poms.nsf/lnx/0500835000>).

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