
INCOME

UNEARNED INCOME

F. OTHER
MAJOR
BENEFITS

The following is a discussion of other types of unearned income, in addition to Social Security and VA, considered a payment of a major benefit.

1. Railroad
Retirement
Benefits

There are 3 basic categories of payments made by the Railroad Retirement Board (RRB):

- Life and survivor annuities.

Life annuities for retirement and disability are paid under the Railroad Retirement (RR) Act to the railroad employee and his/her spouse. Children of a living annuitant are not entitled to benefits.

Survivor annuities are payable to widows, widowers, children, and dependent parents of railroad employees. A small number of widows receive two annuities, a regular widow's check and a check payable to them as designated survivors of retired railroad employees who elected to receive reduced benefits during their lifetimes.

RR annuity payments are **similar to title II** benefits in that a check for one month is paid the next month. Also, cost of living adjustment (COLA) for RR annuities are effective the same month as title II COLA'S. However, since RRB benefits are computed on separate amounts, the COLA increase on the total may not be as high as for a title II benefit.

- Social Security benefits certified by RRB.

SSA may authorize the payment of Social Security benefits for RR employees to RRB instead of directly to Treasury. Although RRB in these situations has responsibility for certifying title II benefits to Treasury, they remain title II benefits.

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Individuals entitled to this type of benefit receive two award notices. The first notice, from SSA, informs the beneficiary that RRB has responsibility for making Social Security payments. The final notice, from RRB, specifies the amount of the first check.

RR annuity payments and Social Security benefits certified by RRB may be paid as a single check. In these cases, RRB may issue an interim notice before the final notice which specifies the amount of the first check.

- Unemployment, sickness and strike benefits.

Unemployment, sickness, and strike benefits are computed on a daily basis with each check covering a period of up to 2 weeks. These claims are usually filed through the railroad employer or directly with RRB in Chicago.

Payments made by the RRB are unearned income. A Medicare premium deducted from a RRB check is added to the check payment amount to determine total income.

Overpayments recovered from RRB benefits are included as income in determining eligibility for Medicaid. Refer to the discussion of "Amount of Unearned Income" for policy governing overpayments withheld from unearned income.

Contact the Railroad Retirement Board for verification of benefits. Offices and addresses are listed in the Appendix.

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2. Government Pensions and Retirement Payments

Payments made to former employees, their dependent(s) or survivor(s) by Federal, State or local governments, including foreign governments, are unearned income. Examples include Civil Service Retirement, State Retirement and Municipal Retirement.

Verify the amount of the retirement benefit by award letters or other documents in the individual's possession or contact the agency which is the source of the payment. It is not permissible to verify payment amounts by viewing the actual check because optional deductions are usually available to the recipient which are not allowable deductions for SSI/Medicaid purposes. The full amount of the benefits which the recipient is entitled to receive is counted as income as outlined in "Amount of Unearned Income."

Civil Service Retirement

Civil Service Retirement adjustment notices may show an amount under "Monthly Health Benefits" which is an addition to the gross amount of the benefit rather than a deduction. This occurs whenever the beneficiary of the benefit refuses the Federal health insurance offered. Civil Service adds an amount which is a health insurance "allowable." The recipient may use the extra amount toward the purchase of private health insurance. However, this addition to the gross amount is counted as income. This is one instance where net proceeds count rather than the gross amount, since the net is more.

To verify Federal Civil Service Retirement Benefits, a long distance Washington, D. C. number (not toll free) is available. The number is (412) 794-8442. direct written inquiries to:

Office of Personnel management
Employee Service and Records Center
Claims Correspondence Section
Boers, PA 16017

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State Retirement

Certain State retirees (including those drawing benefits from a deceased spouse's record) are eligible to receive a 13th check each year in addition to their regular monthly check which is referred to as a bonus check. The bonus check, which is usually issued each December 15, is computed on a percentage basis multiplied by the number of years retired and the annual income received.

The 13th check is counted as income each December to determine eligibility for the month of December. If a client is eligible based on receipt of the bonus check, the bonus payment may be averaged in the Medicaid Income computation as per budgeting instructions.

To ensure that each affected recipient has the bonus check counted as income in the month of December, a tickler must be set for each November 1 for each recipient of a State retirement check. The purpose of the tickler is to anticipate the bonus check based on the amount of the previous year's bonus check amount, as verified by the Public Employees' Retirement System Office.

Note: Whenever eligibility is approved for a State retirement recipient after the month of December of each year, the worker must verify the most recent bonus check amount. This is necessary so that the amount of the previous year's bonus check can be anticipated as income the following December, as outlined above.

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3. Unemployment Insurance Benefits

Unemployment insurance benefits, also known as unemployment compensation, means payments received under a State or Federal unemployment law and additional amounts paid by unions or employers as unemployment benefits. Unemployment insurance benefits are unearned income.

Workers should routinely check for unemployment benefits for applicants or recipients with recent work history.

Form DOM-334 will be used to verify Unemployment Compensation benefits. Refer to the Appendix for a listing of the addresses of local Employment Offices. The DOM-334 should be mailed to the local Employment Office which serves the county in which the applicant or recipient resides.

4. Workers' Compensation

Workers' compensation (WC) payments are awarded to an injured employee or his/her survivor(s) under Federal and State WC laws, such as the Longshoremens and Harbor Workers' Compensation Act. The payments may be made by a Federal or State agency, an insurance company, or an employer.

The WC payment less any expenses incurred in getting the payment is unearned income.

Any portion of a WC award or payment that the authorizing or paying agency designates for medical expenses or legal or other expenses attributable to obtaining the WC award is not income. The expenses may be past, current, or future. The WC payments designated for such expenses may be received in a lump sum or as a continuing payment.

Regional office staff needing information concerning an individual's WC benefits should send DOM-333 and a signed DOM-301 to the State Office giving all pertinent facts and identifying information. All inquiries must come through the State Office as the Workers' Compensation agency will not fill individual written requests.

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5. Military Pensions

The Air Force, Army, Marine Corps, and Navy pay military pensions to military retirees and survivors normally on the first day of the month.

There are three categories of beneficiaries who may be entitled to military payments:

- **RETIREE** - A person with 20 years of service who meets the requirements for entitlement;
- **ANNUITANT** - A survivor who is designated by the retiree to receive benefits upon the death of the retiree under the Retired Serviceman's Family Protection Plan (RSFPP), Survivor's Benefit Plan (SBP), or both;
- **ALLOTTEE** - Anyone other than an annuitant of the RSFPP or SBP who is designated to receive money out of the service member's or retiree's check. Entitlement as an allottee terminates upon the death of the retiree. However, an allottee can become an annuitant when the retiree dies.

The RSFPP and SBP annuitant programs pay money to surviving spouse(s) and children.

The SBP program also pays:

- "Insurable interest" persons: i.e., someone other than a surviving spouse or child that a service member designated to receive survivor benefits based on monies withheld from his or her retirement payment under the provisions of the SBP program; and,
- Minimum income level widows (MIW) who are certified by the VA as having low income and are referred by the Department of Defense (DOD).

Military pensions are unearned income. Payments to MIW's are income based on need not subject to the \$20 general income exclusion.

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The following addresses and phone numbers will verify military retirement and annuity payments for all branches of service except the Coast Guard:

Defense Finance and Accounting Service
Directorate for Retired Pay (CodeRO)
P. O. Box 99191
Cleveland, Ohio 44199-1126
Phone: 1-800-321-1080
Fax: 1-800-469-6559

For verification of Military Retiree Annuity Payments, mail the DOM-301 to the following address:

De-fas-DE/FRB
6760 E Irvington Place
Denver, CO 80279-6000
Phone: 1-800-435-3396

For verification of Coast Guard Retirement call the following number:

1-800-424-7950 or 913-295-2657

When calling, state the retiree's name and Social Security Number to obtain benefit information.