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**INCOME**

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**EARNED INCOME**

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**A. GENERAL**

Earned income may be received in cash or in kind and consists of:

- Wages
- Net earnings from self-employment (NESE)
- Payments for services performed in a sheltered workshop or work activities center
- Earned income tax credit (EITC) payments; excluded effective January 1, 1991
- Royalties earned by an individual in connection with any publication of his/her work and any honoraria received for services rendered, effective December 1, 1991.

**B. SICK  
PAY**

Sick pay is a payment made to or on behalf of an employee by an employer or a private third party for sickness or accident disability.

Sick pay is either wages or unearned income. (Payments to an employee under a workers' compensation law are neither wages nor sick pay.)

The following chart shows how to treat sick pay received since January 1, 1982.

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<b>WHEN RECEIVED</b>	<b>ATTRIBUTABLE TO EMPLOYEE'S OWN CONTRIBUTION ?</b>	<b>TYPE OF INCOME</b>
More than 6 months after stopping work	N/A	Unearned Income
	No	Wages
Within 6 months after stopping work	Yes	Unearned Income

To determine the 6-month period after stopping work:

- Begin with the first day of nonwork.
- Include the remainder of the calendar month in which work stops.
- Include the next 6 full calendar months.

For example, if an individual stops work on May 5, the 6-month period begins on May 6 and runs through November 30.

Verify sick pay which is wages by using the wage verification procedure.

Verify the last day (or month) worked with the employer or knowledgeable third party.

Document the file with the employer/third party's statement or report of contact showing the last day (or month) worked.