

# MANAGING EXTRA PAY AND BONUSES DURING COVID-19

## TITLE II BENEFICIARIES

### Overview

During Covid-19, many essential workers have been rewarded with a higher hourly rate of pay or bonuses. Although well-intentioned, the additional income may affect individuals receiving Title II benefits, such as Social Security Disability Insurance (SSDI), Childhood Disability Benefits (CDB), or Disabled Widow's or Widower's Benefits. Whether Title II benefits are affected depends on two variables, 1) the person's total gross monthly earnings and 2) the person's Title II work incentives phase. Read below to learn more about each of the 3 work incentive phases.

**Important:** Beneficiaries are required to report changes in earned income (wages) and bonuses to Social Security. Changes in monthly income should also be reported to the RI Department of Human Services and housing offices.

### Phase 1 - The Trial Work Period (TWP)

The Trial Work Period (TWP) allows Title II beneficiaries to test their ability to work for at least 9 months without any changes in their Title II benefit payments. In 2020, a trial work month is any month the beneficiary's total earnings are over \$910. Increases in earnings or bonuses received (regardless of the amount) will not cause any changes in your Title II benefit payments during your Trial Work Period. **Note:** Title II beneficiaries only get one TWP per period of eligibility. If you have worked since becoming entitled to SSDI benefits, you may have already completed your Trial Work Period.

### Phase 2 - The Extended Period of Eligibility (EPE)

The EPE begins in the month immediately following your ninth (9) Trial Work month, and it continues for 36 consecutive months. During the EPE, Title II beneficiaries are only entitled to cash payments if their disability has not improved and if their earnings are not Substantial Gainful Activity (SGA). The SGA guideline in 2020 is \$1,260 in countable monthly earnings. Note that some earnings may not be counted due to Social Security's rules and work incentives. If Social Security decides that your earnings are SGA, your Title II benefits will be suspended after a 3-month period known as your Grace Period. However, if your job ends or if your earnings fall below SGA, Social Security can restart your Title II benefit payments easily during your EPE.

Does Social Security always count bonuses as earned income when making SGA decisions? If the bonus can be tied to productivity, Social Security generally counts it as earned income, which may be unfavorable to Title II beneficiaries. However, since Social Security counts income when it is earned rather than when it is received for Title II benefits, Social Security may be able to divide the amount of a bonus over the period of time worked. For example, a \$900 quarterly bonus may be counted over a period of 3 months at \$300 per month, thus reducing the impact. If an individual can show that the bonus is not tied to productivity, Social Security may count the bonus as unearned income which generally does not affect Title II benefits.

### Phase 3 - Post Extended Period of Eligibility (EPE)

If your gross monthly earnings remain below SGA despite the increase in pay, your Title II benefit payments will continue as long as your medical condition does not improve. If the increase in pay causes your work to be SGA after your EPE has ended, your Title II payments will be terminated. However, if you become unable to work at SGA within 5 years of the month your payments are terminated, you may be able to use a work incentive known as Expedited Reinstatement of Benefits (EXR) to restart your Title II payments. If you use EXR, you will receive provisional benefits for up to six months while Social Security conducts a medical continuing disability review to be sure that your disability has not improved.

For updates or more information, visit the Social Security Administration website at <https://www.ssa.gov/coronavirus/>.



The Paul V. Sherlock Center on Disabilities is the Rhode Island resource for benefits counseling and work incentives information. Learn more at [www.sherlockcenter.org](http://www.sherlockcenter.org) or contact Jeanne Fay at [jfay@ric.edu](mailto:jfay@ric.edu) or 401-456-4733.