



SSI APPLICANTS AND RECIPIENTS: NOT KNOWING ABOUT IN-KIND SUPPORT AND MAINTENANCE CAN COST YOU MONEY!

WHAT IS IN-KIND SUPPORT AND MAINTENANCE?

In-Kind Support and Maintenance (ISM) is unearned income that is not cash or a check. There is ISM when someone else pays for or provides food and/or shelter. ISM includes non-cash items that can be sold/traded to get food and/or shelter.

Outside ISM is food and/or shelter provided to the household by someone outside of the household. Outside ISM also includes ISM provided by your own household that does not meet the inside ISM rules. Examples are: rent free shelter or rental subsidy (reduced rent).

Inside ISM is food and shelter provided to you by the household. If the household does not cover all your shelter and food costs, the ISM is treated as outside ISM.

Some in-kind income is not counted at all if the in-kind income is not food and/or shelter or something that can be sold or traded for food and/or shelter. Examples include: when someone else pays your telephone bill, auto insurance, vet bills, newspaper or cable TV subscriptions.

There are special rules for placing a value on items considered in-kind support and maintenance.

WHY IS IT IMPORTANT TO KNOW ABOUT ISM?

Income, both earned (work) and unearned income (sources other than work) is taken into account by the Social Security Administration (SSA) to determine whether you are financially

eligible for and the amount of your SSI check. The more *earned* or unearned income you receive, the less your SSI check will be. In-kind income is a form of unearned income.

Consequences

Not reporting in-kind income can result in an overpayment by SSA. If there has been an overpayment, SSA will come after you for reimbursement.

If you are not successful in getting the overpayment waived or lose on an appeal of the overpayment, money will be taken from your monthly SSI check until SSA has been reimbursed.

HOW IS IN-KIND SUPPORT AND MAINTENANCE VALUED?

The value of ISM received in a given month is based on the individuals' permanent residence as of the 1st of the month.

There are two rules that are used to place a value on ISM, the **Value of the One-Third Reduction Rule (VTR)** and the **Presumed Maximum Value Rule (PMV)**. The VTR is sometimes also called "living in the household of another."

Value of the One-Third Reduction Rule (VTR)

Applies when: you live in another's house *throughout* a month and receive food *and* shelter from inside the household and you do not meet your pro rata share-of cost of food and shelter expenses for the household. SSA places a value on this benefit which is presently 1/3 of the SSI federal benefit rate (FBR). This can have an effect on the amount you receive in SSI.

Example: You live in a home with four other people. Your SSI benefit amount for 2011 is \$845. Food and shelter expenses total \$2,400 for the household. Your pro rata share is \$600 (see below on how to determine your pro rata share of cost).

Now let's say that you pay \$540 towards expenses. Since you are not meeting your pro rata share of costs, SSA will place a value on your ISM which is 1/3 of the FBR. The FBR for 2011 is \$674, 1/3 of this is \$225.

Your SSI benefit amount will be reduced as follows:

$$\$845 \text{ SSI} - \$225(1/3 \text{ FBR}) = \$620 \text{ New SSI amount}$$

If this rule applies, the value of other ISM you receive is not considered.

If the VTR applies, even if the difference between what you pay and your pro rata share is say for example, only \$40, you will be subject to the full one-third reduction.

How do you determine your pro-rata share of costs?



FORMULA: Add the monthly food and shelter expenses and divide by the number of people living in the house.

Shelter includes: rent, mortgage payments (not equity lines of credit), real property taxes, property insurance required by the mortgage holder, repairs, heating fuel, gas, water, electricity and garbage fees (not phone bill).

Food does not include many things bought in the grocery store. For example: paper products, soap, and pet food.

In determining the number of people living in the house, the age of the individuals does not matter.



NOTE

A temporary absence of an individual from the house does not affect how ISM is valued. SSA will not consider ISM you receive during your temporary absence. A temporary absence from your permanent living arrangement is when 1) you become a resident of an institution for 90 consecutive days or less, or 2) you are in your permanent living arrangement for at least one full calendar month prior to your temporary absence and return to your permanent living arrangement in the same month in which you leave or the next month.

A resident of an institution is not a member of a household because a household cannot exist in an institution. Thus, the VTR does not apply.

When an individual lives alone, the VTR will not apply because there are no other household members from whom the individual can receive ISM. Any ISM received from outside the household is counted using the PMV rule.

Presumed Maximum Value Rule (PMV)

When does this rule apply?

- When the VTR does not apply. For example, when you receive food *or* shelter from a person in the household.
- When figuring out the value of ISM received from outside the household
- ISM received by someone living in an institution
- ISM received by someone living in a board & care facility
- ISM received by a transient

The maximum amount of ISM that may be charged: 1/3 of the SSI federal benefit rate plus \$20. BUT, this amount, unlike the VTR, can be reduced. If you can show that the actual value is less than the PMV, SSA will use the actual amount to determine the value of the ISM.

WHAT FOOD, SHELTER & CLOTHING IS NOT CONSIDERED ISM



Income that meets the criteria for infrequent or irregular unearned income. For example, Thanksgiving dinner with your family.

Income that has no current market value such as discarded food, shelter in a closet or another place not intended for living quarters

Income that is provided under a government medical or social services program. Example: housing assistance payments.

Services and goods traded for food, shelter

Value of food stamps

You live in a household with someone whose income can be deemed (parent or spouse)

Money specifically excluded by federal law such as money received under the Disaster Relief Act or Emergency assistance

If you live in a household where all members of the household receive some kind of public income maintenance payments. True even if you do not contribute money towards household expenses.

Food and shelter received during a temporary absence from the household

Money received as replacement of a lost, damaged or stolen resource. This includes temporary housing

Room and board provided during a medical confinement



Loans in the form of food and/or shelter that you have to repay. This includes in-kind loans received while your SSI application is pending.

Money excluded under an approved plan for self support.



EXAMPLES OF WAYS IN WHICH YOU CAN ESTABLISH THAT FOOD, SHELTER OR CLOTHING IS NOT ISM

- A. **Bonafide Loan:**
As long as you have an obligation to repay the value of food and/or shelter received from the household under a bonafide loan by the household or other member. Best if you can show a source of re-payment such as from an inheritance, pending an SSI application, or show a potential to earn income in the future.

- B. **Cash payments towards any expenses of the household or personal expenses of the householder (even if not for typical household expenses)**
Example: SSI recipient pays brother's car payment of \$195 in lieu of contribution to household expenses.

- C. **Economic reasons for renting a room at a lower rate than would normally charge.**
For PMV: argue that the value of renting a room is less for example, where you have to share a bathroom, part of room is used as storage by other household members. Look at the local paper for room charges.

- D. **Should the monthly food and/or shelter decrease in the future or the number of persons in the household increase then the pro rata will decrease to the point where you meet you pro rata share of cost.**

References:



Federal Regulations on In-Kind Support and Maintenance are found at:
20 Code of Federal Regulations 416.1130-.1157.

Program Operations Manual System (POMS) are instructions used by employees of the Social Security Administration to carry out the regulations, laws and rules. POMS concerning In-Kind Support and Maintenance can be found at: **SI 00835.000-.901**

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