

**SUPPORTING STATEMENT FOR FORM SSA-L725,  
LETTER TO EMPLOYER REQUESTING INFORMATION  
ABOUT WAGES EARNED BY BENEFICIARY  
20 CFR 404.703 & 404.801  
OMB No. 0960-0034**

**A. Justification**

1. *Section 203(h)* of the *Social Security Act* requires beneficiaries to report any earnings or wages in excess of the applicable exempt amount. *20 CFR 404.801* of the *Code of Federal Regulations* sets out the policies for establishing and maintaining a record of earnings for each individual. SSA may revise a record of earnings for each individual to correct errors or omissions subject to limitations prescribed by the Act. *20 CFR 404.703* specifies when SSA needs evidence in order to determine eligibility for benefits. Information concerning earnings for particular months of the year is necessary for the Social Security Administration (SSA) to determine if monthly benefits are payable, and to determine the correct amount of payment. Form SSA-L725 elicits from employers the information needed to establish specific monthly earnings.
2. SSA uses Form SSA-L725 to verify and determine the wages earned by a beneficiary for specific months, so that SSA may determine correct benefit payments.

SSA may contact an employer (in person or by mail) for whom the beneficiary allegedly work in the closed year<sup>1</sup> to obtain the correct information. In addition, SSA may contact prior employers for whom the beneficiary worked in the 4 years prior to the closed year only if the employment history could lead the reviewer to conclude that a contact may be productive.

If the beneficiary furnishes evidence of wages and the evidence agrees with the earnings report posting, SSA will accept the evidence. If the closed year and the grace year<sup>2</sup> are the same, SSA will request a SSA-L725 from the employer since changes could affect benefits due. SSA needs the information on the SSA-L725 to calculate the correct amount of benefits payable and to maintain an accurate record of earnings for the beneficiary. Respondents are small business employers.

3. Form SSA-L725 is not available electronically. Because SSA prepares the notice by entering case specific data (i.e, employer's name and address, beneficiary's name, address, claim number, and year(s) for which wage report(s) are needed), it is not practical to make the form an electronic form.

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<sup>1</sup> Closed year – A completed calendar year. Refers to the most recent completed year.

<sup>2</sup> Grace year - A year that benefits can be paid for any month of entitlement that the beneficiary is entitled and did not earn wages over the monthly exempt amount and did not render substantial services in self-employment.

4. The nature of the information we are collecting and the manner we are collecting it preclude duplication. SSA does not use another collection instrument to collect similar data.
5. The collection of information affects small businesses or other small entities to the extent that SSA asks them to complete the form. However, the impact would not be on a substantial number of small businesses, and the economic impact would be insignificant. SSA only asks for information needed for proper payment of benefits.
6. The collection of information takes place based on the need to determine a worker's earnings. Social Security benefits are based upon the worker's earnings and it is, therefore, important that SSA maintain a complete and accurate record of the earnings of each covered worker. If SSA did not collect the information, SSA would not be able to determine the correct benefit amount, if any, for the earning period in question. Also, since SSA only collects this information when necessary to determine a worker's earnings, the information cannot be collected by SSA less frequently. There are no technical or legal obstacles that prevent burden reduction.
7. There are no special circumstances that would cause SSA to conduct this information collection in a manner inconsistent with 5 CFR 1320.5.
8. The 60-day advance Federal Register Notice published on January 26, 2009, at 74 FR 4498, and SSA received no public comments. The second Notice published on April 07, 2009, at 74 FR 15808. SSA did not consult members of the public in the developing of this form.
9. SSA provides no payment or gifts to the respondents.
10. SSA protects and holds confidential the information it is requesting in accordance with 42 U.S.C. 1306, 20 CFR 401 and 402, 5 U.S.C. 552 (Freedom of Information Act), 5 U.S.C. 552a (Privacy Act of 1974), and OMB Circular No. A-130.
11. The information collection does not contain any questions of a sensitive nature.
12. Approximately 150,000 respondents use the form SSA-L725 annually. The estimated average response time is between 30 to 50 minutes. SSA estimated the burden hours using a median of 40 minutes for 100,000 burden hours. The total burden is reflected as burden hours, and no separate cost burden has been calculated.
13. There is no known cost burden to the respondents.
14. The annual cost to the Federal Government is approximately \$231,000. This estimate is a projection of the costs for printing and distributing the collection instrument and for collecting the information.
15. There is no change in the public reporting burden.

16. The results of the information collection will not be published.
17. OMB exempted SSA from the requirement to print the OMB approval expiration date on its program forms. SSA produces millions of public-use forms, many of which have a life cycle longer than that of an OMB approval. SSA does not periodically revise and reprint its public-use forms (e.g., on an annual basis). SSA granted this exemption so the agency would not have to discontinue using otherwise useable editions of forms with outdated expiration dates. In addition, SSA avoids Government waste, because we will not have to destroy and reprint stocks of forms.
18. SSA is not requesting an exception to the certification requirements at 5 CFR 1320.9 and related provisions at 5 CFR 1320.8(b)(3).

**B. Collection of Information Employing Statistical Methods**

SSA is not using statistical methods for this collection.