

**Supporting Statement for the SSA-131
Employer Report of Special Wage Payments
20 CFR 404.428-404.429
OMB No. 0960-0565**

A. Justification

1. Introduction/Authoring Laws and Regulations

Based on section 203(f) (5)&(6) of the *Social Security Act* and 20 CFR 404.428-404.429 of the *Code of Federal Regulations*, certain payments that are wages for tax purposes are not counted under the Social Security Annual Earnings Test (AET). SSA conducts the AET to determine if a beneficiary's earnings are of the annual earnings maximum. SSA reduces the total amount of the monthly benefits payable on earnings records exceeding the maximum we may pay under the *Act*. Often, employers make current payments for work done in a previous year. These special wage payments may appear on employer wage reports (W-2s) and beneficiary earnings reports to the Social Security Administration (SSA) even though they do not count when applying the AET.

Unless SSA has prior notification that these wage postings do not count in applying the AET, we use the entire amount on the SSA record to initiate earnings enforcement actions resulting in incorrect benefit adjustments. SSA developed the SSA-131 for employers to report special wage payments, which gives SSA the information needed to pay benefits correctly.

2. Description of Collection

SSA uses this information to prevent earnings related overpayments and to avoid erroneous withholding of benefits. SSA field offices and program service centers mail the SSA-131 to employers with a cover letter asking them to report the type, amount, and timing of special wage payments to retirees, and ask them to return the completed form by mail. SSA uses this form to verify beneficiary allegations of special payments, or to obtain information when employers request the form from SSA based on instructions from the *IRS Publication 957*. While we need this information to assure the correct payment of benefits, we do not require employers to respond. The respondents are large and small businesses that make special wage payments to retirees. SSA provides a PDF version, which is downloadable from our website for public use and mailed to SSA. In addition to accepting special wage payments via the paper SSA-131, effective January 26, 2009, SSA gave employers the capability to submit their special wage payment files electronically through SSA's Business Services Online (BSO).

3. Use of Information Technology to Collect the Information

In accordance with the agency's Government Paperwork Elimination Act Plan, SSA created an Internet submission site for the special wage payments. We encourage employers to send special wage payment information electronically through our BSO website, www.socialsecurity.gov/employer. We estimate approximately 2.5% of the respondents use the BSO option.

- 4. Why We Cannot Use Duplicate Information**
The nature of the information we are collecting and the manner in which we are collecting it preclude duplication. SSA does not use another collection instrument to obtain similar data.
- 5. Minimizing Burden on Small Respondents**
This collection does not significantly affect small businesses or other small entities. However, we may contact some small businesses when beneficiaries are unable to provide the special wage information needed.
- 6. Consequence of Not Collecting Information or Collecting it Less Frequently**
This collection must take place based upon the need of the applicant. If we did not collect this information, SSA would incorrectly identify about 105,000 beneficiaries as overpaid each year. Most of these beneficiaries will continue to contact their employers, and SSA, after they have received an overpayment notice. This would continue to precipitate contact with employers to get the information after SSA incorrectly adjusts the benefits; thus resulting in labor intensive, corrective action procedures within SSA, which may cause the beneficiary time and money before we can correct it. We cannot collect this information less frequently, as it may result in incorrect payments to beneficiaries. There are no technical or legal obstacles to burden reduction.
- 7. Special Circumstances**
There are no special circumstances that would cause SSA to conduct this information collection in a manner inconsistent with 5 *CFR* 1320.5.
- 8. Solicitation of Public Comment and Other Consultations with the Public**
The 60-day advance Federal Register Notice published on December 22, 2010, at 75 FR 80563, and SSA received no public comments. The second Notice published on March 16, 2011, at 76 FR 14441. If we receive any comments in response to the 30-day Notice, we will forward them to OMB. SSA did not consult members of the public in the development or maintenance of this form.
- 9. Payment or Gifts to Respondents**
SSA does not provide payments or gifts to the respondents.
- 10. Assurances of Confidentiality**
SSA protects and holds confidential the information it collects 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. Justification for Sensitive Questions**
The information collection does not contain any questions of a sensitive nature.
- 12. Estimates of Public Reporting Burden**
Approximately 106,076 private sector and State, local or tribal government respondents use the SSA-131; however, we have no data to indicate the number of each respondent type, but believe that the majority of respondents are private sector. The estimated average response time is 27 minutes, for 35,037 burden

hours. Due to the nature of question # 6, we estimate approximately 10% of the total respondents need to answer it. Therefore, no more than 1,050 respondents take about 2 minutes to answer question #6, for 35 burden hours. The chart below shows the burden for all the modalities of this collection:

Modality of Completion	Number of Respondents	Frequency of Response	Average Burden Per Response (minutes)	Total Annual Burden (hours)
Paper Version: SSA-131 (without #6)	105,000	1	20	35,000
Paper Version: SSA-131 #6 only	1,050	1	2	35
Electronic version: BSO Special Wage Payments	26	1	5	2
Totals	106,076			35,037

The total burden is 35,037 hours. This figure represents burden hours, and we did not calculate a separate cost burden.

13. Annual Cost to the Respondents (Other)

There is no known cost burden to the respondents.-

14. Annual Cost To Federal Government

The annual cost to the Federal government is \$573,911. This estimate is a projection of printing and distribution costs for the form and the cost of collecting the information.

15. Program Changes or Adjustments to the Information Collection Request

When we last cleared this collection in 2008, the burden was 35,035 hours. However, we are currently reporting a burden of 35,037 hours. This change partly stems from employers sending SSA special wage payment files electronically using Business Services Online. In addition, we erroneously double counted the burden in 2008 for those respondents who fill out #6. We corrected that error in this information collection request.

16. Plans for Publication Information Collection Results

SSA will not publish the results of the information collection.

17. Displaying the OMB Approval Expiration Date

OMB granted SSA an exemption from the requirement to print the OMB expiration date on its program forms. SSA produces millions of public-use forms with life cycles exceeding those of an OMB approval. Since SSA does not periodically revise and reprint its public-use forms (e.g., on an annual basis), OMB granted this exemption so SSA would not have to destroy stocks of otherwise useable forms with expired OMB approval dates, avoiding Government waste.

18. Exceptions to Certification Statement

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. Collections of Information Employing Statistical Methods

SSA does not use statistical methods for this information collection.