

**SUPPORTING STATEMENT FOR FORM SSA-L725,
LETTER TO EMPLOYER REQUESTING INFORMATION
ABOUT WAGES EARNED BY BENEFICIARY
20 CFR 404.703, 404.801, & 404.820
OMB No. 0960-0034**

A. Justification

1. Introduction/Authoring Laws and Regulations

The Annual Earnings Test (AET) reduces beneficiaries' monthly Social Security benefit if 1) their annual earnings exceed a certain amount and 2) the beneficiaries are under full retirement age. We will request monthly earnings information using Form SSA-L725 to determine if benefits for specific months are payable and the correct benefit payment amount for those months.

The authority to collect this information is in *Section 203(h)* of the *Social Security Act*, which requires beneficiaries to report any earnings or wages in excess of the applicable exempt amount. In addition, *20 CFR 404.801* and *20 CFR 404.820* of the *Code of Federal Regulations* establishes the policies for establishing and maintaining a record of earnings for each individual. The Social Security Administration (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* permits SSA to request evidence in order to determine eligibility for benefits and the benefit payment amount.

2. Description of Collection

SSA uses information from Form SSA-L725 to verify a beneficiary's wages when SSA has incomplete or questionable wage data. SSA uses the information SSA collects information on Form SSA-L725 annually to verify and determine the wages earned by a beneficiary for specific months to determine correct benefit payment amounts.

SSA employees will collect information from employers for whom the beneficiary allegedly works for in the closed year.¹ In addition, the agency may contact prior employers for whom the beneficiary worked in the 4 years prior to the closed year only if the employment history leads 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 year² are the same, SSA will request an SSA-L725 from the employer since changes could affect benefits due. SSA needs the information on the SSA-L725 to calculate

¹ Closed year – A completed calendar year. Refers to the most recent completed year.

² 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.

the correct amount of benefits payable and to maintain an accurate record of earnings for the beneficiary. Respondents are small business employers of beneficiaries.

3. **Use of Information Technology to Collect the Information**

Form SSA-L725 is available on SSA's website as a print-only PDF. SSA did not create an electronic version of form SSA-L725 under the agency's Government Paperwork Elimination Act plan, because the agency prepares the notice by entering case specific data (i.e, employer's name and address, beneficiary's name, address, claim number, and the year(s) we need wage report(s).

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 affect small businesses or other small entities. However, if we did not impose this burden, we would be unable to determine proper payment of benefits. We minimized the burden by carefully reviewing the form and ensuring that we only ask small businesses or entities to complete relevant and necessary questions.

6. **Consequence of Not Collecting Information or Collecting it Less Frequently**

If we did not use Form SSA-L725, we would not be able to determine the correct benefit amount, if any, for the earning period in question. Because we collect the information on an as needed basis, we cannot collect it less frequently.

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 15, 2011, at 76 FR 78068, and we received no public comments. The 30-day FRN published on February 29, 2012 at 77 FR 12350. If we receive any comments in response to this Notice, we will forward them to OMB.

We did not consult with the public in the 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**

| Collection Instrument | Number of Respondents | Frequency of Response | Average Burden Per Response (minutes) | Estimated Total Annual Burden (hours) |
|------------------------------|------------------------------|------------------------------|--|--|
| SSA-L725 | 150,000 | 1 | 40 | 100,000 |

13. **Annual Cost to the Respondents (Other)**
The collection does not impose a known cost burden on the respondents.

14. **Annual Cost to Federal Government**
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. **Program Changes or Adjustments to the Information Collection Request**
There are no changes to the public reporting burden.

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. Collection of Information Employing Statistical Methods

SSA does not use statistical methods for this information collection.