
Program Operations Manual System (POMS)

Effective Dates: 07/19/2010 - Present

TN 4 (07-10)

HI 01120.035 Life Changing Event (LCE) – Loss of Income-Producing Property

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C. How to Process the Request

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A. Policy

1. A significant reduction of income due to a loss of income-producing property beyond the beneficiary's, or the beneficiary's spouse's, control (e.g. natural disaster, arson or criminal theft) which ordinarily generates income used in MAGI may qualify a beneficiary to request and qualify for a new initial determination using a more recent tax year. Income-producing property is defined as any real or personal property that generates income. Some examples of income producing property are:

- Real property (e.g., farmland, rental homes),
- Crops,
- Livestock and other animals (e.g., show dogs),
- Vehicles used for business, (e.g., limousines, tractor-trailers).

NOTE: Property that does not generate income will not be considered and loss of that property cannot be used as an LCE. Some examples of properties that are not income-producing are:

- Property held for investment that does not generate income (e.g. coin collection, stamp collection)
- Real property that is used for purposes other than rental income, such as vacation homes and condominiums used for personal use only and not reflected on a tax return as income-producing.

2. The loss of income-producing property must not be caused by the beneficiary's direction. The loss must be caused by circumstances beyond the beneficiary's control. A loss due to donation, gift, sale or transfer of income-producing property is not considered a loss beyond the beneficiary's control and does not qualify for a new initial determination using a more recent tax year. Ordinary risk of loss taken at the time of investment in income-producing property is considered at the beneficiary's direction. Examples of circumstances beyond a beneficiary's control are losses caused by:

- Natural disasters (such as flood, hurricane, tornado, fire, earthquake, volcano eruption)
- Disease (affecting crops, livestock or other animals)
- Arson
- Buy-out of the property by a government under Eminent Domain
- Theft (including the taking of money or property by blackmail, burglary, embezzlement, extortion, larceny, robbery, fraud, investment fraud or other criminal activity)

NOTE: Loss of dividend income does not qualify as a loss of income from income producing property unless the loss is due to criminal theft. See HI 01120.005D.

3. All LCE reports only apply to the reporting spouse. Do not extend the use of the more recent tax year to the non-reporting spouse. If the non-reporting spouse is also affected by the LCE, the non-reporting spouse is responsible for contacting SSA.

B. What Evidence Is Needed To Support The Change

If the beneficiary experienced a significant loss of income due to destruction or loss of income-producing property, SSA will accept as proof of the loss any evidence that clearly documents the event such as:

- A filed tax return which documents the loss of income from income-producing property, or
- A statement from the beneficiary alleging he is not insured and will provide a filed tax return which documents the loss of income from income-producing property once it has been filed (only if the LCE request is for the current tax year), or
- Insurance Claims regarding the loss of income producing property, or
- A statement from an insurance adjuster regarding the loss of income producing property, or
- A formal statement made by a policy owner to an insurer regarding the loss of income from the property.

NOTE: For claims of investment fraud (theft) proof of conviction of the theft is required and the only acceptable proof.

A beneficiary must also provide MAGI and tax filing status information for the tax year he is asking SSA to use. A beneficiary may submit the following tax information:

- An estimate of MAGI and tax filing status for the tax year they are requesting SSA to use (current year or PY-1), or
- A signed copy of the PY-1 tax return (or a filed amended tax return with an IRS letter of receipt for PY-1) if PY-1 tax return shows a significant reduction in MAGI.

NOTE: If the beneficiary provides an estimate of MAGI, process the request using the estimate. Request the beneficiary to submit a signed copy of the tax return once it has been filed with the IRS. Once the filed tax return is received follow the procedures listed in HI 01120.065. If a beneficiary alleges electronic filing, ask the beneficiary to print and sign a copy of the electronic return. If a beneficiary is updating a MAGI estimate, follow the procedures listed in HI 01120.065.

C. How To Process The Request

If	Then
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If	Then
<p>The beneficiary states MAGI will be significantly reduced due to a loss of income-producing property and has proof.</p>	<ul style="list-style-type: none"> • Evaluate all evidence being submitted as proof of the loss. • If a tax return is being submitted, review IRS Form 4684-Casualties and Thefts when applicable. • Inquire if the change will affect MAGI next year as well. Separate screen inputs are required for the current and future year estimates. <p>NOTE: Two separate premium year inputs are necessary with all LCEs.</p> <ul style="list-style-type: none"> • Access the IRMAA screens (See MSOM T2PE 008.001 through MSOM T2PE 008.019) • On the IRMN screen <ul style="list-style-type: none"> – Enter the Beneficiary's Own SSN. – In the "Select the Desired Option" field select "1" Establish – Input the premium year that the new initial determination request is for. – In the "Select the Desired Function" field select "1" Life Changing Event – Input the Tax Year the beneficiary requests we use to determine the IRMAA. – Press Enter

If	Then
	<ul style="list-style-type: none">• The PYTY screen appears when there is data on file for the tax year requested and it is displayed under the Highest Probative Value Data Field. (For an explanation of Highest Probative see MSOM T2PE 008.019.)<ul style="list-style-type: none">– If you select "1" Use Highest Probative Data, the system will process the determination using that data on file. The data will be propagated to the IRMA screen.– If you select "2" New Tax Data, the system will process the determination using the new information provided as long as the value of the data is of higher value than the information on file.– Press Enter.• On the IRLC screen<ul style="list-style-type: none">– In the "Select Life Changing Event" Field select "7" Income Loss from income producing property– In the "Date of Life Changing Event" field enter the date of loss (Month and Year).– Show Proof as "1" Proven– Press Enter

If	Then
	<ul style="list-style-type: none">• On the IRMA screen<ul style="list-style-type: none">– Input the beneficiary's alleged adjusted gross income and tax exempt income for the tax year the beneficiary is requesting to use. NOTE: If selection "1" Use Highest Probative Data on the PYTY was selected, the information will be propagated and cannot be changed.– On the "Select Type" field select the appropriate tax source based on the information provided by the beneficiary. See MSOM T2PE 008.005.– On the "Select Filing Status" field enter the appropriate filing status for the beneficiary.<ul style="list-style-type: none">– Show Proof as "1" Proven– Press Enter. <p>The IRRE Screen will display the current and recalculated IRMAA data. The "New Determination Results" field will provide the determination based on the information entered.</p> <ul style="list-style-type: none">• The IRMN Screen will display an alert to go to the EVID screen to document proofs submitted for the event reported. Pressing any "PF" key or the "Enter" key from the IRMN screen, will take you to the Shared Processes Menu.

If	Then
	<ul style="list-style-type: none"> Record the evidence provided on the EVID screen in Shared Processes (See GN 00301.286 through GN 00301.300 and MSOM EVID 001.003). See HI 01120.035D.
<p>The beneficiary states MAGI will be reduced this year due to a loss of income-producing property, is insured and has no proof.</p>	<ul style="list-style-type: none"> See HI 01120.001G

D. How To Record Evidence Provided On EVID Screens

If	Then
<p>The beneficiary provides a filed tax return with IRS Form 4684 attached.</p>	<ul style="list-style-type: none"> Access the EVID screen in Shared Processes (See GN 00301.286 through GN 00301.300 and MSOM EVID 001.003). Select "OTHER" as the document submitted as proof. For "Document Event Date" show the alleged date of the loss. For "Issuance/Recordation Date" show "Y." For the "Date Issued" show 12/31/ccyy for the year of the IRS tax return.

If	Then
	<ul style="list-style-type: none"> • For "Document Type" enter: IRS Form 4684. • Review section "B" of the 4684 form for documentation of property loss. • On the "Comment" line enter: type of property, cause of loss. <p>EXAMPLE - thoroughbred race horse, theft</p>
<p>The beneficiary provides proof of conviction for theft</p>	<ul style="list-style-type: none"> • Access the EVID screen in Shared Processes (See GN 00301.286 through GN 00301.300 and MSOM EVID 001.003). • Select "OTHER" as the document submitted as proof. • For "Document Event Date" show the date of conviction. • For "Issuance/Recordation Date" show "Y." • For the "Date Issued" show the date the document was issued. • For "Document Type" enter type of document <p>EXAMPLE: New York Times Newspaper</p>

If	Then
	<ul style="list-style-type: none"> • On the "Comment" line enter: type of loss and name of person or company convicted. <p>EXAMPLE – investment fraud, W J Smith Brokerage Inc.</p>
<p>The beneficiary provides an insurance claim regarding loss.</p>	<ul style="list-style-type: none"> • Access the EVID screen in Shared Processes (See GN 00301.286 through GN 00301.300 and MSOM EVID 001.003). • Select "OTHER" as the document submitted as proof. • For the "Document Event Date" show the date of the loss (this should be in the claim form). • For "Issuance/Recordation Date" show "Y." • For the "Date Issued" show the date of the insurance claim. • For "Document Type" enter: Name of Insurance Carrier claim <p>EXAMPLE - DocumentType=Allstate claim,</p> <ul style="list-style-type: none"> • On the "Comment" Line enter: type of property, location of property (if it is real property or crops), cause of loss. <p>EXAMPLE - rental condominium, 442 Main St, New Orleans LA-hurricane</p>

If	Then
<p>The beneficiary provides a statement alleging he is not insured and will provide a filed tax return which documents the loss of income from income-producing property once it has been filed.</p>	<ul style="list-style-type: none"> • Access the EVID screen in Shared Processes (See GN 00301.286 through GN 00301.300 and MSOM EVID 001.003). • Select "OTHER" as the document submitted as proof. • For "Issuance/Recordation Date" show "Y." • For the "Date Issued" show the date of the beneficiary statement. • For "Document Type" enter: statement/allegation. • On the "Comment" Line enter: type of property, location of property (if it is real property or crops), cause of loss. <p>EXAMPLE - rental condominium, 442 Main St, New Orleans LA-hurricane</p>
<p>The beneficiary provides a statement from an insurance adjuster.</p>	<ul style="list-style-type: none"> • Access the EVID screen in Shared Processes (See GN 00301.286 through GN 00301.300 and MSOM EVID 001.003). • Select "OTHER" as the document submitted as proof. • For the "Document Event Date" show the date of the loss shown in the statement.

If	Then
	<ul style="list-style-type: none"> • For "Issuance/Recordation Date" show "Y" • For the "Date Issued" show the date of the statement • For "Document Type" enter: Name of Insurance Carrier-adjustor: name statement <p>EXAMPLE - Allstate Insurance-Adjustor: John Smith statement On the "Comment" Line enter: type of property, location of property (if it is real property or crops), cause of loss.</p> <p>EXAMPLE - rental condominium, 442 Main St, New Orleans LA-hurricane</p>
<p>The beneficiary provides a formal statement from a policy owner to an insurer.</p>	<ul style="list-style-type: none"> • Access the EVID screen in Shared Processes (See GN 00301.286 through GN 00301.300 and MSOM EVID 001.003). • Select "OTHER" as the document submitted as proof. • For the "Document Event Date" show the date of the loss shown in the statement. • For "Issuance/Recordation Date" show "Y" • For the "Date Issued" record the date shown on the statement.

If	Then
	<ul style="list-style-type: none"> • For "Document Type" enter: Formal Statement-policy owner, date of document (mmddyy) • On the "Comment" Line enter: type of property, location of property (if it is real property or crops), cause of loss. <p>EXAMPLE - rental condominium, 442 Main St, New Orleans LA-hurricane</p>

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<http://policy.ssa.gov/poms.nsf/lnx/0601120035>

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