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402.01 Introduction

(Eff.10/01/05)

Medicaid uses the value of a person’s resources as a factor in determining eligibility for Supplemental Security Income (SSI) related programs. It is generally expected that individuals or couples whose resources exceed the limit will use the excess to meet their needs before becoming eligible for Medicaid.

This chapter will describe the treatment of resources when determining eligibility for the SSI-related Medicaid programs using strict SSI resource policy (such as, OSS, Retroactive SSI, Pass-Along). Each program has an established resource limit. If countable resources exceed the limit, eligibility cannot be established. The applicable limits will be discussed in the program specific chapters of this manual.

SSI policy is used as the basis of determining financial eligibility for Medicaid for the adult categories of assistance. SSI policy is explained in the Program Operations Manual System (POMS). This manual provides references to sections in the POMS for more detailed explanations of policy and procedures.

|  |
| --- |
| **Note:** * Not everything a person owns is a resource.
* Not all resources count against the limit.
	+ The Social Security Act and other Federal laws require certain types and amounts of resources to be excluded. If a resource is not specifically excluded, it is considered countable.
* In certain situations, Federal law requires other people to share financial responsibility. In those situations, their resource(s) are considered along with those of the applicant/beneficiary.
* If countable resources exceed the limit, an individual or couple is not eligible.
 |

402.02 Resource Limit

(Eff.10/01/05)

[(POMS SI 01110.003)](http://policy.ssa.gov/poms.nsf/lnx/0501110003%21opendocument)

Federal law establishes a limit on the value of resources an individual or couple may own and still be eligible for Medicaid. The limits for each program will be explored in the program specific chapters.

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402.03 Resource Definitions

(Eff.10/01/05)

| Type | **Definitions** | **Examples** | **POMS** |
| --- | --- | --- | --- |
| General Definition | All assets, including real and personal property, which an individual or couple:* Owns
* Can apply toward basic needs of food, clothing, and shelter – either directly or by conversion
* Is not legally restricted from use for support and maintenance
 | * Home
* Land
* Bank Accounts
* Burial Assets
* Life Insurance
* Automobiles
* Investments
 | [SI 01110.100](http://policy.ssa.gov/poms.nsf/lnx/0501110100%21opendocument) |
| Liquid Resources | Cash or items that are readily converted to cash (within 20 days) | * Stocks, bonds and mutual fund shares
* Checking and savings accounts, time deposits, CDs
* US Savings Bonds, treasury bills, notes
* Mortgages and promissory notes
 | [SI 01110.305](http://policy.ssa.gov/poms.nsf/lnx/0501110305%21opendocument) |
| Non-Liquid Resources | Are not cash and are not readily convertible to cash | * Building, land, and other real property rights
* Vehicles
* Machinery and livestock
* Household goods and personal effects
* Non-cash business property
 | [SI 01110.310](http://policy.ssa.gov/poms.nsf/lnx/0501110310%21opendocument) |
| Exclusion | A resource, or part of a resource’s value, that is not considered in the eligibility determination | (Refer to list in MPPM [402.15](#MPPM_402_15).) |  |
| Countable Resources | Resources remaining after all exclusions are applied. \*\*The current or fair market value of resources must be verified and the equity value considered.  |  |  |
| Current or Fair Market Value (CMV or FMV) | The amount a resource can be expected to sell for on the open market or the sales price, if sold for a higher amount. |  |  |
| Equity Value | The current market value minus any legal debt (payoff amount) | House has a market value of $150,000. The mortgage payoff is $80,000. The equity value is $70,000. |  |
| Conserved Funds | Funds or property being held for an individual by another person | Daughter has $30,000 in a bank account in her name but it is actually her parents’ money. She uses it exclusively for their needs.  |  |

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402.04 Resources vs. Income

(Eff.10/01/05)

It is important to distinguish between resources and income to know which rules to use for any given month. An item is not subject to both income and resource rules in the same month.

**Income**

Items received in cash or in-kind during a month are evaluated under the income rules.

**Resources**

Items evaluated under the resource rules include any income retained for use in the month after it is received and all other items not defined as income.

**Converted Resources**

If an individual sells, exchanges, or replaces a resource, what he/she receives in return is a resource that has been converted from one type of resource to another.

Examples of converted resources:

* A lot with equity value of $5,000 is sold, and the money is deposited into a money market account.
* A life insurance policy is cashed in, and the proceeds are used to purchase a pre-need burial contract.
* An individual sells a piece of property for $25,000. The $25,000 is a resource.

**Note:** When a resource changes form, it may change: (1) from an excluded resource to a countable one, (2) from a countable resource to an excluded one, or (3) to something that is not considered a resource for Medicaid purposes.

|  |
| --- |
| **Example #1:** An excluded vehicle is sold, and the proceeds are deposited into a checking account. The money received then becomes countable.**Example #2:** A life insurance policy with a face value of $15,000 and a cash value of $9,500 is cashed in, and the proceeds are used to purchase a paid-in-full cemetery plot for the applicant/beneficiary (excluded) and an irrevocable pre-need burial contract (not a resource after 30 days). |

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402.05 Strict Resource Policy

(Rev.08/01/07)

In the strict policy SSI programs, exclusions or exclusion amounts that are more restrictive are used. Some of the most commonly encountered resources and the general policy regarding each are listed below. Information that is more specific to each is given later in this chapter.

Strict policies include the following:

* Eligibility is based on the individual’s countable resources as of the first moment of the first day of the month.
* One automobile is not automatically excluded regardless of value. (Refer to MPPM [402.17](#MPPM_402_17))
* The value of life estate and remainder interest in real property is a countable resource.
* The cash value of life insurance is excluded, if the combined face value of all policies is $1,500 or less. The combined face value of these excluded policies is used as an offset in determining a burial fund exclusion.

402.06 First-of-the-Month (FOM) Rule for Making Resource Determinations

(Eff.10/01/05)

In all programs using strict SSI policy, all resource determinations are made as of the first moment of a calendar month. Any increase or decrease in the value of resources is considered as of the first moment of the month following the month the change occurred.

|  |
| --- |
| **Example #1:** Tom Craft applies for assistance on March 30. His only resource is 20 shares of XYZ stock that were worth $800 on the date he applied. On April 30, the value increased to $1,000. His countable resource amount for April is $800 (the value on April 1). The countable value for May is $1,000.**Example #2:** Rhonda Lee applies for assistance on April 5. On April 1, her resources were $500 in checking and $400 in savings. Her son gave her a CD worth $1,800 on April 25. Her savings balance increased to $450 on April 30, but her checking balance dropped to $150. Those balances remained the same until May 10. Her countable resources for April are $900 ($500 + $400). For May, they are $2,400 ($1,800 + $450 + $150). The CD is not considered until May since it was acquired in the middle of the month.**Example #3:** At the time of her June 10 application for assistance, Dolly McGuire had a checking account ($400 on June 1), a life insurance policy (FV $2,000; CV $250 on June 1), and a car valued at $2,000. She sold her car on June 25 for $1,800 using it to open a savings account. On July 1, her savings balance was the same, as was the value of her life insurance. Her checking account balance was $100. Her countable resources for June were $650 ($400 + $250). For July, they were $2,150 ($1,800 + $100 + $250).  |

402.07 Whose Resources to Count

(Eff.10/01/05)

[POMS SI 01110.530](http://policy.ssa.gov/poms.nsf/lnx/0501110530%21opendocument)

When eligibility is determined or re-determined, the resources of the following must be considered:

* Applicant/beneficiary
* Spouse (legal or common law) of the applicant/beneficiary
	+ If they live in the same household
	+ Even if they are not applying or are ineligible (**Exception:** Institutionalized individuals discussed in MPPM Chapter 304.)
* Parent(s) of an applicant/beneficiary who is a child under age 18 if living in the same household.

402.08 Unknown Assets

(Eff.10/01/05)

[POMS SI 01110.117](http://policy.ssa.gov/poms.nsf/lnx/0501110117%21opendocument)

An individual may be unaware of his/her ownership of an asset. The asset is not a resource for the period during which the individual is unaware of his/her ownership.

Once discovered, the value, including any monies accumulated on it through the month of discovery, must be treated as follows:

* Month of discovery – treated as income
* Month after the month of discovery – any remaining value is a resource

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402.09 Ownership Interest

(Eff.10/01/05)

[POMS SI 01110.500](http://policy.ssa.gov/poms.nsf/lnx/0501110500%21opendocument)

The type and form of ownership may affect the value of property and its status as a resource.

402.09.01 Sole Ownership

(Eff.10/01/05)

|  |  |
| --- | --- |
| **Type of Ownership** | **What it Means** |
| **Sole Ownership** | Only one person owns the property and may sell, transfer or dispose of the property. |

402.09.02 Shared Ownership

(Eff.10/01/05)

| Type of Ownership | **What it Means** |
| --- | --- |
| Shared Ownership | Two or more people own it together |
| Tenancy-in-common | * Two or more people have an undivided fractional interest in the whole property.
* Interest may not be equal
* One may dispose of his/her share without permission of the other owner(s).
* When one owner dies, his/her interest passes to his/her heirs or estate.
* No automatic right to survivorship
 |
| Joint Tenancy | * Each person has an undivided interest in the whole property. In effect, each owns all of the property.
* Right to survivorship applies to the other owner(s).
 |
| Tenancy by the entirety | * Exists only with married couples
* While married, property can only be disposed if both give consent.
* Right to survivorship applies.
* If divorced, they become tenants-in-common and each can sell without the other’s consent.
 |
| **Procedure:*** Assume each owner owns only his fractional interest unless there is evidence otherwise.
* Divide the total value among the owners to match their percentage of ownership.
	+ If each of two owners owns ½ interest, divide by two.
		- FMV $50,000 – each has a resource worth $25,000.
	+ If there are two owners, one owns 1/3 and the other 2/3.
		- FMV $90,000
		- FMV ($90,000) ÷ 3 = $30,000, the value for the first owner.
		- $30,000 x 2 = $60,000, the value for the second owner.
 |
| **Exception #1:** Joint bank accounts or time deposits (Jim Smith or Eve Thomas). All of the funds belong to the individual in equal shares, if there is more than one applicant/beneficiary.  |
| **Exception #2:** When only one of the joint account holders is an applicant/beneficiary, assume all of the funds belong to him/her. |

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402.09.03 Equitable Ownership

(Eff.10/01/05)

An equitable ownership interest exists without legal title to property. It can exist despite another party’s having legal title or no one having it. A court of equity determines the existence of an equitable ownership interest. However, under certain circumstances, the eligibility worker can conclude that an equitable ownership exists and make a resource determination accordingly.

|  |  |
| --- | --- |
| Type of Ownership | What it Means |
| **Equitable ownership** | * Exists without legal title to property.
* Legal title may belong to another or to no one.

**Examples:*** Person allows someone, such as a child, to purchase a car in his or her name due to insurance or credit problems. The child makes the payments on the vehicle, but it is in the parent’s name.
* A person may gain equitable ownership in a home by making mortgage payments or paying for improvements.
 |
| **Procedure:**If equitable ownership is alleged, obtain corroborating evidence to support the allegation such as:* Property – Cancelled checks showing the other person is making/made the payments or paid for the improvements.
* Bank Accounts – Verification of whose money was used to establish the account, verification of who makes the deposits and withdrawals.
* Statements from both parties as to why the resource is showing in the applicant/beneficiary’s or their spouse’s name.

If equitable ownership is verified, advise the applicant/beneficiary or authorized representative that the resource must be transferred to the other person’s name.  |

| **Type of Ownership** | **What it Means** |
| --- | --- |
| Life Estate Interest | * Individual has certain property rights during his/her life or someone else’s life.
* May be conditional (**Example:** surviving spouse has the right to live in the home until remarriage).
* Legal document is required (such as a will or deed).
* Unless the legal document restricts rights, the life estate owner has the right to possess, use, and obtain profits from the property (such as rents).
* Life estate interest can be sold.
 |
| **Procedure to Determine the Value of a Life Estate:*** Verify the Fair Market Value of the property.
* Use the Life Estate Chart in [Appendix F](#Appendix_F) for the following steps:
	+ Find the individual’s age in the chart.
	+ Locate factor in the Life Estate column that corresponds to the age.
	+ Multiply the FMV of the property by the Life Estate Factor to obtain the value of the life estate: FMV of the property X Life Estate Factor = FMV of the life estate.

**Note:** The value of a life estate is a countable resource unless an exclusion can be developed (such as Intent to Return Home – refer to MPPM [402.15.01](#MPPM_402_15_01).) **Example #1:** Alex Jones applies for OSS. Ten years ago, he transferred his home to his children retaining a life estate interest. His desire is to be able to return home. He signs DHHS Form 1277 ME, Statement of Intent to Return Home, so the Life Estate can be excluded. **Example #2:** Myrtle Taylor, age 75, applies for OSS. She has life estate in an acre of non-homestead property. The FMV of the property is $35,000. An exclusion cannot be developed. The value of the life estate is determined as follows: $35,000 X .52149 (Life Estate Factor for age 75) = $18,252.15  |

|  |  |
| --- | --- |
| **Type of Ownership** | **What it Means** |
| Remainder Interest | * Remainder man inherits property upon the death of the life estate holder.
* No right to possess or use the property until the life estate terminates
* Remainder interest may be sold before the termination of the life estate unless the document establishing it restricts this right.
 |
| **Procedure:** The value of a remainder interest is countable unless a specific exclusion can be developed. The value is determined in the same manner as a life estate. The FMV of the property is multiplied by the remainder factor corresponding the age of the owner. The factor can be found in [Appendix F](#Appendix_F). |

|  |  |
| --- | --- |
| **Type of Ownership** | **What it Means** |
| Un-probated estate | An individual may have an equitable ownership in an un-probated estate if he/she:* Is an heir or relative of the deceased
* Receives income from the property
* Acquires rights through intestacy laws
 |

|  |  |
| --- | --- |
| **Type of Ownership** | **What it Means** |
| Trusts | Trustee holds legal title.Beneficiary has equitable ownership. |
| **Procedure:** All trust documents must be sent to the Bureau of Eligibility Administration for review and for clearance on how the trust affects eligibility. |

|  |  |
| --- | --- |
| **Type of Ownership** | **What it Means** |
| Fee simple | * Absolute, unconditional ownership of real property
* At owner’s death, property passes to his/her heirs.
* Can apply to solely- or jointly-owned property.
 |

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402.09.04 Property Rights with No Ownership

(Eff.10/01/05)

|  |  |
| --- | --- |
| **Type of Ownership** | **What it Means** |
| Leasehold | Individual has use and possession of property for a specific time period and usually for a specified rent.  |
| **Procedure:** A “lease for life” must be sent to the Bureau of Eligibility Administration. |

|  |  |
| --- | --- |
| **Type of Ownership** | **What it Means** |
| Incorporeal Interests | No ownership of the physical propertyApplies to: Mineral Rights, Timber Rights and Easements |
| * Mineral Rights
 | Ownership in natural resources such as coal or oil coming from the property. |
| * Timber Rights
 | Permits one party to cut and remove trees from property owned by another. |
| * Water Rights
 | Gives owner of river or shore front property the right to access and use the adjacent water.  |
| **Procedure to Determine the Value of Incorporeal Rights:**The value of Incorporeal Rights must be verified by a knowledgeable source. The knowledgeable source must be familiar with values of such incorporeal rights in the area. The knowledgeable source must not be related to the applicant/beneficiary or to a member of his or her immediate family.**Examples of Knowledgeable Sources:*** Local office of the Farmer's Home Administration or Agricultural Stabilization and Conservation Service for rural land
* County Agricultural Extension Service

**The knowledgeable source statements must contain the following information:*** A description of the property to which the individual has the incorporeal right;
* The estimated value;
* The period of time to which the estimate applies; and
* The name and business address of the person providing the estimate.

If the validity of the estimate is doubtful, obtain a second knowledgeable source statement. |

402.10 Factors That Make Property a Resource

(Eff.10/01/05)

[POMS SI 01120.010](http://policy.ssa.gov/poms.nsf/lnx/0501120010%21opendocument)

Property of any kind, including cash, is a resource only if it meets all criteria listed below.

| **Resource** |
| --- |
| **Ownership Interest**An individual must have some form of ownership interest in property in order for the property to be considered a resource. The fact that an individual has access to property, or has a legal right to use it, does not make it a resource if there is no ownership interest.  |
| **Legal right to access (spend or convert) property**An individual must have a legal right to access property. Even with ownership interest, property cannot be a resource if the owner lacks the legal ability to access funds for spending or convert non-cash property into cash.The fact that an owner does not have physical possession of property does not mean it is not his/her resource. It is a resource if the owner still has legal ability to spend it or convert it into cash.An individual has free access to, and unrestricted use of, property even when he/she can take actions only through an agent (such as a representative payee or conservator.) |
| Legal ability to use for personal support and maintenanceEven with ownership interest and legal ability to access property, a legal restriction against the property’s use for the owner’s own support and maintenance means the property is not a resource.  |

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402.11 Access to Resources

(Eff.10/01/05)

Unless an individual has been declared legally incompetent, he/she is assumed capable of managing his/her own affairs and his/her resources are counted. (**Note:** Competency does not affect consideration of resources.)

402.11.01 Individual Declared Legally Incompetent

(Eff.10/01/05)

|  |  |
| --- | --- |
| **Court Appointed Guardian or Conservator** | **NO Court Appointed Guardian** **or Conservator** |
| Resources owned by the individual are considered available resources.Individual may not dispose of property but the conservator can with court approval (in South Carolina).Seeking Court approval * Is NOT a legal restriction to the sale or disposal of property
* Does NOT change the property’s status as a countable resource to the individual
 | Resources owned by the individual are NOT considered available.Individual does NOT have access to the resource until a guardian or conservator is appointed.  |

402.11.02 Types of Access

(Eff.10/01/05)

Resources are accessible through an agent, litigation, or a petition-conservatorship account. Listed below is more information on these three types of access to resources.

* Access Via an Agent [POMS SI 01120.020](http://policy.ssa.gov/poms.nsf/lnx/0501120020)

An individual is considered to have free access to, and unrestricted use of, property even when he/she can take those actions only through an agent (such as a representative payee or guardian.)

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| **Example:** Jean Simmons receives Social Security benefits. Her mother, Laura Simmons, is her representative payee and has Power of Attorney. The check goes to a bank account named “Laura Simmons for Jean Simmons.” The bank account is a countable resource because Jean has unlimited use through her mother.  |

* **Access Only Via Litigation**

If there is a legal restriction, or a bar, to the sale or use of property (such as a co-owner legally blocks the sale of jointly-owned property), an individual is not required to undertake litigation in order to accomplish the sale or access. The property is not a resource under such circumstances in a month if a legal bar exists as of the first moment of that month.

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| **Example #1:** Cindy Lorrick and her sister, Sallie Comer, co-own a piece of property inherited from their parents. Last year, Sallie took legal action to prevent Cindy from selling. Cindy is not required to enter into litigation to gain the ability to sell, so the property is not a resource.**Example #2:** Stella Black applied for OSS in March and entered Generations RCF in April. She co-owns a piece of property with her sister valued at $25,000. She wanted to sell it, but a legal restriction placed on it on April 5 prevents this. Since the restriction was not in place on April 1, the value is countable for April. However, it is not a resource for May. |

* **Access Via Petition-Conservatorship Account** [POMS SI 01140.215](http://policy.ssa.gov/poms.nsf/lnx/0501140215)

Petitioning a court is different from undergoing litigation. Seeking court approval is not a legal restriction against use. Although the individual does not have access to the asset, the conservator does. Therefore, it is available for the individual's support and maintenance and is, therefore, that individual's resource. This is true despite the fact that the individual or his/her agent is required to petition the court to withdraw funds for the individual's support and maintenance.

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402.12 Retirement Funds

(Eff.10/01/05)

[POMS SI 01120.210](http://policy.ssa.gov/poms.nsf/lnx/0501120210%21opendocument)

Retirement funds are annuities or work-related plans that are designed to provide income when work ends. Listed below are some examples:

* Pensions, disability, or retirement plans administered by an employer or union
* 401K
* IRA
* Keogh or Roth plans
* Some profit sharing plans

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| **Procedure – Retirement Fund****Value of the Fund:**The resource value of the fund is the amount that can currently be withdrawn after deducting certain expenses* The amount of a penalty is deducted when determining a value.
* The amount of any taxes due is NOT deducted.

**When is a Retirement Fund a Resource?**When the individual has the option of withdrawing a lump sum even if he/she is not eligible for periodic payments* If the individual applies for period payments and is denied, the value becomes a countable resource the month after the month periodic payments are denied.
* A delay in payment beyond the individual’s control makes it a non-liquid resource.

**When is it Not a Resource?*** When a person must terminate employment to obtain payment.
* When a person is eligible for and is receiving periodic payments.

**Note:*** Periodic Payments
	+ An individual must apply for them if eligible.
	+ If he/she has a choice of a lump sum or periodic payments, he/she must take the payments.
	+ The periodic payments are counted as income.
* Ineligible spouses
	+ Any retirement funds owned by an ineligible spouse are excluded as a resource.
	+ Periodic payments are counted as the spouse’s income.
* Previously unavailable funds are a countable resource the month after the month it becomes available.

**Types of Verification:*** Pension or annuity statements
* Letter from plan manager
* Check stubs
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402.13 Loans, Promissory Notes and Property Agreements

(Eff.10/01/05)

[POMS SI 01120.220](http://policy.ssa.gov/poms.nsf/lnx/0501120220%21opendocument)

This section involves the principal amounts of these items. The interest paid is ALWAYS considered unearned income. All promissory notes must be sent to the Bureau of Eligibility Administration for evaluation and approval.

**Bona Fide Agreement—**legally valid and made in good faith

* May be written or oral
* Oral agreement is bona fide if it is legally binding and includes:
	+ Borrower’s acknowledgement of his/her obligation to repay
	+ A schedule and plan for repayment
	+ Borrower’s intent to repay from income or property

**Negotiable Agreement—**legal title to the agreement or the amount of the agreement can be transferred to another party

**Loan—**One party gives money to another party who promises to repay it in full.

* It may or may not include paying interest.
* It must be written (promissory note) and enforceable under State law.

**Promissory Note—**Written agreement where one person promises to pay another party a specific amount at a specific time.It can be repayment of money or a payment for services or goods.

**Property Agreement—**a piece of property is used to secure payment of a debt or performance of services. Other names for property agreements include:

* Mortgage
* Land contract
* Contract for deed

A person holding a contract for the sale of real estate owns two things until the agreement is settled: (1) the real estate and (2) the value of the agreement. (**Note:** The real estate is not a resource because it cannot be sold.)

A contract must be evaluated to determine if it is a resource and, if so, how it should be treated. If the contract is a non-bona fide agreement, goods or money may be “income” when received or “a resource” if retained. In a bona fide agreement, the contract to pay cannot be “income” but may be “a resource” if retained.

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| **Procedure – Individual is the Seller or Creditor****Bona Fide, Negotiable Agreement:*** The agreement is a resource.
* The goods or money represented in the agreement are not a resource because they are not accessible – the agreement replaces them as a resource.
* Debtor’s payments against the principal are a conversion of a resource, not income.

**Example:** Debtor pays $500 per month–$350 toward principal and $150 in interest. The $350 is a converted resource and the $150 is unearned income.Non-Bona Fide, Non-Negotiable Agreement:* The agreement is not a resource.
* Payments are income, not a converted resource.
* The goods or money represented in the agreement may be a resource if the seller/creditor has access for his/her own use.

Types of Verification:* Copy of Agreement
* Courthouse checks: online or via [DHHS Form 1255 ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%201255%20ME.pdf), Verification of Real and Personal Property
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402.14 Inheritances and Un-Probated Estates

(Eff.10/01/05)

[POMS SI 01120.215](http://policy.ssa.gov/poms.nsf/lnx/0501120215%21opendocument)

An ownership interest in an un-probated estate may be a resource if an individual:

* Is an heir of the deceased.
* Receives income from the property.
* Under State intestacy laws, has acquired rights in the property due to the death of the deceased.

In South Carolina, when a person dies intestate (that is, without a will), the surviving spouse’s share is:

* The entire estate if there is not surviving child.
* One-half of the estate if there is a surviving child.
* One-third of the estate if there are surviving children.

There is an ownership interest in an un-probated estate if:

* Documents such as a will or court records indicate an individual is an heir.
* An individual has use of, or income from, a deceased person’s property.
* Documents verify, or the individual alleges, a relationship to the deceased that awards him or her a share under the State’s intestacy laws.
* The inheritance, use of income and distributions are not contested.

An inheritance is a not a resource until the month following the month in which it meets the definition of income. Thereafter, if retained, the property is evaluated as a resource. If an individual transfers an inheritance, the individual is subject to penalty under the Medicaid transfer of assets provisions, even if the transfer occurs in the month that the inheritance is received. (Refer to [POMS SI 01150.001](http://policy.ssa.gov/poms.nsf/lnx/0501150001%21opendocument) for information concerning Transfer of Assets.)

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| Procedure:Obtain copies of the will and/or probate records either from the beneficiary/authorized representative or through the probate court (via [DHHS Form 1255 ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%201255%20ME.pdf), Verification of Real and Personal Property). If the probate is complete, there should be a discharge order in the court records but the status can be verified through the court staff. An individual’s relationship to a deceased person may be verified by:* Court records
* Birth certificates
* Marriage license
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402.15 Resource Exclusions

(Eff.10/01/05)

The value of the resources in this section may be excluded, in part or in whole, when determining eligibility.

402.15.01 Home Property

(Rev.05/01/23)

[POMS SI 01130.100](http://policy.ssa.gov/poms.nsf/lnx/0501130100%21opendocument)

An individual’s home is property he/she has ownership interest in and is his/her principal place of residence. It may include:

* The shelter he/she lives in.
* The land on which the shelter is located.
* All buildings on the land.

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| Procedure – Home Property:* A principal place of residence is the dwelling that an individual considers his/her principal home and to which he/she intends to return. It may be:
	+ Real or personal property
	+ Fixed or mobile
	+ Located on land or on water (**Example:** If a person who owns and resides in a houseboat on the lake, the boat may qualify as home property.)
* If a person owns land and intends to reside on it, it may be considered home property if there is no other principal place of residence.
* If a person owns the land but not the shelter, the land is considered the residence. (**Example:** A person owns the land he/she lives on but lives in a mobile home owned by his/her parents.)
* If a person owns the shelter but not the land, the shelter is the residence. (**Example:** A person owns the mobile home but rents the lot on which the home is located.)

**Treatment**An individual’s home, regardless of value, is an excluded resource if the individual:* Resides in the home; or
* Intends to return to the home. (**Example:** An individual is residing with his/her children due to illness but intends to go home when health permits. The intent is based entirely on the person’s **desire** to return home.)

The intent to return must be documented in the case record by one of the following:* Answering “Yes” to the intent to return question on the [DHHS Form 3401](https://www.scdhhs.gov/sites/default/files/3401_HealthyConnections_Inst_OSS.pdf), Healthy Connections Application for Institutional/Waiver/OSS or [DHHS Form 3400-B](https://www.scdhhs.gov/sites/default/files/FM3400-B-HealthyConnectionsAddendumForInstitutionalWaiver.pdf), Healthy Connections Additional Information for Institutional/Waiver Services.
* Completing and signing a [DHHS Form 1277](http://medsweb.scdhhs.gov/EligibilityForms/FM%201277%20ME.pdf), Statement of Intent to Return Home

**The home exclusion applies to:*** The shelter in which he/she lives.
* All buildings on the excluded property.
* The land on which the shelter is located AND any land adjoining it as long as it is not separated by land that neither the individual nor his/her spouse has ownership interest in. (**Example:** Property would be considered adjoining if the road were not there. Things such as easements, roads, and utility lines do not separate land.)
 |

If an individual leaves the home and does not intend to return to it, it is no longer considered the principal place of residence. The home exclusion no longer applies as of the date the individual leaves with the intent not to return or the date he/she no longer intends to return. The month after there is no intent to return, the property will then be considered a countable resource unless another exclusion develops.

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| **Procedure:****A home can be excluded without an intent to return, if:*** A spouse or dependent relative of an institutionalized individual resides in the home.
	+ Dependency may be financial or medical.
		- Verification includes: tax returns, cancelled checks
	+ Relatives may include:
		- Child, step-child, grandchild
		- Parent, step-parent, grandparent
		- Sibling, step-sibling, half sibling
		- Aunt, uncle, cousin, niece, nephew
		- In-law
		- Verification includes birth certificates, marriage license, family records, court orders
* Sale of the home would cause an undue hardship to a co-owner due to loss of housing. **(Note:** Co-ownership would need to be verified with a copy of the deed or title and [DHHS Form 1255 ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%201255%20ME.pdf), Verification of Real and Personal Property.)
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402.15.02 Home Replacement Funds

(Eff.10/01/05)

[POMS SI 01130.110](http://policy.ssa.gov/poms.nsf/lnx/0501130110%21opendocument)

If an individual sells an excluded home, the proceeds may be excluded if he/she:

* Plans to buy another excluded home.
* Buys the home within 3 full calendar months of receiving the proceeds.

402.15.03 Installment Sales Contract

(Eff.10/01/05)

[POMS SI 01130.110](http://policy.ssa.gov/poms.nsf/lnx/0501130110%21opendocument)

If the proceeds from the sale of an excluded home are received under an installment sales contract, the contract is excluded if the individual:

* Plans to use the entire down payment and the entire principal portion of the payment to buy another excludable home.
* Purchases the new home within 3 calendar months of receiving the down payment or installment.

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| Procedure:The case record must contain a signed statement from the individual/authorized representative that he/she intends to purchase a new home.**What is considered a proceed from the sale?*** Lump Sum – The net amount the seller receives at closing/settlement
* Installments – Down payment and/or principal portion of any installment payment

**Verification:*** Copy of closing/settlement papers
* Copy of installment contract and amortization schedule

**Proceeds may be used for the following expenses when buying another excludable home:*** Down payment
* Closing/settlement costs
* Loan processing fees and points
* Moving expenses
	+ Necessary repairs or replacement of the new home’s structures or fixtures IF identified and documented before the new home is occupied. This may include: Roof; heating and air conditioning; plumbing; built in appliances.
* Mortgage payments

**Types of Verifications:*** Copy of closing statement
* Copy of loan application
* Copy of home inspection reports
* Receipts for moving expenses and/or repairs

**What happens if the proceeds are not re-invested in a timely manner?*** Lump Sum – the exclusion is revoked retroactively to the date of receipt.
* Installment Contract – the exclusion of the contract itself and the unused portion of any installments received are revoked retroactively to the date the unused proceeds were received.
	+ The exclusion may be reinstated if a new intent is signed within three (3) full calendar months of receiving an installment. Reinstatement is effective with the date the new intent is signed**.**
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402.15.04 Jointly Owned Property

(Eff.10/01/05)

[POMS SI 01130.130](http://policy.ssa.gov/poms.nsf/lnx/0501130130%21opendocument)

If an individual owns property jointly with another person(s), the value of his interest may be countable unless the sale would cause an undue hardship to a co-owner due to loss of housing.

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| Procedure – Jointly Owned Property**Undue hardship would result if the co-owner:*** Uses the property as his/her principal place of residence.
* Would have to move if the property was sold.
* Has no other readily available housing.

**Example:**Mr. Allen and his son jointly own a piece of land. The son and his family live on the property and have no other place to live. Mr. Allen applies for Medicaid. The property is excluded because the sale would cause an undue hardship to his son.However, if the son owned another house nearby which was vacant and inhabitable, there would be other available housing. In this case, undue hardship would not exist. The value of Mr.Allen’s interest would be countable.  |

402.15.05 Bona fide Effort to Sell

(Eff.10/01/05)

[POMS SI 01150.201](http://policy.ssa.gov/poms.nsf/lnx/0501150201%21opendocument)

Real property may be excluded if an individual is making a reasonable, bona fide effort to sell it. Such efforts include listing it for sale with a real estate agent, media advertisements, and conducting regular open houses. The individual must maintain his or her effort to sell unless good cause exists. Good cause exists when circumstances beyond an individual's control prevent his/her taking the required actions to accomplish reasonable efforts to sell. In addition, he/she must accept a reasonable offer for the property.

Basic Periods - The basic periods for the disposal of excess non-liquid resources are:

* 9 months for real property
* 3 months for personal property

Ending Date - The disposal/exclusion period ends at the earliest of the following:

* Sale of the property;
* The month after the month continued reasonable efforts to sell end, absent good cause;
* The individual's submission of a written request for cancellation;
* Countable resources, even without the conditional exclusion, fall within the applicable limit (that is, the individual depletes liquid resources); or
* The individual has received a full period of conditional benefits including any allowable extension.

One 3-month extension for disposition of personal property for good cause is permitted.

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| **Procedure – Bona Fide Effort to Sell****Types of Verification:*** Copy of listing with a realtor
* Advertisement in newspaper or other media
* “For Sale” sign on property

Step for Eligibility Worker:Set up a tickler file to follow up on the effort to sell. Verification of the continued effort to sell must be documented in the case record.**Examples of Good Cause:**No offer to buy received. A legitimate offer does not result in a sale. Escrow begins but closing does not take place within the disposal period. Incapacitating illness or injury, such as the individual becomes homebound or hospitalized for a prolonged period due to illness or injury and cannot take the steps necessary to sell the resource or to arrange for someone to sell it on his/her behalf.* Part owner of a resource dies, and administration or probate of the estate delays efforts to sell the resource (assuming that the property continues to be a resource).

**Example #1:** Dale Livingston is a patient at Caring Hearts Nursing Home. He applied for Nursing Home Assistance on July 25 after he listed some non-home property for sale with a realtor on July 14. The eligibility worker obtains a copy of the sales listing which verifies the date the property was listed for sale. The property is an excludable resource beginning July.**Example #2:** Samantha Ryan has a piece of property up for sale by owner. The case record contains copies of the following: newspaper advertisement, the receipt paying for 8 weeks of advertisement, and a photograph of the For Sale By Owner sign.**Example #3:** Gladys Lorick is a Medicaid beneficiary whose property has been excluded due to a bona fide effort to sell. Her daughter (and Power of Attorney) accepted an offer on the property. However, the buyer backed out of the deal at closing. Ms. Lorick immediately started sales efforts again. Good cause exists. |

402.16 Resource Exclusions for Tribal Members

(Eff.07/01/11)

[POMS SI 01130.150](http://policy.ssa.gov/poms.nsf/lnx/0501130150%21opendocument)

The American Recovery and Reinvestment Act of 2009 (Recovery Act), requires States to exclude certain types of Indian-specific property from being considered as “resources” when determining Medicaid or CHIP eligibility for an individual who is an Indian.

Resources are excluded in two categories:

* Property connected to the political relationship between Indian Tribes and the Federal government; and
* Property with unique Indian significance

The following resources must be excluded:

1. Property, including real property and improvements, that is held in trust, subject to Federal restrictions, or otherwise under the supervision of the Secretary of the Interior; located on a reservation, including any federally-recognized Indian Tribe’s reservation, pueblo, or colony, including former reservations in Oklahoma, Alaska Native regions established by the Alaska Native Claims Settlement Act and Indian allotments on or near a reservation as designated and approved by the Bureau of Indian Affairs of the Department of the Interior.
2. For any federally-recognized Tribe not described in paragraph (1), property located within the most recent boundaries of a prior Federal reservation.
3. Ownership interests in rents, leases, royalties, or usage rights related to natural resources(including extraction of natural resources or harvesting of timber, other plants and plant products, animals, fish, and shellfish)resulting form the exercise of federally-protected rights.
4. Ownership interests in or usage rights to items not covered by paragraphs (1) through (3) that have unique religious, spiritual, traditional, or cultural significance or rights that support subsistence or a traditional lifestyle according to applicable Tribal law or custom.

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402.17 Personal Property

(Eff.10/01/05)

Personal Property includes such things as automobiles, household goods, and personal effects.

402.17.01 Automobiles

(Rev. 02/01/23)

[POMS SI 01130.200](http://policy.ssa.gov/poms.nsf/lnx/0501130200%21opendocument)

An automobile is any vehicle used for transportation. It can be motorized or animal drawn. All vehicles must be considered in the eligibility process – even those that are unregistered or inoperable. If an exclusion cannot be developed, verify the current market value and/or equity value of the vehicle.

Examples of Automobiles

* Car or truck
* Boat
* All-terrain vehicle
* Horse-drawn wagon
* Horse

The following are NOT considered a vehicle for the purpose of this exclusion:

* Junked vehicle
* Vehicle used exclusively for recreation (such as a pleasure boat or all-terrain vehicle used only for fun).

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| **Procedure – Excluded/Non-Excluded Vehicle(s):*** Medicaid automatically excludes one vehicle regardless of value if it is used for the transportation of the individual, spouse, and/or a household member. Unless there is evidence to the contrary, assume the vehicle is used for transportation.
* The ownership of all vehicles must be verified.
	+ For strict categories, attestation can be used to verify ownership for one vehicle. Additional verification is not required.
	+ If there are two or more vehicles, verification of ownership and value must be completed according to the Vehicle Ownership and Value procedures shown below.
* The exclusion(s) may be applied in a way that is most advantageous to the applicant/ beneficiary. Apply the exclusion to the automobile with the greater equity value,
* If the value of an automobile cannot be excluded, the equity value is countable toward the resource limit.
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| **Procedure – Vehicle Ownership and Value****Verification:**To Determine Ownership of Vehicle* Accept self-attestation if one vehicle is alleged
* [DHHS Form 1255 ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%201255%20ME.pdf), Verification of Real or Personal Property
* Vehicle registration or title
* Tax receipt
* Court House records
* Statement from a knowledgeable source

To Determine Current Market Value of Vehicle* NADA (<http://www.nadaguides.com/>)
* Kelley Blue Book (<http://www.kelleybluebook.com/>)

**Note:** When using NADA or Kelley Blue Book, use the “trade-in” value for Medicaid purposes. These figures are available through the hard copy book or online. If using the book, it must be the current month’s issue. Also, assume the vehicle is in average condition, absent evidence to the contrary.To Determine Attributes of Vehicle* + - Knowledgeable source statement to include the following:
	+ Detailed description of the automobile including the year, make, model, equipment, mileage, number of doors
	+ Estimated value
	+ Business address and telephone number of the source providing the information.

**Note:** The source must be a disinterested, unrelated party (such as a used car dealer, automobile insurance company, bank loan officer.)To Determine the Pay-Off Amount of Vehicle* Statement of pay off amount from the lender
* Monthly loan statement/payment voucher, if payoff is indicated

**Note:** When money is owed on a vehicle, the equity value of the vehicle must be determined. The equity value of the vehicle is the FMV minus the pay-off amount. |

402.17.02 Rebuttals

(Eff.10/01/05)

An individual may indicate that a vehicle does not belong to him/her even though it is registered in his/her name. He/She must provide evidence to rebut ownership.

An individual may disagree with a value of an automobile. He/She must provide verification of the lesser value.

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| **Procedure – Rebuttal of Ownership:**The individual/authorized representative must provide a written statement to include:* Description of the automobile
* Name, address, and telephone number of the alleged owner
* Explanation of the inconsistencies in ownership records
* Statement and corroborative evidence from the alleged owner
	+ Copy of the bill of sale if records do not show the change of ownership
	+ If equitable ownership is claimed, receipts or cancelled checks verifying alleged owner made or is making:
		- Loan payments
		- Tax payments
		- Repairs/expenses

**Example:** Son’s vehicle is purchased in the father’s name because of the son’s credit but the son makes the loan, insurance and other payments. Obtain verification that the son is making the payments. |
| **Procedure – Rebuttal of Current Market Value:**If the individual disagrees with the value established by the eligibility worker, he/she must obtain a written appraisal of the value from a knowledgeable source. He/She is responsible for any cost involved in obtaining the statement. |

402.17.03 Household Goods and Personal Effects

(Eff.10/01/05)

[POMS SI 01130.430](http://policy.ssa.gov/poms.nsf/lnx/0501130430%21opendocument)

Household goods – Personal property found in the home and used in connection with normal maintenance, use, and residency of a home. They include:

* Furniture
* Appliances
* Televisions sets
* Carpets
* Cooking and eating utensils
* Dishes

Personal effects – Personal property that are worn or carried by an individual or that have an intimate relation to him or her. They include:

* Clothing
* Jewelry
* Personal care items
* Prosthetic devices
* Educational or recreational items
	+ Books
	+ Musical instruments
	+ Hobby materials

Beginning April 2005, household goods and personal effects, regardless of their dollar value, are excluded in resource determinations.

For determinations before April 2005, a general exclusion of up to $2,000 applies to the total equity value of household goods and personal effects other than those excluded regardless of value.

* The following items are excluded from resources regardless of value:
	+ One wedding ring and one engagement ring per individual
	+ Prosthetic devices, wheelchairs, hospital beds, dialysis machines and other items required by a person's physical condition

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402.18 Life Insurance

(Rev.09/01/14)

[POMS SI 01130.300](http://policy.ssa.gov/poms.nsf/lnx/0501130300%21opendocument)

A life insurance policy is a contract. The purchaser (owner) pays premiums to the company (insurer). In return, the insurer agrees to pay a specified sum to a designated person(s), known as beneficiaries, upon the death of the insured person. The owner and the insured may or may not be the same person. The policy should state the owner’s name, if different from the insured.

Below are common terms associated with life insurance. (Refer to MPPM Chapter 104 – Appendix I for definitions of these and other terms.)

|  |  |
| --- | --- |
| Cash Surrender Value | Dividend Accumulations |
| Face Value | Dividend Additions |
| Proceeds | Dividends |

Generally, the types of life insurance policies are:

* Term Life Insurance
	+ Usually in effect for a specific length of time such as 20 years, or length of employment.
	+ Does not accrue cash value.
* Whole Life Insurance
	+ Accrues cash value.
	+ Remains in effect unless the premiums are not paid or the policy matures.
* Burial Insurance – The terms of the contract prevent the proceeds from being used on anything other than burial expenses of the insured.

A life insurance policy is a resource if it generates a Cash Surrender Value (CSV). The value of the insurance policy is the cash surrender value.

Unless otherwise indicated, assume that a:

* Term policy without a table of CSVs, if it appears otherwise complete, does **not** generate a CSV;
* Life insurance policy that does not generate a CSV also does **not** pay dividends;
* Life insurance policy issued by a nonparticipating or stock company does **not** pay dividends;
* Life insurance policy issued by a participating or mutual company pays dividends.

**NOTE:** The kind of company issuing the life insurance policy is usually identified by a designation following its name on the face page of the policy (“participating” or “non-participating”).

If an applicant/beneficiary or his spouse owns life insurance, the policies should be verified. The individual/authorized representative should provide a copy of all the life insurance policies and the most recent dividend statement for each one. For all policies verify the following:

* Owner
* Insured
* Face Value
* Date the life insurance policy was purchased
* Maturity date, if specified
* Policy number
* Address, phone number, or any contact information for the insurance company
* Information regarding whether the life insurance policy pays dividends and, if it does, what option the policy owner selected for their disposition (i.e., accumulations, additions, applied to premiums, paid by check)
* Current amount of dividend accumulations, if any.

If a policy is countable, in addition to what is listed above, verify the current CSV. This may be verified either by a statement from the company or by mailing a [DHHS Form 1280 ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%201280%20ME.pdf), Verification of Life Insurance Values, to the company. Make sure to include any:

* Dividend additions that may increase the value of the policy, and
* Loans that may decrease the value.

If the total Face Value of policies owned by an individual insuring someone equals $1,500 or less, the life insurance is excluded. If there is a copy of the policy(ies) or other applicant/beneficiary provided verification in the case record, the Medicaid eligibility worker does not have to verify the policy(ies) with the insurance company.

After exclusions are developed, any remaining cash value must be considered in the eligibility determination. The cash surrender value of any policy that cannot be excluded is countable toward the resource limit.

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402.18.01 Development of Countable Life Insurance

(Rev. 09/01/14)

Consider the resource value of a life insurance policy to be its cash surrender value (CSV), not its face value (FV).

* Term life insurance policies do not have cash value and are not included.
* Burial insurance policies are not included.

There is a difference between being the insured, the owner, and the beneficiary of the policy.

**Insured**

The insured is the person on whose life the insurance company issues the policy.

**Owner**

The owner of a policy is the one who has control of the policy. He may take such actions as:

* Cash in a policy
* Take a loan against the cash value
* Change ownership to another person
* Change the beneficiary

An individual may own life insurance on himself or on another person. A life insurance policy can be a resource only to the owner of the policy.

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| **Note:** The value of any life insurance policies owned by an individual must be considered in the eligibility determination process. |

**Beneficiary**

The beneficiary is the individual(s) who receives the proceeds of the policy at the insured individual’s death.

A person may be both the owner and the beneficiary. (**Example:** Jim Wright purchases a $1,500 life insurance policy on his mother, Janis Wright, and is the beneficiary upon her death.)

For all policies owned by an individual, separate the policies based on who is insured. Total the FV for each insured person separately. If the total FV for the insured person is less than or equal to $1,500, do not count the policies as a resource for the owner.

The $1,500 FV life insurance exclusion applies for each insured person.

**Dividend additions**

The insurance companies use surplus company earnings, called dividend additions, to buy more insurance protection for the life insurance policy owner. Dividend additions increase the FV and CSV.

* Do **not** include the **FV** of dividend additions when determining whether a life insurance policy is a countable or excluded resource:
* If the life insurance policy is a **countable** resource, do include the **CSV** of dividend additions when determining the resource value of the policy.
* If the life insurance policy is an **excluded** resource, do **not** include the CSV of dividend additions when determining the individual's countable resources.

**Dividend accumulations**

Dividend accumulations are surplus company earnings, which accrue in an account that the insurance company controls for the policy owner. The policy owner can access these funds without penalty at any time without affecting the FV or CSV. Therefore dividend accumulations may be countable resources unless they are excluded under a different resource exclusion (e.g., set aside for burial).

* Do not exclude dividend accumulations under the life insurance provision, even if you exclude the life insurance policy that pays the accumulations.
* Unless the accumulations are excludable under another provision (for example, because they have been set aside for burial), count the accumulations as a resource, even if you exclude the life insurance policy itself because the policy's FV is $1,500 or less.

**Note:** If the verification cannot be obtained from the insurance company, the cash value tables contained in the policy may be used or the Estimated Cash Surrender Value according to instructions contained in MPPM 302.17.02.

The countable cash surrender values of the policies and accumulations are countable toward the resource limit unless it can be excluded as a burial asset. (Refer to MPPM [402.20](#MPPM_402_20).)

Even if a policy is excluded, any accumulated dividends are countable toward the resource limit unless they are excluded under another provision such as the burial exclusion. (Refer to MPPM 402.20 for information on Burial Exclusion.)

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| **Example #1: Owner has two policies on himself**Mr. Parr, an aged individual, owns two life insurance policies on himself with the following values:* $400 FV with $500 CSV,
* $500 FV with $100 CSV

$500 FV + $400 FV = $900 total FV which is less than $1,500 total FV.The total FV of his policies is less than $1,500, therefore the CSV of the policies are excluded.**Example #2: Owner has policies for herself and others**Mrs. Hogenson, an aged individual, owns the following polices on herself, her husband and their daughter Edna:* Mrs. Hogenson
	+ $400 FV with $500 CSV,
	+ $500 FV with $100 CSV

Total FV = $900 which is less than $1,500, therefore the polices are excluded* Mr. Hogenson
	+ $15,000 FV with $2000 CSV

Total FV = $15,000 which is greater than $1,500, therefore the CSV is a countable resource for Mrs. Hogenson* Edna
	+ $750 FV with $200 CSV

Total FV = $750 which is less than $1,500, therefore the polices are excludedDo not combine the FV of all the policies owned by Mrs. Hogenson because the policies do not all insure the same person.**Example #3:**Joan Howard has four life insurance policies insuring herself. Two are with Life of Georgia and have Face Values of $150 each. She also has two $500 FV policies with Liberty Life. The total Face Value of all the policies is $1,500, so the policies are excluded.**Example #4:**Tanner Shull applied for OSS. He has three life insurance policies insuring himself with Face Values of $750; $2,500; and $12,000. The total Face Value is $15,250. Since this exceeds $1,500, the eligibility worker must verify the cash values and count them toward the resource limit unless a burial exclusion is developed.**Example #5:**Amanda Weaver has two life insurance policies insuring herself. One is a whole life policy with a Face Value of $1,000. The other is a term life policy with a Face Value of $10,000. The term life policy has no cash value and is excluded. The whole life policy is excluded because the FV is less than $1,500. |

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402.18.02 Estimated Cash Surrender Value Table

(Eff.10/01/05)

|  |  |
| --- | --- |
| **# Years Policy has been in Effect** | **Estimated CSV equals this percentage of FV** |
| 20 or more | 60% |
| 15-19 | 50% |
| 11-14 | 45% |
| 6-10 | 30% |
| 4-5 | 20% |
| 3 | 10% |
| 2 | 5% |
| 1 | 0% |

Using the Estimated CSV

The eligibility worker is permitted to use the estimated cash surrender value until verification is received. The following guidelines should be followed.

1. **The eligibility determination is otherwise complete, and the resource limit is met using the estimated CSV.**

The eligibility worker must:

* Approve the application OR complete the annual review; AND
* Continue attempts to verify the CSV.
1. **The eligibility determination is complete except for verifying the CSV.**
* If the resources exceed the limit using the estimated CSV but the other countable resources are below the limit, the eligibility worker must not take action until the CSV is verified.
* If the resources would exceed the limit without using the estimated CSV, the eligibility worker is to use the estimated CSV in the resource budget and deny the application or begin closure procedures.
1. **The resource limit is met but other information is needed to complete the eligibility determination.**

The eligibility worker must request verification of the CSV.

402.18.03 Accelerated Life Insurance Payments

(Eff.10/01/05)

Accelerated life insurance payments are proceeds paid to a policyholder before death. Plans vary from company to company; however, all involve early payout of some or all of the proceeds of the policy. Most of the plans fall into three basic types depending on the circumstances that cause the payments to be accelerated.

**Basic Plans**

* Long Term Care Model – allows payments if the policyholder requires an extended stay in a care facility or, in some instances, healthcare services at home.
* Dread Disease or Catastrophic Illness Model – allows payments if the policyholder suffers from a specified covered disease or illness (such as cancer or AIDS).
* Terminal Illness Model – allows payments following the diagnosis of a terminal illness where death is likely to occur within a specified time frame.

Some companies refer to these payments as “living needs” or “accelerated death” payments. Depending on the plan, the receipt of payments may reduce the FV of the policy by the amount of the payments and may reduce the CSV in a proportionate manner. In other cases, a lien may be attached to the policy in the amount of the payments that results in a proportionate reduction in the CSV.

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| **Procedure – Accelerated Life Insurance Payments:**These payments can be used to meet basic needs of food, clothing, and shelter. This is NOT a conversion of a resource because payments are made from the proceeds of the policy rather than from the cash value. The payments should be treated as follows: * Month of receipt – consider as income
* Any money remaining the following month is considered a resource.
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402.19 Death Benefits for Last Illness and Burial Expenses

(Eff.10/01/05)

[POMS SI 01120.115](http://policy.ssa.gov/poms.nsf/lnx/0501120115%21opendocument)

Death benefits are received because of another person’s death.

Examples include:

* Life insurance proceeds
* Social Security death benefits
* Burial benefits from the Railroad or Veterans Administration
* Inheritances
* Gifts from relatives, friends, or the community to help with expenses

**Note:** Recurring survivor benefits from a pension or retirement plan or the Social Security Administration are NOT death benefits.

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| **Procedure – Death Benefits****If Death Benefits Are Not Considered Income, then:*** Month of receipt – Excluded
* Month after receipt – Excluded
* 2nd month following receipt – Countable resource, if retained

**Exception:** If the death benefits are repayment for expenses already paid, they are considered resources the month after receipt, if retained.**Verification** of paid expenses must be obtained. Paid expenses and examples of verification are listed below.* Life Insurance
	+ Copy of check
	+ Contact with or statement from the company
* Gifts – statements from the party making the gift
* Inheritance
	+ Will
	+ Probate records
* Other types of money (such as SSA)
	+ Copy of check
	+ Other written verification
* Expenses
	+ Payment receipts
	+ Cancelled checks

**Example #1: Death Benefits Not Considered a Resource** When her uncle passed away, Beth Smith received $4,000 as beneficiary of his life insurance policy. She received it in July and intends to spend the entire amount on his last illness and burial expenses. She has already received bills totaling $900 that she paid. On August 1, she received a funeral bill for $2,900 and a few days later received a cash gift of $500 to be used for last illness and burial expenses. She pays the $2,900 funeral bill in August and intends to use the remainder to pay some hospital expenses. TreatmentNeither the $4,000 Ms. Smith received in July nor the $500 she received in August is unearned income. Since she used $900 of the $4,000 life insurance check in July, as of August 1, she had a $3,100 balance that is not a resource for August. During August she paid the $2,900 bill and then had $200 left. However, the $500 she receives in August gives her $700 to use for hospital expenses. She must spend $200 in August for burial or last illness expenses; otherwise, the $200 will count as a resource September 1. Any portion of the $500 remaining as of October 1 will be counted as a resource. **Example #2: Death Benefits as a Resource**Jane Smith has total countable resources of $1,980 consisting of a $1,000 savings account and $980 checking account. Her brother died in late October. In November, she receives $3,000 as beneficiary of her brother's life insurance policy. She has last illness and burial expenses of $2,750 to pay. There will be no more bills after these. TreatmentOf the $3,000 Ms. Smith received, $250 is unearned income in November because last illness and burial expenses are only $2,750. The $2,750 is not considered unearned income and will not be a resource until January 1, if she still has it then. The $250 amount will be a resource on December 1 when added to the money she has in her checking and savings accounts.  |

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402.20 Burial-Related Resources

(Eff.10/01/05)

There are two different types of burial related resources: Burial space and burial funds. This section will explain the difference in the two.

402.20.01 Burial Spaces

(Rev. 09/01/14)

[POMS SI 01130.400](http://policy.ssa.gov/poms.nsf/lnx/0501130400%21opendocument)

Burial spaces are used to contain and mark the remains of a deceased person. A burial space is a(n):

* Burial plot;
* Gravesite;
* Crypt;
* Mausoleum;
* Casket;
* Urn;
* Niche; or
* Other repository customarily and traditionally used for the deceased's bodily remains.

The term also includes necessary and reasonable improvements or additions to such spaces, including but not limited to:

* Vaults;
* Headstones, markers, or plaques;
* Burial containers (e.g., for caskets); and
* Arrangements for the opening and closing of the gravesite.
* A contract for care and maintenance of the gravesite, sometimes referred to as endowment or perpetual care, can be excluded as a burial space.

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| **Burial Space Verification Procedure** |
| **Procedure – Burial Spaces****To verify the Applicant/Beneficiary’s burial spaces:*** Obtain copies of the deed, purchase contract or agreement. However, if the applicant alleges a burial plot that would be otherwise excluded, the plot does not have to be verified.
* Contact the cemetery office to verify current market value of burial space items.
* Determine that the items have been paid for in full. If not paid for, the amount paid is considered a **burial fund** rather than a burial space.
* For more information about burial funds, refer to MPPM 302.19.03.
* For more information about verification procedures, refer to MPPM 302, [Appendix B](#Appendix_B).
 |

402.20.02 Burial Space Exclusion

(Rev. 09/01/14)

A burial space or agreement, which represents the purchase of a burial space held for the burial of the individual, his or her spouse, or any other member of his or her immediate family, is an excluded resource, regardless of value. No limit exists on the value of the burial space that may be excluded. Taxes paid on burial spaces are also excluded.

A burial space may be excluded if intended for the use of the:

* Applicant/Beneficiary,
* Applicant/Beneficiary’s spouse, and
* Applicant/Beneficiary’s immediate family, including parents, children, siblings, and spouses of these relations.

If an Applicant/Beneficiary attests to owning one burial plot, the plot is excluded. If an Applicant/Beneficiary and his/her spouse attest to owning two burial plots, the plots are excluded. To exclude additional burial spaces the Development of Burial Exclusion, [DHHS Form 1766-A ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%201766-A%20ME.pdf), must be completed. The form must include the individual’s name and relationship to the Applicant/Beneficiary.

Only one burial item, serving the same purpose, may be excluded for each person. For example, a cemetery plot and a casket may be excluded for the same person, but a casket and an urn may not be excluded.

The burial space exclusion is in addition to, and has no effect on, the burial funds exclusion.

402.20.03 Burial Funds

(Rev. 09/01/14)

[POMS SI 01130.410](http://policy.ssa.gov/poms.nsf/lnx/0501130410%21opendocument)

Burial funds are funds clearly designated for an individual’s burial. Burial funds include:

* Revocable burial contracts,
* Revocable burial trusts,
* Installment sales contracts for burial spaces,
* Cash,
* Financial accounts such as checking or savings accounts,
* Stocks, bonds, certificates of deposits (CDs), and
* Life insurance cash value.

These funds must be clearly designated for the individual’s or spouse’s burial, cremation, or other burial-related expenses. Property other than that listed in this definition will not be considered burial funds, and may not be excluded under the burial funds provision. For example, a car, real property, etc. are not burial funds.

Expenses included for burial funds exclusion purposes are generally those related to preparing a body for burial and any services prior to burial. They include transportation of the body, embalming, cremation, flowers, clothing, etc.

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| **Burial Fund Verification Procedure** |
| To verify the Applicant/Beneficiary’s burial fund:* Obtain copies of a bank statement, brokerage statement, or statement from a funeral home.
* Obtain verification of the amount already paid, remaining principal balance on cemetery items, and accrued interest on a pre-need burial contract.
* For more information about verification procedures, refer to MPPM 402, [Appendix B](#Appendix_B).
 |

402.20.04 Burial Fund Exclusion

(Rev. 09/01/14)

An Eligibility Worker may exclude up to $1,500 each in funds set aside for:

* The burial expenses of the Applicant/Beneficiary, and
* The burial expenses of the individual’s spouse.

Burial fund items are considered resources unless a burial fund exclusion is developed. To develop a burial fund exclusion the Applicant/Beneficiary must complete and sign the Development of Burial Exclusion, [DHHS Form 1766-A ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%201766-A%20ME.pdf). The form should include the name of the individual for whom the fund is designated and the value designated for burial fund.

The $1,500 maximum exclusion amount must be reduced by any amount held in an irrevocable trust or burial contract that represents burial fund exclusion. Interest accrued on an excluded, designated amount is excluded.

Burial funds may be commingled with burial-related assets, but must be kept separate from nonburial-related assets to be excluded. A burial fund may be excluded retroactively to the date the individual originally designated the funds for burial.

This exclusion is separate from and in addition to the burial space exclusion.

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| **Burial Fund Examples** |
| * Mr. Brown creates a checking account with a $1,500 balance for burial expenses. The entire amount may be excluded.
* Mr. Brown creates a checking account with a $2,000 balance for burial expenses. Since $1,500 is the maximum that can be excluded for a burial fund, the remaining $500 is counted toward the resource limit.
* Mr. Brown applies on May 1, 2014 and signs [DHHS Form 1766-A ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%201766-A%20ME.pdf), designating a checking account for burial expenses. He created the account two years ago. He is seeking retroactive coverage for February, March, and April 2014. The exclusion may be given for those months.
* Mr. Brown has a checking account with a balance of $2,000. He plans to use $1,500 for burial expenses and the remaining $500 for non-burial expenses. The burial fund exclusion may not be applied to this bank account because the burial funds are co-mingled with non-burial funds. As a solution, Mr. Brown may want to consider opening another checking account to separate the non-burial expenses. If he does so, he must provide verification of the accounts, and complete Form 1766-A ME.
 |

402.20.05 Burial Fund Penalty

(Rev. 09/01/14)

If a burial fund is used for a purpose other than the burial arrangements of the Applicant/Beneficiary or the Applicant/Beneficiary’s spouse for whom the funds were set aside, a penalty is imposed on the Applicant/Beneficiary. The amount misused is counted as a resource for the month following the discovery of the misused fund.

If the misused fund includes non-excluded burial funds, assume the funds were used in this order:

* Non-excluded interest
* Non-excluded designated amount
* Excluded interest
* Excluded designated amounts

The penalty only applies to excluded interest and designated amounts.

If an Applicant/Beneficiary loses eligibility, a new burial fund exclusion must be developed if the individual re-applies at a later date.

402.20.06 Burial Fund Exclusion and Re-Determination

(Rev. 09/01/14)

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| **Burial Fund Exclusion Re-Determination Procedure** |
| To continue the Applicant/Beneficiary’s burial fund exclusion at re-determination:* Verify the current value of the fund.
* Verify the exclusion’s requirements are still being met.
* If the burial fund’s amount has increased, determine the source of the increased amount, i.e. interest.
* If the burial fund contains excluded and non-excluded amounts, use the formula below to determine the current excludable portion:

|  |  |
| --- | --- |
| Amount of Original Exclusion | x Present Fund Amount = Current Excluded Portion |
| Total Amount of Original Fund |

The Burial Fund Excluded Interest Worksheet, [DHHS Form 933](http://medsweb.scdhhs.gov/EligibilityForms/FM%20933.pdf) is used to calculate excluded and non-excluded interest for burial funds. |

402.21 Pre-Need Burial Contracts

(Eff.10/01/05)

[POMS SI 01130.420](http://policy.ssa.gov/poms.nsf/lnx/0501130420%21opendocument)

A pre-need burial contract is an agreement between an individual and a funeral home where the buyer pays in advance for his/her, or another person’s, burial arrangements.

402.21.01 Pre-Need Burial Contracts Including Burial Spaces and Burial Funds

(Rev. 07/01/09)

Many pre-need contracts include both burial space and burial fund items. Expenses related to the burial space include: casket, vault, opening/closing costs at the cemetery. Expenses related to the burial fund include: embalming, clothing, visitation room, transportation, flowers.

There are two types of pre-need contracts: revocable and irrevocable. Each is described below, as well as, how they are treated in the eligibility determination.

A pre-need contract must be examined to determine:

* It is revocable or irrevocable.
* It is paid for in full.
* The value of each item is provided.

Payment for a contract has taken place when an applicant/beneficiary transfers a liquid resource to the funeral provider or when specific life insurance polices have been designated on the pre-need burial contract. A liquid resource designated but not transferred to the funeral provider as payment for a contract is counted as an available resource. A resource cannot be designated for future payment of a pre-need contract and that resource be excluded as a resource.

If an applicant’s resources exceed the allowable limit, he/she is allowed to establish a pre-need contract to reduce his/her resource below the limit.

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402.21.02 Revocable Pre-Need Burial Contracts

(Eff.10/01/13)

Revocable contracts may be sold or the money may be refunded. They are considered resources. However, a full or partial exclusion may be developed.

Contracts that **are paid** in full:

* If the value of all the items IS provided, both the burial space and burial fund exclusion may be developed.
* If the value of the burial space items IS NOT provided, only the burial fund exclusion may be developed.

Contracts that **are not paid** in full:

* Only the burial fund exclusion may be developed UNLESS the contract verifies the burial space items are paid for and the burial funds items are being paid on.

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| **Procedure – Revocable Pre-Need Burial Contracts****Verification Needed:*** Copy of the contract
* Statement from the provider of service

**Treatment:*** Revocable pre-needs are considered a resource. A burial exclusion may be developed. A [DHHS Form 1766-A ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%201766-A%20ME.pdf)must be completed and signed.
* If the contract is paid in full:
	+ Any portion of the contract clearly representing burial spaces may be excluded entirely, regardless of value.
	+ Up to $1,500 of the remaining portion of the contract may be excluded as a burial fund.
* If the contract is not paid in full, it should be treated as a burial fund unless it is verified that the burial spaces themselves are paid in full and considered “held for” the individual.

**Example:** Mrs. Olsen applies for Medicaid. She just purchased a revocable contract at Landon’s Funeral Home. The contract verifies it is paid in full and includes the following:$1,500 Casket$1,000 Vault$1,000 Headstone$500 Opening/closing costs$200 Embalming$300 Visitation room$1,000 Funeral service $5,500 Total valueBecause the contract is paid in full, the burial space items may be excluded. The first four items are burial space items and may be excluded under the burial space exclusion. The remaining $1,500 may be excluded under the burial fund exclusion. A [DHHS Form 1766-A ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%201766-A%20ME.pdf)or the burial exclusion section of must be completed to designate the contract and apply the exclusion.  |

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402.21.03 Irrevocable Pre-Need Burial Contracts

(Rev. 07/01/09)

Some contracts are irrevocable. The money cannot be refunded or the contract sold without significant hardship. South Carolina law requires that all contracts be revocable for the first 30 days. At the end of the 30 days, the contract becomes irrevocable unless the owner specifies otherwise. Only the amount of funds paid or specific life insurance polices designated for a pre-need burial contract may be considered for exclusion.

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| Procedure – Irrevocable Pre-Need Burial ContractsVerification Needed:* Copy of the contract
* Contact with the service provider

Treatment:* If the contract remains revocable after the 30 days, it is treated as described in the Revocable Contract section above.
* If the contract becomes **irrevocable:**
	+ It is not a resource to the individual.
	+ It is not considered a resource retroactive to the date it was purchased.
	+ The portion that represents burial funds offsets the $1,500 burial fund exclusion.
	+ If the contract is not paid in full, the portion paid represents burial funds and is excluded.

**Example:** Mr. Allen applies for Medicaid under the OSS program on March 10, 2005. He has a savings account worth $5,000. He also has a life insurance policy with a Face Value of $10,000 and a CSV of $800 that he designates for his burial. Since his resources exceed the $2,000 limit, he uses $4,500 of his savings to purchase an irrevocable pre-need contract on March 15. A copy of the contract verifies he paid $1,500 for the casket, $1,000 for the vault, $500 for the opening and closing costs at the cemetery, and $1,500 for other services.1. On the 30th day, Mr. Allen decides to have the contract remain revocable. It is considered a resource. He signs a [DHHS Form 1766-A ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%201766-A%20ME.pdf) designating the contract for his burial. The $3,000 paid for the casket, vault, and opening and closing costs are excluded as burial space items. The remaining $1,500 is excluded as a burial fund.
2. If Mr. Allen decides to allow the contract to become irrevocable, it becomes so on April 14, 2005. It is not a resource and not countable effective March 15, 2005. The $1,500 (refer to Treatment above) offsets the $800 burial fund represented by the CSV of the life insurance policy. His countable resources would be: savings $500 ($5,000 - $4,500) + $800 CSV = $1,300 which is below the OSS resource limit. Assuming all other criteria are met, Medicaid can begin effective April 1.
 |

402.21.04 Life Insurance Funded Burial Contracts

(Eff.10/01/05)

[POMS SI 01130.425](http://policy.ssa.gov/poms.nsf/lnx/0501130425%21opendocument)

This is not considered burial insurance. A person purchases life insurance and assigns either the proceeds or ownership of the policy to the funeral service provider. This assignment may be revocable or irrevocable.

402.21.04A Effect of the Assignment of Ownership on Burial Exclusion

(Eff.10/01/05)

* **Revocable Assignment**
* The burial space exclusion does not apply because the items are not paid for until the death of the individual.
* The burial fund exclusion may apply. The cash surrender value of the life insurance policy is the resource value.
* **Irrevocable Assignment**
* The burial space exclusion may apply IF the values of the items are provided.
* The life insurance policy is not a resource because the individual no longer owns it.
* The contract is not a resource.
* The value of the burial fund items offsets the value of any other burial fund items.

402.21.04B Effect of the Assignment of Proceeds on Burial Exclusion

(Eff.10/01/05)

The burial space exclusion does not apply because:

* The provider will not be paid until the death of the individual.
* Spaces are not being “held for” the individual.

The resource value of the contract is the Cash Surrender Value of the life insurance policy.

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| **Procedure – Cash Surrender Value:*** If the Face Value of all life insurance policies for the individual total $1,500 or less, exclude the Cash Surrender Value under the life insurance exclusion.
* If the Face Values total more than $1500, verify and count the Cash Surrender Value toward the limit. The $1,500 burial fund exclusion may apply.
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402.22 Property Essential to Self Support

(Eff.10/01/05)

[POMS SI 01130.500](http://policy.ssa.gov/poms.nsf/lnx/0501130500%21opendocument)

The exclusion may apply to real or personal property. All property described below must be in current use or, if not in use for reasons beyond the individual's control, there must be a reasonable expectation that the required use will resume.

Resources excluded under this provision generally fall into three categories:

1. Essential Property Excluded – Regardless of Value or Rate of Return
2. Essential Property Excluded – Up to $6,000 Equity – Regardless of Rate of Return
3. Essential Property Excluded – Up to $6,000 Equity – If It Produces a 6% Rate of Return

402.22.01 Essential Property Excluded – Regardless of Value or Rate of Return

(Eff.10/01/05)

[POMS SI 01130.501](http://policy.ssa.gov/poms.nsf/lnx/0501130501%21opendocument)

* Property essential to self support used in a trade or business

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| **Procedure – Property Essential to Self Support Used in a Trade or Business****Verification Needed:**Obtain a statement regarding:* Description of the trade or business
* Description of the assets of the trade or business
* The number of years the business has been operated
* Names of any co-owners
* Estimated gross and net earnings of the trade or business for the current tax year

Obtain a copy of the latest tax return available. |

* Government permits granting authority to engage in income producing activity

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| **Procedure****Examples of Income Producing Activities Needing Government Authorization:*** Commercial fishing
* Tobacco crops

**Verification Needed:*** Individual’s signed statement as to:
	+ Type of license, permit or other property
	+ Name of issuing agency
	+ If license is required for engaging in this activity
	+ How the license, permit or property is being used
	+ If not being used, why not
* Copy of the license, permit and/or other documents
 |

* Personal property used by an employee for work

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| **Examples of Personal Property Used at Work:*** Tools
* Uniforms
* Safety Equipment
 |

402.22.02 Essential Property Excluded – Up to $6,000 Equity – Regardless of Rate of Return

(Eff.10/01/05)

[POM SI 01130.502](http://policy.ssa.gov/poms.nsf/lnx/0501130502%21opendocument)

* Applies to non-business property – may be real or personal property.
* No specified rate of return is required.
* Property must be in use or, if not in use for reason beyond the individual’s control, there must be a reasonable expectation that the required use will resume.
* If the equity value exceeds $6,000, the excess is not excluded; it is countable toward the resource limit. (**Example:** If the resource is valued at $7,000, then $6,000 is excluded and $1,000 is counted.)

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| **Procedure****Example of Non-Business Property – Real or Personal:*** Property used to grow produce or livestock raised solely for the individual’s household, like land
* Property used in activities essential to the above – such as a tractor used for plowing or a boat for fishing. (**Note:** This does not include any vehicle that qualifies as an automobile.)

**Verification Needed:*** Individual’s statement giving:
	+ Description of property
	+ Description of how it is used
	+ Estimate of the Current Market Value (CMV) and any legal encumbrances
	+ Verification of the CMV
 |

402.22.03 Essential Property Excluded – Up to $6,000 Equity – If It Produces a 6% Rate of Return

(Eff.10/01/05)

[POMS SI 01130.503](http://policy.ssa.gov/poms.nsf/lnx/0501130503%21opendocument)

* Applies to non-home income producing property
* Equity value = current market value – legal debts
* Up to $6,000 can be excluded if the net annual return is equal to or greater than 6% of the equity value.

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| **Procedure****Example of Non-Home Income Producing Property:*** Property rented to someone for use in farming

**Verification Needed:*** Individual’s statement giving:
	+ Description of property
	+ Description of how it is used
	+ Estimate of the Current Market Value (CMV) and any legal encumbrances
	+ Verification of the CMV

**Treatment:*** Any equity value exceeding $6000 counts toward the resource limit.

**(Example:** Property meets the 6% rule but has an equity value of $7,500. The amount of $6,000 is excluded under this provision and the remaining $1.500 is countable.)* If the net annual return is less than 6%, the entire equity value is countable.

**Exceptions:*** + Lower return that is beyond the individual’s control
		- Crop failure
		- Fire
		- Illness
	+ There is a reasonable expectation that the property will again produce a 6% return.
	+ Up to 24 months is allowed for the resumption of a 6% return. This begins with the first day of the tax year following the one in which the rate dropped below 6%.

**Note:** If the individual owns more than one piece of non-home property:* The 6% return rule applies individually to each piece.
* The $6,000 equity value limit applies to the combined equity values of properties meeting the 6% return rule.

**Example:** Mr. Green has a piece of land on which he grows corn for sale at the market. The equity value of the land is $7,000. 1. He nets a minimum of $500 per year in sales. $500 ÷ $7,000 = 7.14%. Therefore, $6,000 of the equity value is excluded, and $1,000 is counted.
2. Last year, his crop caught fire and he made no money. He expects to plant/sell again next year at the regular rate. The $6,000 may still be excluded because the he had no control over the fire. His 24-month period began Jan 1.

3. Mr. Green owns three non-connected acres of pastureland. He rents them to different horse and cattle owners for $500 per year each. They have equity values of $2,000; $3,500 and $1,200 for a total of $6,700.  • 6% rule: $500 ÷ $2,000 = 25% • $500 ÷ $3,500 = 14% and $500 ÷ $1,200 = 42% • Since the 6% rule is met, $6,000 is excluded, and $700 is countable. |

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402.23 Resources Set Aside as Part of Plan for Achieving Self-Support

(Eff.10/01/05)

[POMS SI 01130.510](http://policy.ssa.gov/poms.nsf/lnx/0501130510%21opendocument)

A Plan for Achieving Self-Support (PASS) allows blind and disabled (but not aged) individuals to set aside income and/or resources necessary for the achievement of its goals. Resources set aside as part of an approved PASS are excluded.

402.24 Retained Cash and In-Kind Payments

(Eff.10/01/05)

The treatment of various retained cash and in-kind payments are discussed in the following sections.

402.24.01 Retroactive Supplemental Security Income (SSI) and Retirement, Survivors, and Disability Income (RSDI)

(Eff.10/01/05)

[POMS SI 01130.600](http://policy.ssa.gov/poms.nsf/lnx/0501130600%21opendocument)

The unspent portion of retroactive SSI and RSDI benefits is excluded from resources for **nine calendar months** following the month in which the individual receives the benefits.

* **Retroactive SSI**

Retroactive SSI benefits are SSI benefits issued in any month after the calendar month for which they are paid. Thus, benefits for January that are issued in February are retroactive.

* **Retroactive Social Security Benefits (RSDI)**

Retroactive RSDI benefits are those issued in any month that is at least two calendar months after the calendar month for which they are paid. Thus, RSDI benefits for January that are issued in February are not retroactive, but RSDI benefits for January that are issued in March are retroactive.

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| Procedure for Verification:Obtain verification of the amount of the retroactive payment and the month of receipt. The best source is a copy of the Award Letter from Social Security.  |

402.24.02 Dedicated Accounts for Past-Due Benefits Due to Individuals Under Age 18 Who Have a Representative Payee

(Eff.10/01/05)

[POMS SI 01130.601](http://policy.ssa.gov/poms.nsf/lnx/0501130601%21opendocument)

Past-due benefits and other underpayments deposited into a dedicated financial institution account and any accrued interest or other earnings on such an account are excluded from resources. This exclusion does not apply if funds are co-mingled.

**Exception:** If the financial institution requires other funds be used to open the dedicated account, these funds may be co-mingled in the account until the end of the month following the month that the past-due benefits are paid.

**Note:** If the benefits are not deposited into a dedicated account, there is a time limitation on the exclusion.

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| **Procedure****Verification:**The eligibility worker must obtain verification of:* The amount of past due benefits, such as a copy of the award letter.
* The dedicated bank account.

If the bank requires other funds be used to open the account, then verify:* The fact that the bank requires other funds to be used to open the account.
* The amount used to open the account.
* The date the other funds were withdrawn.

**Treatment:*** Exclusion applies to:
	+ The past due benefit
	+ Any interest or earnings, such as dividends, earned on and left to accrue in the excluded account.
* The exclusion does not apply to:
	+ Any funds, other than the past-due benefits the bank requires be used to open the account.
		- If these funds are not withdrawn by the end of the month following the month the past-due benefits are paid, the exclusion will not apply at all.
	+ The entire account for any month in which the past-due benefits is co-mingled with other funds.
* The exclusion is time limited if:
	+ The past-due benefits are not deposited into a dedicated account.
	+ Limited to the lesser of:
		- 6 months
		- Until the funds are deposited into the dedicated account – obtain verification.
 |

402.24.03 Cash Received for the Repair or Replacement of Lost, Damaged, or Stolen Excluded Resources

(Eff.10/01/05)

[POMS SI 01130.630](http://policy.ssa.gov/poms.nsf/lnx/0501130630%21opendocument)

Cash receipts for the replacement or repair of lost, damaged, or stolen excluded resources are not treated as resources for a certain amount of time.

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| **Procedure:**Such receipts are not considered resources for 9 months from the date of receipt. This may be extended up to 9 more months if the individual verifies good cause for the repair or replacement not being done. Good cause exists if circumstances beyond the individual’s control:* Prevent the repair or replacement of the property
* Keep the individual from contracting for such repair or replacement

If good cause is alleged, obtain a statement from the individual describing the circumstances and any corroborating evidence that may be available. |

402.24.04 Disaster Assistance

(Eff.10/01/05)

[POMS SI 01130.620](http://policy.ssa.gov/poms.nsf/lnx/0501130620%21opendocument)

Disaster Assistance includes assistance received from the following sources:

* The Disaster Relief and Emergency Assistance Act (P.L. 100‑707)
* Another Federal statute because of a presidentially-declared major disaster
* A State or local government’s comparable assistance
* A disaster assistance organization

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| **Note:** If the funds are excluded from income, the unspent amount is excluded from resources. |

402.24.04A COVID-19 Economic Impact Payments (EIPs)

[POMS SI 00830.620](http://policy.ssa.gov/poms.nsf/lnx/0500830620%21opendocument)

[POMS SI 01130.620](http://policy.ssa.gov/poms.nsf/lnx/0501130620%21opendocument)

(Rev. 4/01/23)

The Internal Revenue Service issued first, second and third rounds of Economic Impact Payments (EIPs), also known as Recovery Rebates, authorized by Congress in the CARES Act beginning in March 2020, CAA beginning in December 2020 and ARPA beginning in March 2021.

First Round: Payment levels were up to:

* $1,200 for individuals,
* $2,400 for couples filing jointly, and an additional $500 per qualifying child.

Second Round: Payment levels were up to:

* $600 for individuals,
* $1,200 for couples filing jointly, and an additional $600 per qualifying child.

Third Round: Payment levels were up to:

* $1,400 for individuals,
* $2,800 for couples filing jointly, and an additional $1,400 per qualifying child.

**Non-MAGI Determinations**

EIPs are considered disaster assistance. Therefore, they are excluded as income in the month received and any retained funds are excluded as a resource. If excluded amounts are commingled with countable funds in an account, assume countable funds are spent first. MPPM 302.23.04

402.24.05 Presidentially-Declared Major Disasters

(Eff.10/01/05)

Some catastrophes (such as hurricane damage) cause such wide spread destruction that the President of the United States declares them Major Disasters. Effective 02/15/96, the exclusion period may be extended for individuals who incurred damage to or loss of excluded resources under certain circumstances.

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| Procedure – Presidentially-Declared Major DisastersThe 18-month period (9-month initial period plus the 9-month good cause extension) may be extended up to an additional 12 months. Such an extension may be granted if:* The excluded resource is located within the geographic area of the disaster area (this area is defined in the presidential order);
* The individual intends to repair or replace the excluded resource; and
* The individual presents evidence of good cause.
 |

402.24.06 Netherlands WUV Payments to Victims of Persecution

(Eff.10/01/05)

[POMS SI 01130.605](http://policy.ssa.gov/poms.nsf/lnx/0501130605%21opendocument)

The Netherlands' Act on Benefits for Victims of Persecution 1940‑1945, WUV (Wet Uitkering Vervlgingsslachtoffers) provides payments to individuals who were victims of persecution during World War II – during the German and Japanese occupation of the Netherlands and the Netherlands East Indies (now the Republic of Indonesia).

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| **Note:*** Excluded: Unspent WUV payments made by the Dutch Government.
* Counted: Interest earned on unspent WUV payments.
 |

402.24.07 German Reparation Payments

(Eff.10/01/05)

[POMS SI 01130.610](http://policy.ssa.gov/poms.nsf/lnx/0501130610%21opendocument)

German reparation payments are made to:

* Certain survivors of the Holocaust under the Federal Republic of Germany's Law for Compensation of National Socialist Persecution, or German Restitution Act.
* These payments may be made periodically or in a lump sum.

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| **Note:** Unspent German reparation payments are excluded from resources. |

402.24.08 Austrian Social Insurance Payments

(Eff.10/01/05)

[POMS SI 01130.615](http://policy.ssa.gov/poms.nsf/lnx/0501130615%21opendocument)

The nationwide class action law suit, Bondy v. Sullivan, involved Austrian social insurance payments that were based on wage credits granted under Paragraphs 500‑506 of the Austrian General Social Insurance Act. These paragraphs grant credits to individuals who suffered a loss (that is, were imprisoned, unemployed, or forced to flee Austria) during the period of March 1933 to May 1945 for political, religious, or ethnic reasons.

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| Procedure – Austrian Social Insurance Payments **Excluded:** Austrian social insurance payments not based on wage credits are excluded. **Not Excluded:** Unspent Austrian social insurance payments based on wage credits granted under Paragraphs 500‑506 of the Austrian General Social Insurance Act granted under Paragraphs 500‑506 are not excluded from resources under this provision.**Note:** Interest earned on unspent Austrian social insurance payments is counted as income unless it can be excluded under another provision such as, as infrequent or irregular income.  |

402.24.09 Benefits Excluded from Both Income and Resources by a Federal Statute Other Than Title XVI

(Eff.10/01/05)

Federal statutes other than Title XVI specify many SSI income and resources exclusions. Examples of these are listed below.

402.24.09A Agent Orange Settlement Payments

(Eff.10/01/05)

[POMS SI 01130.660](http://policy.ssa.gov/poms.nsf/lnx/0501130660%21opendocument)

* No limit on the length of time unspent funds are excluded.
* Interest earned on conserved payments is counted as income.

402.24.09B Victims Compensation

(Eff.10/01/05)

[POMS SI 01130.665](http://policy.ssa.gov/poms.nsf/lnx/0501130665%21opendocument)

Some states establish funds to assist victims of crimes. Unspent payments received from such a fund are excluded for 9 months IF received for expenses incurred or losses suffered because of the crime.

Interest earned on unspent victims' compensation payments is not excluded from income or resources.

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| **Examples of Victims’ Compensation Payments:*** Medical expenses resulting from injuries
* Lost wages
 |

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402.24.09C Relocation Assistance Payments

(Eff.10/01/05)

[POMS SI 01130.670](http://policy.ssa.gov/poms.nsf/lnx/0501130670%21opendocument)

Sometimes projects acquire real property and individuals are displaced from their home or business. Relocation assistance may be provided to them under local, State, or Federal programs. Such payments may be excluded for certain lengths of time. The length of the exclusion depends on the source.

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| **Procedure – Relocation Assistance Payments** **State and Local Program Assistance**Unspent payments are excluded from resources for 9 months. **Federal Assistance**There is no time limit on the exclusion for assistance provided under the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970. **Note:** Interest earned on unspent payments IS NOT excluded from income or resources. |

402.24.09D Tax Advances and Refunds Related to Earned Income Tax Credits

(Eff.10/01/05)

[POMS SI 01130.675](http://policy.ssa.gov/poms.nsf/lnx/0501130675%21opendocument)

An unspent Federal tax refund or payment made by an employer related to Earned Income Tax Credits (EITC) is excluded from resources only for the month following the month the refund or payment is received.

Interest earned on unspent tax refunds related to EITC is not excluded from income or resources.

402.24.09E Radiation Exposure Compensation Trust Fund Payments

(Eff.10/01/05)

[POMS SI 01130.680](http://policy.ssa.gov/poms.nsf/lnx/0501130680%21opendocument)

The Radiation Exposure Compensation Trust Fund (RECTF) authorizes the Department of Justice (DOJ) to make compensation payments to individuals (or their survivors) that were found to have contracted certain diseases after exposure. The payments will be made as a one-time lump sum.

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| **Procedure – Radiation Exposure Compensation Trust Fund Payments**Unspent payments are excluded from resources. Interest earned on unspent payments is counted as income unless it is excludable under another provision.  |

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402.25 Gifts of Domestic Travel Tickets

(Eff.10/01/05)

[POMS SI 01120.150](http://policy.ssa.gov/poms.nsf/lnx/0501120150%21opendocument)

The value of a ticket for domestic travel received by an individual (or spouse) is not a resource if the ticket is:

* Received as a gift;
* Not converted to cash; and
* Excluded from income.

402.26 Identifying Excluded Funds That Have Been Co-mingled with Non-Excluded Funds

(Eff.10/01/05)

[POMS SI 01130.700](http://policy.ssa.gov/poms.nsf/lnx/0501130700%21opendocument)

To qualify for exclusion, excludable funds must be identifiable. This does not require them to be separate from other funds (such as in a separate bank account.)

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| **Procedure:**When withdrawals are made from co-mingled funds, assume non-excluded funds are withdrawn first. If excluded funds are withdrawn, the excluded funds left in the account can only be added to by:* Deposits of subsequent funds excluded under the same provision
* Excluded interest
 |

402.27 Countable Resources

(Eff.10/01/05)

The value of countable resources is considered in determining eligibility. The following are considered countable resources.

402.27.01 Cash

(Eff.10/01/05)

[POMS SI 01140.010](http://policy.ssa.gov/poms.nsf/lnx/0501140010%21opendocument)

Money on hand that is in the form of coin or currency.

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| **Treatment** | **Verification** |
| Countable | Accept allegation of cash on hand. If rare coin collection, obtain knowledgeable source statement.(Refer to [Appendix C](#Appendix_C) for definition of knowledgeable sources.) |

402.27.02 Checking/Savings Accounts

(Eff. 09/01/16)

[POMS SI 01140.200](http://policy.ssa.gov/poms.nsf/lnx/0501140200%21opendocument)

|  |  |
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| **Treatment** | **Verification** |
| Unrestricted access: all funds are considered a resource.Restricted access: only the portion the individual can withdraw is considered a resource. | * Bank statements
* Bank book
* Written Statement from bank
* Collateral Call with bank
* Asset Verification System (AVS)
* DHHS Form 1253 ME, Request for Financial Investigation (Only if unable to verify with AVS)
 |

402.27.03 Joint Checking/Savings Accounts

(Eff. 09/01/16)

[POMS SI 01140.205](http://policy.ssa.gov/poms.nsf/lnx/0501140205%21opendocument)

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| **Treatment** | **Verification** |
| If one owner is an applicant/beneficiary and has unrestricted use, all funds are counted.If more than one owner is an applicant/ beneficiary, divide the balance evenly between the owners, and count the individual’s share toward his countable resources. | * Bank statements
* Bank book
* Written Statement from bank
* Collateral Call with bank
* Asset Verification System (AVS)
* DHHS Form 1253 ME, Request for Financial Investigation. (Only if unable to verify with AVS)
 |

402.27.03A Rebuttal of Joint Checking/Savings Accounts

(Eff.10/01/05)

An applicant/beneficiary may rebut ownership of part or all of the funds in a jointly held account. He is responsible for providing verification to support this claim. If the rebuttal is successful, the applicant/beneficiary must be advised of responsibilities for record keeping and future treatment of the account.

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| Procedure for Rebuttal If an applicant/beneficiary rebuts applicable ownership assumption, each of the joint account holders must complete and sign the [DHHS Form 904 ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%20904.pdf), attaching necessary verifications, to document the following: * Bank Name, account number, and the names of the account holders
* Ownership of the funds, including amounts if partial ownership is claimed
* Reasons for establishing a joint account;
* Who has made deposits to and withdrawals from the account. Verification of the deposits and withdrawals must be attached (such as a pay stub; award letter; cancelled checks.
* How withdrawals have been spent.

If a rebuttal is successful, the applicant/beneficiary must be advised of the following:* If partial ownership is established, the applicant/beneficiary must keep records of all future deposits and withdrawals to provide at review to allow for proper determination of countable resources.
* If the applicant/beneficiary owns none of the funds (such as the individual’s name is on another person’s account for emergency purposes only), they must not add any of their own funds to the account in the future.
* If full ownership is attributed to the applicant/beneficiary, any future deposits by the other account holder(s) will be considered income and/or a resource to the applicant/ beneficiary.
 |

402.27.04 Time Deposits

(Eff. 09/01/16)

[POMS SI 01140.210](http://policy.ssa.gov/poms.nsf/lnx/0501140210%21opendocument)

Examples: Certificates of Deposit (CD), savings certificates

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| **Treatment** | **Verification** |
| The resource value is the amount the owner would receive upon withdrawing it at that time, excluding interest paid that month. Generally, that is:* Amount originally deposited;
* Plus accrued interest for all but the current month; and
* Minus any penalty for early withdrawal.
 | Asset Verification System (AVS) responseBank statementsRedemption receipts |

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402.27.05 Conservator Account

(Eff.10/01/05)

[POMS SI 01140.215](http://policy.ssa.gov/poms.nsf/lnx/0501140215%21opendocument)

A person or institution has been court appointed to manage and preserve an individual’s assets.

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| **Treatment** | **Verification** |
| Absent evidence to the contrary, the funds are available for the individual's support and maintenance and are countable as that individual's resource.  | See court order establishing account. |

402.27.06 Stocks

(Eff.10/01/05)

[POMS SI 01140.220](http://policy.ssa.gov/poms.nsf/lnx/0501140220%21opendocument)

Types of stocks: common; over the counter (penny stock), preferred (refer to MPPM Chapter 104 – Appendix I for definitions of various kinds of stocks.)

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| **Treatment** | **Verification** |
| Shares of stock represent ownership in a business corporation. Their value shifts with demand and may fluctuate widely.Absent evidence to the contrary, assume each owner owns an equal share of the stock and can sell the stocks at will, at current value.Broker fees do not reduce the value that stocks have as a resource. | Stock CertificateBrokerage Account statement(Refer to [Appendix E](#Appendix_E) on how to read stock tables.)  |

402.27.07 Mutual Fund Shares

(Eff.10/01/05)

[POMS SI 01140.230](http://policy.ssa.gov/poms.nsf/lnx/0501140230%21opendocument)

Types of mutual funds: growth funds, income funds, balanced funds, municipal bonds, money market funds, load funds, no load funds (refer to MPPM Chapter 104 – Appendix I for definitions of various types of mutual funds.)

| **Treatment** | **Verification** |
| --- | --- |
| Shares in a mutual fund represent ownership in the investments held by the fund. The investments may be pooled assets (such as stocks or bonds, managed by an investment company. A mutual fund share represents ownership interest in this pool as opposed to a particular stock or bond. | (Refer to [Appendix E](#Appendix_E) for table on Mutual Funds and Stocks.) |

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402.27.08 US Savings Bonds

(Rev.11/01/07)

[POMS SI 01140.240](http://policy.ssa.gov/poms.nsf/lnx/0501140240%21opendocument)

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| **Treatment** | **Verification** |
| US Savings Bonds cannot be redeemed for six months after the issue date on the face of the bond.The individual in whose name a US Savings Bond is registered owns it. The Social Security Number shown on a bond is not proof of ownership.The co-owners of a US Savings Bond own equal shares of the redemption value of the bond. If one of the co-owners refuses to relinquish possession of the bond, it is not a resource for the other owner.  | Table of redemption value for US Savings Bonds Statement from a bankOn-line at: [www.TreasuryDirect.gov](http://www.TreasuryDirect.gov) |

402.27.09 Municipal, Government or Corporate Bonds

(Eff.10/01/05)

[POMS SI 01140.250](http://policy.ssa.gov/poms.nsf/lnx/0501140250%21opendocument)

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| **Treatment** | **Verification** |
| These are negotiable and transferable. Value as a resource is their CMV. Their redemption value, available only at maturity, is immaterial.  | Copy of the bond and contact the bond’s issuer to verify the value.  |

402.27.10 Other US Government Securities

(Eff.10/01/05)

[POMS SI 01140.990](http://policy.ssa.gov/poms.nsf/lnx/0501140990%21opendocument)

Examples of other US Government Securities: Treasury Bills, Treasury Notes and Bonds, Tiger and Cats, Federal Agency Securities

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| **Treatment** | **Verification** |
| Countable | Receipt of purchase and contact with the issuer to verify the value;  |

402.27.11 Contents of a Safety Deposit Box

(Eff.10/01/05)

An applicant/beneficiary or his/her spouse may have a safe deposit box. Some of the contents may be countable as resources.

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| **Treatment** | **Verification** |
| Treatment is dependent upon the type of resources, if any, that are contained in the safety deposit box (such as a stock certificate; coins; jewelry; life insurance policies). (Refer to appropriate MPPM sections for specific resources.)  | Obtain a signed, written statement from the applicant/beneficiary, the spouse, or the authorized representative listing the contents of the safety deposit box. For any resource contained in the box, obtain appropriate verification of the value (such as financial statements, knowledgeable source statements) |

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402.27.12 Non-Home Real Property

(Eff.10/01/05)

This is land and any permanent buildings/immovable objects attached to it that are not considered a principal place of residence.

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| **Treatment** | **Verification** |
| Generally, a countable resource if it can be sold at its CMV.* Resource value is the CMV minus any legal debt.
* If jointly owned, count the individual’s share.

Exclusion can be developed if there is a bona fide effort to sell. (Refer to MPPM [402.15.05](#MPPM_402_15_05).) | Ownership and/or value may be verified by:* Tax assessment notice or bill
* Current mortgage statement
* Deed
* Report of title search
* Wills, court records, or other documentation of inheritance
* Appraisal

Bona-Fide effort to sell can be verified by:* Copy of realtor listing (must set up a tickler file to update when listing expires)
* Copy of newspaper advertisement

Rebuttal of Fair Market Value* Knowledgeable source statements

Example of when a rebuttal may be done: Condemned property |

402.27.13 529 Plan

(Eff.10/01/05)

This is a State-sponsored investment program. Parents may fund these to pay for their child’s college education.

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| **Treatment** | **Verification** |
| Parents are the owners and the account is considered a resource.Withdrawal for reason other than to pay for qualified college education is taxed at their rate plus a 10% penalty. | Account Statements |

402.28 Encumbrance of a Liquid Resource

(Eff.05/01/06)

An encumbrance is defined as a legal obligation to pay a debt. If an applicant/ beneficiary’s combined resources exceed the resource limit, the eligibility worker must deduct the amount of any encumbrances from the Current Market Value (CMV) to determine the equity value of a resource. The equity value is countable toward the resource limit.

An encumbrance may occur when the applicant/beneficiary has alleged a check has been written from a bank account, and it has not cleared the bank.

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| **Procedure – Treatment when an Alleged Check Has Not Cleared the Bank:**If the applicant/beneficiary has alleged a check has been written from a bank account and it has not cleared the bank, the eligibility worker must examine evidence that the check was written, therefore legally obligating the funds from the bank account. **Verifications Needed:*** Paid receipt or cancelled check

This verification must be obtained before allowing a reduced equity value of the bank account. Once the verification is received, the equity value of the bank account can be established by deducting the amount of the check written.**Example:** Mr. Timmons' bank statement shows a checking account balance of $1,350 as of May 1, which combined with his other alleged countable resource, exceeds $2,000 as of the first of the month. Mr. Timmons alleges that the statement balance includes his rent check of $500 that he wrote and gave to his landlord on April 25, but that his landlord has not yet cashed the check. The eligibility worker examines Mr. Timmons' check register and finds an annotation for check number 1345 for $500 written on 4/25. He also notes that check 1346 has already cleared the bank and the amount was deducted from his account on the bank statement. Next, the eligibility worker notes that Mr. Timmons has written a $500 check to his landlord for rent on the 25th of each month for the last six months since he moved into his apartment. Since there is evidence that Mr. Timmons has written the check and legally obligated those funds in his account, and his records provide a complete and consistent picture of the account, the eligibility worker can deduct the amount of the uncashed check from the 5/1 first-of-the-month balance. The uncashed checks can be deducted because SSI equity value rules state that in determining equity value, we deduct encumbrances from the CMV. The new balance of $850 permits resource eligibility.  |

402.29 Cash to Purchase Medical or Social Services

(Eff.05/01/06)

[POMS SI 01120.110](http://policy.ssa.gov/poms.nsf/lnx/0501120110%21opendocument)

A cash payment for medical or social services that is not income also is not a resource for the month following the month of receipt.

**Exception:** Cash received as a repayment for bills already paid is a resource and is counted the month after receipt.

**Note:** If the cash was neither income nor repayment, it is not a resource for the month following the month of receipt.

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402.30 Retroactive In-Home Supportive Services

(Eff.05/01/06)

[POMS SI 01120.112](http://policy.ssa.gov/poms.nsf/lnx/0501120112%21opendocument)

In-Home Supportive Services (IHSS) are payments from governmental programs to a spouse or parent of a disabled individual who provide certain IHSS such as:

* Attendant
* Homemaker
* Chores

This type of payment is made under limited circumstances.

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| **Procedure – In-Home Supportive Services****Treatment:*** Ineligible Spouse or Parent
	+ Income when received
	+ Not included as income for deeming purposes
* Retroactive Payments
	+ A payment is considered retroactive if the payment is made after the month it was due.
		- Excluded the month of receipt and the calendar month after receipt.
		- Beginning the second calendar month after receipt, it is a resource and is subject to deeming.
		- Any interest included is also counted.
	+ A payment is NOT considered retroactive if it is made in the month due, but after the month the service(s) was provided.
 |

402.31 Trust Property

(Eff.05/01/06)

[POMS SI 01120.200](http://policy.ssa.gov/poms.nsf/lnx/0501120200%21opendocument)

The policy in this section applies to the treatment of trusts as related to SSI determinations.

A trust is a legal arrangement involving property and ownership interests. Property held in a trust may or may not be considered a resource for SSI purposes. The general rules concerning resources apply to evaluating the resource status of property held in a trust.

Trusts are often complex legal arrangements involving State law and legal principles. All trusts **must be sent** to the Division of Medicaid Policy and Planning at the State Department of Health and Human Services for review and a determination of the appropriate treatment of the trust.

|  |
| --- |
| **Procedure – Trust Property****For ALL Trusts, the eligibility worker must:*** Obtain a copy of the trust document.
* Forward a copy of the trust document to the DHHS Division of Medicaid Policy and Planning. The Division will:
	+ Review the document and may have agency attorneys review the document and determine the appropriate treatment.
	+ Forward the determination to the county eligibility worker for the instructions to be carried out.
 |

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402.31.01 Trust Terms and Definitions

(Eff.05/01/06)

The following are common terms associated with Trusts. (Refer to MPPM Chapter 104 – Appendix I for definitions of these and other terms.)

|  |  |
| --- | --- |
| **Term** | Definition |
| Discretionary Trust | Trustee has full discretion of the trust. He/She decides under what circumstances a distribution is appropriate, and the amount of any distributions. The beneficiary has NO CONTROL over the trust.  |
| Grantor | The creator of a trust. (Also known as the settlor or trustor.)  |
| Grantor Trust | The grantor is also the sole beneficiary. |
| Mandatory Trust | Trustee is required to pay trust earnings from the principal to the beneficiary or for his use. Trustee has no discretion.**Example:** Specific dollar amounts are to be paid out at the beneficiary’s 25th, 30th, and 35th birthdays.  |
| Residual Beneficiary | Not a current beneficiary but will receive benefits under specific circumstances.**Example:** Children of the grantor receive the residual benefits of the trust at his/her spouse’s death or remarriage. |
| Trust | Property interest where property is held by a trustee with the duty to use the property for another’s benefit |
| Trust Beneficiary | Person for whose benefit the trust exists. Does not hold legal title but has equitable ownership. |
| Trust Earnings (Income) | **Examples:** interest, dividends, royalties, rents. Unearned income if able to use these trust earnings for support |
| Trustee | Holds legal title to property for another person’s use or benefit. Generally, may not revoke the trust or use it for personal gaint. |
| Trust Principal | Property placed in the trust plus any earnings paid in and left to accumulate |
| Totten Trust | This is a tentative trust. The grantor makes himself/herself the trustee of his/her own funds for the benefit of someone else. If he/she dies, ownership passes to the beneficiary. |

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402.31.02 Instruments Similar to Trusts

(Eff. 09/01/16)

The following accounts and instruments are similar to trusts and may be titled as trusts but may or may not be considered a resource.

|  |  |  |
| --- | --- | --- |
| **Instrument** | **Definition** | **Difference from a Trust** |
| Conservator Account | * Established by a court
* Court appointed conservator uses the account for the individual.
 | Beneficiary is the owner even when the assets are not available.  |
| **Procedure****Verification:*** Copy of court order appointing conservator
* Copy of bank statements for the conservator account

**Treatment:** Generally, counted as a resource. (Refer to MPPM [302.10.01](#S_302_10_01).) |

|  |  |  |
| --- | --- | --- |
| **Instrument** | **Definition** | **Difference from a Trust** |
| Patient Trust Account | * Held and maintained by institution
* Used for things such as toiletries, cigarettes, candy.
 | Patient is the owner. |
| **Procedure:**Obtain verification from the nursing home or institution verifying the amount in the fund and any interest from the past 3 months. Acceptable verification includes:* [DHHS Form 1272 ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%201272%20ME.pdf), Request for Financial Verification from Medical Facility
* Written statement from the facility
* Eligibility worker’s documentation of a telephone statement by a member of the nursing facility’s staff

**Treatment:** Count as resource. |

|  |  |  |
| --- | --- | --- |
| **Instrument** | **Definition** | **Difference from a Trust** |
| Representative Payee Account | * “In trust for” account
* Improperly titled
* Best titled in both the individual and the payee’s names.
 | Beneficiary is the owner. |
| **Procedure****Verification:*** Bank statements
* Asset Verification System (AVS)
* Other verification from the bank
* [DHHS Form 1253 ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%201253%20ME.pdf), Request for Financial Investigation (Only if unable to verify with AVS)

**Treatment:** Count as resource. |

|  |  |  |
| --- | --- | --- |
| **Instrument** | **Definition** | **Difference from a Trust** |
| Totten Trust | * Individual deposits his own funds into an account and holds the account as owner for the benefit of another individual.
 |  |
| **Procedure****Verification:*** Bank statements
* Asset Verification System (AVS)
* Written statement from bank
* [DHHS Form 1253 ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%201253%20ME.pdf), Request for Financial Investigation (Only if unable to verify with AVS)

**Treatment:**Any funds “held for” an individual are considered that individual’s resource.  |

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402.31.03 Use of Trust Funds

(Eff.05/01/06)

If an individual (claimant, beneficiary or deemor) has legal authority to **revoke** the trust and then use the funds to meet his/her food, clothing or shelter needs, or if the individual can direct the use of the trust principal for his/her support and maintenance under the terms of the trust, the trust principal is a resource for SSI purposes.

The following individuals usually have the authority to revoke a trust and its assets.

* **Grantor**
	+ Sometimes, the grantor has the authority to revoke a trust.
	+ Even if the power to revoke is not specifically retained, the trust may be revocable in certain situations.
	+ State law may contain presumptions as to revocability of trusts.
	+ If the principal reverts to the grantor at revocation and can be used for support and maintenance, the principal is a resource.
* **Beneficiary**
	+ Generally, does not have the power to revoke a trust.
	+ Trust may be a resource if he/she has the authority to direct the use of the principal:
		- Under specific trust provisions
		- By order of the trustee
	+ The trustee should not be considered an agent of the beneficiary unless the trust specifically states this. The opposite is true in the case of a Power of Attorney who acts as an agent.
* **Trustee**
	+ Trustees occasionally have the right to revoke a trust.
	+ Trust is not a resource to the trustee on these occasions **unless** the trustee:
		- Becomes the owner at revocation.
		- Can withdraw and use the principal for his/her own support.
	+ The trustee is considered a third party.
* **Totten Trust**

The creator of a Totten trust has the authority to revoke the financial account trust at any time. Therefore, the funds in the account are his/her resource.

402.31.04 Trust Revocability and Its Effect on the Status as a Resource

(Eff.05/01/06)

The following is used to determine when a trust is not a resource.

* Individual does not have:
	+ Legal authority to revoke the trust
	+ Legal authority to use the assets for his/her own support and maintenance
* The Trust is IRREVOCABLE:
	+ By its terms and
	+ Under State law
* Grantor Trust
	+ If Grantor is sole beneficiary, it is generally considered revocable regardless of the Trust’s language.
	+ If there is a residual beneficiary, it is generally considered irrevocable.

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402.31.05 Disbursements from Trusts

(Rev.04/01/07)

**Trust Principal is NOT a Resource**

If the trust principal is not a resource, disbursements from the trust **may be** income depending on the nature of the disbursements. Regular rules to determine when income is available apply. (Refer to MPPM Chapter 401 on Income.)

**Trust Principal IS a Resource**

If the trust principal is a resource to the individual, disbursements from the trust principal received by the individual are not income, but conversion of a resource. (However, trust earnings, such as interest, are income.)

* **Trust Earnings**

Trust earnings are NOT income to:

* The trustee unless designated under the terms of the trust (such as fees)
* The beneficiary unless payment is made to the beneficiary
	+ - Under the terms of the trust or
		- By the trustee

Trust earnings are income to the individual for whom trust principal is a resource, unless the terms of the trust make the earnings the property of another.

* **Additions to Principal**

Additions to trust principal made directly to the trust are not income to the grantor, trustee or beneficiary.

Additions to principal may be income or conversion of a resource, depending on the source of the funds. If funds from a third party are deposited into the trust, the funds are income to the beneficiary. If funds are transferred from an account owned by the individual to the trust, the funds are not income, but conversion of a resource from one account to another.

* **Assignment of Income**

A legally assignable payment that is assigned to a trust is income for SSI purposes **unless the assignment is irrevocable**. If the assignment is revocable, the payment is income to the individual legally entitled to receive it.

**Note:** Certain payments are non-assignable by law and, therefore, are income to the individual entitled to receive the payment under regular income rules. They may not be paid directly into a trust, but individuals may attempt to structure trusts so that it appears that they are so paid. **Exception:** Special Needs Trusts allow for placing income in a trust after receipt without the rights to the payments being irrevocably assigned. Refer to MPPM 402.31.06 for Special Needs Trusts.

**Non-assignable payments include**:

* + Family Independence (FI or TANF) payment (formerly known as Aid to Families with Dependent Children-AFDC)
	+ Railroad Retirement Board-administered pensions
	+ Veterans Administration pensions and assistance
	+ Federal employee retirement payments (CSRS, FERS) administered by the Office of Personnel Management
	+ Social Security Title II and SSI payments
	+ Private pensions under the Employee Retirement Income Security Act (ERISA) [29 USCA section 1056(d)]

402.31.06 Special Needs Trusts

(Rev. 08/01/08)

This type of trust is designed especially for individuals under the age of 65 who meet the SSI definition of disability. Special Needs Trusts established for a disabled individual age 64 or younger are exempt from the application of the transfer of assets penalty provision. Therefore, funds placed in a Special Needs Trust established for an individual age 65 or older will be subject to a penalty for a transfer of assets for less than fair marker value. Further, once an individual reaches age 65, any funds or assets placed into the trust will be considered a transfer, even if the trust was properly established by a disabled individual age 64 or younger.

Criteria

* Established for the sole benefit of the disabled individual by:
	+ Parent
	+ Grandparent
	+ Legal Guardian
	+ Court
* Must be funded initially with the income and/or resources of the disabled individual

**Note**: Assets from any individual may be placed in the trust after the initial funding.

* Must contain a provision stating that at the individual’s death, the state will receive all amounts remaining in the trust up to the amount expended by Medicaid on the individual’s behalf.
* Some Special Needs Trusts have a provision allowing the trustee to make loans from the trust. On or after September 1, 2003, any loan provision must be accompanied by a requirement that the trustee furnish SCDHHS with documentation of the following:
	+ Source of the payback funds
	+ An amortization schedule (schedule of the monthly payments of principal and interest)
		- Must have a reasonable rate of interest
		- Must be actuarially sound (that is, expected to be paid back during the person’s life expectancy).
	+ Documentation must be provided prior to funds being disbursed for the loan.
	+ Loans made that do not meet the above requirements are counted as income in the month received.
* May be established with the individual’s income.
	+ The income must belong to the individual and be placed in the trust after he or she has received it.
	+ Income that is placed in the trust is not counted when determining the individual’s Medicaid eligibility. Any income, including Social Security Benefits, VA pensions, or private pensions, can be placed directly in the trust by the applicant/beneficiary without it affecting the individual’s Medicaid eligibility. Also any income generated by the trust, which remains in the trust, is not counted as income.
	+ Any payments paid by the trust directly to the individual are counted as income for eligibility purposes.
	+ Any payments made by the trust to purchase food or shelter for the individual is considered as in-kind income for eligibility purposes.

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| **Procedure****When Trust is Established:** The eligibility worker must forward copies of the trust to the Bureau of Eligibility Administration for review and approval using a [DHHS 3275 ME](http://medsweb.scdhhs.gov/EligibilityForms/FM%203275%20ME.pdf), Income Trust transmittal. The relationship of the individual establishing the trust to the disabled individual must be documented.**At Annual Review:** The eligibility worker must verify whether any money has been paid to the beneficiary to determine countable income. Request copies of bank statements or an accounting of any disbursements for the beneficiary.**At the death of a beneficiary**: The eligibility worker must forward a copy of the trust with identifying information to:Department of Health and Human ServicesDivision of Third Party Liability1801 Main StreetColumbia, SC 29202 |

402.31.07 Pooled Trusts

(Rev. 08/01/08)

Pooled trusts contain the assets of individuals who meet the SSI definition of disability. Although a pooled trust may be established for beneficiaries of any age, only trusts established for a disabled individual age 64 or younger are exempt from the application of the transfer of assets penalty provision. Therefore, funds placed in a pooled trust established for an individual age 65 or older will be subject to a penalty for a transfer of assets for less than fair marker value. Further, once an individual reaches age 65, any funds or assets placed into the trust will be considered a transfer, even if the trust was properly established by a disabled individual age 64 or younger.

Criteria

In order for such a trust to be exempt from the transfer of assets penalty, the trust must:

* Be established and managed by a non-profit association

**Example:** Babcock Center

* Have a separate account maintained for each beneficiary
* Contain an account in the trust solely for the benefit of the disabled individual which is funded by the disabled individual, parent, grandparent, legal guardian or court; and
* Contain a provision stating that at the individual’s death, the state will receive all amounts remaining in the individual’s account up to the amount expended by Medicaid on the individual’s behalf.

Although an account is established for each member of the pooled trust, funds in the trust are pooled for investment and management purposes.

402.31.08 Achieving a Better Life Experience (ABLE) Accounts

(Eff. 09/01/16)

[POMS SI 01130.740](https://secure.ssa.gov/poms.nsf/lnx/0501130740);

[26 U.S.C. 529A](http://uscode.house.gov/view.xhtml?req=(title:26%20section:529A%20edition:prelim));

[S.C. Code Ann. § 11-5-400-§ 11-5-460](http://www.scstatehouse.gov/sess121_2015-2016/bills/3768.htm)

An Achieving a Better Life Experience (ABLE) account is a type of tax-advantaged account that an eligible individual can use to save funds for the disability-related expenses of the account’s designated beneficiary, who must be blind or disabled by a condition that began before the individual’s 26th birthday.

An ABLE program can be established and maintained by a State or a State agency directly or by contracting with a private company (an instrumentality of the State). An eligible individual can open an ABLE account through the ABLE program in any State. State legislation established the South Carolina ABLE Savings Program effective April 29, 2016.

Upon the death of the designated beneficiary, funds remaining in the ABLE account, after payment of any outstanding, qualified disability expenses, reimburse the State(s) for Medicaid benefits that the designated beneficiary received.

402.31.08A Designated Beneficiary of ABLE Account

(Eff. 09/01/16)

An eligible individual can be the designated beneficiary of only one ABLE account, which must be administered by a qualified ABLE program.

* The designated beneficiary is the eligible individual who established and owns the ABLE account. To be an eligible individual, he or she must be:
	+ 1. eligible for Supplemental Security Income (SSI) based on disability or blindness that began before age 26;
		2. entitled to disability insurance benefits (DIB), childhood disability benefits (CDB), or disabled widow’s or widower’s benefits (DWB) based on disability or blindness that began before age 26; or
		3. someone who has certified, or whose parent or guardian has certified, that he or she:
	+ has a medically determinable impairment meeting certain statutorily specified criteria; or,
	+ is blind; and,
	+ the disability or blindness occurred before age 26.
* A person with signature authority can establish and control an ABLE account for a designated beneficiary who is a minor child or is otherwise incapable of managing the account. The person with signature authority must be the designated beneficiary's parent, legal guardian, or agent acting under power of attorney. The designated beneficiary is considered to be the owner of an ABLE account, regardless of whether someone else has signature authority over it.

402.31.08B Excluded ABLE account contributions, balances, earnings, and distributions

(Eff. 09/01/16)

Exclude contributions to an ABLE account from the income of the designated beneficiary. A contribution is the deposit of funds into an ABLE account. Any person can contribute to an ABLE account. However, the Internal Revenue Service (IRS) limits the total annual contributions that any ABLE account can receive from all sources to the amount of the per-donee gift-tax exclusion in effect for a given calendar year. For 2016, that limit is $14,000.

Excluded contributions include rollovers from a family member's (siblings, stepsiblings and half-siblings, by blood or by adoption) ABLE account to an individual’s ABLE account.

The funds in an ABLE account can accrue interest, earn dividends, and otherwise appreciate in value. Earnings increase the account's balance. Exclude any earnings an ABLE account receives from the income of the designated beneficiary.

Exclude up to and including $100,000 of the balance of funds in an ABLE account from the beneficiary’s resources.

Qualified disability expenses (QDE) are expenses related to the blindness or disability of the designated beneficiary and for the benefit of the designated beneficiary. In general, a QDE includes, but is not limited to, the following types of expenses:

* Education;
* Housing;
	+ Housing expenses for purposes of an ABLE account are the same as they are for in-kind support and maintenance purposes, except for food. QDEs for housing are payments for:
		- Mortgage (including property insurance required by the mortgage holder);
		- Real property taxes;
		- Rent;
		- Heating fuel;
		- Gas;
		- Electricity;
		- Water;
		- Sewer; or
		- Garbage removal.
* Transportation;
* Employment training and support;
* Assistive technology and related services;
* Health;
* Prevention and wellness;
* Financial management and administrative services;
* Legal fees;
* Expenses for ABLE account oversight and monitoring;
* Funeral and burial; and,
* Basic living expenses.

A distribution is the withdrawal or issuance of funds from an ABLE account. The designated beneficiary or the person with signature authority determines when he or she makes distributions. Distributions are only to or for the benefit of the designated beneficiary. A distribution from an ABLE account is not income but is a conversion of a resource from one form to another. Do not count distributions from an ABLE account as income of the designated beneficiary, regardless of whether the distributions are for non-housing QDEs, housing QDEs, or non-qualified expenses.

Exclude from the designated beneficiary’s countable resources a distribution for a QDE other than housing if he or she retains it beyond the month received. This exclusion applies while the:

* Designated beneficiary maintains, makes contributions to, or receives distributions from the ABLE account;
* Distribution is unspent;
* Distribution is identifiable. (**NOTE:** Excludable funds commingled with non-excludable funds must be identifiable.); and
* Individual still intends to use the distribution for a non-housing related QDE.

402.31.08C Countable ABLE account balances and distributions

(Eff. 09/01/16)

Count the amount by which an ABLE account balance exceeds $100,000 as a countable resource of the designated beneficiary.

A special rule applies when the balance of an SSI recipient's ABLE account exceeds $100,000 by an amount that causes the recipient to exceed the SSI resource limit--whether alone or with other resources. When this situation happens, the Social Security Administration (SSA) places the recipient into a special SSI suspension period where:

* SSA suspends the recipient's SSI benefits without time limit (as long as he or she remains otherwise eligible);
* The recipient retains continued eligibility for Medicaid; and
* The individual’s eligibility does not terminate after 12 continuous months of suspension.

The special suspension rule does not apply when:

* The balance of an individual’s ABLE account exceeds $100,000 by an amount that causes the recipient to exceed the SSI resource limit;
* But the resources other than the ABLE account alone would make the individual ineligible for SSI, due to excess resources

If an individual is ineligible for any reason other than excess resources in an ABLE account, the special suspension status does not apply.

If a designated beneficiary uses a distribution previously excluded, for a non-qualified purpose or a housing-related QDE, or the individual’s intent to use it for a qualified disability expense changes, count the amount of funds used for a non-qualified expense or housing-related QDE as a resource as of the first moment of the month in which the funds were spent. Presume that the individual’s intent to use the funds for a QDE changed as of the first of the month he or she spent the funds. If an individual’s intent to use the funds for a QDE changes at any other time, but he or she has not spent the funds, count the retained funds as a resource as of the first of the following month.

402.32 Uniform Gifts to Minors Act

(Eff.05/01/06)

[POMS SI 01120.205](http://policy.ssa.gov/poms.nsf/lnx/0501120205%21opendocument)

Most States have adopted the Uniform Gifts to Minors Act (UGMA) that permits making gifts that are tax free to minors. The UGMA is sometimes called the Uniform Transfers to Minors Act.

Under UGMA legislation:

* An individual (donor) makes an irrevocable gift of money or other property to a minor (the donee);
* The gift, plus any earnings it generates, is under the control of a custodian until the donee reaches the age of majority established by State law;
* The custodian has discretion to provide to the minor or spend for the minor’s support, maintenance, benefit, or education as much of the assets as he/she deems equitable; and
* The donee automatically receives control of the assets when he/she reaches the age of majority.

402.32.01 UGMA and Sources

(Eff.05/01/06)

A custodian of UGMA assets cannot legally use any of the funds for his/her own personal benefit. Therefore,

* The assets are not his/her resources.
* Additions to or earnings on the principal are not income to the custodian who has no right to use them for his/her own support and maintenance.

Additions to the principal may be income to the donor before becoming part of the UGMA principal.

|  |
| --- |
| **Example:** If the donor is a deemor who receives rental income and adds it to a child's UGMA funds, consider the rental income as income for deeming purposes. |

402.32.02 While Donee Remains a Minor

(Eff.05/01/06)

**What IS Income to the Minor?**

* Custodian’s disbursements to the minor
* Disbursements on behalf of the minor used to make certain third-party vendor payments

**What is NOT Income?**

* The UGMA property
* Any additions or earnings

402.32.03 When the Donee Reaches Age 18

(Eff.05/01/06)

* All UGMA property will become available to him/her.
* All funds in the UGMA will count as income the month the minor reaches age 18.

|  |
| --- |
| **Procedure – When the Donee Reaches Age 18****Verification Needed:*** A copy of the document of ownership such as:
	+ Certificate of Deposit
	+ Written documentation from the donor

**Treatment:** Accept any document as valid unless there is evidence otherwise.If there is no documentation, treat as though there is no UMGA. |

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Appendix A Excluded Resources

(Eff.10/01/05)

Commonly Excluded Resources

The following chart identifies the most commonly excluded resources. It also identifies if there are limits on the value or length of time the resource may be excluded.

| **Resource** | **Limit on Value of Exclusion** | **Limit on Length of Time of Exclusion** | **Further Reference****MPPM & POMS** |
| --- | --- | --- | --- |
| Home propertyPrincipal place of residence, including the land it sits on and other buildings on it.Vacant land if person intends to live on it and has no other residence to exclude.Funds from the sale of a home if invested timely in a replacement home | NoNoNo | NoNoYes | [SI 01130.100](http://policy.ssa.gov/poms.nsf/lnx/0501130100%21opendocument) |
| AutomobileOne vehicle if used to transport the individual or a household member | No | No | [SI 01130.200](http://policy.ssa.gov/poms.nsf/lnx/0501130200%21opendocument) |
| Life Insurance with face values totaling $1,500 or less | Yes | No | [SI 01130.300](http://policy.ssa.gov/poms.nsf/lnx/0501130300%21opendocument) |
| Burial funds for applicant/beneficiary and their spouse | Yes | No | [SI 01130.409](http://policy.ssa.gov/poms.nsf/lnx/0501130409%21opendocument) – SI 01130.412  |
| Burial space items owned or held by applicant/beneficiary and/or their spouse or immediate family member | No | No | [SI 01130.400](http://policy.ssa.gov/poms.nsf/lnx/0501130400%21opendocument) – SI 01130.412 |
| Certain pre-need burial contracts | Yes | No | [SI 01130.400](http://policy.ssa.gov/poms.nsf/lnx/0501130400%21opendocument) –SI 01130.412 |
| Retained SSI and Social Security Lump Sum benefits | No | Yes | [SI 01130.600](http://policy.ssa.gov/poms.nsf/lnx/0501130600%21opendocument) |
| **Real property other than homestead**Property that owner is making a bona fide effort to sellJointly owned that can not be sold without an undue hardship (loss of housing) to the other owner | NoNo | YesNo | [SI 01130.140](http://policy.ssa.gov/poms.nsf/lnx/0501130100%21opendocument)[SI 01130.130](http://policy.ssa.gov/poms.nsf/lnx/0501130130%21opendocument) |
| Household goods and personal effects | No | No | [SI 01130.430](http://policy.ssa.gov/poms.nsf/lnx/0501130430%21opendocument) |
| Property essential to self support | Yes | No | [SI 01130.500](http://policy.ssa.gov/poms.nsf/lnx/0501130500%21opendocument) –SI 01130.504 |
| **Cash** (including accrued interest) and in-kind replacement received from any source at any time to replace or repair lost, damaged or stolen excluded resources | No | No | [SI 01130.630](http://policy.ssa.gov/poms.nsf/lnx/0501130630%21opendocument) |
| Resources of a blind or disabled person which are necessary to fulfill a Plan for Achieving Self-Support (PASS) | No | No | [SI 01130.510](http://policy.ssa.gov/poms.nsf/lnx/0501130510%21opendocument) |
| Federal disaster assistance received due to a Presidentially declared major disaster, including interest accumulated thereon | No | No | [SI 01130.620](http://policy.ssa.gov/poms.nsf/lnx/0501130620%21opendocument) |
| Tax refunds related to Earned Income Tax Credit (EITC) | No | Yes | [SI 01130.675](http://policy.ssa.gov/poms.nsf/lnx/0501130665%21opendocument) |

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Less Commonly Excluded Resources

The following chart identifies the most commonly excluded resources. It also identifies if there are limits on the value or length of time the resource may be excluded.

| **Resource** | **Limit on Value of Exclusion** | **Limit on Length of Time of Exclusion** | **Further Reference****MPPM & POMS** |
| --- | --- | --- | --- |
| Restricted, allotted Indian land if the Indian/owner cannot dispose of the land without permission of other individuals, his tribe or an agency of the Federal Government | No | No | [SI 01130.150](http://policy.ssa.gov/poms.nsf/lnx/0501130150%21opendocument) |
| Stock held by native Alaskans in Alaska regional or village corporation effective 01/01/92 when the stock becomes a resource | No | No |  |
| Radiation exposure compensation trust fund payments | No | No | [SI 01130.680](http://policy.ssa.gov/poms.nsf/lnx/0501130680%21opendocument) |
| German Reparation payments made to World War II Holocaust survivors | No | No | [SI 01130.610](http://policy.ssa.gov/poms.nsf/lnx/0501130610%21opendocument) |
| Austrian social insurance payments | No | No | [SI 01130.615](http://policy.ssa.gov/poms.nsf/lnx/0501130615%21opendocument) |
| Japanese-American and Aleutian restitution payments | No | No | [SI 01130.683](http://policy.ssa.gov/poms.nsf/lnx/0501130683%21opendocument) |
| Certain items excluded from both income and resources by other Federal statutes | Varies | No |  |
| Agent Orange settlement payments to qualifying veterans and survivors | No | No | [SI 01130.660](http://policy.ssa.gov/poms.nsf/lnx/0501130660%21opendocument) |
| Victims compensation payments | No | Yes | [SI 01130.665](http://policy.ssa.gov/poms.nsf/lnx/0501130665%21opendocument) |
| State or local relocation assistance payments | No | Yes | [SI 01130.670](http://policy.ssa.gov/poms.nsf/lnx/0501130670%21opendocument) |

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Appendix B Verification Procedures

(Eff.10/01/05)

The value of resources does not have to be verified if:

* The resource is totally excluded – regardless of its value, such as home property and one automobile. (**Note:** Life insurance must be verified even if the individual alleges the FV is below the excludable limit.)
* The alleged value of total countable resources exceeds the applicable limit.
* The individual is ineligible for a reason other than excess resources

The equity value of a resource should be developed whenever:

* The current market value of all countable resources exceeds the applicable limit,
* The individual alleges a debt against the resource, and
* The alleged equity value could permit eligibility.

The individual's allegation of the property's value should be accepted if:

* Countable resources, including the real property, exceed the limit; and
* The individual does not allege any debts against the property that would reduce countable resources to within the limit.

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Appendix C Knowledgeable Source Statements

(Eff.10/01/05)

VERIFICATION OF FAIR AND CURRENT MARKET VALUE

OF REAL PROPERTY

**Appraisal** - When an appraisal is readily available, use it to establish the value of real property.

**Knowledgeable Source Statement** - When an appraisal is not readily available, use the statement of a knowledgeable source that is familiar with property values in the area to verify the value of real property. The knowledgeable source must not be related to the applicant/beneficiary or to a member of his or her immediate family.

Examples of knowledgeable sources are:

* Real estate brokers
* Local office of the Farmer's Home Administration or Agricultural Stabilization and Conservation Service for rural land
* Banks, savings and loan associations, mortgage companies, and similar lending institutions
* Official of the local property tax jurisdiction (the individual's estimate, not the office's assessment)
* County Agricultural Extension Service

Knowledgeable source statements must contain the following information:

* A description of the property and its condition;
* The estimated value of the property;
* The period of time to which the estimate applies; and
* The name and business address of the person providing the estimate.

If the validity of the estimate is doubtful, obtain a second knowledgeable source statement. Always obtain a second estimate if the first estimate is less than the tax assessed value and the knowledgeable source cannot provide a reasonable explanation for the discrepancy.

**Tax Assessed Value** – The Social Security Administration’s practice for Supplemental Security Income allows the use of tax-assessed value under certain circumstances. Refer to [POMS SI 01140.100](http://policy.ssa.gov/poms.nsf/lnx/0501140100%21opendocument).

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Appendix D Rebuttal Of Ownership of Assets Other Than Joint Bank Accounts

(Eff.10/01/05)

If the applicant indicates that an asset does not belong to him, or did not belong to him at the time of transfer, he is required to provide documentary evidence of his claim. When the asset is not a checking or savings account, the individual must initially furnish a statement that includes:

* A description of the asset in question;
* The name, address, and telephone number of the alleged owner of the asset;
* A written explanation from the client, or the authorized representative, justifying and explaining the inconsistent record of ownership; and
* Statements and corroborative evidence from the alleged owner to include:
* Supporting equity ownership; or
* Indication that payments were made for the property, or indication of sustained payment of taxes and/or expenses; or
* Indications that improvements were made (and paid for) to the property beyond those that would normally be expected of a non-owner.

It is the applicant’s responsibility to provide adequate supporting evidence. The eligibility worker should forward all the evidence to the Bureau of Eligibility Administration at the State Department of Health and Human Services. State office concurrence is required before approval of such a rebuttal petition.

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Appendix E Stocks, Bonds, Mutual Funds

(Eff.10/01/05)

**DESCRIPTION OF STOCKS**

**1. Common Stock**

Common stock usually is held in the form of a certificate registered in the owner's name. Dividends usually are paid quarterly and may vary with company earnings.

* “Listed” stocks are those listed on the NYSE, AMEX, or on one of the regional exchanges such as Boston, Philadelphia, or Chicago.
* Over-the-Counter (OTC) stocks, which include “penny” stocks, are not listed on the major exchanges. They usually are reported in the National Association of Security Dealers Automated Quotations (NASDAQ) system.

**2. Preferred Stock**

Preferred stock receives preference with respect to dividends and, in case of bankruptcy, the distribution of assets. Preferred stock dividends:

* Are paid at a fixed rate;
* Must be paid before common stock dividends can be paid; and
* Must be made up later, when not paid timely, whereas common stock dividends may be skipped.

Reading Stock Quotations

Stock tables vary little from publication to publication. The following quote is typical, showing from left to right:

* The standard abbreviation of the name of the company (Philadelphia Electric in this case), followed by “pf” for preferred stock on the second line;
* The dividend amount;
* The price-to-earnings ratio;
* Sales volume, in thousands;
* The day's high, low, and closing prices (22 3/4 = $22.75); and
* The change in price from the previous day.

| **NAME** | **DIV** | **PE** | **SALES** | **HIGH** | **LOW** | **LAST** | **CHG** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Phil El | 2.20 | 9 | 4323 | 22 7/8 | 22 5/8 | 22 3/4 | - 1/8  |
| Phil E pf | 4.30 | - | 50 | 42 3/4 | 42 3/4  | 42 3/4  | - |

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DESCRIPTION OF BONDS

Bonds usually are bought and sold through brokers, securities dealers, or other investors. They may sell for more or less than their face value or purchase price, depending on a variety of factors.

**Reading Bond Quotations**

The following is a typical bond quotation, showing from left to right:

* The name of the issuer (AT&T);
* The bond's nominal or coupon rate (3 7/8 percent);
* The last two digits of the year in which the bond matures (1990);
* The current yield (5.6 percent);
* The number of bonds traded during the year (54,000);
* The highest, lowest, and last price of the bond for the period covered by the quotation (bond prices are quoted on a par of 100, so the last price of 69 1/4 equals $692.50); and
* The net change in the bond price.

| **ISSUE** | **CURRENTYIELD** | **SALES1000's** | **HIGH** | **LOW** | **CLOSE** | **CHANGE** |
| --- | --- | --- | --- | --- | --- | --- |
| AT&T3 7/8, 90 | 5.6 | 54 | 69 3/4 | 69 1/4 | 69 1/4 | -3/8 |

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DESCRIPTION OF MUTUAL FUNDS

“Mutual fund” is a term that encompasses a wide range of investments. Basically, it is a pool of assets (such as stocks or bonds) managed by an investment company. A mutual fund share represents ownership interest in this pool as opposed to a particular stock or bond.

**Reading Mutual Fund Quotations**

The format of the following table is typical of those shown in newspapers and financial publications, showing from left to right:

* The names of the funds available for each management group (in this case, four funds managed by the Fund Founders Group);
* The high and low values for the preceding 52-week period;
* The most recent closing price;
* The change over the previous week; and
* The fund's income and capital gains totals for the previous 12 months.

| **Fund Founders** | **52 Weeks** |  | **Week's** |  | **Capital** |
| --- | --- | --- | --- | --- | --- |
| **Group** | **H** | **L** | **Close** | **Change** | **Income\*** | **Gains** |
| Growth n. | 8.77 | 6.28 | 6.37 | -0.08 | 0.157 | 2.505 |
| Income n. | 15.18 | 13.72 | 13.87 | +0.01 | 1.273 | 0.232 |
| Mutual  | 11.56 | 9.74 | 9.98 | -0.07 | 0.426 | 0.706 |
| Special n. | 37.11 | 22.88 | 23.54 | -0.13 | 1.900 | 1.395 |
| n = no-load  |  |  |  |  |  |  |
| \*= Last 12 months |  |  |  |  |  |  |

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Appendix F Life Estate and Remainder Interest Tables

(Eff.10/01/05)

(UNISEX LIFE ESTATE OR REMAINDER TABLE)

To calculate the value of a Life Estate or Remainder Interest, find the person’s age, and multiply the Current Market Value by the decimal in the appropriate column.

| **AGE** | **LIFE ESTATE** | **REMAINDER** |
| --- | --- | --- |
| 01234 | .97188.98988.99017.99008.98981 | .02812.01012.00983.00992.01019 |
| 56789 | .98938.98884.98822.98748.98663 | .01062.01116.01178.01252.01337 |
| 1011121314 | .98565.98453.98329.98198.98066 | .01435.01547.01671.01802.01934 |
| 1516171819 | .97937.97815.97700.97590.97480 | .02063.02185.02300.02410.02520 |
| 2021222324 | .97365.97245.97120.96986.96841 | .02635.02755.02880.03014.03159 |
| 2526272829 | .96678.96495.96290.96062.95813 | .03322.03505.03710.03938.04187 |
| 3033323334 | .95543.95254.94942.94608.94250 | .04457.04746.05058.05392.05750 |
| 3536373839 | .93868.93460.93026.92567.92083 | .06132.06540.06974.07433.07917 |
| 4041424344 | .91571.91030.90457.89855.89221 | .08429.08970.09543.10145.10779 |
| 4546474849 | .88558.87863.87137.86374.85578 | .11442.12137.12863.13626.14422 |
| 5051525354 | .84743.83674.82969.82028.81054 | .15257.16126.17031.17972.18946 |
| 5556575859 | .80046.79006.77931.76822.75675 | .19954.20994.22069.23178.24325 |
| 6061626364 | .74491.73267.72002.70696.69352 | .25509.26733.27998.29304.30648 |
| 6566676869 | .67970.66551.65098.63610.62086 | .32030.33449.34902.36390.37914 |
| 7071727374 | .60522.58914.57261.55571.53862 | .39478.41086.42739.44429.46138 |
| 7576777879 | .52149.50441.48742.47049.45357 | .47851.49559.51258.52951.54643 |
| 8081828384 | .43659.41967.40295.38642.36998 | .56341.58033.59705.61358.63002 |
| 8586878889 | .35359.33764.32262.30859.29526 | .64641.66236.67738.69141.70474 |
| 9091929394 | .28221.26955.25771.24692.23728 | .71779.73045.74229.75308.76272 |
| 9596979899 | .22887.22181.21550.21000.20486 | .77113.77819.78450.79000.79514 |
| 100101102103104 | .19975.19532.19054.18437.17856 | .80025.80468.80946.81563.82144 |
| 105106107108109 | .16962.15488.13409.10068.04545 | .83038.84512.86591.89932.95455 |

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