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OVERVIEW

Family Independence Program (FIP), State Disability Assistance (SDA), Refugee Cash Assistance (RCA), Group 2 Persons Under Age 21 (G2U), Group 2 Caretaker Relative (G2C), Refugee Medical Assistance (RMA), SSI-Related MA, Child Development and Care (CDC) and Food Assistance Program (FAP)

Consider assets in determining eligibility for FIP, SDA, RCA, G2U, G2C, RMA, SSI-related MA categories, CDC and non-categorically eligible FAP groups.

FIP, SDA, RCA, G2U, G2C, CDC and RMA consider only the following types of assets:

- Cash (which includes savings and checking accounts).
- Investments (which includes 401(k), Roth IRA etc.).
- Retirement plans.
- Trusts.

FIP, SDA, RCA, and CDC only

Homes and Real Property.

G2U, G2C, RMA and SSI-Related Medicaid

The department will utilize an asset verification program to electronically detect unreported assets belonging to applicants and beneficiaries.

Asset detection may include the following sources at financial institutions: checking, savings, and investment accounts, IRAs, treasury notes, certificates of deposit (CDs), annuities and any other asset that may be held or managed by a financial institution.

Asset detection will be requested by sending the required fields, name, Social Security number, and address, to the asset detection program. This request may occur at any day and time during the month.

Assets Defined**Assets**

- Cash; see *Cash* in this item.

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- Personal property. **Personal property** is any item subject to ownership that is not real property (examples: currency, savings accounts, and vehicles).
- Real property. **Real property** is land and objects affixed to the land such as buildings, trees, and fences. Condominiums are real property.

Overview of Asset Policy

Countable assets **cannot** exceed the applicable asset limit. Not all assets are counted. Some assets are counted for one program, but not for another program. Some programs do **not** count assets; see *Programs with No Asset Test* in this item.

Consider both of the following to determine if an asset is countable, and how much to count:

- Availability:
 - See *Available in this item*.
 - See *Jointly Owned Assets* in this item.
 - See *Non-Salable Assets* in this item.
- See *Exclusions* in this item.

An asset is countable if it meets the availability tests and is **not** excluded.

Note: Only certain types of assets are considered by FIP, RCA, SDA, G2U, G2C, RMA, CDC and FAP. See the list in this section. FIP asset rules apply to RCA.

Consider the assets of each person in the asset group; see the *Program's Asset Group* policy in this item.

An asset converted from one form to another (example: an item sold for cash) is still an asset.

Exception: See [Bridges Eligibility Manual \(BEM\) 503, Income Unearned](#), Sale of Property in Installments.

FIP, SDA, RCA, G2U, G2C, RMA and CDC Only

The following types of assets are the only types considered for FIP, SDA, RCA, G2U, G2C, CDC and RMA:

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- Cash (which includes savings and checking accounts).
- Investments (which includes 401(k), Roth IRA etc.).
- Retirement plans.
- Trusts.

FIP, SDA, RCA, and CDC only*Homes and Real Property.***SSI-Related MA Only**

All types of assets are considered for SSI-related MA categories.

**PROGRAMS WITH
NO ASSET TEST****MAGI-Related MA**

There is no asset test for MAGI- related Medicaid categories.

Do **not** deny or terminate those benefits because of a refusal to provide asset information or asset verification requested for purposes of determining eligibility for a category or program that has an asset test, such as FIP.

FAP Only

There is no asset test for categorically eligible FAP groups.

Note: Non-categorically eligible FAP groups **do** have an asset test.

**FIP, RCA, SDA, CDC
AND FAP ASSET
ELIGIBILITY****FIP, RCA, SDA and FAP****Policy Overview**

Determine asset eligibility prospectively using the asset group's assets from the benefit month. Asset eligibility exists when the group's countable assets are less than, or equal to, the applicable asset limit at least one day during the month being tested.

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Note: For FAP, Bridges budgets all countable assets for ineligible and/or disqualified individuals. All assets of non-group members such as ineligible students, furloughed prisoners, etc., will be excluded by Bridges.

CDC Only

For asset eligibility a program group's assets may not exceed the asset limit, as confirmed through self-certification.

Application

At **application**, do not authorize FIP, RCA, SDA, or CDC for future months if the person has excess assets on the processing date.

Pending Application Months

For pending FIP, RCA, SDA, CDC and FAP applications, use asset policy that is in effect for the month for which eligibility is being determined.

Ongoing

If an **ongoing** FIP, RCA, CDC or SDA recipient has excess assets, initiate closure. However, reinstate the program if it is verified that the excess assets are under the limit on or before the timely hearing request date.

FIP, RCA, SDA, CDC and FAP Only

Bridges produces an overissuance referral for benefits issued after the last month of eligibility only if a closure delay was caused by the group's failure to report the asset change timely. [Bridges Administrative Manual \(BAM\) 700, Benefit Overissuances](#), and [BAM 705, Agency Overissuances](#), explain overissuance and recoupment policies and procedures.

RCA Only

Do **not** consider the assets of a refugee's sponsor in determining the refugee's eligibility.

Exclude as an asset any cash assistance given to a refugee from a resettlement agency.

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Evaluate and treat other assets as they are evaluated and treated for FIP.

**FIP, RCA, SDA,
CDC Asset Group****FIP, RCA, SDA Only**

The asset group includes individuals with an EDG participation status of eligible or disqualified; see [BEM 210, FIP Group Composition](#), [214, SDA Group Composition](#), and [215, RCA Group Composition](#).

CDC ONLY

The CDC asset group includes those individuals that would be included in the CDC program group; see [BEM 205, CDC Group Composition](#).

**FIP, RCA and SDA
Asset Limit****FIP, RCA and SDA Only**

\$15,000 or less for cash, investments and retirement plans.

\$200,000 for real property assets.

CDC Asset Limit

The total countable assets for the CDC program group cannot exceed \$1 million.

FAP Asset Limits**Non-Categorically Eligible Groups:**

\$2,750 or less for non-SDV groups.

\$4,250 or less for SDV groups.

See, [BEM 213, Categorical Eligibility](#).

Lottery/Gambling Winnings:**All FAP Groups**

A single lottery or gambling winning of \$4,250 or more.

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See [BEM 403, FAP Lottery/Gambling Winnings](#).

FAP Asset Group

The asset group is:

- FAP eligible members; see [BEM 212, Food Assistance Program Group Composition](#).
- All disqualified members; see [BEM 550, FAP Income Budgeting](#).
- Alien sponsors; see [BEM 226, Sponsored Aliens](#).

FAP Divestment

Divestment occurs when a non-categorical eligible FAP group transfers assets for less than the fair market value for any of the following reasons:

- To qualify for program benefits.
- To remain eligible for program benefits.

See [BEM 406, FAP Divestment](#).

MA ASSET ELIGIBILITY

G2U, G2C, RMA, and SSI-Related MA Only

Asset eligibility is required for G2U, G2C, RMA, and SSI-related MA categories.

Note: Do **not** deny or terminate Group 2 Pregnant Women because of a refusal to provide asset information or asset verification requested for purposes of determining G2U, G2C, RMA or SSI-related MA eligibility.

Use the special asset rules in [BEM 402, Special MA Asset Rules](#), for certain married L/H and waiver patients. See [BPG Glossary](#), for the definition of L/H patient and [BEM 106, MA Waiver For Elderly And Disabled](#), for the definition of waiver patient.

Asset eligibility exists when the asset group's countable assets are less than, or equal to, the applicable asset limit at least one day during the month being tested.

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At **application**, do not authorize MA for future months if the person has excess assets on the processing date.

If an **ongoing** MA recipient or active deductible client has excess assets, initiate closure. However, delete the pending negative action if it is verified that the excess assets were disposed of. Payment of medical expenses, living costs and other debts are examples of ways to dispose of excess assets without divestment. LTC and waiver patients will be penalized for divestment; see [BEM 405, MA Divestment](#).

**G2U, G2C and
RMA Asset Group****G2U, G2C and RMA**

See [BEM 211, MA Group Composition](#).

**G2U, G2C and
RMA Asset Limit****G2U, G2C and RMA**

\$3,000.

**SSI-Related MA
Asset Group****SSI-Related MA Only**

See [BEM 211, MA Group Composition](#).

**SSI-Related MA
Asset Limit****SSI-Related MA Only**

For [Freedom to Work \(BEM 174\)](#) The asset limit for the initial eligibility determination is set to the current asset limit for a group of one in the Medicare Savings Program (listed below). Once eligibility for FTW has been established the countable asset limit increases to \$75,000 for ongoing Medicaid. IRS recognized retirement accounts (including IRAs and 401(k)s) may be of unlimited value. These retirement accounts may continue to be excluded as assets from future MA eligibility determinations; see [BEM 174, Freedom To Work \(FTW\)](#).

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For [Medicare Savings Programs \(BEM 165\)](#) the asset limit is:

- For an asset group of one:
 - \$9430 effective January 1, 2024.
 - \$9,090 effective January 1, 2023.
 - \$8,400 effective January 1, 2022.
 - \$7,970 effective January 1, 2021.
 - \$7,860 effective January 1, 2020.
- For an asset group of two:
 - \$14,130 effective January 1, 2024.
 - \$13,630 effective January 1, 2023.
 - \$12,600 effective January 1, 2022.
 - \$11,960 effective January 1, 2021.
 - \$11,800 effective January 1, 2020.

For [Qualified Disabled Working Individuals \(QDWI\) \(BEM 169\)](#) the asset limit is:

- \$4000 for an asset group of one.
- \$6000 for an asset group of two.

For all other SSI-related MA categories, the asset limit is:

- \$2,000 for an asset group of one.
- \$3,000 for an asset group of two.

DEEMING OF PARENTAL ASSETS

SSI-Related MA Only

Deeming means counting a portion of parents' assets as their child's assets. Do not deem when:

- Any parent living with the child is an SSI or FIP recipient; see [BEM 211, MA Group Composition](#).
- When determining a child's eligibility under [BEM 170, Home Care Children](#).
- When determining a child's eligibility under [BEM 171, Children's Waiver](#).
- When determining a child's eligibility under [BEM 172, Children with Serious Emotional Disturbance \(SED\) Waiver](#).

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**Deeming
Calculation****SSI-Related MA Only**

Use the following to calculate the deemed amount.

1. Determine the total value of the parents' countable assets, as if they were an asset group, even if they are **not** married.

Note: The child is **not** eligible for SSI-related MA if the parents refuse to provide asset information or a required verification.

2. Subtract \$2,000 for one parent (\$3,000 for two parents) from the amount of the parents' countable assets (step 1). The result is the deemable asset amount.
3. Divide the deemable asset amount (step 2) by the number of the parents' unmarried children under age 18 in the parents' home who are:
 - SSI recipients.
 - Applicants for, or recipients of, MA based on blindness or disability, who also meet both:
 - The nonfinancial eligibility factors in [BEM 155, 503 Individuals](#) or [BEM 166, Group 2 Aged, Blind And Disabled](#).
 - Are **not** Home Care Children ([BEM 170](#)), Children's Waiver ([BEM 171](#)), or SED Waiver ([BEM 172](#)).

The result is the amount of assets deemed to the child whose eligibility is being determined.

**ALIEN SPONSOR
ASSET DEEMING****FAP**

A non-categorically eligible non-citizen's assets might include asset's deemed from the non-citizen's sponsor; see [BEM 226](#).

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AVAILABLE**FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only, CDC and FAP**

An asset must be available to be countable. **Available** means that someone in the asset group has the legal right to use or dispose of the asset.

Exception: This does **not** apply to trusts. There are special rules about trusts. See *Trusts* in this item for FIP, RCA, SDA, CDC and FAP. See [BEM 401, Trusts-MA](#).

Assume an asset is available unless evidence shows it is **not** available.

An asset remains available during periods in which a guardian or conservator is being sought. This includes situations such as:

- A person's guardian dies, and a new guardian has **not** been appointed yet.
- A court decides a person needs a guardian but has **not** appointed one yet.
- A person is unconscious, and their family asks the court to appoint a guardian.

Availability might also be affected by joint ownership and efforts to sell or the possibility of domestic violence. See *Jointly Owned Assets, Non-Salable Assets and Victims of Domestic Violence* in this item.

SSI-Related MA Only

A person's death and probating his estate does **not** make his assets unavailable for purposes of determining his eligibility. Determine asset eligibility for the days of the month the person was alive.

ESTATE RECOVERY**MA Only**

The federal government requires Medicaid to recover money that it paid for services from the estates of Medicaid beneficiaries who have died. Medicaid will only recover the amount Medicaid paid for

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a beneficiary. This is estate recovery. The state will not seek recovery of certain Medicare cost-sharing benefits; see [BAM 120, MSA/MDHHS Coordination](#).

Victims of Domestic Violence

FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA, CDC and FAP

Assets owned by victims of domestic violence may be unavailable due to domestic violence. These assets do **not** have to be jointly owned but accessing them could put the client in danger. Exempt these assets for a maximum of three months. With FIM approval one three-month extension is permitted. Document in the case record the reasons for the temporary exclusion, and, if any extension is requested, document what steps have been taken to secure the asset. Clients should be advised at the time of the exemption that they are required to report any changes in the status of the asset within 10 days.

Exception: For FAP, there is no time limit for the length of the exemption.

JOINTLY OWNED ASSETS

FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only, CDC and FAP

Jointly owned assets are assets that have more than one owner.

Note: For Freedom To Work determinations, jointly owned assets are considered to belong to the initial person.

An asset is unavailable if all the following are true, and an owner **cannot** sell or spend his share of an asset:

- Without another owner's consent.
- The other owner is not in the asset group.
- The other owner refuses consent.

Exception 1: In SSI-related MA, when ownership is shared by an SSI-related child and his parent(s) **and** parental asset deeming applies, refusal to sell by either the child or the parent(s) does **not**

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make an asset unavailable; see *Deeming of Parental Assets* in this item, see definition of SSI-related child in [BEM 211](#).

FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only and CDC

Jointly owned real property is only excludable if it creates a hardship for the other owners.

Note: In SSI-related MA a divestment has occurred if joint owners are added during the five year look back period. See [BEM 405](#) for determination of a divestment penalty.

Ownership documents for jointly owned real property commonly use one of four phrases:

- **Joint Tenancy:** no owner can sell unless all owners agree.
- **Joint Tenancy with Right of Survivorship:** no owner can sell unless all owners agree.
- **Tenancy by the Entirety:** same as joint tenancy except the owners are husband and wife. Neither owner can sell unless both owners agree.
- **Tenancy-in-Common:** each owner can sell their share without the other owner's agreement.

Note: For jointly owned real property count the individual's share unless sale of the property would cause undue hardship. Undue hardship for this item is defined as a co-owner uses the property as his or her principal place of residence **and** they would have to move if the property were sold **and** there is no other readily available housing.

Joint Cash and Retirement Plans**FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only, CDC and FAP**

This section applies to the types of assets listed under *Cash and Retirement Plans* in this item.

Count the entire amount **unless** the person claims and verifies a different ownership. Then, each owner's share is the amount they own.

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SSI-Related MA Only

Exception: Apply the following when an L/H or waiver patient (see [BPG, Glossary](#), and [BEM 106, MA Waiver For Elderly And Disabled](#)) and his spouse jointly own the asset:

- Consider the client the sole owner in determining the community spouse resource allowance (CSRA). [BEM 402, Special MA Asset Rules](#), describes the CSRA.
- Proceed as follows for all other purposes:
 - If the spouse is an MA-only client or receives FIP or SSI, each spouse owns an equal share unless otherwise claimed and verified.
 - If the spouse is **not** an MA-only client and does **not** receive FIP or SSI, consider the asset totally available unless otherwise claimed and verified.

Exception: Count equal shares of an asset owned by more than one SSI-related MA child unless the person claims and verifies a different ownership.

Exception: If the owners are an SSI-related MA child and their parent(s) and asset deeming applies, count the total amount as the child's unless the person claims and verifies a different ownership.

Other Joint Assets**FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA, CDC and FAP**

This applies to all assets that are **not** included under *Cash or Retirement Plans*.

Count an equal share for each owner.

Note: If specified otherwise by the ownership document, each owner's share is the amount specified.

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**Residents of
Domestic Violence
Shelters****FAP**

Assets owned by residents of domestic violence shelters are unavailable when the assets cannot be accessed without agreement of a joint owner residing in the former household.

**NON-SALABLE
ASSETS****SSI-Related MA
Non-Salable
Assets****SSI-Related MA Only**

Give the asset a \$0 countable value when it has no current market value as shown by one of the following:

- Two knowledgeable appropriate sources (example: realtor, banker, stockbroker) in the owner's geographic area state that the asset is **not** salable due to a specific condition (for example, the property is contaminated with heavy metals). This applies to any assets listed under:
 - Investments.
 - Vehicles.
 - Livestock.
 - Burial Space Defined.
 - Employment and Training Assets.
 - Homes and Real Property (see below).

In addition, for homes, life leases, land contracts, mortgages, and any other real property, an actual sale attempt at or below fair market value in the owner's geographic area results in no reasonable offer to purchase. Count an asset that no longer meets these conditions. The asset becomes countable when a reasonable offer is received. For most assets *non-salable* is a temporary condition.

For applicants, an actual sale attempt to sell must have started at least 90 days prior to application and must continue until the property is sold. (That is, the property does not become *non-*

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salable until the 91st day.) For recipients, the asset must have been up for sale at least 30 days prior to redetermination and must continue until the property is sold. An actual sale attempt to sell means the seller has a set price for fair market value, is actively advertising the sale in publications such as local newspaper and is currently listed with a licensed realtor. If after a reasonable length of time has passed without a sale, the sale price may need to be evaluated against the definition of fair market value. The definition of fair market value can be found in the glossary.

Note: The non-salable asset policy does **not** apply to the Initial Asset Assessment.

FAP Non-Salable Assets

FAP

Do **not** count **real property** that the FAP group is making a **good-faith effort** to sell. All the following must be met for the real property to be excluded:

- No reasonable purchase offer has been made.
- For active cases, the property is continuously up for sale by a real estate company, by owner, etc.
- An actual attempt has been made to sell it at a price not higher than the fair market value.

CASH

FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only, CDC and FAP

This section is about the following types of assets:

- Money/currency.
- Uncashed checks, drafts and warrants.
- Checking and draft accounts.
- Savings and share accounts.
- Money market accounts.

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- LTC patient trust fund and all other money held by the facility for the patient. **Example:** Patient has prepaid in advance for the nursing home stay.
- Money held by others. **Example:** Sally does **not** have a bank account. She puts money in her mother's checking account, but it is **not** a joint account.
- Time deposits. A **time deposit** is a contract between a person and a financial institution whereby the person agrees to leave funds on deposit for a specified period in return for a specified interest rate. Common time deposits are certificates of deposit (CDs) and savings certificates.

Note: For FAP, use the lowest checking, savings or money market balance in the month when determining asset eligibility.

Note: Determining the cash value of investment instruments, such as stocks, bonds and mutual funds, is found in the *Investment* section of this item.

Crowdfunding Account

FIP, RCA, SDA, CDC and FAP

Funds that are available to the household in a crowdfunding account (such as, but not limited to, GoFundMe, Kickstarter) are considered a cash asset.

Cryptocurrency

All Programs

The value of cryptocurrency (Bitcoin, Ethereum, Litecoin and Monero, etc.) available at the time of the interview, is a cash asset.

Determine the value by using the exchange rate the currency is stored in and then converting the currency into U.S. dollars.

Lump Sums and Accumulated Benefits

Lump sums and accumulated benefits are defined in the [BPG Glossary](#).

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FIP, RCA, SDA, CDC and FAP

Lump sums and accumulated benefits are assets starting the month received.

A person might receive a single payment that includes both accumulated benefits and benefits intended as a payment for the current month. Treat the portion intended for the current month as income.

G2U, G2C, RMA, SSI-Related MA Only

Lump sums and accumulated benefits are income in the month received. See [BEM 500, Income Overview](#), about countable income policy.

Exception: The following are assets:

- Income tax refunds; see *Tax Refund & Tax Credit Exclusions* in this item.
- Nonrecurring proceeds from the sale of assets.
- Payments that are excluded assets.
- Medical Loss Ratio Rebate.

**Retroactive SSI
Benefits****FIP, SDA, G2U, G2C, RMA, SSI-Related MA Only, CDC and FAP**

Retroactive SSI benefits may be paid as a one-time payment or in installments over several months. The Social Security Administration determines how payment will be made.

Retroactive SSI benefits are treated as accumulated benefits (see above) even when paid in installments. See *Retroactive RSDI and SSI Exclusion* in this item for SSI-related MA determinations.

Note: For FAP households where all members receive FIP and/or SDA and/or SSI, retroactive SSI benefits are excluded in Bridges.

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Value of Cash**FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only, CDC and FAP**

The value of the types of assets described above is the amount of the:

- Money/currency.
- Uncashed check, draft or warrant.
- Money in the account or on deposit.
- Money held by others.
- Money held by nursing facilities for residents.
- Money in a vendor pre-paid debit card (for example, Direct Express, ReliaCard, etc.).

Exception: Reduce the value of a time deposit by the amount of any early withdrawal penalty, but **not** the amount of any taxes due.

CASH EXCLUSIONS**Homestead-Loss
Funds Exclusion****FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only and CDC**

Use this exclusion only if the funds are **not** commingled with countable assets and not in time deposits.

Exclude funds an owner received for repairs or replacement of a damaged or destroyed homestead (example: insurance settlement) if both of the following are true:

- The owner intends to reoccupy the home.
- There is a written repair/replacement agreement.

The client must declare an estimated completion date. The exclusion lasts until that date. The local office may grant extensions.

Exclude funds for temporary housing while the homestead is being repaired or replaced.

Also see *Homestead-Loss Land Exclusion* in this item regarding the land the home was on.

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FAP

Exclude any governmental payments which are designated for the restoration of a home damaged in a disaster if the household is subject to a legal sanction if the funds are not used as intended. Examples include, but are not limited to, payments made by the Department of Housing and Urban Development through the individual and family grant program or disaster loans, or grants made by the Small Business Administration.

**Homestead Sale
Exclusion****FIP, RCA, SDA, G2U, G2C, RMA, CDC and FAP**

Use this exclusion only if the funds are **not** commingled with countable assets and are **not** in time deposits.

Exclude funds received from the **sale of a homestead**, or the land the home was on, for 12 months if there is a written agreement to purchase another homestead. The 12-month period starts the month the funds are received.

Note: See *Homestead Land Retained Exclusion* in this item if ownership of the land was retained.

SSI-Related MA Only

Use this exclusion only if the funds are not commingled with countable assets and are not in time deposits.

When an individual sells an excluded home, the proceeds (the net amount the seller receives at settlement) of the sale are excluded resources if the individual:

- Plans to use them to buy another excluded home and,
- Does so within three full calendar months of receiving the proceeds.

If the individual received the proceeds under an installment contract, the contract is an excluded resource for as long as the individual:

- Plans to use the entire down payment and the entire principal portion of a given installment payment to buy another excluded home and,

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- Does so within three calendar months of receiving such down payment or installment payment.

Health Reimbursement Accounts

SSI-Related MA only

Health Reimbursement Account Plans (HRAs) are group health plans and need to be reported to Third Party Liability.

Health Savings Accounts and Medical Savings Accounts

MA programs, excluding MAGI-Related

Health savings accounts are countable resources. The value is the amount available for withdrawal minus any penalties but **not** taxes. Count amounts withdrawn as an asset in the month received.

Medicare Set- Aside Account

All Programs

Medicare Set-Aside Accounts are limited to payment of qualified medical expenses as determined by the Social Security Administration. They are created when a Medicare recipient has a workers' compensation settlement. They are excluded as income and as an asset.

Non-Homestead Loss Exclusion

FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only, CDC and FAP

Use this exclusion only if the funds are **not** commingled with countable assets and are **not** in time deposits.

Exclude funds received for the planned repair or replacement of a non-homestead exempt item (example: furniture, clothing, vehicle) that was lost, stolen, or destroyed. Exclude the funds until the item is repaired or replaced.

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Loan Exclusion**FIP, RCA and CDC**

Use this exclusion only if the funds are not commingled with countable assets and are not in time deposits.

Exclude funds a person has borrowed provided it is a **bona fide** loan. This includes a loan by oral agreement if it is made a **bona fide** loan.

Bona fide loan means **all** the following are present:

- A loan contract or the lender's written statement clearly indicating the borrower's indebtedness.
- An acknowledgment from the borrower of the loan obligation.
- The borrower's expressed intent to repay the loan by pledging real or personal property or anticipated income.

This exclusion does **not** apply to:

- Interest earned on borrowed money.
- Purchases made with borrowed money.

Note: When a client has loaned money to another person, please refer to the policy in Promissory Notes/Land Contracts/Mortgages/Loans.

**Reverse Mortgage
Exclusion****FIP, RCA, SDA, CDC and FAP**

Use this exclusion only if the funds are **not** commingled with countable assets and **not** in time deposits.

A reverse mortgage allows a homeowner to borrow some percentage of the value of his home via a mortgage. The homeowner receives periodic payments (or a line of credit) that does **not** have to be repaid while the homeowner lives in the home. Exclude these payments. They are loans.

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SSI Related MA Only

Payments that a homeowner receives from a reverse mortgage are loan proceeds. The loan proceeds are an excluded resource in the month received but are a countable resource if retained in the month following the month of receipt. A transfer of reverse mortgage proceeds is subject to review for a divestment determination when the client is in a penalty situation; see [BEM 405, MA Divestment](#).

Tax Refund and Tax Credit Exclusion**FIP, RCA, CDC and FAP**

All state and local earned income tax credits and refunds are excluded, including home heating credits.

Note: Federal income tax refunds are excluded for 12 months from the month of receipt. The refund amount is subtracted from the household's total assets to determine if they meet the asset limit.

Note: This exclusion continues even if the client has already spent the refund.

Example: Clara applies for FAP in November and her total countable assets are \$6,000. During the interview ask her if anyone in the household received a federal income tax refund in the past 12 months. Her tax refund of \$2,000 was received in January and she used it to pay bills. The \$2,000 is still subtracted from the \$6,000 resulting in countable assets of \$4,000.

SDA

Exclude tax refunds and credits.

Use this exclusion only if the funds are **not** commingled with countable assets and are **not** in time deposits.

G2U, G2C, RMA, SSI-Related MA Only

Exclude tax credits for nine months after the month of receipt. Tax credits include credits such as Earned Income Tax Credit and Child Tax Credit.

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Exclude federal income tax refunds for 12 months from the month of receipt. The refund amount is subtracted from the household's total assets to determine if they meet the asset limit.

Note: This exclusion continues even if the client has already spent the refund.

Federal Stimulus Payments

SSI- Related MA only

The 3 federal stimulus payments received for the COVID 19 federal Health emergency are permanently excluded. The payment amount is subtracted from the household's total cash assets to determine if they meet the asset limit.

Excluded Income Under BEM 500 Series

FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only, CDC and FAP

Use this exclusion only if the funds are **not** commingled with countable assets and are **not** in time deposits.

[BEM 500, Income Overview](#), [501, Income From Employment](#), [502, Income From Self-Employment](#), [503, Income Unearned](#) and [504, Income From Rental/Room And Board](#), identify certain sources of funds that are excluded as both income and assets. Time limits and other conditions applicable to the income exclusion also apply to the asset exclusion.

Note: For FAP, see *Excluded Assets* in this item.

Current Income Exclusion

FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only, CDC and FAP

Do not count funds treated as income by a program as an asset for the same month for the same program.

When income must be prorated or averaged (example: self-employment), exclude the resulting assets for the months of proration.

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**Business Account
Exclusion****FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only, CDC
and FAP**

Use this exclusion only if the funds are **not** commingled with countable assets and **not** in time deposits.

Exclude a savings, share, checking, or draft account used **solely** for the expenses of a business. Continue the exclusion while the business is not operating, provided the person intends to return to the business.

**SSI Dedicated
Account****FAP**

Exclude an SSI Dedicated Account. These accounts are mandated if a child under 18 is approved for SSI and receives a lump-sum payment.

**Retroactive RSDI
and SSI Exclusion****SSI-Related MA Only**

Exclude retroactive RSDI and SSA-issued SSI benefits for nine calendar months beginning the month after payment is received. Do **not** exclude purchases made with such funds including CDs and other time deposits.

This exclusion applies only to any unspent portion of the retroactive payment from RSDI or SSI. Once the money from the retroactive payment has been spent, this exclusion does not apply to the items purchased with the money, even if the nine-month period has not expired.

The money may be commingled with other funds but, if this is done in such a fashion that the retroactive amount can no longer be separately identified, that amount will count toward the resource limit.

Use the following to separate countable and excluded funds that are commingled:

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- Assume that countable funds are withdrawn first, leaving as much of the excluded funds as possible.
- Excluded funds withdrawn are **not** excluded if redeposited. The excluded amount can be increased only by deposits of subsequently received excluded payments.
- Count any interest paid to the account.

Example: A person received a \$1,000 retroactive RSDI payment on December 3 via direct deposit. The account already contained \$1,800.

DATE	DEPOSIT	WITHDRAW	BALANCE	EXCLUDE	COUNTABLE
12/3	\$1,000	\$0	\$2,800	\$1,000	\$1,800
12/4	\$0	\$500	\$2,300	\$1,000	\$1,300
12/31	\$5	\$0	\$2,305	\$1,000	\$1,305
1/3	\$400	\$250	\$2,455	\$1,000	\$1,455
1/4	\$0	\$1,500	\$955	\$955	\$0
2/10	\$50	\$0	\$1,005	\$955	\$50
2/12	\$0	\$400	\$605	\$605	\$0
3/8	\$100	\$0	\$705	\$605	\$100
3/15	\$0	\$50	\$655	\$605	\$50

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Funds for Burial Arrangements

SSI-Related MA Only

Money set aside for burial expenses might be excludable. See *Burial Fund Exclusion* in this item.

Retroactive Tax and Utility Cost Subsidy Payments

FAP

Use this exclusion only if the funds are **not** commingled with countable assets and are **not** in time deposits.

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Exclude retroactive tax and utility cost subsidy payments in the month received and the following month.

Student Savings Exclusion

FIP, RCA, G2U, G2C, CDC and RMA

Use this exclusion only if the funds are not commingled with countable assets and are not in time deposits.

Exclude funds in a separate account under a student's name and accrued solely from a student's earnings; see Student Earnings Disregard in [BEM 501, Income From Employment](#).

INVESTMENTS

FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only, CDC and FAP

This section is about the following types of assets:

- U.S. Savings bonds.
- Securities such as:
 - Stocks.
 - Bonds.
 - Mutual funds.

Value of Investments

FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only, CDC and FAP

The value of a U.S. Savings bond is the amount the owner could get if the bond were cashed in.

G2U, G2C, RMA, SSI-Related MA Only

U.S. Savings bonds cannot be cashed in until 12 months after the date of issuance. However, if bonds are in this waiting period and the value of the bond(s) and other assets is over the client's asset limit, the client must seek a waiver of the waiting period.

The waiver is a written request from the bond holder or representative to the United States Department of Treasury outlining why a waiver of the waiting period is necessary. If the waiver is granted the value of the U.S. Savings bond is considered available. If the

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waiver is denied the bond becomes available at the expiration of the waiting period.

G2U, G2C, RMA, SSI-Related MA Only, and FAP

The value of other investments is the amount the asset is selling for:

- Use the closing price for publicly traded stocks.
- Use the bid price or net asset value (NAV) for mutual funds.
- Use the bid price for bonds.

If a security was **not** paid for in full at the time of purchase (bought on margin), the securities firm has made a loan to the buyer. Deduct the balance owed from the price if there is written proof that the balance owed must be repaid when the security is sold.

**INVESTMENT
EXCLUSION****SSI-Related MA Only**

Investments set aside for burial expenses might be excludable; see *Burial Fund Exclusion* in this item.

RETIREMENT PLANS**FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only, CDC
and FAP**

This section is about the following types of assets:

- Individual retirement accounts (IRAs).
- Keogh plans (also called H.R. 10 plans).
- 401k plans.
- Deferred compensation.
- Pension plans.
- Annuities-- An annuity is a written contract establishing a right to receive specified, periodic payments for life or for a term of years.

FAP

The following retirement accounts are excluded:

- Traditional Defined-Benefit Plan.

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- Cash Balance Plan Employee Stock Ownership Plan.
- Keogh Plan.
- Money Purchase Pension Plan.
- Profit-sharing Plan.
- Simple 401(k).
- 401(k).
- 403(a) and (b).
- IRA.
- Simple Retirement Account IRA.
- Simplified Employee Pension Plan (SEP).
- Roth IRA.
- myRA.
- Eligible 457(b) Plan.
- 501(c)18 Plan.
- Federal Thrift Savings Plan.
- Employer-Sponsored Annuities.

Exception: For annuities which are **not** employer-sponsored; see *Annuity* in this item.

Retirement Plan Value

FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only and CDC

The value of these plans is the amount of money the person can currently withdraw from the plan. Deduct any early withdrawal penalty, but not the amount of any taxes due.

Funds in a plan are **not** available if the person must quit his job to withdraw any money.

Freedom to Work (FTW) Only

The value of funds in retirement accounts and individual retirement accounts may be excluded, see [BEM 174](#).

Annuity

G2U, G2C, RMA, SSI-Related MA Only and FAP

Annuities are similar legal devices to trusts. Annuities are a written contract with a commercial insurance company, establishing a right to receive specified, periodic payments for life or for a term of years. They are usually designed to be a source of retirement

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income; see [BEM 503](#), Annuity Income policy. Policy in [BEM 401](#) applies, including referring annuities to the Trust and Annuities Unit; see *FAP Trusts* below.

TRUSTS

FIP, RCA, SDA and CDC

A **trust** is a right of property created by one person for the benefit of them self or another.

Trust Definitions

FIP, RCA, SDA and CDC

Beneficiary - the person for whose benefit a trust is created.

Grantor or settlor - the person who established the trust. It includes anyone who furnishes real or personal property for the creation of the trust.

Principal (or corpus) - the assets in the trust. The assets may be real property (example: house, land) or personal property (example: stocks, bonds, life insurance policies, saving accounts).

Trustee - the person who has legal title to the assets and income of a trust and the duty to manage the trust for the benefit of the beneficiary.

FIP, SDA, CDC Trust Policy

FIP, RCA, SDA and CDC

The Probate Court decides availability of the trusts it administers. A grantor must petition the Probate Court to make the principal available.

For other trusts, the principal is an available asset of the person who is legally able to:

- Direct use of the principal for their needs.
- Direct that ownership of the principal reverts to himself or herself.

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MA Trust Policy**G2U, G2C, RMA, and SSI-Related MA Only**

See [BEM 401, Trusts-MA](#).

FAP Trust Policy**FAP**

The trust principal and any income retained by the trust are considered unavailable if **all** the following conditions apply:

- The trust arrangement is **not** likely to end during the benefit period.
- No asset group member has the power to revoke the trust or change the name of the beneficiary during the benefit period.
- The trustee administering the trust is one of the following:
 - A court or an institution, corporation, or organization **not** under the direction of ownership of any asset group member.
 - An individual appointed by the court who is restricted by the court to use the funds solely for the benefit of the beneficiary.
- Investments made on behalf of the trust do **not** directly involve or benefit any business or corporation under the control or direction of an asset group member.
- The funds in the irrevocable trust are one of the following:
 - Established from the asset group's own funds and the trustee uses the funds solely to make investments on behalf of the trust or to pay the educational or medical expenses of the beneficiary.
 - Established from funds of a person who is **not** a member of the asset group.

A homestead which continues to be the primary residence of the FAP group is excluded, even if the title is placed in a revocable/irrevocable trust.

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**Referrals to Trust
and Annuities Unit**

All trusts and annuities must be evaluated by the Trust and Annuities Unit. Send a completed DHS-1517, Request for Trust/Annuity Evaluation, to the following email box:

Email address boxes for requests or inquiries to Legal Affairs Administration can be found on the MDHHS-Net at: MDHHS-MA-FAP-Trusts_Annuities@michigan.gov.

Please see the EDM business process on Trust & Annuity Review for information on how to complete the referral process.

Advice is only available to local offices and only for purposes of determining eligibility when a trust exists. Advice is **not** available for purposes of estate planning, including advice on proposed trusts or proposed trust amendments.

**HOME CARETAKER
AND PERSONAL
CARE CONTRACTS****SSI-Related MA Only**

A contract that prospectively pays for expenses such as repairs, maintenance, property taxes, homeowner's insurance, heat and utilities for real property/homestead, or that provide for monitoring health care, securing hospitalization, medical treatment, visitation, entertainment, travel and/or transportation, financial management or shopping, etc., would be considered a divestment. Consider all payments for care and services which the client made during the look-back period as divestment; see [BEM 405](#).

Note: The preceding examples should not be considered an all-inclusive or exhaustive list.

Assets transferred in exchange for a contract/agreement for a personal services/assistance or expenses of real property/homestead provided by another person **after** the date of application are considered an available and countable asset even if the contract is irrevocable.

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**INDIVIDUAL
DEVELOPMENT
ACCOUNTS****FIP, RCA, SDA, G2U, G2C, RMA, SSI-Related MA Only, CDC
and FAP**

Individual Development Accounts (IDA) are established pursuant to Michigan Public Act 361 of 1998 and section 404(h) of the Social Security Act or Public Law 105-285. IDAs allow low-income families to promote their economic independence by saving for:

- Post-secondary educational expenses.
- First home purchase.
- Business capitalization.

IDAs are funded by periodic contributions from the family's earnings and matching contributions by or through a nonprofit organization. The IDA must be a trust or a joint account that requires the signatures of both the nonprofit organization and a family member to authorize withdrawals.

An IDA is excluded as an asset.

A 529 college savings plan is similar to an IDA. See *Education and Training Exclusion* in this item for FIP, RCA, SDA, G2U, G2C and RMA.

**MIABLE/ ABLE
(529A) ACCOUNTS****FIP, SDA, RCA, G2U, G2C, RMA, SSI Related MA Only, CDC
and FAP**

The Internal Revenue Code section 529A establishes ABLE (Achieving a Better Life Experience) accounts. These accounts are called MiABLE in Michigan. The account beneficiary must be an individual who lives with a disability; see [BEM 260](#), MA/Disability/Blindness. Disregard funds on deposit in an MiABLE account, interest earned on the account, and any matching funds deposited in an MiABLE account. Disregard distributions from the account for qualified expenses.

The Michigan Department of Treasury administers MiABLE accounts in Michigan.

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HOMES AND REAL PROPERTY

FIP, SDA, RCA, SSI-Related MA Only, CDC and FAP

This section is about the following types of assets:

- Real property.
- Mobile homes.
- Life estates and life leases.

Real Property Definition

FIP, SDA, RCA, SSI-Related MA Only, CDC and FAP

Real property is land and objects affixed to the land such as buildings, trees and fences. Condominiums are real property.

Real Property and Mobile Home Value

FIP, SDA, RCA, SSI-Related MA Only, CDC and FAP

To determine the fair market value of real property and mobile homes use:

- Deed, mortgage, purchase agreement or contract.
- State Equalized Value (SEV) on current property tax records multiplied by two.
- Statement of real estate agent or financial institution.
- Attorney or court records.
- County records.

FIP, SDA, RCA

Use the fair market value.

SSI-Related MA Only, CDC and FAP

The value is the equity value. Equity value is the fair market value minus the amount legally owed in a written lien provision.

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Deeds are considered legal if they are signed and notarized. It does not have to be registered with the registrar of deeds to be a legal document.

Note: In Michigan, a lien on a mobile home is on record with the Secretary of State. If the mobile home is on land the person owns, the lien may also be recorded with the land deed.

Life Estate/Life Lease Definition

FIP, SDA, RCA, SSI-Related MA Only, CDC and FAP

A life estate or life lease gives the person who holds it certain rights to property during the person's lifetime. Usually, the right is the right to live on the property. The person holding the life estate or life lease can sell it but does **not** own the actual property and normally **cannot** sell the actual property.

Life Estate/Life Lease Value

FIP, SDA, RCA, SSI-Related MA Only, CDC and FAP

Use the life estate factors in Exhibit II to compute the value of a life estate or life lease. Choose the life estate factor that corresponds to the person's age. Multiply the fair market value of the actual property by the appropriate life estate factor. The result is the value of the life estate or life lease.

SSI-Related MA Only

Use the value of the life estate to determine if the purchase price was for fair market value when a person purchases a life estate in another individual's home.

When a person purchases a life estate in another individual's home, they must actually reside there for at least one year after the date of purchase to qualify for the homestead exclusion. If the person resides in the home for less than one year, treat the transaction as a transfer of assets. The amount of the transfer is the entire amount used to purchase the life estate. See [BEM 405](#), to determine the penalty period.

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FAP Only

Exception: Use a lower amount if verified. Verified means statements from two financial institutions or real estate firms with a lower value and the reason for it (example: terminal illness). Use the lowest amount if the statements have different values.

**HOMES AND REAL
PROPERTY
EXCLUSIONS****Homestead
Definition and
Exclusion****FAP**

A homestead is where a person lives (unless absent; see *absent from homestead*, in this item) that they own, is buying or holds through a life estate or life lease. It includes the home, all adjoining land and any other buildings on the land. Adjoining land means land which is **not** completely separated from the home by land owned by someone else. Adjoining land may be separated by rivers, easements and public rights-of-way (example: utility lines and roads).

Exclude only one homestead for an asset group. If a migrant claims two homesteads, exclude the homestead of the migrant's choice.

SSI-Related MA Only

A homestead is where a person lives that they own, is buying or holds through a life estate. It includes the home in which they live, the land on which the home is located, and any other related buildings on the adjoining land. Adjoining land means land which is not completely separated from the home by land owned by someone else. Adjoining land may be separated by rivers, easements, and public rights-of-way (example: utility lines and roads). A homestead does not include income producing property located on the homestead property.

Exclude only one homestead for an asset group. If the individual owns more than one home exclude the principal place of residence. See glossary for definition of homestead and principal place of residence.

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[BEM 402, Special MA Asset Rules](#), describes when both a client's and community spouse's assets are counted. If a client and community spouse own two homes, or they are separated, and each owns a homestead, exclude the homestead with:

- The lower equity value for purposes of the initial asset assessment, and
- The higher equity value for purposes of determining initial eligibility.

See policy in this item about exempting a homestead when the owner is absent from homestead.

Home Equity Limit for Long Term Care Costs

SSI-Related MA Only

Determine the equity value of the homestead; see *real property and mobile home value* in this item.

MA will not pay the client's cost for:

- Home health services.
- Home and community-based services (MIChoice Waiver/PACE).
- LTC services.
- Home Help.

When the equity in the client's homestead exceeds:

- \$713,000 effective January 1, 2024.
- \$688,000 effective January 1, 2023.
- \$636,000 effective January 1, 2022.
- \$603,000 effective January 1, 2021.
- \$595,000 effective January 1, 2020.

Do not apply the home equity limit to the client if the spouse, child under 21, or the client's blind or disabled child is residing in the homestead.

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**Absent from
Homestead****SSI-Related MA Only**

Exclude the homestead (see definition in this item) that an owner lived in prior to the time the individual left the property if **any** of the following are true:

- The owner intends to return to the homestead.
- The owner is in an LTC facility, a hospital, an adult foster care (AFC) home or a home for the aged.
- A co-owner of the homestead uses the property as his home.

Relative Occupied. Exclude a homestead provided both of the following are true:

- The owner is in an institution; see [BPG Glossary](#).
- The owner's spouse or relative (see below) lives there.

Relative for this purpose means a person dependent in any way (financial, medical, etc.,) on the owner and related to the owner as any of the following:

- Child, stepchild, or grandchild.
- Parent, stepparent, or grandparent.
- Aunt, uncle, niece, or nephew.
- Cousin.
- In-law.
- Brother, sister, stepbrother, stepsister, half- brother, or half-sister.

FAP

Exclude the homestead the owner formerly lived in if the owner intends to return and is absent for one of the following reasons:

- Vocational rehabilitation training.
- Inability to live at home due to a verified health condition.
- Migratory farm work.
- Care in a hospital.
- Temporary absence due to employment, training for future employment, illness, or a casualty (example: fire) or natural disaster.

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**Homestead Land
Retained
Exclusion****SSI-Related MA Only**

If an owner sells a homestead (example: mobile home), but retains ownership of the land it was on, exclude the land for three months. The first month is the month the owner receives any payment from the sale. Also, exclude the land for the time between the sale and the receipt of such payment.

**Homestead-Loss
Land Exclusion****SSI-Related MA Only**

Exclude the land of a damaged, destroyed, or condemned homestead if both of the following are true:

- The owner intends to reoccupy it.
- There is a written repair or replacement agreement.

The client must declare an estimated completion date. The exclusion lasts until that date. The local office may grant extensions.

**Real Property and
Employment
Assets****SSI-Related MA Only and FAP**

Employment-related assets such as farmland and the building where a business is located might be excluded; see *Employment Asset Exclusions* in this item.

**Future Home
Exclusion****FAP**

Exclude a lot (including a partially built home) if the owner intends it to become the fiscal group's homestead and has no other homestead.

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**Real Property and
Burial
Arrangements****SSI-Related MA Only**

Property intended as burial space might be excludable; see *Burial Space Exclusion* in this item.

FAP

Exclude burial plots and any burial and funeral arrangements purchased by members of the FAP group.

**Income-Producing
Real Property****SSI-Related MA Only**

Exclude up to \$6,000 of equity in income-producing real property if it produces annual countable income equal to at least 6 percent of the asset group's equity in the asset. Countable income is total proceeds minus actual operating expenses.

Exception: Use the Employment Asset Exclusions in this item for property used in a business or trade.

FAP Only

Exclude rental and vacation properties owned by the group if they are renting it to produce income.

Note: Time-share properties are excluded.

**HOUSEHOLD AND
PERSONAL GOODS
DEFINED****FAP**

Household Goods - those items customarily found in the home and used in connection with the maintenance, use and occupancy of the premises. This includes items necessary for an adequate standard of sustenance, accommodation, comfort, information and entertainment of occupants and guests. Examples are appliances, furniture, television sets, carpets, cooking utensils, eating utensils and dishes.

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Personal Goods - items of personal property that are worn or carried by a person or that have intimate relationship to them.

Examples are personal clothing and jewelry, personal care items, and educational or recreational items such as books, musical instruments, or hobby material.

SSI-Related MA Only

Household Goods - those items of personal property found in or near the home. Household goods are needed for maintenance, use, and occupancy of the premises as a home. Items are considered a person's household goods when they are currently used, or in the case of an institutionalized person, were previously used by the person in his or her own residence. Examples include furniture, carpets, and dishes.

Personal Effects - those items of personal property which are ordinarily worn or carried by the individual, or items which have an intimate relation to the individual. Examples include wedding and engagement rings, pets, books.

**HOUSEHOLD AND
PERSONAL GOODS
EXCLUSION**

SSI-Related MA Only and FAP

Exclude household and personal goods.

VEHICLES

SSI-Related MA Only

A **vehicle** is any registered or unregistered vehicle used for transportation. Vehicles used for transportation include, but are not limited to, passenger cars, trucks, motorcycles, boats, snow mobiles, animal-drawn vehicles, and even animals.

Note: See Homes and Real Property about mobile homes.

FAP

Vehicles are excluded as an asset.

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Vehicle Value**SSI-Related MA Only**

The value of a vehicle is its equity value. Equity value is the fair market value minus the amount legally owed in a written lien provision.

Liens must be on record with the Secretary of State or other appropriate agency.

**VEHICLE
EXCLUSIONS****SSI-Related MA
Vehicle Exclusion****SSI-Related MA Only**

Exclude one motorized vehicle owned by the asset group. If the asset group owns multiple motorized vehicles:

- Use the Employment Asset Exclusions first, then
From any remaining motorized vehicles, exclude the one with the highest equity value.

**PROMISSORY
NOTES/LOANS/
LAND CONTRACTS/
MORTGAGES****Land Contracts****SSI-Related MA Only**

A land contract is a form of seller financing. It is similar to a mortgage, but the buyer makes payments to the real estate owner (seller) until the purchase price is paid in full. A homeowner might also sell their home via a sale-leaseback agreement; see definition in this item. A land contract does not have to be recorded in Michigan.

The person who sold the property is the holder of the note. The note is the holder's asset.

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Example: John sells land to Irma on a land contract. John is the land contract holder. The land contract is John's asset. The land is Irma's asset.

The value of a land contract is the amount it can be sold for in the holder's geographic area on short notice (usually at a commercial discount rate) minus any lien on the property the holder must repay.

A land contract may be treated as a transfer of assets unless all the following are true:

- The repayment schedule is actuarially sound; and
- The payments are made in equal monthly amounts during the term of the agreement with no deferral of payments and no balloon payments; and
- The contract must prohibit the cancellation of the balance upon the death of the lender.

See [BEM 405](#), Uncompensated Value, to determine the value of any land contract which does not meet all of the bullets listed in this policy.

Note: The payments from a land contract are countable unearned income.

Mortgages

A mortgage is a loan that a bank or mortgage lender gives to a buyer to finance the purchase of a house. Mortgages are usually recorded to notify the public that the lender has a lien against the property.

The value of a mortgage is the amount it can be sold for in the holder's geographic area on short notice (usually at a commercial discount rate) minus any lien on the property.

A mortgage may be treated as a transfer of assets unless all the following are true:

- The payment schedule is actuarially sound; and
- The payments are made in equal monthly amounts during the term of the agreement with no deferral of payments and no balloon payments; and

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- The mortgage contract must prohibit the cancellation of the balance upon the death of the lender.

See [BEM 405](#), *Uncompensated Value* to determine the value of any mortgage which does not meet all of the bullets in this policy.

Promissory Notes/Loans

A promissory **note** is a written promise to pay a certain sum of money to another person at a specified time. Promissory notes are loans. The promissory note may call for installment payments over a period of time (installment note). The note is an asset to the lender. For eligibility, the value of the note is the outstanding balance due as of the date of application for long term care, home help, waiver services, or home health services.

The purchase of a promissory note or loan, **is a** transfer of assets. The purchaser has transferred cash in exchange for a written promise to be paid back by the borrower. This transfer must be reviewed to determine if the purchaser has received *fair market value*. A note that cannot be sold or transferred to another party does not meet the definition of *fair market value* and must be reviewed as a divestment. See the [Glossary](#) for definitions of *fair market value* and *arm length transaction*. In addition to the *fair market value* requirement the purchase of a promissory note is a transfer of assets for less than *fair market value* unless all the following are also true:

- The repayment schedule is actuarially sound; and
- The payments are made in equal monthly amounts during the term of the agreement with no deferral of payments and no balloon payments; and
- The note must prohibit the cancellation of the balance upon the death of the lender.

See [BEM 405](#), *Uncompensated Value*, to determine the value of any promissory note or loan as a transfer for less than *fair market value*.

Note: Life expectancy tables used to determine actuarial soundness are in [BEM 405](#).

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Bona Fide Loans

A loan is bona fide if it meets all the following requirements:

- It is enforceable under state law.
- The loan agreement is in effect at the time of the transaction.
- The borrower acknowledges an obligation to repay.
- The loan document includes a plan for repayment.
- The repayment plan is feasible.

Note: Count principal payments from a bona fide loan or promissory note as the return of the principal as an asset in the month received. Payment of interest on a bona fide loan and all payments from a loan or promissory note which is not bona fide is countable unearned income.

The estate recovery program needs to know about a promissory note for the state to recover Medicaid expenses. Please send a copy of the promissory note to the estate recovery unit at: MDHHS-EstateRecovery@michigan.gov.

**Sale-Leaseback
Agreement Defined****SSI-Related MA Only**

In a sale-leaseback agreement, a homeowner sells his home on an installment note and receives monthly payments from the buyer. The buyer allows the former homeowner to live in the home in exchange for rent. The difference between the buyer's payment and the rent is money the former homeowner can use for current expenses. Sometimes the arrangement involves purchase of an annuity that pays money to the former homeowner.

**Sale-Leaseback
Asset Value****SSI-Related MA Only**

The note held by the former homeowner is an asset. The value is the amount the note can be sold for in the holder's geographic area on short notice (usually at a commercial discount rate) minus any liens on the property the former homeowner must repay.

The sale might also create income for the note holder; see [BEM 503](#), *Sale-Leaseback Income*.

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LIFE INSURANCE**SSI-Related MA Only**

A **life insurance policy** is a contract between the policy owner and the company that provides the insurance. The company agrees to pay money to a designated beneficiary upon the death of the insured. Pure Endowment Life Insurance Contracts pay out on a specific date in the future, not just when the beneficiary dies, and does not meet the definition of life insurance for Medicaid.

**Life Insurance
Definitions****SSI-Related MA Only**

Cash surrender value (CSV) - the amount of money the policy owner can get by canceling the policy before it matures or before the insured dies. It may be titled the cash surrender value or the cash value.

Face value (FV) - the amount of the basic death benefit contracted for at the time the policy is purchased. It might be titled the face value, face amount, amount of insurance, amount of policy or sum insured. It does **not** include dividends or additional amounts payable because of accidental death or other special circumstance.

Insured - the person whose life the policy insures.

Insurer - the company that contracts with the policy owner.

Policy owner - the person who has the right to change the policy. This is usually the person who pays the premiums. The policy owner and the insured can be different people.

**Life Insurance
Value****SSI-Related MA Only**

A life insurance policy is an asset if it can generate a CSV. A policy is the policy owner's asset.

- A policy's value is its CSV. A policy can generate a CSV but have a CSV of zero. Such a policy is an asset with zero value.

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- Generally, term insurance does **not** have a CSV. Whole or straight life policies generate a CSV. Policies called graded term or level term may have a CSV and must be verified and counted as an asset.
- The CSV usually increases over time. A loan against a policy reduces its CSV. Pre-death payment of the death benefit might reduce the CSV. See **Accelerated Life Insurance Payments** in BEM 500 about the payments received.
- CSV and FV are **not** the same thing.
- Tables included with a life insurance policy are not considered accurate. Verification of the CSV should be either a current notice (within the year) from the company or by contacting the company for the current value.

LIFE INSURANCE EXCLUSIONS

Life Insurance for Funeral

SSI-Related MA Only

In addition to the general exclusion below, some or all of the value of insurance might be excluded to pay for funeral expenses; see **Funeral Plans** in this item.

General SSI- Related MA Life Insurance Exclusion

SSI-Related MA Only

Look at each policy owner's life insurance separately.

Exclude the entire cash surrender value when the total **face values** of all policies a policy owner has for the **same insured** are \$1,500 or less.

See the example and exceptions below.

Example:

Mr. and Mrs. Smith own the following policies:

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Policy	Owner	FV	Insured	CSV	
1	Mr.	\$1,000	Mrs.	\$500	
2	Mr.	\$800	Mrs.	\$300	
3	Mr.	\$1,500	Mr.	\$1,000	Exclude
4	Mr.	\$2,000	Son	\$1,000	
5	Mrs.	\$1,500	Mr.	\$500	Exclude
6	Mrs.	\$2,000	Mrs.	\$1,000	

CSVs for policies 1 and 2 are **not** excludable under this policy for Mr. Smith. He owns both policies. They insure the same person. The combined FVs exceed \$1,500.

CSV for policy 4 is **not** excludable under this policy for Mr. Smith. The FV exceeds \$1,500.

CSV for policy 6 is **not** excludable under this policy for Mrs. Smith. The FV exceeds \$1,500.

Exceptions: Do **not** count the face value of:

- Term insurance that does **not** generate a CSV.
- Burial insurance. Burial insurance is an insurance policy whose terms prevent the use of its proceeds for anything other than payment of the insured's burial expenses. A policy is not burial insurance if the policy has a CSV the owner can access. A policy used for a Life Insurance Funded Funeral below is not burial insurance. Michigan does **not** have burial insurance, but a person from another state could have such insurance.
- Endowment policies. An **endowment policy** is a policy which enables the insured to accumulate a sum of money payable to them at a date named in the policy (the maturity date). The policy states whether the money is paid overtime or all at once. The policy matures on the maturity date. An endowment policy is **not** life insurance. Because the applicant gives up the rights to control the money until the maturity date, a non-matured endowment policy must be considered a divestment; see [BEM 405](#).

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**LONG TERM CARE
INSURANCE
PARTNERSHIP
POLICIES**

SSI-Related MA Only

Long term care insurance partnership policies are health insurance and are not countable as assets. However, there are special asset rules for individuals who use long term care insurance partnership policies to pay for long term care.

At the initial eligibility determination there is an asset disregard (starting with countable assets first) equal to the amount that the long-term care policy has paid to, or on the behalf of, the applicant. The asset disregard can increase at redetermination or case closure. The countable asset limit for Extended Care category remains the same. Assets of any type can receive the disregard. These disregarded assets are also disregarded (protected from) estate recovery.

**LONG TERM CARE
INSURANCE
POLICIES**

SSI-Related MA Only

Long Term Care (LTC) insurance is a potential third-party payer for some medical expenses. Usually, the LTC insurance can pay all or some of the LTC expenses before the MA program pays. LTC insurance policies need to be reported to TPL. TPL will process the information and update the MA payment of LTC medical claims accordingly. LTC insurance is not considered an asset or income for the individual. Individuals need to make arrangements with the nursing facility to forward any LTC insurance payments the individual receives to the nursing facility; the payments should not accumulate.

FUNERAL PLANS

SSI-Related MA Only

Funeral plan refers to the prearrangement for cemetery and/or funeral goods and services. Normally, the plan is established using one or more of the following:

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**Burial Fund
Exclusion**

- Burial fund.
- Purchase of burial space.
- Prepaid funeral contract.
- Life insurance funding.

SSI-Related MA Only

A limited amount of certain types of assets a person has clearly designated to pay for burial expenses is excluded as a burial fund. See below for information about:

- Types of assets.
- Burial expenses.
- Clearly designated.
- Not commingled.
- Amount excluded.
- Misuse of funds.

See Exhibit I of this item for examples of this exclusion.

Types of Assets

Assets under the following headings in this item can be a burial fund:

- Cash.
- Investments.
- Life insurance.
- Prepaid funeral contract.

Other types of assets (example: real property, vehicles, livestock) may **not** be a burial fund.

Burial Expenses

Expenses that qualify for the burial fund exclusion are generally those related to preparing a body for burial and any services prior to burial. Examples are:

- Services of funeral director and staff.
- Transportation of the body.
- Embalming.
- Cremation.

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- Clothing.
- Cost of guest registry book.
- Cost of obituary.
- Flowers **not** displayed at gravesite.
- Cleric's honorarium if no services at gravesite.
- Burial space items that do **not** meet the held for test described in *SSI-Related MA Burial Space Exclusion* in this item.

Note: A Luncheon or similar service does not meet the definition of a burial expense as it is not related to the preparation of the body for burial. Do not certify a DHS-8A with such an expense and do not consider it as an allowable burial expense item.

Clearly Designated

The asset must be clearly designated. The designation can be on the asset (example: title on a bank account, prepaid funeral contract) or on a signed statement from the client. The designation must include the following information:

- Value and owner of the asset.
- Whose burial the fund is for.
- Date the funds were set aside for the person's burial.
- Form in which the asset is held (example: bank account, life insurance).

Not Commingled

Burial funds may **not** be commingled with any assets except excluded burial space assets; see *SSI-Related MA Burial Space Exclusion* in this item.

Amount Excluded

Exclude up to \$1,500 for each qualified fiscal group member and/or spouse. In addition, exclude accumulated interest and dividends.

Reduce the \$1,500 per person maximum by the following:

- The face value of excluded life insurance policies (including term insurance) when the person is the insured and:
 - If an adult, the policy is owned by the person or the person's spouse.

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- If a child, the policy is owned by the child, the child's parent or the parent's spouse.
- The principal amount (**not** accumulated interest or dividends) held in an irrevocable prepaid funeral contract for the person's burial expenses (see above). Do **not** count the identifiable cost of burial space assets; see *Burial Space Defined* in this item.
- The cost of burial expenses (see above) identifiable in a life insurance funded funeral plan that was irrevocably transferred (see *Life Insurance Funded Funeral and Life Insurance Irrevocably Transferred* in this item.
- The face value of burial insurance on the person. See *Life Insurance* in this item for the definition of burial insurance.

Count only the original principal amount and any additions to the principal to determine if the maximum limit has been reached. Do **not** count accumulated interest and dividends.

Note: The principal amount of a life insurance policy is the cash surrender value (CSV) of the policy, **not** the face value. Increases in the CSV count against the limit. Increases in the CSV above the person's burial fund limit are countable as the policy owner's assets.

Misuse of Fund

Count the amount of an excluded burial fund used for another purpose **while the person was an MA recipient** as unearned income for one month. The month must be far enough in the future so that any negative action pend period would end before the month begins.

Exception: Do **not** do this if the value of countable assets plus the misused funds were within the asset limit for the month the misuse occurred.

Burial Space Defined

SSI-Related MA Only

A **burial space** is a(n):

- Burial plot, gravesite.

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- Crypt, mausoleum.
- Casket, urn, niche.
- Some other type of repository customarily and traditionally used for the deceased's bodily remains.
- **Necessary** and **reasonable** improvements or additions to or upon such spaces including:
 - Vaults.
 - Headstones, markers, or plaques.
 - Burial containers.
 - Opening and closing of the gravesite.
 - Contracts for care and maintenance of the gravesite.

Note: **Reasonable** and **necessary** are those items required by the cemetery.

- Flowers if displayed at gravesite.
- Cleric's honorarium for service at gravesite.

Note: Of the items that serve the same purpose, exclude only one item per person.

Example: Exclude a cemetery lot and casket for the same person, but not a casket and an urn.

Value of Burial Space

SSI-Related MA Only

The value of a burial space item is its equity value. Equity value is fair market value minus the amount legally owed in a written lien provision.

SSI-Related MA Burial Space Exclusion

SSI-Related MA Only

An applicant can own and exclude burial space items for themselves. Burial space items in a prepaid funeral contract must be identified and valued separately from non-burial space times to be excluded Burial space items on a revocable prepaid contract are

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excluded. Burial space items on an irrevocable contract are not a resource.

In addition to their own burial space items an applicant can own and exclude burial space items for each of the following individuals:

- Each qualified fiscal group member; see [BEM 211](#).
- Whether by blood, adoption or marriage, the member's:
 - Parents.
 - Minor and adult children.
 - Siblings.
- The spouse of each person listed above.

The applicant must retain ownership and control of the burial space item to receive the exclusion; see *held for* policy in this item. The exclusion ends if the applicant's relationship to a relative only by marriage has ended by death or divorce.

The burial space must continue to meet the *held for* criteria to be excluded, see *held for* in this item. If a burial space is transferred to another individual (even if listed above) it no longer meets the *held for* criteria and must be reviewed for divestment; see [BEM 405](#).

If the burial space items serve the same purpose, exclude only one item per person.

Note: An applicant may transfer a burial space item to a disabled child of any age or the applicant's spouse without incurring a divestment.

Held For. A burial space is held for an individual when the applicant currently has:

- Title to and/or possesses a burial space intended for the listed individual's use (for example has title to a burial plot, has paid for a burial urn).
- A contract with a funeral service company for specified burial spaces for the listed individual's burial (that is, an agreement that represents the listed individual's current right to the use of the items).

A burial space does not meet the definition of *held for* any applicant or listed individual under an installment sales contract or similar device if the purchase price is not paid in full and any of the following are true:

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- The individual does **not** currently own the space.
- The individual does **not** currently have the right to use the space.
- The seller is **not** currently obligated to provide the space.

Until all payments are made on the contract, the amounts paid might be considered burial funds; see *Burial Fund Exclusion* in this item.

Note: In Michigan only a provider licensed by the Michigan Department of Licensing and Regulatory Affairs can sell burial space items.

Prepaid Funeral Contract

SSI-Related MA Only

A prepaid funeral contract means a contract requiring payment in advance for funeral goods or services. Contracts may be revocable or irrevocable.

- See *Revocable Prepaid Funeral Contract Exclusions and Value* in this item if the contract is revocable.
- See *Irrevocable Prepaid Funeral Contracts* in this item if the contract is irrevocable.
- See [BAM 805, Prepaid Funeral Contracts](#), about making Michigan contracts irrevocable.

Revocable Prepaid Funeral Contract Exclusions and Value

SSI-Related MA Only

Funds in a revocable prepaid funeral contract might be excludable using the *Burial Fund Exclusion* and/or the *SSI-Related MA Burial Space Exclusion* in this item.

The countable amount of the contract is the amount remaining on deposit after deducting those exclusions and any commissions or

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fees that would be charged upon withdrawal. There is no burial funds exclusion.

Irrevocable Prepaid Funeral Contracts

G2U, G2C, RMA, SSI-Related MA Only

Funds in an **irrevocable** prepaid funeral contract are unavailable and thus are **not** counted.

Funds in a Michigan contract (DHS-8A, Irrevocable Funeral Contract Certification) certified irrevocable are excluded.

Note: Prior to 1986 Michigan law allowed a pre-paid funeral contract to be funded with a Certificate of Deposit (CD). These contracts may be certified as irrevocable.

Life Insurance Funded Funeral

SSI-Related MA Only

A funeral plan can be funded using life insurance. A person purchases a life insurance policy and directs the proceeds to be used to pay for their funeral. In addition, the person might irrevocably/permanently transfer ownership of the policy to either:

- A trust.
- A funeral director who then transfers ownership to a trust.

Note: An annuity can be used in the same way to fund a funeral plan.

Proceeds of a life insurance policy means the face value of the policy plus any additions payable at maturity or death. Proceeds are reduced by the amount of outstanding loans against the policy and Accelerated Life Insurance Payments; see [BEM 500](#).

A funeral plan funded with life insurance is **not** a prepaid funeral contract per [BAM 805](#).

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**Life Insurance
Funded Funeral
Trusts****SSI-Related MA Only**

Life insurance funded trusts, regardless of including specific goods or services, or naming a funeral provider, are countable if revocable and a divestment if irrevocable. Send a life insurance funded trust to the Trust and Annuity Evaluation Unit.

**Other Funded
Funeral Trusts**

Other funded funeral trusts, regardless of including specific goods or services, or naming a funeral provider, are countable assets if revocable and divestment if irrevocable. These trusts are not prepaid funeral agreements and do not qualify for any funeral exemptions. A DHS-8A cannot be used to certify a revocable trust as irrevocable for purposes of exclusion.

**Life Insurance NOT
Irrevocably
Transferred****SSI-Related MA Only**

If a person has directed the proceeds of a life insurance policy be used to pay for their funeral, but has **not** irrevocably transferred ownership, the policy is treated as life insurance. See *Life Insurance and Burial Fund Exclusion* in this item.

**Life Insurance
Irrevocably
Transferred****SSI-Related MA Only**

Use the following when a person directs that the proceeds of a life insurance policy be used for their funeral **and** has **irrevocably** transferred ownership of the policy. Do this even if the person retains the right to change funeral providers, items, or services.

- Do **not** count the cash surrender value of the policy as an asset effective the month of transfer.
- Do not count the funeral contract as an asset.

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- Do not apply policy in [BEM 401](#).
- Do not consider the ownership transfer as divestment when all of the following are true:
 - The proceeds are still to be used to pay the insured's funeral expenses.
 - The value of the goods and contracted services at least equals the cash surrender value of the insurance.
 - The new owner **cannot** use the cash surrender value of the insurance policy for themselves.

Note: If the value of the goods and services contracted for is less than cash surrender value of the insurance, the difference is transferred for less than fair market value.

Limited Liability Companies

SSI-Related MA Only

Count any assets in a Limited Liability Company (LLC).

LIVESTOCK

SSI-Related MA Only and FAP

Exclude farm animals used for personal consumption. Exclude family pets.

Other livestock might be excluded as an employment asset; see *Employment Asset Exclusions* in this item.

EMPLOYMENT AND TRAINING ASSETS

SSI-Related MA Only and FAP

Employment assets are those assets commonly used in a business, a trade or other employment. Examples:

- Farmland.
- Tools, equipment and machinery.
- Inventory, livestock.
- Savings or checking account used solely for a business.

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- The building a business is located in.
- Vehicles used in business such as a farm tractor or delivery truck. It does **not** include vehicles used solely for transportation to and from work.

Such assets might also be used in education or job training.

Employment or Training Asset Value

See the appropriate sections above regarding the value of vehicles, real property and savings or checking accounts. The value of other employment or training assets is their equity value. Equity value is fair market value minus the amount legally owed in a written lien provision.

Payment-In-Kind (PIK) Program

A PIK commodity or commodity certificate may be an asset; see BEM 502 and 503 (for MA), Payment-in-Kind (PIK) Program.

EMPLOYMENT ASSET EXCLUSIONS

General Employment Exclusion

SSI-Related MA Only and FAP

Exclude *employment assets* (see above) that:

- Are required by a person's employer.
- Produce income directly through their use.

Such assets remain excluded when a person is unemployed only if the person intends to return to that type of work.

Exception: For FAP, exclude assets essential to self-employment farming for one year after the person quits the farming activity, even if they have no intent to resume.

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Lien Exclusion**FAP Only**

Exclude a non-liquid asset against which a lien has been placed because of taking out a business loan and the household is prohibited by the security or lien agreement with the creditor from selling the asset(s). This asset is considered not accessible.

**Education and
Training Exclusion****FIP, RCA, SDA, G2U, G2C, RMA and CDC**

529 college savings plans are designed to allow individuals to make after-tax deposits for their children's future higher education expenses. In Michigan, these plans are administered by the Department of Treasury and are known as Michigan Education Savings Plans. Funds deposited into these accounts may qualify for matching funds. After a child reaches age 18, the funds may be used for post-secondary education or a certified training program.

Disregard funds on deposit in a 529 college savings plan, interest earned on a 529 plan, and any matching funds deposited in a 529 plan.

SSI-Related MA Only

Exclude assets directly related to a person's current education or job training program. Directly related means the asset is necessary for the major program of study or related occupation. Current means ongoing participation except for school breaks.

Example: Exclude tools the person needs for their ongoing auto mechanics program.

Continue this exclusion for six calendar months following the month the program is completed if the person intends to seek employment in that occupation.

Note: This exclusion does **not** apply to real property and life estates.

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**Health Profession
Opportunity Grant****All Types of Assistance**

These payments are issued to provide education and training in the health care field to Temporary Assistance to Needy Families recipients and other low-income individuals.

Bridges excludes as income and assets.

EXCLUDED ASSETS**FAP**

Exclude Native American lands held jointly with the Tribe, or land that can be sold only with the approval of the Department of the Interior's Bureau of Indian Affairs.

Public Law 79-396, Section 12(e) of the National School Lunch Act, as amended by Section 9(d) of Public Law 94-105, excludes assistance provided to children rather than that paid to providers. The programs include:

- School Lunch Program.
- Summer Food Service Program.
- Child and Adult Care Food Program.
- Commodity Distribution Program.

Public Law 89-642, the Child Nutrition Act of 1966, Section 11(b). The programs include but are not limited to:

- Special Milk Program.
- School Breakfast Program.
- Special Supplemental Food Program for Women Infants and Children (WIC).

Public Law 93-531, Section 22, 10/17/75 - Relocation assistance payments to members of the Navajo and Hopi tribes.

Public Law 97-403 - Payments to the Turtle Mountain Band of Chippewas and Arizona.

Public Law 97-408 - Payments to the Blackfeet, Grosventre and Assiniboine tribes, Montana, and the Papago, Arizona.

Public Law 97-458.

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Public Law 98-500, Section 8, 10/17/84, Old Age Assistance Claims Settlement Act, provides that funds made to heirs of deceased Native Americans under this Act should not be considered as assets nor otherwise used to reduce or deny food stamp benefits except for per capita shares more than \$2,000.

Public Law 99-146, Section 6(b), 11/11/1985 - Funds distributed per capita or held in trust for members of the Chippewas of Lake Superior. Judgments were awarded in Dockets Numbered 18-S, 18-U, 18-C and 18-T.

Public Law 99-377, Section 4(b), 8/8/86, - Funds distributed per capita to the Chippewas of the Mississippi or held in trust under this Act are excluded. The judgments were awarded in Docket Number 18-S.

Public Law 101-277, 4/30/90, funds appropriated in satisfaction of judgments awarded to the Seminole Indians in Dockets 73,151 and 73-A of the Indian Claims Commission.

Public Law 103-436, 11/02/94, Confederated Tribes of the Colville Reservation Grand Coulee Dam Settlement Act, Section 7(b), provides that payments made pursuant to this Act are totally excluded.

Public Law 111-291, Section 107(f)(2) of the Claims Resolution Act of 2010 - Payments received from the Cobell vs. Salazar Settlement.

VERIFICATION REQUIREMENTS

FIP, SDA, RCA, G2U, G2C, RMA, SSI-Related MA Only, CDC and FAP

Do **not** require verification when countable assets exceed the limit based on a person's own statement of value.

G2U, G2C, RMA and SSI-Related MA Only

Verify the value of countable assets at application, redetermination and when a change is reported.

Exception: For RMA, verify the value of countable assets at application only.

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Verify joint ownership and that the countable amount is less than that presumed by policy at application and when a change is reported.

Verify the following factors affecting exclusion of an asset at application, redetermination, and when a change is reported:

- An asset is **not** available.
- Joint ownership prevents sale (other owner refuses to sell).
Note: this does not apply to MA policy; see Jointly Owned Assets in this item.
- There is a written agreement to repair/replace a damaged or destroyed homestead (cash exclusion for G2U, G2C, RMA, SSI-Related MA Only; land exclusion for SSI-Related MA).
- There is a written agreement to purchase another homestead.
- The asset is a bona fide loan.

FIP, SDA, RCA and FAP

If questionable, verify countable assets at application, semi-annual, mid-certification, redetermination and when a change is reported. Examples include, but are not limited to, recent program closure or denial due to excess assets and a new application is received with an asset balance now under the asset limit, or the client is reporting they are close to the asset limit.

Example: Aaron applies for cash and FAP. The FAP group is non-categorically eligible. Aaron's total liquid assets are close to the asset limit. The specialist determines during a conversation with the client that the amount reported is questionable. Verification of the assets is requested.

Exception 1: Client statement is not an acceptable verification for trusts and annuities.

Exception 2: Client statement is not an acceptable verification for asset detection unless previously reported.

Exception 3: For FAP, client statement is not an acceptable verification for asset transfers/divestment.

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If questionable, verify the following factors affecting exclusion of an asset at application, redetermination, and when a change is reported:

- An asset is not available.
- Joint ownership prevents sale (other owner refuses to sell). See *Jointly Owned Assets* in this item.
- There is a written agreement to repair/replace a damaged or destroyed homestead.
- There is a written agreement to purchase another homestead.
- The asset is a bona fide loan.

CDC Only

Do not verify countable assets.

SSI-Related MA Only

- An asset is non-salable.
- The equity value in income-producing real property.
- Any transfer of ownership of life insurance to fund a funeral.

**VERIFICATION
SOURCES****FIP, SDA, RCA, G2U, G2C, RMA, SSI-Related MA Only, and
FAP**

The following prove ownership and/or value of assets. Use the DHS-20, Verification of Assets, the DHS-27, Release of Information, or other specified form as appropriate, when helping a person verify assets.

Document information verified by telephone contact in the case or on a DHS-223, Documentation Record.

Other sources of verification are listed by asset type.

Note: For FAP the following are examples of acceptable verification sources and **not** an all-inclusive list.

**Checking or Draft
Account**

- Telephone contact with financial institution.

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**Crowdfunding
Account**

- Written statement from financial institution.
- Monthly statement (Examination of checkbook is not sufficient.)

Cryptocurrency

- Copy of Account site.
- Bank statement showing deposits from a crowdfunding account.
- URL chosen by the client, exact exchange rate, amount of currency the household owns and a screenshot of the exchange site the client is using.
- Choose a URL such as Coinbase if a client does **not** wish to provide a URL. Document the URL used, exact exchange rate, amount of currency the household owns, and a screenshot of the exchange site used.

**Federal Tax
Refund**

Proof of tax refund amount and date received.

**Individual
Development
Account**

- Copy of documents establishing the IDA.
- Statement from the trustee or custodian of the account.

Note: Documentation must specify the purpose for which the trust or account is established, that the trust or account will receive matching funds, and that withdrawals must be authorized by the trustee or custodian.

**Irrevocable
Funeral Contract**

Copy of DHS-8A, Irrevocable Funeral Contract Certification, certifying contract irrevocable.

Loan

- Lien Exclusion.

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- Letter from creditor.
- Telephone contact with creditor. Copy of financial institution loan contract.
- Lender's financial statement showing withdrawal of borrowed amount.

Life Insurance

- DHS-4786, Life Insurance Verification, completed by agent or company.
- Statement from insurance company or agent.

LLCs (limited liability company)

- Operating agreement for the company.

LTC Patient Trust Fund

Written statement from LTC facility.

Money Held by Other

Written statement from person holding the money.

Native American Land

- Letter from the tribe.
- Telephone contact with the tribe.

Prepaid Funeral Contract

- Statement of funeral home or contract seller.
- Copy of contract.

Real Property

- Deed, mortgage, purchase agreement or contract.
- State Equalized Value (SEV) on current property tax records multiplied by two.
- Attorney or court records.

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- County records.
- Statement of real estate agent or financial institution.

Retirement Plan

- Written statement from plan administrator.
- Current plan statement.

Savings or Share Account

- Monthly statement.
- Written statement from financial institution.
- Telephone contact with financial institution.

Savings Certificate

- Written statement from financial institution.
- Certificate itself.

SSI Dedicated Account

- Letter from Social Security Administration.
- Telephone contact with Social Security Administration.

Stocks and Bonds

- Written statement from broker or company.
- Listing in current newspaper.

Trust

- Copy of trust document.
- Copy of documents transferring ownership of assets to the trust.
- Appropriate source for the asset types owned by the trust.

U.S. Savings Bond

- Statement from financial institution.
- Bond itself.

Vehicles

- Title, registration, or proof of insurance.
- Loan statement or payment book.
- Secretary of State (SOS) inquiry. This inquiry needs to be done only if no other verification source is available or if the client requests assistance.

Exception: This is the only acceptable verification source for unlicensed vehicles driven by tribal members on Native American

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reservations. The SOS clearance must be completed by a local office.

To determine value of the vehicle, do the following:

- Use Kelley Blue Book fair condition option at (www.kbb.com) or NADA Book at (www.nadaguides.com) wholesale (rough trade-in) value. When comparing the value between the two sources, use the lowest value.
- Do **not** add the value of optional equipment, special equipment or low mileage when determining value.
- Enter the greater of actual mileage or 12,000 per year.
- Enter the client's ZIP code.
- Do **not** change the preset typical equipment.
- Enter "fair" as the condition.
- Use the lowest trade-in value.

Statement of vehicle dealer or junk dealer, as appropriate.

Allow the person to verify a claim that the vehicle is worth less (example: due to damage) than wholesale book value. If the vehicle is no longer listed, accept the person's statement of value.

Exception: Verify the value of antique, classic, or custom vehicles. For the definition of antique and classic vehicles; see [BPG Glossary](#).

Vendor Pre-Paid Debit Cards

- Statement from the vendor or online printout which reflects the current account balance, (for example, Direct Express, ReliaCard, etc.).

Note: The client may have to pay for the statement.

- ATM balance inquiry with sufficient information to support a match to the account. For example, the card number matches the printed digits on the ATM slip.

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Note: For MA an ATM slip sets the day of the month to determine countable assets. If the slip balance causes the client to exceed the asset limit the client must be given the opportunity to supply sufficient information to determine a calendar day in the month when they may be asset eligible.

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EXHIBIT I - BURIAL FUNDS EXAMPLES: SSI-RELATED MA CATEGORIES ONLY

EXAMPLE 1:		EXAMPLE 2:	
Client has: \$2,500 Savings Account		Client has: \$2,500 Savings Account \$2,000 Irrevocable Funeral Contract - No Burial Space Items	
BURIAL FUNDS MAXIMUM:		BURIAL FUNDS MAXIMUM:	
\$1,500 - MAXIMUM		\$1,500 -2,000 Principal Sum of Irrevocable 0 Funeral Contract MAXIMUM	
Client may: Designate up to \$1,500 for self as excludable burial funds.		Client may not designate any assets as excludable burial funds. However, the client could use savings to purchase burial space items.	
Client must: Establish a separate account for the amount designated.			
EXAMPLE 3:		EXAMPLE 4	
Client has: \$2,500 Savings Account \$2,000 Irrevocable Funeral Contract as follows: - \$1,000 Casket - \$600 Headstone - \$400 Assorted Professional Services		Client has: \$2,500 Savings Account \$1,000 Face Value of Excludable Life Insurance	
\$1,500 - \$400 Principal Amount of Irrevocable Funeral Contract for Non-Burial Space Items \$1,100 MAXIMUM		\$1,500 -1,000 Face Value of Excludable Life Insurance \$500 MAXIMUM	
Client may: Designate up to \$1100 excludable burial funds or buy more burial space.		Client may: Designate up to \$500 as excludable burial funds or buy burial space items.	
Client must: Establish a separate account for the amount designated.		Client must: Establish a separate account for the amount designated.	

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EXAMPLE 5		EXAMPLE 6	
Client has:		Couple has:	
\$2,500	Savings Account	\$2,800	Savings Account (Joint)
\$400	Irrevocable Funeral Contract for Professional Services	\$1,300	Common Stock Account (Husband)
\$500	Face Value of Excludable Life Insurance.	\$1,600	Face Value Life Insurance - CSV=\$300 (Wife)
BURIAL FUNDS MAXIMUM:		BURIAL FUNDS MAXIMUM:	
\$1,500		\$1,500 - MAXIMUM PER PERSON	
- \$400	Principal Amount of Irrevocable Funeral Contract		
\$1,100			
- \$500	Face Value of Excludable Life Insurance		
\$600	MAXIMUM		
Client may: Designate up to \$600 as excludable burial funds or buy burial space items.		Client may: Designate up to \$1,500 per person as excludable burial funds. One way to do this is:	
		HUSBAND	WIFE
		\$200	Savings Account \$1,200
		\$1,300	Common Stock 0
		\$0	Life Insurance \$300
		\$1,500	\$1,500
Client must: Establish a separate savings account for the amount designated.		Client must: Establish a separate savings account for any amounts designated from savings.	

III.

EXHIBIT II - LIFE ESTATE AND LIFE LEASE FACTOR TABLE

Age	Factor	Age	Factor	Age	Factor
0	.97188	40	.91571	80	.43659
1	.98988	41	.91030	81	.41967
2	.99017	42	.90457	82	.40295
3	.99008	43	.89855	83	.38642
4	.98981	44	.89221	84	.36998
5	.98938	45	.88558	85	.35359
6	.98884	46	.87863	86	.33764

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Age	Factor	Age	Factor	Age	Factor
7	.98822	47	.87137	87	.32262
8	.98748	48	.86374	88	.30859
9	.98663	49	.85578	89	.29526
10	.98565	50	.84743	90	.28221
11	.98453	51	.83674	91	.26955
12	.98329	52	.82969	92	.25771
13	.98198	53	.82028	93	.24692
14	.98066	54	.81054	94	.23728
15	.97937	55	.80046	95	.22887
16	.97815	56	.79006	96	.22181
17	.97700	57	.77931	97	.21550
18	.97590	58	.76822	98	.21000
19	.97480	59	.75675	99	.20486
20	.97365	60	.74491	100	.19975
21	.97245	61	.73267	101	.19532
22	.97120	62	.72002	102	.19054
23	.96986	63	.70696	103	.18437
24	.96841	64	.69352	104	.17856
25	.96678	65	.67970	105	.16962
26	.96495	66	.66551	106	.15488
27	.96290	67	.65098	107	.13409
28	.96062	68	.63610	108	.10068
29	.95813	69	.62086	109	.04545
30	.95543	70	.60522		
31	.95254	71	.58914		
32	.94942	72	.57261		
33	.94608	73	.55571		
34	.94250	74	.53862		
35	.93868	75	.52149		
36	.93460	76	.50441		
37	.93026	77	.48742		
38	.92567	78	.47049		
39	.92083	79	.45357		

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LEGAL BASE**FIP**

MCL 400.57a(3)

MCL 400.10d

Annual Appropriations Act

26 USC 6409

MA

Social Security Act title XX

Social Security Act, Sections 1902(a)(10); (r)(2)

Deficit Reduction Act of 2005

26 USC 6409

42 CFR 435.840 -.845

MCL 400.106,112g

The Patient Protection and Affordable Care Act (Pub. L. 111-148 and the Health Care and Education Reconciliation Act (Pub. L.111-152).

RMA

26 USC 6409

45 CFR 400.101-102

Annual Appropriations Act

RCA

26 USC 6409

45 CFR 400.66

SDA

Annual Appropriations Act

Mich Admin Code, R 400.3151 – 400.3180

FAP

Food and Nutrition Act of 2008, as amended, Sec. 5. 7 U.S.C. 2014

7 CFR 273.8

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7 CFR273.8(c)(1)
7 CFR 273.8(h)
7 CFR 273.9

25 USCS 640d-22 (P.L. 93-531, Section 22, dated 12/22/74).

25 USCS 1407 Judgment Funds (as amended by P.L. 93-134 and P.L. 97-458).

25 USCS 1408 (as amended by P.L. 93-134 and P.L. 97-458, P.L. 103-66).

26 USC 6409

Public Law 79-396, Section 12(e) of the National School Lunch Act, as amended by Section 9(d) of Public Law 94-105.

Public Law 89-642, the Child Nutrition Act of 1966, Section 11(b)

Public Law 91-646, Section 216 Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970.

Public Law 92-203, Section 29, dated 1/2/76, the Alaska Native Claims Settlement Act and Section 15 of Public Law 100-241, 2/3/88 the Alaska Native Claims Settlement Act Amendments of 1987.

Public Law 93-113, the Domestic Volunteer Services Act of 1972, Title I and II Payments

Public Law 93-288. Section 312(d), the Disaster Relief Act of 1974, as amended by P. L. 100-707, Section 105(i) the Disaster Relief and Emergency Assistance Amendments of 1988.

Public Law 93-531, Section 22,10/17/75.

Public Law 94-114, Section 6,10/17/75.

Public Law 94-540.

Public Law 95-433, Section 2.

Public Law 96-420, Section 9(c),10/10/80.

Public Law 97-300.

Public Law 97-403.

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Public Law 97-408.

Public Law 98-123.

Public Law 98-124 Section 5.

Public Law 98-500, Section 8, 10/17/84.

Public Law 98-500, Section 8, 10/17/84, Old Age Assistance
Claims Settlement Act.

Public Law 98-524, the Carl D. Perkins Vocational Education Act,
Section 507 as amended by P.L. 101-392, 09/25/90, Sections 501
and 701 of the Carl D. Perkins Vocational and Applied Technology
Education Act of 1990.

Public Law 99-146, Section 6(b), 11/11/1985.

Public Law 99-346, Section 6(b)(2).

Public Law 99-377, Section 4(b), 8/8/86.

Public Law 99-425.

Public Law 99-498.

Public Law 100-175.

Public Law 100-383, Section 105(f)(2).

Public Law 100-435, Section 501.

Public Law 101-201.

Public Law 101-277, 4/30/90, funds appropriated in satisfaction of
judgments awarded to the Seminole Indians in Dockets 73,151 and
73-A of the Indian Claims Commission.

Public Law 101-426.

Public Law 101-508.

Public Law 101-610.

Public Law 102-325.

Public Law 103-286.

Public Law 103-322.

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Public Law 103-436, 11/02/94, Confederated Tribes of the Colville Reservation Grand Coulee Dam Settlement Act, Section 7(b).

Public Law 104-193.

Public Law 104-204.

Public Law 105-143, 12/15/97, Michigan Indian Land Claims Settlement Act, Section 111.

MCL 400.10d

CDC

The Child Care and Development Block Grant (CCDBG) Act (42 USC § 9858 et seq.), as amended by the CCDBG Act of 2014 (Pub. L. 113-186).

45 CFR Parts 98 and 99

Social Security Act, as amended 2016

All Programs

Public Law 111-291, Section 107(f)(2) of the Claims Resolution Act of 2010 - Payments received from the Cobell vs. Salazar Settlement.

Affordable Care Act, Public Law 111-148.

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