

**DEPARTMENT  
POLICY****FIP, SDA, RAPC, LIF, Group 2 Persons Under Age 21, Group 2  
Caretaker Relative, SSI-Related MA, and AMP**

Assets must be considered in determining eligibility for FIP, SDA, RAPC, LIF, Group 2 Persons Under Age 21 (G2U), Group 2 Caretaker Relative (G2C), SSI-related MA categories and AMP.

FIP, SDA, RAPC, LIF, G2U, G2C and AMP consider only the following types of assets:

- [“CASH”](#) (which includes savings and checking accounts).
- [“INVESTMENTS”](#).
- [“RETIREMENT PLANS”](#).
- [“TRUSTS”](#).

**Assets Defined**

**FIP asset rules apply to RAPC.**

**Assets** means cash, any other personal property and real property.

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

**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 [“PRO-GRAMS WITH NO ASSET TEST”](#) below).

You must consider both of the following to determine whether, and how much of, an asset is countable.

- Availability:
  - See [“AVAILABLE”](#).
  - See [“JOINTLY OWNED ASSETS”](#).
  - See [“NON-SALABLE ASSETS”](#)
- Exclusions.

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

**Note:** The assets considered by FIP, RAPC, SDA, LIF, G2U, G2C, and AMP are limited. See below.

You must consider the assets of each person in the asset group. See the program's asset group policy below.

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

**Exception:** See [“SALE OF PROPERTY IN INSTALLMENTS”](#) in PEM 500.

### **FIP, SDA, LIF, G2U, G2C, and AMP Only**

The following types of assets are the only types considered for FIP, SDA, LIF, G2U, G2C, and AMP:

- [“CASH”](#) (which includes savings and checking accounts).
- [“INVESTMENTS”](#).
- [“RETIREMENT PLANS”](#).
- [“TRUSTS”](#).

### **SSI-Related MA**

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

## **PROGRAMS WITH NO ASSET TEST**

### **CDC**

There is no asset test for CDC.

### **Healthy Kids, Group 2 Pregnant Women, TMAP, RAPM**

There is no asset test for the following:

- Healthy Kids (PEM 125, 129 and 131).
- Group 2 Pregnant Women (PEM 126).
- TMA-Plus (PEM 645).
- Refugee Assistance Program Medical (RAPM) (PEM 630)

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 or LIF.

**Example:** The Smith family (Mrs. Smith and daughter age 12) failed to return verification of their bank account by the due date. Therefore, LIF eligibility **cannot** be determined. However, Healthy Kids must still be considered.

### **FAP Only**

There is no asset test for the Food Assistance Program as all groups are either:

- Categorically eligible.
- All members of the group are eligible for Domestic Violence Comprehensive Services.

**FIP, RAP AND SDA  
ASSET ELIGIBILITY**
**FIP RAP and SDA**
**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.

**Application**

At **application**, do not authorize the Family Independence Program (FIP), Refugee Assistance Program Cash (RAPC), or State Disability Program (SDA) for future months if the person has excess assets on the processing date.

**Pending  
Application  
Months**

For pending FIP, RAP, and SDA, applications, use asset policy that is in effect for the month you are determining eligibility.

**Ongoing**

If an **ongoing** FIP, RAP, SDA recipient has excess assets, initiate closure. However, delete the pending negative action if it is verified that the excess assets are under the limit before the negative action effective date.

Recoup 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. PAM 700 and 705 explain overissuance and recoupment policies and procedures.

**RAPC 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.

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

**FIP/RAPC/SDA/  
AMP Asset Group**
**FIP, SDA and AMP Only**

The asset group is the program group. See PEM [210](#) and [214](#).

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

\$3,000

**AMP Asset Limit**
**AMP Only**

\$3,000

**MA ASSET  
ELIGIBILITY****LIF, G2U, G2C, AMP and SSI-Related MA Only**

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

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

Use the special asset rules in PEM 402 for certain married L/H and waiver patients. See PRG, Glossary, for the definition of [L/H patient](#) and PEM 106 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.

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 [PEM 405](#)).

**LIF Asset Group****LIF Only**See [PEM 110](#).**LIF Asset Limit****LIF Only**

\$3,000

**G2U and G2C  
Asset Group****G2U and G2C**

See PEM 211.

**G2U and G2C  
Asset Limit****G2U and G2C**

\$3,000

**SSI-Related MA  
Asset Group****SSI-Related MA Only**See [PEM 211](#).

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

For Freedom to Work (PEM 174) the asset limit is \$75,000. IRS recognized retirement accounts (including IRA'S and 401(k)'s) may be of unlimited value.

For Medicare Savings Programs (PEM 165) and QDWI (PEM 169) the asset limit is:

- \$4,000 for an asset group of one.
- \$6,000 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 (see [PEM 211](#)) is an SSI or FIP recipient.
- When determining a child's eligibility under PEM 170, Home Care Children.
- When determining a child's eligibility under PEM 171, Children's Waiver.

**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:
  - Meet the nonfinancial eligibility factors in PEM 155 or 166, and
  - Are **not** Home Care Children (PEM 170) or Children's Waiver (PEM 171).

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

## AVAILABLE

### FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP

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"](#) below for FIP, SDA and AMP. See [PEM 401](#) for MA trust policy.

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 his 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"](#) below.

### SSI-Related MA and AMP 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.

---

**VICTIMS OF  
DOMESTIC  
VIOLENCE****FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP**

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. You may 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.

**JOINTLY OWNED  
ASSETS****FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP**

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

**Note:** For FTW determinations jointly owned assets are considered to belong to the initial person.

An asset is unavailable if an owner **cannot** sell or spend his share of an asset:

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

**Exception:** 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** make an asset unavailable.

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 his share without the other owner's agreement.

**Joint Cash and Retirement Plans****FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP**

This section applies to the types of assets listed under [“CASH”](#) and [“RETIREMENT PLANS”](#) below.

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

**SSI-Related MA Only**

**Exception:** Apply the following when an [L/H](#) or [waiver patient](#) (see PRG, Glossary, and PEM 106) and his spouse jointly own the asset:

- Consider the client the sole owner in determining the community spouse resource allowance (CSRA). PEM 402 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 his 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, SDA, LIF, G2U, G2C, SSI-Related MA and AMP**

This applies to all assets that are **not** included under [“CASH”](#) or [“RETIREMENT PLANS”](#).

Count an equal share for each owner.

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

## 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, stock broker) in the owner's geographic area state that the asset is **not** salable due to a specific condition. 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. The asset becomes salable when a reasonable offer is received. Count an asset that no longer meets these conditions. For applicants, an active attempt to sell must have started at least three months prior to application and must continue until the property is sold. For recipients, the asset must have been up for active sale at least 30 days prior to redetermination and must continue until the property is sold. An “Active Attempt to Sell” means the seller has a set price for fair market value, is actively advertising the sale in publications such as local newspapers, and or is currently listed with a licensed realtor.

## CASH

### FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP

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.
- LTC patient trust fund.

- 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.

### Lump Sums and Accumulated Benefits

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

#### FIP, SDA and AMP Only

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.

#### LIF, G2U, G2C, SSI-Related MA

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

**Exception:** The following are assets:

- Income tax refunds.
- Nonrecurring proceeds from the sale of assets.
- Payments that are excluded assets.

### Retroactive SSI Benefits

#### FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP

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](#)" below for SSI-related MA determinations.

### Value of Cash

#### FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP

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.

**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, SDA, LIF, G2U, G2C, SSI-Related MA and AMP

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:

- The owner intends to reoccupy the home, and
- 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.

### Homestead Sale Exclusion

#### FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP

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”](#) below if ownership of the land was retained.

### Nonhomestead Loss Exclusion

#### FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP

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.

**Loan Exclusion****FIP**

**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 and SDA only**

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.

**Tax Refund and Tax Credit Exclusion****FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP**

Exclude tax refunds and credits.

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

**Excluded Income Under PEM 500****FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP**

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

PEM 500 identifies 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.

**Current Income Exclusion****FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP**

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.

**Business Account Exclusion****FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP**

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.

**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:

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

### Funds for Burial Arrangements

#### SSI-Related MA Only

Money set aside for burial expenses might be excludable. See [“Burial Fund Exclusion”](#) in this item.

### Student's Savings Exclusion

#### FIP, LIF, G2U, and G2C

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's Earnings”](#) in PEM 500.

## INVESTMENTS

### FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP

This section is about the following types of assets:

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

### Value of Investments

#### FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP

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

#### LIF, G2U, G2C, SSI-Related MA and AMP

U.S. Savings bonds cannot be cashed in until twelve 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 waiver is denied the bond becomes available at the expiration of the waiting period.

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, SDA, LIF, G2U, G2C, SSI-Related MA and AMP

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.

### Retirement Plan Value

### FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP

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**

Exclude the total value of funds in retirement accounts and individual retirement accounts.

**Annuity****LIF, G2U, G2C and SSI-Related MA**

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 income. Only certain types of annuities are excluded as resources. Policy in [PEM 401](#), Trusts, applies, including referring annuities to Medicaid Eligibility Policy Section.

**TRUSTS****FIP, SDA and AMP Only**

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

**Trust Definitions****FIP, SDA and AMP Only**

**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/AMP  
Trust Policy****FIP, SDA and AMP Only**

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 his needs.
- Direct that ownership of the principal revert to himself.

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

See [PEM 401](#).

**Referrals to  
Medicaid Eligibility  
Policy Section**

Send all trusts and annuities to Medicaid Eligibility Policy Section for evaluation. Your referral must be in writing and include the following information:

- Your name, telephone number and local office.
- Client's name.
- Grantor's relationship to the client.
- Source of the assets used to establish the trust (example: money from client's lawsuit settlement, client's savings).
- Legible copies of the complete trust document, any amendments or addenda to the trust, correspondence, and similar information.
- Legible copies of all documents transferring ownership of property to the trustee.
- Relationship to the client of persons who transferred resources to trustee (example: client's parent, client's guardian).

Send referrals to:

Michigan Department of Human Services  
Attn: Trusts and Annuities  
P.O. Box 30037  
Suite 1307  
Lansing, MI 48909

Advice is only available to local offices and only for purposes of determining eligibility when a trust actually 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**

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. Refer to PEM 405.

**Note:** The preceding are examples and 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.

## INDIVIDUAL DEVELOPMENT ACCOUNTS

### FIP, SDA, LIF, G2U, G2C, SSI-Related MA, AMP

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:

- Postsecondary 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, SDA, LIF, G2U, and G2C.

## HOMES AND REAL PROPERTY

### SSI-Related MA Only

This section is about the following types of assets:

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

### Real Property Definition

### SSI-Related MA Only

**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

### SSI-Related MA Only

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

To determine the 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 (2).
- Statement of real estate agent or financial institution.
- Attorney or court records.
- County records.

Liens must be filed with the register of deeds or other appropriate agency.

**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

#### SSI-Related MA Only

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

#### SSI-Related MA Only

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.

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 individuals' home.

When a person purchases a life estate in another individuals' 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 PEM 405 to determine the penalty period.

**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

#### SSI-Related MA Only

A homestead is where a person lives (unless [“Absent from Homestead”](#)) that he owns, 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).

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).
- LTC services.
- Home Help.

When the equity in the client’s homestead exceeds \$500,000.

Exclude the asset group's homestead. 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 home.

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

See below about exempting a homestead when the owner is [“Absent from Homestead”](#).

#### SSI-Related MA Only

PEM 402 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.

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

Exclude a homestead that an owner formerly lived in 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 even if the owner never lived there provided:

- The owner is in an [institution](#) (see PRM, Glossary), and
- 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.

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

If an owner sells his homestead (example: mobile home), but retains ownership of the land it was on, exclude the land for 12 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:

- The owner intends to reoccupy it, and
- 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.

<b>Real Property and Employment Assets</b>	<p><b>SSI-Related MA Only</b></p> <p>Employment-related assets such as farmland and the building where a business is located might be excluded. See "<a href="#">EMPLOYMENT ASSET EXCLUSIONS</a>" in this item.</p>
<b>Real Property and Burial Arrangements</b>	<p><b>SSI-Related MA Only</b></p> <p>Property intended as burial space might be excludable. See "<a href="#">Burial Space Exclusion</a>" in this item.</p>
<b>Income-Producing Real Property</b>	<p><b>SSI-Related MA Only</b></p> <p>Exclude up to \$6000 of equity in income producing real property if it produces annual countable income equal to at least 6% of the asset group's equity in the asset. Countable income is total proceeds minus actual operating expenses.</p> <p><b>Exception:</b> Use the "<a href="#">EMPLOYMENT ASSET EXCLUSIONS</a>" in this item for property used in a business or trade.</p>
<b>HOUSEHOLD AND PERSONAL GOODS DEFINED</b>	<p><b>SSI-Related MA Only</b></p> <p><b>Household Goods-</b> 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.</p> <p><b>Personal Goods-</b> items of personal property that are worn or carried by a person or that have intimate relationship to him. Examples are personal clothing and jewelry, personal care items, and educational or recreational items such as books, musical instruments or hobby material.</p>
<b>HOUSEHOLD AND PERSONAL GOODS EXCLUSION</b>	<p><b>SSI-Related MA Only</b></p> <p>Exclude household and personal goods.</p>
<b>VEHICLES</b>	<p><b>SSI-Related MA Only</b></p> <p>A <b>vehicle</b> is a device used to transport people or goods. Vehicle includes passenger cars, trucks, motorcycles, motorbikes, trailers, campers, motor homes, boats and all-terrain vehicles.</p> <p><b>Note:</b> See "<a href="#">HOMES AND REAL PROPERTY</a>" about mobile homes.</p>

**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/LAND  
CONTRACTS/  
MORTGAGES  
LOANS****SSI-Related MA Only**

A **note** is a written promise to pay a certain sum of money to another person at a specified time. The note may call for installment payments over a period of time (installment note) or a single payment on a specified date. The most common type of note involves the sale of real property and is called a land contract or a mortgage. A homeowner might also sell his home via a sale-leaseback agreement.

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

**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.

Count money used to purchase a promissory note, loan, or mortgage unless all of the following are true:

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

- The note, loan, or mortgage must prohibit the cancellation of the balance upon the death of the lender. (See “Uncompensated Value” PEM 405 to determine the value).

**Note Value****SSI-Related MA Only**

The value of a land contract or 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 the holder must repay.  
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 [“Sale-Leaseback Income”](#) in PEM 500.

**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 circumstances.

**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

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.
- Generally, term insurance does **not** have a CSV. Whole or straight life policies generate a CSV.
- 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 PEM 500 about the payments received.
- CSV and FV are **not** the same thing.

### LIFE INSURANCE EXCLUSIONS

#### Life Insurance for Funeral

#### SSI-Related MA

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”](#) below.

#### 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:

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 ["Life Insurance Funded Funerals"](#) 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 him at a date named in the policy (the maturity date). The policy says whether the money is paid over time 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 PEM 405.

## 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:

- Burial fund.

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

## Burial Fund Exclusion

### SSI-Related MA Only

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

- [Types of Assets](#).
- [Burial Expenses](#).
- [Clearly Designated](#).
- [Not Commingled](#).
- [Amount Excluded](#).
- [Misuse of Fund](#).

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.
- 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 (see under [“SSI-Related MA Burial Space Exclusion”](#))

**Note:** Luncheons or similar services do not meet the definition of a burial fund 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 fund expense item.

Clearly Designated	<p>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:</p> <ul style="list-style-type: none"> <li>• Value and owner of the asset.</li> <li>• Whose burial the fund is for.</li> <li>• Date the funds were set aside for the person's burial.</li> <li>• Form in which the asset is held (example: bank account, life insurance).</li> </ul>
Not Commingled	<p>Burial funds may <b>not</b> be commingled with any assets except excluded burial space assets (see <a href="#">“SSI-Related MA Burial Space Exclusion”</a> below.)</p>
Amount Excluded	<p>Exclude up to \$1,500 for each qualified fiscal group member and/or spouse. In addition, exclude accumulated interest and dividends.</p> <p>Reduce the \$1,500 per person maximum by the following:</p> <ul style="list-style-type: none"> <li>• The face value of excluded life insurance policies (including term insurance) when the person is the insured and: <ul style="list-style-type: none"> <li>•• If an adult, the policy is owned by the person or the person's spouse.</li> <li>•• If a child, the policy is owned by the child, the child's parent or the parent's spouse.</li> </ul> </li> <li>• The principal amount (<b>not</b> accumulated interest or dividends) held in an irrevocable prepaid funeral contract for the person's burial expenses (see above). Do <b>not</b> count the identifiable cost of burial space assets (see <a href="#">“Burial Space Defined”</a> below.)</li> <li>• The cost of burial expenses (see above) identifiable in a life insurance funded funeral plan that was irrevocably transferred (see <a href="#">“Life Insurance Funded Funeral”</a> and <a href="#">“Life Insurance Irrevocably Transferred”</a> below).</li> <li>• The face value of burial insurance on the person. See <a href="#">“LIFE INSURANCE”</a> above for the definition of burial insurance.</li> </ul> <p>Count only the original principal amount and any additions to the principal to determine if the maximum limit has been reached. Do <b>not</b> count accumulated interest and dividends.</p> <p><b>Note:</b> The principal amount of a life insurance policy is the cash surrender value (CSV) of the policy, <b>not</b> 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.</p>

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 and AMP

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

- Burial plot, gravesite; and
- Crypt, mausoleum; and
- Casket, urn, niche; and
- Other repository customarily and traditionally used for the deceased's bodily remains; and
- **Necessary** and **reasonable** improvements or additions to or upon such spaces including:
  - Vaults; and
  - Headstones, markers or plaques; and
  - Burial containers; and
  - Opening and closing of the gravesite; and
  - 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 and AMP

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 and AMP Burial Space Exclusion

#### SSI-Related MA and AMP

Exclude **one** burial space **held for** (see below) each of the following:

- Each qualified fiscal group member.
- Whether by blood, adoption or marriage, the member's:
  - Parents, and
  - Minor and adult children, and
  - Siblings
- The spouse of each person listed above.

For a member's relatives only by marriage, apply the exclusion only if the marriage has **not** ended by death or divorce.

Burial space items in a prepaid funeral contract must be identified and valued separately from non-burial space items to be excluded.

If the contract shows the purchase of a specified burial space at a specified price, determine whether such space is **held for** the client or member of the client's immediate family. If the space is held for the individual, determine if the contract is irrevocable or revocable. If irrevocable, it is not a resource. If the contract is revocable, it is an excludable resource. The burial space must continue to meet the **held for** criteria to be excluded.

**Held For.** A burial space is held for an individual when someone currently has:

- Title to and/or possesses a burial space intended for the individual's use (example: has title to a burial plot, owns a burial urn stored in the basement for his own use).
- A contract with a funeral service company for specified burial spaces for the individual's burial (i.e., an agreement that represents the individual's current right to the use of the items at the amount shown).

Until the purchase price is paid in full, a burial space is **not held for** an individual under an installment sales contract or similar device if:

- The individual does **not** currently own the space,
- The individual does **not** currently have the right to use the space, and
- 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 Funds Exclusion"](#) above.

**Prepaid Funeral Contract****SSI-Related MA and AMP**

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”](#) below if the contract is revocable.
- See [“Irrevocable Prepaid Funeral Contracts”](#) below if the contract is irrevocable.
- See [PAM 805](#) about making Michigan contracts irrevocable.

**Revocable Prepaid Funeral Contract Exclusions and Value****SSI-Related MA and AMP**

Funds in a revocable prepaid funeral contract might be excludable using the [“Burial Fund Exclusion”](#) and/or the [“SSI-Related MA Burial Space Exclusion”](#) above.

The countable amount of the contract is the amount remaining on deposit after:

- Those exclusions, and
- Any commission or fees that would be charged upon withdrawal.

**Exception:** Exclude only burial space items for **AMP**. There is no burial funds exclusion.

**Irrevocable Prepaid Funeral Contracts****LIF, G2U, G2C, SSI-Related MA and AMP**

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.

**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 his funeral. In addition, the person might irrevocably/permanently transfer ownership of the policy to:

- A trust, or
- 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 PEM 500).

A funeral plan funded with life insurance is **not** a prepaid funeral contract per PAM 805.

### Life Insurance Funded Trusts

#### SSI-Related MA Only

Life Insurance Funded Trusts are contracts that do not include specified goods or services and do not name a funeral provider, are countable if revocable or are a divestment if irrevocable. Send a Life Insurance Funded Trust to the Trust and Annuity Evaluation Unit.

### 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 his funeral, but has **not** irrevocably transferred ownership, the policy is treated as life insurance. See [“LIFE INSURANCE”](#) and [“Burial Fund Exclusion”](#) above.

### 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 his 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.
- Do not apply policy in PEM 401, Trusts - MA.
- Do not consider the ownership transfer as divestment when:
  - The proceeds are still to be used to pay the insured’s funeral expenses, and
  - The value of the goods and services contracted for at least equals the cash surrender value of the insurance, and

The new owner cannot use the cash surrender value of the insurance policy for himself.

**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 Company (LLCs)

#### SSI-Related MA Only

Count assets in a Limited Liability Company (LLC).

**LIVESTOCK****SSI-Related MA Only**

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**

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.
- 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****SSI-Related MA Only**

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****SSI-Related MA Only**

A PIK commodity or commodity certificate may be an asset. See PEM 500, [“PAYMENT-IN-KIND \(PIK\) PROGRAM”](#).

**EMPLOYMENT ASSET EXCLUSIONS****General Employment Exclusion****SSI-Related MA Only**

Exclude [employment assets](#) (see above) that:

- Are required by a person's employer, or
- 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.

## EDUCATION AND TRAINING EXCLUSION

### FIP, SDA, LIF, G2U, G2C

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 his 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, life estates and life leases.

## VERIFICATION REQUIREMENTS

### FIP, SDA, LIF, G2U, G2C, SSI-Related MA and AMP

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

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

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).
- There is a written agreement to repair/replace a damaged or destroyed homestead (cash exclusion for FIP, SDA, LIF, G2U, G2C, SSI-related MA and AMP; land exclusion for SSI-related MA).
- There is a written agreement to purchase another homestead.
- The asset is a bona fide loan.

### 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, LIF, G2U, G2C, SSI-Related MA and AMP

The following prove ownership and/or value of assets. You may use the DHS-20, Verification of Assets, the DHS-27, Release of Information, the DHS-503, Asset Verification, or other specified form as appropriate, when assisting a person verify assets.

Document information verified by telephone contact on a DHS-223, Documentation Record.

Other sources of verification are listed by asset type.

#### Checking or Draft Account

Monthly statement (Examination of checkbook is **not** sufficient.)  
Telephone contact with financial institution

#### Individual Development Account

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

- 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 or equivalent form used by the Department of Community Health.

#### Loan

Copy of financial institution loan contract.  
Lender's financial statement showing withdrawal of borrowed amount.

<b>Life Insurance</b>	DHS-4786, Life Insurance Verification, completed by agent or company. Statement from insurance company or agent.
<b>LTC Patient Trust Fund</b>	Written statement from LTC facility.
<b>Money Held By Other</b>	Written statement from person holding the money.
<b>Prepaid Funeral Contract</b>	Statement of funeral home or contract seller. Copy of contract.
<b>Real Property</b>	Deed, mortgage, purchase agreement or contract. State Equalized Value (SEV) on current property tax records multiplied by two (2). Attorney or court records. County records. Statement of real estate agent or financial institution.
<b>Retirement Plan</b>	Written statement from plan administrator. Current plan statement.
<b>Savings or Share Account</b>	Passbook with current entries posted. Christmas Club coupon book. Written statement from financial institution. Telephone contact with financial institution.
<b>Savings Certificate</b>	Written statement from financial institution. Certificate itself.
<b>Stocks and Bonds</b>	Written statement from broker or company. Listing in current newspaper.
<b>Trust</b>	Copy of trust document. Copy of documents transferring ownership of assets to the trust. Appropriate source for the asset types owned by the trust.
<b>U.S. Savings Bond</b>	Statement from financial institution. Bond itself.
<b>Vehicles</b>	Secretary of State inquiry.  Title, registration or proof of insurance.  Blue book or NADA book wholesale (trade-in) value.  <ul style="list-style-type: none"> <li>Do <b>not</b> add the value of optional equipment, special equipment or low mileage when determining value.</li> </ul> Kelley Blue Book at <a href="http://www.kbb.com">www.kbb.com</a> :

- 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 trade-in value.

Loan statement or payment book.

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.

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

<p>Client has:</p> <ol style="list-style-type: none"> <li>1. \$2500 Savings Account</li> </ol>	<p>Client has:</p> <ol style="list-style-type: none"> <li>1. \$2500</li> <li>2. \$2000 Savings Account Irrevocable Funeral Contract - No Burial Space Items</li> </ol>
<p>BURIAL FUNDS MAXIMUM: \$1500 - MAXIMUM</p>	<p>BURIAL FUNDS MAXIMUM: \$1500 <u>-2000</u> 0 Principal Sum of Irrevocable Funeral Contract Maximum</p>
<p>Client may: Designate up to \$1500 for self as excludable burial funds.</p>	<p>Client may not designate any assets as excludable burial funds. However, the client could use savings to purchase burial space items.</p>
<p>Client must: Establish a separate account for the amount designated.</p>	
<p>Client has:</p> <ol style="list-style-type: none"> <li>1. \$2500 Savings Account</li> <li>2. \$2000 Irrevocable Funeral Contract as follows: - \$1000 Casket - \$600 Headstone - \$400 Assorted Professional Services</li> </ol>	<p>Client has:</p> <ol style="list-style-type: none"> <li>3. \$2500 Savings Account Face Value of Excludable Life Insurance</li> </ol>
<p>BURIAL FUNDS MAXIMUM:</p>	<p>BURIAL FUNDS MAXIMUM:</p>

\$1500 <u>- \$400</u> \$1100	Principal Amount of Irrevocable Funeral Contract for Non-Burial Space Items	\$1500 <u>-1000</u> \$500	Face Value of Excludable Life Insurance 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.
Client has:	1. \$2500 Savings Account 2. \$400 Irrevocable Funeral Contract for Professional Services 3. \$500 Face Value of Excludable Life Insurance.	Couple has:	1. \$2800 Savings Account (Joint) 2. \$1300 Common Stock Account (Husband) 3. \$1600 Face Value Life Insurance - CSV=\$300 (Wife)
BURIAL FUNDS MAXIMUM: \$1500 <u>- \$400</u> \$1100 <u>- 500</u> \$600	Principal Amount of Irrevocable Funeral Contract  Face Value of Excludable Life Insurance MAXIMUM	BURIAL FUNDS MAXIMUM:  \$1500 - MAXIMUM PER PERSON	
Client may:	Designate up to \$600 as excludable burial funds or buy burial space items.	Client may:	Designate up to \$1500 per person as excludable burial funds. One way to do this is:
		HUSBAND	WIFE
		\$200 Savings Account	\$1200
		\$1300 Common Stock	0
		<u>0</u> Life Insurance	<u>\$ 300</u>
		\$1500	\$1500
Client must:	Establish a separate savings account for the amount designated.	Client must:	Establish a separate savings account for any amounts designated from savings.

**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
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		

**LEGAL BASE**

**FIP**

P.A. 280 of 1939, as amended

**MA**

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

Deficit Reduction Act of 2005

42 CFR 435.840 - .845

MCL 400.106

**SDA**

P.A. 294 of 1998

R400.3155 MAC

**AMP**

Title XXI of the Social Security Act  
(1115) (a) (1) of the Social Security Act