If the other structure is a building that is not a traditional house, it will be considered as an excluded resource - i.e., tool-sheds, corncribs, woodsheds, barns, etc. If these structures produce income (i.e. rental payments), this income is not excluded, and is treated in accordance with FSC 5715.

The residence and surrounding property remain excluded when temporarily unoccupied for the following reasons:

- Employment
- Training for future employment
- Illness of a household member
- Inhabitability caused by casualty or natural disaster, if the household plans to return to the residence

A household that does not currently own a home receives an exclusion if: a) the household owns or is purchasing a lot on which they intend to build or are building a home, and b) they plan to reside in the home. The exclusion applies to the value of the lot and home if partially completed. There is no limit to the partial completion of the home. There is no limit to the size of the lot if the lot is not separated by intervening property owned by others, nor are there any limits to the period of time in the future when the household plans to build the home.

Verification of the value of the home and lot must be obtained if the information given by the household about the home and lot affects eligibility and is questionable. All circumstances surrounding this decision must be documented.

4420 Household and Personal Goods/Life Insurance 10-01-08

The following items will be excluded when determining countable resources:

1. Household goods such as, but not limited to, appliances, microwaves, lawn mowers, garden tractors, furniture and TV satellite dishes.

2. Personal effects such as, but not limited to, tools, jewelry and clothing.

3. The cash value of life insurance policies.

4. Prepaid burial policies and plans to the extent the funds in such a plan are inaccessible.

   NOTE: Any amount that can be withdrawn (less a $1,500 per person disregard) from prepaid burial plans without a contractual obligation to repay will be counted as a resource for FOOD STAMP PROGRAM purposes. See FSC 4602.

5. Livestock.

4421 <u>Pension or Retirement Funds</u> 10-01-08

Tax-preferred retirement accounts (e.g., IRAs) and employer sponsored retirement accounts are excluded as countable resources in determining FOOD STAMP PROGRAM eligibility. This includes any funds in a plan, contract, or account, described in sections 401(a), 403(a), 403(b), 408, 408A, 457(b), and 501(c)(18) of the Internal Revenue Code of 1986 and the value of funds in a Federal Thrift Savings Plan account as provided for in 5 U.S.C. 8439. It also provides for the exclusion of any successor retirement accounts that are exempt from Federal taxes.

The chart on the following page provides guidance on pension or retirement accounts based on the Internal Revenue Code of 1986.

<u>Go to the next page:</u>

RESOURCE EXCLUDED RETIREMENT ACCOUNTS/PLANS		
Retirement Plan of Account Type	**What is it?**	**Authorized Under**
401(k) plan	Defined-contribution plan that allows employees to contribute to their accounts from their salary or wages on a pre-tax basis (with earnings tax-exempt until withdrawn). Employee may or may not contribute.	Section 401(a) of the Internal Revenue Code
403(b) plan	Tax-sheltered annuity of custodial account plan offered by certain tax.	Section 403(b) of the Internal Revenue Code
457 plan	401(k)-type plan offered by state and local governments and non-profit organizations.	Section 457 of the Internal Revenue Code
501(c)(18)	401(k)-type plan offered mostly by unions. Had to be set up prior to June 1959; now largely obsolete.	Section 501(c) (18) of the Internal Revenue Code
Cash Balance Plan	Employer-based hybrid plan that combines features of defined-benefit and defined-contribution plans.	Section 401(a) of the Internal Revenue Code
Federal Employee Thrift Savings Plan	401(k)-type plan offered by the federal government to its employees.	Section 8439 of Title 5 of the US Code
Individual Retirement Account (IRA)	Vehicle for tax-deferred retirement saving controlled by individuals rather than employers. Many IRAs were previously employer-based accounts that individuals converted into an IRA treatment.	Section 408 of the Internal Revenue Code
Keogh Plan	Informal term for retirement plan available to self-employed people.	Section 401(a) of the Internal Revenue Code
Pension or traditional defined-benefit plan	Employer-based retirement plan that promises a certain benefit upon retirement, regardless of investment performance.	Section 401(a) of the Internal Revenue Code
Profit Sharing Plan	Employer-based defined-contribution plan under which employer contributions may (but need not) be linked to profits. May provide 401(k) accounts.	Section 401(a) of the Internal Revenue Code
Roth IRA	Similar to an IRA but with different income limits and tax treatment.	Section 408(A) of the Internal Revenue Code
SIMPLE 401(k)	401(k)-type plan available only to small businesses.	Section 401(a) of the Internal Revenue Code
SIMPLE IRA	Employer-based IRA available only to small business.	Section 408 of the Internal Revenue Code
Simplified Employer Plan	Employer-sponsored plan available only to small businesses; allows employers to contribute to employee accounts that essentially function as IRAs.	Section 408 of the Internal Revenue Code

4430 Property Related To the Use of Excluded Vehicles 07-01-01

Real or personal property that is directly related to the maintenance or use of a vehicle will be excluded as a resource if that vehicle is excluded as a resource because it is:

1. Annually producing income consistent with its fair market value; or

2. Used primarily (over 50 percent of the time that the vehicle is used) for income producing purposes such as, but not limited to taxis, trucks, or fishing boats; or

1. Used to transport a physically disabled household member.

Only that portion of real property actually involved in the maintenance or use of an excludable vehicle is to be excluded under these provisions.

Example 1 A household owns a one-acre field but only uses 1/4 of that acre to park and maintain equipment for a self-employment enterprise. Only the 1/4-acre actually in use will be excluded. If the one-acre tract is worth $1,000, 1/4 of the value is $250. $250 would be excluded as a resource. $750 would be counted as a resource.

This method of determining the amount of resource exclusion is not affected by state or local zoning laws or by the household's ability to convert the property to a cash resource.

Example 2 The household in example 1 above declares that the one-acre tract they own is in an incorporated industrial area. They state that local laws prevent them from selling anything less than the full one-acre tract. In spite of this, only the $250 amount for the 1/4-acre actually used will be excluded as a resource. $750 will be counted as a resource.

4451 Moved to FSC 4300 01-01-03

4460 Other Excluded Resources 10-01-08

Burial Lots
One burial lot per household member will be excluded as a resource.

Cash and Counseling Demonstration
Money received from the Cash and Counseling Demonstration for Medicaid recipients is excluded as a resource. This program provides cash to certain Medicaid recipients so that they can purchase personal care services.

Earmarked Resources

Earmarked resources are governmental payments such as those 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. Earmarked resources must be designated for the restoration of a home damaged in a disaster, and the household must be subject to a legal sanction if the funds are not used as intended.

Educational Income

Educational income will be excluded as a resource in its entirety when received by eligible students. This exclusion includes all federal, state and privately funded educational assistance including VA educational assistance paid under the Montgomery GI Bill.

Educational Savings

Educational savings/account plans that receive tax-preferred status under the federal tax code are excluded as a resource to the household.

- Section 529 qualified tuition program, which allows owners to prepay a student's education expenses or to contribute to an account to pay those expenses.

- Coverdell education savings account, an IRA type of account designed to pay a student's education expenses.

Indian Lands

Lands held jointly with the tribe, or lands that can be sold only with the approval of the Bureau of Indian Affairs are considered Indian Lands. Indian Lands are excluded as a resource.

Individual Development Accounts

Funds, including interest accruing, in an individual development account under the TANF block grant program will be excluded during any period the individual maintains or makes contributions into such an account (P.L. 104-193).

Under the Family Savings Initiative Act of 1999 (Arkansas Act 1217) households with low income and few assets may accumulate assets by opening an individual development account (IDA). An IDA Program participant must be a resident of the State of Arkansas and a member of a TEA recipient family or a member of a family with income below 185% of the federal poverty level. The family must have a net worth of $10,000 or less disregarding their primary dwelling and one motor vehicle. Account contributions are matched at a rate of $3.00 for each $1.00 contributed by the account holder. Matching dollars may not exceed $2,000 per account holder or $4,000 per household.

A Family Savings IDA may be used for any of the following reasons:
- Home purchase (limited to qualified first-time home buyers)*
- Business capitalization*
- Post secondary educational expenses*
- Individual retirement account
- Vehicle purchase or repair (if not the sole purpose of the IDA)

(* If Federal TANF funds are used as a match, only purposes 1, 2 and 3 are allowable.)

The value of the IDA is not a countable resource. Matching funds deposited into the account will not be counted as income. (See FSC 5413.1.)

Funds in Department of Housing and Urban Development's (HUD) Family Self-Sufficiency Program escrow accounts are excluded as resources when determining eligibility for food stamps. When a Family Self-sufficiency program participant has an increase in earnings, the public housing authority increases his or her rent, but deposits the increase in an interest bearing account. When the participant successfully completes the program and can verify that no household member is receiving welfare assistance, he or she receives the funds in the account. Funds may be withdrawn from the escrow account before completing the program, with permission from the housing authority, but only for purposes related to the goal of the FSS contract, e.g. - completion of higher education, job training, or start up costs of a small business. Since the funds in the escrow accounts, as well as any funds withdrawn from them prior to completion of the program are not available to buy food, the funds are inaccessible - thus excluded as resources.

The Good Faith Fund is operating a demonstration program called the Savings for Education, Entrepreneurship, and Down Payment (SEED) Program. The Program helps 3 and 4 year old child and their families save and plan for college. A savings account is opened and initially deposited with $500, which will be matched by $500 deposited by the Good Faith Fund. Any deposits made by the household will be matched dollar for dollar by the Good Faith Fund. Withdrawal from a SEED account requires two signatures – the account holder and a designated employee of the Good Faith Fund. The Good Faith Fund will not permit withdrawal unless there is a documented emergency – e.g., so the child will not be without shelter or medical care. The SEED account will be excluded as a resource and any deposits made by the Good Faith Fund into the child's savings account will be excluded as income per FSC 5413.1.

Prorated Income

Monies that have been prorated and considered as income are excluded as a resource. For example, annualized or prorated self-employment income is excluded as a resource during the period it is being counted as household income. Refer to FSC 5630 for the procedures for handling self-employment income.