



TANF 402-1

Countable and Excluded Resources

Supersedes: TANF 402-1 (7/18/19)

Reference: ARM 37.78.208, .401 and .421

Overview: The value of all resources (real and personal property) owned by the filing/assistance unit are countable unless specifically excluded by regulation. Certain resources may be excluded if found to be inaccessible.

ACHIEVING A BETTER LIFE EXPERIENCE (ABLE) ACCOUNT:

The ABLE Act permits people with disabilities to save money in a tax-favored savings account and withdraw funds from their ABLE account to pay for disability-related expenses, in support of their efforts to maintain health, independence and quality of life. ABLE Accounts are excluded both as a resource and income.

ALIEN'S SPONSOR'S RESOURCES:

The income and resources of the alien's sponsor and sponsor's spouse are deemed to be available to the sponsored alien until such time as the alien:

1. Achieves U.S. citizenship through naturalization; or
2. Has worked 40 qualifying quarters.

ANNUITIES:

Annuities are contracts or agreements, which in exchange for lump sum payments, provide for the payment of annuitized income at regular intervals.

If payments are being made from the annuity, the annuity itself is excluded as a resource, but the payments may be countable unearned income.

If no payments are being made, the annuity will need to be evaluated to determine if it is accessible. It may be necessary to establish the source of the annuity in order to determine whether or not it is a countable resource.

If the individual is not legally prohibited from receiving annuity payments, they must avail themselves of these payments as a condition of eligibility.

BASIC MAINTENANCE ITEMS:

Household goods and personal belongings (items essential to day-to-day living) are excluded.

BONDS:

Bonds including United States savings bonds and Treasury bills, notes and bonds are countable.

To determine the value of government bonds, contact a securities dealer. If cashable, value can be provided. If not cashable, re-evaluate at maturity date.

If the bonds are physically held by a joint owner who refuses to surrender possession of the bonds to the individual, the bonds are excluded as inaccessible because the bonds must be presented in order to cash them in.

BURIAL EXCLUSIONS:

Burial accounts (bona fide funeral agreements), which exceed \$1,500 equity value per individual are countable in full, unless the agreement is irrevocable.

A funeral agreement is irrevocable if:

1. It is signed by both the client and the funeral home representative.
2. The price of all major services is specified.
3. The total dollar amount of the agreement is specified.
4. The client was neither a minor nor legally declared incompetent when the agreement was signed.
5. The funeral home representative indicates in writing that the money is not refundable under any circumstances.

Funeral agreements that are inaccessible to the household or irrevocable are excluded from resources.

BURIAL SPACE/PLOT BUSINESS ASSET DEVELOPMENT ACCOUNT (BADA):

Exclude the value of one burial space for each filing unit member.

The account must be restricted as follows:

1. Established in the name of the individual and Capital Opportunities or other lending agency;
2. Used for business development such as purchase of assets, operation, maintenance, etc.;
3. Funds disbursed by direct vendor payments; and
4. If the business fails, any funds disbursed to the individual must be counted as a resource in the month received and any other assets counted according to current policy.

BUSINESS CHECKING ACCOUNT:

Self-Employment funds that have been prorated as income retain their exclusion for the time they have been prorated as income, even if the funds have been commingled. Other funds in the account may be countable.

CAMPERU:

Campers which were not manufactured with the intent of providing transportation are countable, unless otherwise excluded.

CASH ON HAND:

Countable, unless it represents income received during the month, then it is excluded.

CERTIFICATE OF DEPOSIT (CD):

Countable. The value of a certificate of deposit is the net amount that could be received after penalties for early withdrawal, if applicable.

If the CD was purchased with funds prorated as self-employment income it would be excluded as long as it is a short-term CD that expires before the end of the period over which the self-employment income was prorated.

CHILD TAX CREDIT:

An additional child tax credit is a refundable tax credit that families may be eligible to receive. Any refund received as a result of taking the additional child tax credit is excluded as a resource in the month of receipt and the month following.

CONTRACT FOR DEED:

The value of a contract for deed is an excluded resource if the written terms of the contract include at least annual payments and the terms of the contract are being met.

If the written terms of the contract for deed are not being met, the applicant is required to exhaust all available legal recourse to enforce the terms of the contract in order to be found eligible for TANF cash assistance.

If the written terms of the contract for deed do not include provisions for at least annual payments, the unpaid balance of the contract or highest purchase offer from a knowledgeable source will be considered an available resource, unless the terms of the contract prohibit sale.

CREDIT UNION ACCOUNTS:

Countable, unless otherwise excluded.

CRIME VICTIM COMPENSATION:

Crime Victim Compensation Act payments (P.L. 103-322) are excluded.

CROWDFUNDING ACCOUNTS:

GoFundMe, Kickstarter, Indiegogo, and other similar accounts are online platforms known as crowdfunding. These online platforms allow donors to fund specific campaigns for charity, individuals in need, projects, and business ventures. The account holders can access the funds in two ways, either at any point throughout the campaign or only after the funding goal is met. The actual value of the funds accessible by the household is countable as a resource.

DEDUCTIONS FROM MILITARY PAY:

Mandatory deductions from military pay for educational purposes (to fund the GI Education Fund) while the client is enlisted are excluded. (P.L. 99-576)

DISASTER & EMERGENCY ASSISTANCE:

Funds issued as a result of a presidentially declared disaster (P.L. 100-707) or a result of a major disaster or emergency as per the Disaster Relief and Emergency Assistance Amendments of 1988 are excluded.

Exclude any governmental disaster payments designated for restoration of a home damaged in a disaster if the household is subject to legal sanction if funds are not used as intended. This includes some, but not all, Federal Emergency Management Agency (FEMA) payments.

EARNED INCOME TAX CREDIT (EITC):

Received either as an advance payment or as a refund, is excluded as a resource in the month received and the month following receipt.

EDUCATIONAL INCOME:

All educational income is excluded as a resource, including Title IV, BIA, VA, 529 College Savings Plan and Work Study for post-secondary education. The individual must be enrolled in school and attending classes to be considered a student. OPA must verify school enrollment and document in case notes.

FAMILY SELF-SUFFICIENCY ESCROW ACCTS:

Funds that are held in an escrow account during the household's participation in a Department of Housing and Urban Development (HUD) Family Self-Sufficiency Program are excluded.

When the household is given the funds, the money is excluded from income as a non-recurring lump sum payment.

FEDERAL, STATE or LOCAL ENERGY ASSISTANCE PAYMENTS:

Energy assistance payments, such as LIEAP, which have been approved by Food and Nutrition Services (FNS) are excluded per Federal Statute.

FIRE or CASUALTY INSURANCE PROCEEDS:

Cash benefits received as proceeds of fire or casualty insurance claims to make repairs to or dispose of damaged property are treated as follows:

The settlement is only excluded when used within three (3) months of receipt. The funds must be signed over to the person or company who will do the repairs or otherwise disposed of within this period of time. Proceeds not used within three (3) months of receipt are countable.

HEALTH SAVINGS ACCOUNT (HSA):

A health savings account (HSA) and a Montana Medical Savings Account (Montana MSA) is a tax-advantaged medical savings account available to taxpayers in the United States who are enrolled in a high-deductible health plan (HDHP). The funds contributed to an account are not subject to Federal or Montana State income tax at the time of deposit. Unlike a flexible spending account (FSA), HSA funds roll over and accumulate year to year if not spent. Health Savings Accounts are excluded as a resource; however, if withdrawals are made from the account for non-medical expenses, it will be countable income in the month received and a countable resource thereafter.

HOME AND SURROUNDING PROPERTY/LOT:

Home and surrounding property which is not separated from the home by intervening property owned by others is excluded. Public rights of way, such as roads that run through the surrounding property, will not affect the exclusion of the property.

Only the home that is the filing/assistance unit's usual residence excluded. One vehicle used as a home may be excluded. A home will also be excluded as the usual residence if it is newly purchased and the applicant/client has not yet moved in.

INCOME PRODUCING PROPERTY:

Income producing property is only excluded if the property is necessary for self-employment. For rental property to be excluded, the individual must be in the business of renting property. The property is not excluded solely on the basis that it is being rented. Non self-employment income producing property is countable.

INDIVIDUAL DEVELOPMENT ACCOUNT (IDA):

Funds, including accrued interest, in the account are excluded as a resource as long as the individual maintains or makes contributions to the account and is compliant with IDA program regulations.

INDIVIDUAL RETIREMENT ACCOUNT (IRA):

Funds held in Individual Retirement Accounts (IRAs), are considered accessible to the applicant/client. Count the equity value; cash value minus any early withdrawal penalty.

ITEMS OF UNUSUAL VALUE:

Countable.

KEOGH PLANS:

KEOGH plans are considered accessible and counted as a resource even if the filing unit is not actually accessing the funds.

LAND:

Only land, which is contiguous to the property on which the occupied/permanent home is located, can be excluded. Land on which the individual intends to build or is building is countable.

LAND IN CRP:

Land in Conservation Reserve Program (CRP) may be either a countable or excluded resource depending on circumstances.

Exclude the CRP land as necessary to produce income if the individual is actively farming/ranching on land not in CRP.

If, however, the individual is not farming/ranching other land, it is necessary to determine if the individual is in the business of renting property and how actively they are participating in the business.

1. Exclude the CRP land as a resource if the individual is in the property rental business or is actively participating in the business at least 20 hours per week.
2. The CRP land is a countable resource if the individual is not in the property rental business or is not actively participating at least 20 hours.

LIFE ESTATES:

A life estate is an estate whose duration is limited to the life of the party holding it or to the life of some other party. The holder of a life estate does not have title to the property and cannot sell the property. However, the holder of a life estate can sell his/her interest in the property unless restricted by the terms of the contract (if sale is restricted, the value of a life estate is excluded), and is entitled to any income from the property. A simple property check will not reveal the presence of a life estate.

Mineral or oil rights cannot be sold or leased without specific consent of the titleholder.

The life estate value is determined by multiplying the fair market value of the property by the percentage listed on the "Life Estate Interest Table" for the age of the individual on whose lifetime the life estate is based.

A life estate will be excluded as the home while the property meets the definition of principal place of residence.

If a life estate property is a private residence which is not occupied by the life estate owner or his/her dependents, and does not meet the definition of home, the value of the life estate may be excluded as a resource as long as the property is used to produce income.

If a life estate property is a business property, the value of the life estate may be excluded as a resource if the business property is used to produce income consistent with the value of the property.

For purposes of this policy, income consistent with the value of the property will be an annual net income of 6% of the fair market value of the property.

If the life estate property is business property and is excluded as a home, if anyone is using the property as part of a business, the life estate owner must be receiving income for the use of the property.

LIFE INSURANCE:

Term life insurance policies are excluded.

The cash and face value of ordinary (whole life) life insurance policies held by filing unit members are excluded.

LIVESTOCK:

The value of livestock necessary for employment or raised for home consumption is an excluded resource. Livestock that are pets are also excluded.

Livestock, which is used as non-business income-producing property, is subject to the regulations listed under "Income Producing Property". Livestock owned in a non-business arrangement is often referred to as being "run on shares" by another individual.

LOANS GIVEN BY THE HOUSEHOLD:

A debt owed to the household is considered an excluded resource if the balance of the loan is inaccessible. Count the full unpaid balance of the loan (debt owed) toward the resource limit, if this balance can be readily liquidated.

LOANS RECEIVED BY THE HOUSEHOLD:

A loan is excluded in the month received and the month following and is countable thereafter.

LUMP SUM PAYMENTS:

Non-recurring lump sum payments that can be accurately prospected are countable resources both in the month received and in subsequent months to the extent retained, unless otherwise excluded.

A lump sum payment may be a resource that changes forms.

If the lump sum payment cannot be accurately prospected, it is not counted in the month of receipt; however, any funds remaining the following month will be added to all other available resources to determine ongoing resource eligibility.

MILITARY REENLISTMENT BONUS:

A military reenlistment bonus is a countable resource in the month received if it can be prospected, and in subsequent months to the extent retained. OPA must verify what the payment policy is, depending on the military service, to determine when the bonus should be prospected.

MINERAL RIGHTS:

Mineral rights may be included with land ownership or owned separately. If surface rights of the same property are excluded so are mineral rights.

Obtain verification of mineral rights. Acceptable verifications are deeds, lease agreements, titles, and homestead documents.

If mineral rights are producing income under a lease agreement, the owner may be constrained from selling or otherwise disposing of those rights. If the land is already excluded, the mineral rights are excluded.

Determine the equity value by obtaining the fair market value and subtracting encumbrances/liens (amount owed). Document case notes and include a description of the property involved.

Fair market value can be obtained from a knowledgeable source (i.e., brokers in the geographical area or companies who lease mineral rights).

OLDER AMERICANS ACT:

Projects funded under this Act include:

1. Green Thumb
2. Forest Service
3. American Association of Retired People (AARP)
4. National Council on Aging
5. National Council of Senior Citizens

Funds received by individuals age 55 and over under the Senior Community Services Employment Program PL 100-175, Section 166, Title V of Older Americans Act are excluded.

PENSION PLANS or RETIREMENT ACCOUNTS:

A pension plan or retirement account is an investment account (typically with an employer) that is intended to provide income at retirement. The equity value is the cash value minus any early withdrawal penalty.

Most employment related retirement accounts cannot be accessed until the employee is no longer employed with that particular business or entity. While the individual continues employment, the funds are inaccessible.

The funds are considered accessible upon termination of employment even though the funds may not be issued for a length of time.

PERSONAL CHECKING ACCOUNT:

Countable. There is a two-step process in determining how much money in a checking account should be attributed to resources.

1. Exclude any current month income that is in the checking account.
 - a. If this step makes the individual resource eligible, no further action is needed. If, however, the individual remains resource ineligible, go to step two.
2. Look at the individual's outstanding checks. If a check has been written and sent to the payee, even if it has not yet been cashed, the money is not available for other purposes. Therefore, it should not be counted toward the resource limit. Verification should be obtained when necessary.

PLAN for ACHIEVING SELF-SUPPORT (PASS):

Any income an SSI client places in an approved PASS account is excluded as a resource. The PASS account is excluded, as well.

PREPAYMENT of MORTGAGE or RENT:

Prepayment of an individual's mortgage is not considered a resource. Prepayment of rent, however, will be a countable resource unless the individual cannot receive the money back under any circumstances.

PROMISSORY NOTE:

A promissory note is considered personal property (a liquid asset), and is countable. An individual holds legal interest and has the legal ability to make available his/her share in the note. The equity value of the note (the principal reduced by any lien) is countable.

PROPERTY/ EQUIPMENT NECESSARY FOR EMPLOYMENT:

Excluded as essential for the production of income, unless otherwise indicated below.

Self-employment/farm resources may include:

1. Tools/equipment such as those needed by a carpenter, mechanic, cosmetologist, etc.
2. Stock (such as office supplies) or raw materials.
3. Property essential for income production.
4. Office equipment such as furniture, typewriters, calculators, etc.

5. Business/commercial checking account.

Funds contained in a business/commercial checking account which have not been prorated as income are also excluded. However, funds diverted from this account to cover personal expenses, which have not already been prorated as income must be counted as earned income to the client.

1. Business loans for the purchase of capital assets;
2. Inventory;
3. Machinery and equipment; and
4. Other items needed to produce income.

A 'grace' period can be established for excluding the self-employment resources due to temporary inactivity in the trade or business. The 'grace' period during which time the specific business equipment can be excluded is up to one (1) year.

The client will have to actively return to the same trade or business within one (1) year from the month he/she was no longer engaged in the trade/business. If the client does not return to the business, the excluded resource(s) must be counted toward the resource limitation.

PROPERTY IN PROBATE:

Excluded due to being inaccessible. Determine ownership interest after probate period. Case note why the property is considered inaccessible.

REAL PROPERTY LISTED FOR SALE:

Non-home real property, whether for sale or not, is countable.

RESOURCES USED AS COLLATERAL:

If a liquid or non-liquid resource has been used as collateral for a loan, only the equity or accessible portion of the resource is countable toward the resource limitation. If the resource cannot be sold due to specific language in the lien or security agreement, it is considered to be an inaccessible resource.

SETTLEMENTS & RESTITUTION PAYMENTS:

1. Agent Orange: Payments made under the Agent Orange Compensation Act (P.L. 101-201) are excluded. Payments of Veteran's benefits to veterans with service-connected disabilities resulting from exposure to Agent Orange are not excluded.
2. Asbestos: Funds received from an asbestos settlement or lawsuit are countable the earlier of when available or when received.
3. Disabled Children of Female Vietnam Veterans: Payments or restitution made by the VA to disabled children (now adults) of females who served in Vietnam between February 1961 and May 1975 are excluded.
4. Factor VIII or IX Concentrate Blood Products Litigation, MDL 986 (No. 93-C-7452, Northern District of Illinois): Settlement payments as a result of the class action lawsuit to hemophilia

patients infected with HIV (Human Immunodeficiency Virus) through blood plasma products are excluded.

5. Nazi Persecution Victims: Restitution made to individuals because of their status as victims of Nazi Persecution under P.L. 103-286 is excluded.
6. Radiation Exposure: Radiation Exposure Compensation Act payments are excluded. (P.L. 101-425)
7. Spina Bifida: Payments made to children of Vietnam veterans for disabilities resulting from spina bifida are excluded. (P.L. 104-204)
8. Susan Walker V. Bayer Corporation, et al, 96-C-5024 (Northern District of Illinois): Payments made from any fund established pursuant to this class settlement and payments made pursuant to a release of all claims in a case that was entered into in lieu of the class settlement and that was signed by all affected parties in such case on or before December 31, 1997 are excluded.
9. Wartime Relocation of Civilians: Payments of "Wartime Relocation of Civilians" made to certain U.S. citizens of Japanese ancestry, resident Japanese aliens, and certain eligible Aleuts under Title I of PL 100-383 or the Civil Liberties Act of 1988 are excluded.

SAFE DEPOSIT BOX:

There is no requirement to view the contents of an individual's safe deposit box. It is appropriate to ask what the contents are and request necessary verification. OPA should only view the contents if that is the applicant's/client's preference over bringing the documents to the OPA office for verification. The contents are listed using the appropriate categories.

SALE OF A RESOURCE:

If an excluded or countable resource is sold, the proceeds remain an excluded or countable resource in the month of sale. The following month, any proceeds remaining are considered a countable resource.

SAVINGS ACCOUNT:

Countable. If the current month's income has been deposited into the account, it must be excluded when determining the current value of the account.

SECURITY DEPOSITS:

Security deposits on rental property or utilities are excluded. This exclusion applies to both landlords and tenants.

STIMULUS TAX REBATE:

Excluded for the month of receipt and the following two (2) months. Any amount remaining after that period is counted toward the resource limit.

STOCKS:

Stocks and mutual fund shares are countable, unless otherwise excluded.

TAX REFUNDS (STATE and FEDERAL):

Excluded as income in the month received and excluded as a resource for a period of 12 months.

TRAILERS:

All trailers are countable unless otherwise excluded.

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