



Department of Human Resources
311 West Saratoga Street
Baltimore MD 21201

FIA ACTION TRANSMITTAL

Control Number: 09-11

Effective Date: October 1, 2008

Issuance Date: September 15, 2008

**TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES
DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT
FAMILY INVESTMENT SUPERVISORS AND ELIGIBILITY STAFF**

FROM: KEVIN M. MCGUIRE, EXECUTIVE DIRECTOR, FIA

**RE: EXCLUDED RESOURCES: EDUCATION AND RETIREMENT
ACCOUNTS**

**PROGRAM AFFECTED: FOOD SUPPLEMENT PROGRAM (FSP) AND
TEMPORARY CASH ASSISTANCE**

ORIGINATING OFFICE: OFFICE OF PROGRAMS

SUMMARY

The recent federal Food, Conservation and Energy Act of 2008, excludes funds in all retirement accounts, including IRA and KEOGH accounts, and certain educational accounts. Effective October 1, 2008, all tax-preferred education accounts (e. g., 529s) and retirement accounts, (e.g., IRAs) are excluded from countable resources in determining eligibility for the Food Supplement Program. For consistency in policy we are applying this to Temporary Cash Assistance, as well.

ACTION REQUIRED

- Exclude from countable resources all retirement accounts. The retirement accounts you commonly see are those with federal tax-preferred status. (See attachment A for a complete list.)
- Exclude from countable resources the two types of education savings accounts that receive tax preferred status.
 - Section 529 qualified tuition programs, which allow owners to prepay a student's education expenses or to contribute to an account, and
 - Coverdell education saving accounts, an IRA type of account designed to pay a student's education expenses.

At recertification and interim change review cases to make sure excluded resources are removed from the AST1 screen.

Reminder: Continue to exclude all resources for categorically eligible households.

EFFECTIVE DATE

This policy is effective October 1, 2008 for applications. For active cases the policy is effective at the first recertification or interim change on or after October 1, 2008.

CARES PROCEDURES

Do not enter the excluded resource amount on the **AST1** screen. If the customer has associated medical assistance for which the resource is countable, compare the amount of the resource to the MA resource limit. If the amount of the resource is less, do not enter it on CARES and document the resource in the narration. If the amount of the resource is greater, enter the resource and process the MA denial. Remove the resource from the **AST1** screen, process the FS AU, and narrate all actions taken.

INQUIRIES:

Please direct policy questions to Suzanne Diggs at 410-767-4369 or Rick McClendon at 410-767-7307. Please direct TCA policy inquiries to Marilyn Lorenzo at 410-767-7333 or Gretchen Simpson at 410-767-7937.

cc: FIA Management Staff
DHR Executive Staff
Constituent Services
DHR Help Desk

Attachment A

Retirement Plan or Account Type	What is It?
Pension or traditional defined-benefit plan*	Employer-based retirement plan that promises retirees a certain benefit upon retirement, regardless of investment performance.
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 withdrawal). Employers may or may not contribute.
SIMPLE 401(k)*	401(k)-type plan available only to small businesses.
501(c)(18)*	401(k)-type plan offered mostly by unions. Had to be set up prior to June 1959; now largely obsolete.
403(b) plan*	Tax-sheltered annuity or custodial account plan offered by certain tax-exempt organizations and public educational institutions. Many are salary reduction plans that look like 401(k)s.
457 plan*	401(k)-type plan offered by state and local governments and non-profit organizations
Federal Employee Thrift Savings plan*	401(k)-type plan offered by the federal government to its employees.
Keogh plan**	Informal term for retirement plans available to self-employed people.
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 when they left their job.
Roth IRA	Similar to an IRA but with different income limits and tax treatment.
SIMPLE IRA	Employer-based IRA available only to small businesses.
Simplified Employer Plan	Employer-sponsored plan available only to small businesses; allows employers to contribute to employee accounts that essentially function as IRAs.
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.
Cash Balance Plans	Employer-based hybrid plan that combines features of defined benefit and defined-contribution plans.

* Already exempt from the food stamp asset test under existing regulations.

** Keogh plans that involve a contractual obligation with someone who is not a household member were already exempt from the food stamp asset test prior to the Farm Bill.