

 <p>Department of Human Resources 311 West Saratoga Street Baltimore MD 21201</p>	<p>FIA INFORMATION MEMO</p>
<p>Control Number: FIA/OPR#99-03</p>	<p>Issuance Date: August 13, 1998</p>

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

Charles E. Heary for
**FROM: LYNDA FOX, DEPUTY SECRETARY FOR PROGRAMS AND
LOCAL OPERATIONS**

RE: TREATMENT OF PENSION PLANS AS RESOURCES

PROGRAM AFFECTED: FOOD STAMPS

ORIGINATING OFFICE: OFFICE OF POLICY AND RESEARCH

SUMMARY

This Information Memo clarifies the treatment of pension plans as resources for the Food Stamp Program. Generally, the cash value of pension plans is excluded from consideration as a resource. However, there are two exceptions to this policy.

POLICY

Count the cash value (total amount of the plan minus the amount that would be lost as a penalty for early withdrawal) of the following pension plans as a resource for the Food Stamp Program:

- KEOGH plans that involve no contractual obligation or relationship with anyone who is not a household member; and
- Individual Retirement Accounts (IRAs)

KEOGH plans are limited to self-employed persons (including partners). IRAs are retirement plans available to workers without any involvement of the employer and are based mainly on elective contributions from earnings.

NOTE: KEOGH plans involving more than one person are normally excluded from resources because they have a contractual relationship with other individuals. However, if the plan is a type that allows individual members to withdraw without affecting the other plan members, count the household member's funds in the plan as a resource. In addition, the exclusion for KEOGH plans involving more than one person is permitted only if the other person(s) in the plan is not a household member. For example, a husband and wife living together could not have an excludable KEOGH plan unless a person who is not a household member also participates in the plan.

Exclude as a resource the cash value of the following pension plans:

- 457 Plans
- 401 (k) Plans
- 403 b) Plans
- 501 (c) (18) Plans
- Simplified Employee Pension (SEP) Plans; and
- The Federal Employee Thrift Savings Plan

VERIFICATIONS

Local departments will use documentary evidence to verify the following:

- Type of plan
- Individual(s) covered by the plan
- Terms and conditions of the plan
- Current total amount or cash value of the plan

Documentary evidence will normally consist of a contract describing the terms and conditions of the plan and/or a monthly or quarterly statement from the plan. Other forms of evidence that reflect the above information are also considered acceptable forms of verification.

Please direct inquiries to Steve Sturgill at (410) 767-7733.

cc: DHR Executive Staff
FIA Management Staff
Constituent Services