

RESOURCES

RETIREMENT FUNDS

Description: Retirement funds are annuities or work-related plans for providing income when employment ends. They include but are not limited to: pensions; Individual Retirement Accounts (IRAs); 401(k) plans; and Keogh plans.

Policy: A retirement fund owned by an individual is a countable resource if the individual is not entitled to periodic payments, but is allowed to withdraw any of the funds. The value of the resource is the amount of money that s/he can currently withdraw. If there is a penalty for early withdrawal, the value of the resource is the amount available after the penalty deduction. Any income taxes due are not deductible in determining the value of the resources.

A retirement fund owned by an ineligible or non-applying legally responsible relative is counted in the determination of the spousal allowance for individuals in medical facilities. Any excess in the retirement fund is not available to the institutionalized spouse. The retirement fund owned by the community spouse is counted first toward the maximum community spouse resource allowance.

If the individual is in receipt or has elected to receive periodic payments, the retirement fund is not a countable resource.

Medicaid A/Rs who are eligible for periodic retirement benefits apply for such benefits as a condition of eligibility.

References:

Dept. Reg.	360-4.4 360-4.6(b)(2)(iii)
ADMs	90 ADM-36 88 ADM-30
GIS	98 MA/024

Interpretation: If there are a variety of payment options, the individual chooses the maximum income payment that could be made available over the individual's life time. (By federal law, if the Medicaid A/R has a spouse, the maximum income payment option for a married individual will usually be less than the maximum income payment option that is available to a single individual.) Once an individual is receiving periodic payments, the payments are counted as unearned income on a monthly basis, regardless of the actual frequency of the payment. For example, if the periodic benefit is received once a year, the

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amount is to be divided by twelve to arrive at a monthly income amount. If the retirement fund is not available to the A/R, it is not counted as a resource.

Once an individual is in receipt of or has applied for periodic payments, the retirement fund is not a countable resource. This includes situations where a Medicaid applicant has already elected less than the maximum periodic payment amount and this election is irrevocable. In such situations, only the periodic payment amount received is counted as income and the principal is disregarded as a resource.

- When to Verify Status:**
- (a) When the A/R declares a retirement account;
 - (b) When the A/R is receiving retirement income;
 - (c) When the A/R indicates past employment with an employer that is likely to have provided a retirement plan.

- Verification Process:**
- (a) Seeing current statements from the employer, mutual fund, insurance company, or bank where the fund is deposited;
 - (b) If a retirement fund is invested in bonds and stock certificates, the current market value may be verified by a stock broker or newspaper.

- Documentation:**
- (a) current information including names of funds, banks and/or companies controlling funds;
 - (b) names of stocks and/or bonds, issuer's name, date issued, date of maturity if applicable;
 - (c) account numbers;
 - (d) name of owner; and
 - (e) current value.