

INCOME**LUMP SUM PAYMENTS**

Description: Lump sum payments are deferred or delayed payments. They include, but are not limited to benefit awards, bonuses, year-end profit sharing, severance pay, and retroactive pay increases.

Policy: All lump sum payments are reviewed to determine if they are available (see page 388) and countable. Lump sum payments as a result of employment, such as bonuses, retroactive pay increases and severance pay are considered earned income. Lump sum payments such as benefit awards from railroad retirement or Social Security are unearned income.

Essential expenses incurred when attaining a payment are deducted from that payment. Essential expenses are deducted from the first and any subsequent payments until the expenses are met. When an A/R receives a retroactive payment from a benefit program, other than SSI, legal fees connected with the claim are deducted.

Countable lump sum payments are considered income in the month received. To determine if a lump sum payment is disregarded as income consult the disregards section (LIF page 129, ADC-related page 150, SSI-related page 174, and S/CC page 210).

Certain lump sum payments are exempt or excluded as a resource in the month received. To determine if a lump sum is disregarded or excluded as a resource in the month of receipt, consult the resource disregards section (LIF page 306, ADC-related page 313, SSI-related page 318, and S/CC page 327).

References: SSL Sect. 366.2

ADMs OMM/ADM 97-2
92 ADM-11

Interpretation: ***After allowable deductions***, countable lump sum payments are considered income in the month received. The lump sum is combined with any other countable income. Allowable disregards are subtracted. The remaining income is compared to the appropriate income level (see pages 114, 115 and page 121). Any excess income is considered available to meet the cost of medical care and services.

When to Verify: When the A/R indicates that s/he recently received a benefit award, bonus, year-end profit share, retroactive pay increase, or

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other lump sum.

When the A/R indicates that s/he is anticipating a lump sum payment.

When the record indicates that the A/R has applied for a benefit and may be eligible for a retroactive payment.

When the Resource File Integration (RFI) report indicate that the A/R has income.

**Verification/
Documentation:**

Sufficient to establish an audit trail:

Lump sum payments are verified. State computer matches are reviewed to determine the source of income.

The amount, date and source of all lump sums are documented. The preferred forms of verification/documentation are checks, check stubs, award letters, or other written statements from the payer of the lump sum.