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**INCOME**

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**UNEARNED INCOME**

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**C. BROAD CATEGORIES OF UNEARNED INCOME**

The following is a discussion of broad categories of unearned income and the treatment of that income.

**1. Annuities, Pensions, Retirement or Disability**

An annuity is a sum paid yearly or at other specific times in return for the payment of a fixed sum. Annuities may be purchased by an individual or by an employer.

Pensions and retirement benefits are payments to a worker following his retirement from employment. These payments may be paid directly by a former employer, by a trust fund, an insurance company, or other entity.

Disability benefits are payments made because of injury or other disability.

Annuities, pensions, retirement benefits and disability benefits are unearned income. Exception: Certain accident disability benefits paid within the first 6 months after the month an employee last worked are earned income. Refer to the Earned Income subsection.

Verify the source, type, amount and frequency of the payment by award letters or other documents in the individuals' possession or contact the organization making the payment.

**2. Deemed Income**

Deemed income is unearned income attributed to an applicant/recipient from an ineligible spouse or parent. Deeming only applies in household situations. For a complete discussion of deemed income, refer to "Income Computations."

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**3. Income Based On Need (IBON)**

Income based on need is assistance:

- provided under a program which uses income as a factor of eligibility; and,
- funded wholly or partially by the Federal government or a nongovernmental agency (e.g., Catholic Charities or the Salvation Army) for the purpose of meeting basic needs.

Income based on need received by an applicant or recipient is unearned income that is not subject to the \$50 general exclusion. If received by the client, the income based on need is counted in its entirety. However, income based on need received by an ineligible spouse, parent, or child, is never deemed to the client. Refer to the discussion on "Deemed Income."

**4. Assistance Based On Need (ABON)**

Assistance based on need is assistance:

- provided under a program which uses income as a factor of eligibility; and
- funded wholly by a State (including the District of Columbia, Indian tribes and the Northern Mariana Islands), a political subdivision of a State, or a combination of such jurisdictions.

Assistance based on need is excluded from income.

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**5. Work Relief (Workfare) Programs**

Many governmental assistance programs require the certain recipients work in exchange for the assistance provided. Most often the amount of the assistance payment is divided by the minimum wage and the recipient required to perform some service for the resulting number of hours. Usually a participant in such a work program is given money to cover any expenses incurred (e.g., carfare, special clothing, miscellaneous, etc.) Programs connected with general assistance have various locally established names. Programs connected with AFDC include the Community Work Experience Program (CWEP), and the Work Incentive Program (WIN). Programs are often run as demonstrations or pilot projects.

The fact that an individual is required to work in exchange for an income based on need or assistance based on need payment does not change the nature of the payment. For SSI/Medicaid purposes, the payment in such situations is an assistance payment and is not earned income.

**6. Federal Emergency Management Agency (FEMA) Programs**

Through a national board chaired by the Federal Emergency Management Agency (FEMA) and local boards, funds are provided to private nonprofit organizations and State and local governmental entities for the purpose of providing emergency food and shelter to needy individuals. The entity receiving these funds decides how they will be best used (e.g., to buy beds and blankets, to stock a soup kitchen or to pay an individual's rent). The Federal funds are not provided to meet ongoing basic needs.

Assistance involving FEMA funds is subject to the general rules pertaining to income and income exclusions. It is neither IBON nor ABON.

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- 7. Community Service Block Grants**
- The Department of Health and Human Services makes community service block grants to States to provide a broad range of services and activities to assist low-income individuals and alleviate the causes of poverty in a community. States may subsequently make grants or enter into contracts with private nonprofit organizations or political subdivisions.
- Assistance involving community service block grants is subject to the general rules pertaining to income.
- 8. Refugee Cash Assistance**
- Refugee Cash Assistance and Cuban and Haitian Entrant Cash Assistance are federally funded programs which make on-going needs-based payments to refugees during their first 18 months in the United States. The payments are made by the State or local government basically according to AFDC standards and rules, although there need not be a child involved. The Federal government will also reimburse States and localities for any general assistance payments made to refugees during their second 19-31 months in the United States.
- Refugee Cash Assistance, Cuban and Haitian Entrant Cash Assistance and federally reimbursed general assistance payments to refugees are federally funded income based on need and, unless excluded under a PASS, are counted dollar for dollar as income. The \$50 general income exclusion does not apply to this income.
- 9. Refugee Reception & Placement Grants**
- Federal funds are provided to national voluntary refugee resettlement agencies such as Catholic Charities or the Hebrew Immigrant Aid Society, which provide services (including food, clothing and shelter) related to initial resettlement of new refugees. Assistance involving these funds will usually be received during the first 30 days after the refugee arrives in this country.
- Assistance involving a refugee reception and placement grant or a refugee matching grant is subject to the general rules pertaining to income and income exclusions.

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**10. Bureau  
of Indian  
Affairs  
General  
Assistance**

Bureau of Indian Affairs General Assistance (BIA GA is a federally funded program administered by the Bureau of Indian Affairs (BIA) through its local agency (usually the tribe). The program makes periodic payments to needy Indians.

BIA determines need according to the standards used by State welfare agencies for Aid to Families with Dependent Children (AFDC).

BIA GA payments are federally funded income based on need and, therefore, count as income on a dollar-for-dollar basis regardless of whether they are paid in cash or in kind. The \$20 per month general income exclusion does not apply.