
INCOME

UNEARNED INCOME

**G. PAYMENTS
FOR CHILDREN
& SPOUSES**

The following types of unearned income are made for or on behalf of children and/or spouses.

**1. TANF
Payments**

TANF (Temporary Assistance for Needy Families), formerly AFDC (Aid to Families With Dependent Children), makes a payment to a family unit rather than an individual. The payment is frequently referred to as a "grant." An individual who meets the eligibility requirements for both TANF and SSI may choose the program under which he/she prefers to receive benefits. However, if the individual receives SSI, he/she may no longer be included in the TANF grant.

TANF payments are federally funded income based on need and are counted dollar for dollar as income. The \$20 general income exclusion does not apply to this income.

**2. Foster
Care**

An individual is considered to be in foster care when:

- a. a public or private nonprofit agency (i.e., one which is tax exempt under section 501(a) of the Internal Revenue Code) places the individual under a specific placement program; and
- b. the placement is in a home or facility which is licensed or otherwise approved by the State to provide care; and
- c. the placing agency retains responsibility for continuing supervision of the need for such placement and the care provided.

A foster care payment is a payment made to the provider for the purpose of meeting the needs of the individual in foster care. Foster care payments made to a provider of foster care are not income to the provider.

Foster care payments made under title IV-E are federally funded income based on need to the child in care. This income is not subject to the \$50 general exclusion.

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Foster care payments involving funds provided under title IV-B or title XX of the Social Security Act are Social Services and are not income.

3. Adoption Assistance

Adoption assistance programs provide payments and/or services for children for whom unassisted adoption is unlikely because of age, ethnic background, physical, mental or emotional disability, etc. The income of either the adopting parent, the adopted child, or both may have been considered in determining the payment. Usually, adoption assistance will be formalized in a written agreement between the adopting parents and the agency involved. Adoption assistance may be provided by public or private agencies and may be based on financial need.

Adoption assistance provided by States under title IV-E of the Social Security Act involved Federal Funds and is needs-based. Under IV-E, there is no income test for the adopting parents but the children must be those who are, or could be, eligible for AFDC or SSI prior to adoption. Therefore, there is an income test for children who receive IV-E adoption assistance. Concurrent receipt of IV-E adoption assistance and SSI is permissible.

Adoption assistance cash payments made to adoptive parents under title IV-E are federally funded income based on need to the adopted child. This income is not subject to the \$50 general exclusion. Therefore, the total payment is considered cash income to the individual and is counted dollar for dollar.

NOTE: In addition to a cash payment to the adoptive parents, social services may be provide under title IV-E. Social services are not income.

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4. Support Payments (Child Support Alimony)

Alimony and support payments are cash or in-kind to meet some or all of a person's needs for food, clothing, or shelter. Support payments may be made voluntarily or because of a court order. Alimony (sometimes called "maintenance" is an allowance made by a court from the funds of one spouse to the other spouse in connection with a suit for separation or divorce.

Alimony, spousal, and other adult support payments are unearned income.

Child support payments are unearned income; however, exclude one-third of the amount of a payment made to or for an eligible child by an absent parent.

A parent is considered absent if the parent and the child do not reside in the same household.

- a. If the periods of living together are brief and the child remains independent or under the care and control of another person, agency, institution, or is living in the home of another, the parent is usually considered absent unless he/she retains **parental responsibility and control**.
- b. A parent is not considered absent if he is away due to **employment**, intends to resume living with the child, and retains parental control and responsibility.
- c. A child (or parent) who is a **boarding student** in an educational facility is not considered absent.

Verify the amount and frequency of support payments by using:

- court records;
- records of an agency through which the payments are made;
- documents in the individual's possession or contact with the source of the payment.

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In the case of one payment for two or more individuals:

- a. To determine one individual's share of a support payment made for more than one person, **look first to the legal document** setting the payments.

- b. **If the legal document** addresses each person's share, divide the payment according to the terms of the document. If the payment does not equal the established support amount, contact the source of the payment to establish intent and divide the payment according to that intent. If this is unsuccessful, divide the payment proportionately.