

# MISSISSIPPI DIVISION OF MEDICAID

## Eligibility Policy and Procedures Manual

### 302.01 RETIREMENT FUNDS

Retirement funds are annuities or work-related plans that are designed to provide income when employment ends. These funds can be held with a company or held privately at a bank or other financial institution. Listed below are some examples:

- Pensions, disability, or retirement plans administered by an employer or union
- 401K
- Individual Retirement Account (IRA)
- Keogh plans (plans for self-employed individuals)
- Some profit sharing plans

Procedure
<p><b><u>Treatment of Retirement Funds Under SSI and Liberalized Resource Policy</u></b></p> <p><b><u>IRAs and KEOGH Plans</u></b></p> <ul style="list-style-type: none"><li>• The terms IRA and Keogh refer only to the type of retirement account and do not identify the underlying investment vehicle for the account, which may be a bank account, Certificate of Deposit, mutual fund, etc. If retirement benefits are being received out of such accounts, the principal is not considered a resource. Otherwise, develop IRAs and Keogh accounts according to the resource policy applicable to the underlying investment vehicle.</li></ul> <p><b><u>Eligible for Periodic Payments</u></b></p> <ul style="list-style-type: none"><li>• Retirement benefits are payments made at some regular interval (i.e., monthly) and result from entitlement to a retirement fund. Periodic payments must be of uniform rate, principal and interest (principal must equal or exceed amount of interest) and are counted as unearned income.</li><li>• If an individual owns a retirement fund, determine whether he is eligible for periodic payments. If so, he must apply for those benefits under the utilization of other benefits provision. If he has a choice of periodic payments or a lump sum, he must take the retirement benefit payments.</li></ul> <p><b><u>Not Eligible for Periodic Payments</u></b></p> <ul style="list-style-type: none"><li>• If an individual owns a retirement fund and is not eligible for periodic payments, determine whether he can make a lump sum withdrawal. If he can withdraw any of the retirement fund, the value of the fund is a resource in the month the funds become available for withdrawal.</li></ul>

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### **Retirement Funds** (Continued)

#### **Procedure**

##### **Determining the Value of a Retirement Fund**

- The value of the retirement fund is the amount that can currently be withdrawn. If there is a penalty for early withdrawal, the fund's value is the amount available after the penalty is deducted. However, any taxes which may be due are not deductible in determining the fund's value.

##### **When to Treat a Retirement Fund as a Resource**

A retirement fund is a resource when the individual has the option of withdrawing a lump sum, even if he is not eligible for periodic payments. When this is the case,

- If the individual applies for periodic payments and is denied, the value of the fund becomes a countable resource the month after the month periodic payments are denied.
- A delay in payment beyond the individual's control (e.g., an organization's processing time) does not mean the fund is not a resource since the individual is legally able to obtain the money.

##### **When Not to Treat a Retirement Fund as a Resource**

A retirement fund is not a resource

- When a person must terminate employment to obtain payment.
- When a person is eligible for and receiving periodic payments.

##### **NOTES:**

- **Deeming Exclusion**

Retirement funds owned by an ineligible spouse or parent are excluded from resources for deeming purposes.

- **Previously Unavailable Funds**

A previously unavailable retirement fund is subject to resource rules in the month after the month the funds first become available.