

What to do with your ASSETS

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September 2023

DEFINITION (Before & After HOTMA)

- All assets OWNED by the household
- Net CASH value after deducting reasonable costs incurred of disposing of real property, stocks, bonds, and other forms of capital investment.

Definition - Continued

- Must include value of any business or family asset disposed of by applicant/family for less than fair market value for 2 years



- Negative Equity in Real Property & Investment does not exclude as an asset.

EXCLUDED ASSETS

- 2023- Personal Property – Not Investment.



-  Necessary Personal Property-
2024

EXCLUDED ASSETS

- Interests in Indian Land Trusts
- Equity in a manufactured home where family received assistance under 24 CFR part 982.
- Family Self-Sufficiency accounts.
- Tax refunds & credits

EXCLUDED ASSETS

- Term Life Insurance (no cash value)
- Assets part of active business- exception for rental properties not main occupation as assets count

EXCLUDED ASSETS CONTINUE

- **Assets NOT effectively owned by household:**
 - ✓ Held in name but.....
 - ✓ the income and assets benefit someone outside household &....
 - ✓ other person is responsible for income taxes incurred on income generated. Ex: Grandmothers checking account

EXCLUDED ASSETS

- **NOT ACCESSIBLE & PROVIDES NO INCOME** Ex: DV home ownership with abuser
- **IRREVOCABLE TRUST FUND**- not revocable by OR revocable but not under the control of any household member.

Ex: Grandparents have trust fund



HOTMA- ASSET EXCLUSIONS

- RETIREMENT ACCOUNTS – Recognized by IRS

Examples- IRAs, Employer Plans, Plans for self-employed, some annuities, and etc.

IRS.GOV: Types of IRS approved plans (Handout #1)

HOTMA ASSET Exclusions



EDUCATIONAL SAVINGS ACCOUNTS

- Any Coverdell education savings accounts under section 503 of IRS code of 1986;
- Qualified tuition program under section 529 of IRS code;
- ABLE account under section 529A
- BABY BOND accounts authorized or funded by Federal, State, or local government.

HOTMA Asset Exclusion



- **Civil Recovery or Settlement for claims resulting in disability of household member.**

- ✓ Malpractice
- ✓ Negligence
- ✓ Other breach of duty

If NOT EXCLUDED- IT COUNTS!



WHO OWNS THE ASSET?

- ✓ Who Contributed to the Asset?
- ✓ Who is Paying Taxes on the Asset?

Might help identify ownership.

Refer to CHART- What is counted as an Asset?

- Checking Account

Housing Applicant name on account of non-household member (mother)

- 1099 INT is in mother's name
- Only Mother deposits SSA income in account

CHART- What is counted as an Asset?

- Stocks

Sample- Handout #3 Macys

Asset Value ?

Asset Income?

LIFE INSURANCE

Refer to Federal Register 2/14/2023
Vol 88 No. 30 pages 9642

- Term Life
- Whole Life vs Universal definition – Handout #4
- Sample Whole Life Policy –Handout #5
Net Cash value? Income?
- Sample Universal Life Policy- Handout #6



Investment vs Necessary



Diamonds – Boat on chart

- **Investment** is the rule today!
- **Necessary** is the rule in 2024.



LAND

Asset Value
Asset Income



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Mineral Rights

- Income?
- Sell?

Availability,
Fair Market Value,
Cash value

- Own Property?



TRUSTS- REVOCABLE

- Creator of trust may amend or end trust.
- Creator has access to the trust.

Is the Creator a household member?

Is the beneficiary a household member?

The beneficiary may not be able to access.

TRUST EXAMPLE- REVOCABLE

- Grandparents (not household member) set up a trust for Johnny (assisted housing member).
- Trust is labeled revocable .
- Johnny receives investment income only of \$400 a year from trust.
- Johnny can not access the principal until Grandparents die.
- ASSET? INCOME?

TRUSTS

NON-REVOCAABLE

✓ Creator has no access to funds in trust.

✓ No family member has access to principal of trust.

Do not count as asset. Per Federal Register Vol. 88
No.30 -02/14/2023 page 9602

TRUST Example—Asset for George???

- George is lives in public housing
- George placed \$20,000 in a trust for his grandson (not in housing). He created the trust 5 years before residing in public housing.
- His grandson is the beneficiary of the trust upon George's death.
- George can not change the beneficiary or principal of the trust.

What if

- George controls the principal and interest in the account
- George can remove the funds at anytime.
- ASSET?

Settlement on Insurance Claim

Example- Jane is living in Section 8 housing

Jane receives \$110,000 insurance claim for an auto accident and placed it in a savings account over a year ago. Jane receives Social Security Disability due to the injuries of this auto accident.

Is Jane's \$110,000 in savings account an ASSET?

- **2023 – Asset**

- **2024 – Excluded Asset** Refer to Federal Register
2/14/2023 Vol 88 No. 30 pages 9641 & 9656 per 5.606 (3)(v)

SPECIAL NEEDS TRUST

- Trust set up for a disabled household member
- Principal is not accessible to household member
 - Count only reoccurring income from distributions, not asset
 - Do not count any medical expenditures

Note: Any principal initially funding a trust is excluded as income per 5.603 (b) and per 1st Circuit Appeal court on DeCambre vs Brookline Housing

- Principal is accessible to household member
 - Count as asset
 - Count only income earned on the trust Finley vs City of Santa Monica

Crypto Currency

- Handout # 7

- Bitcoin
- Stable coin
- HEX




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RETIREMENT PLANS

2023

- Can household withdrawal balance without retiring or terminating employment?

If no-  If yes- net cash value (minus (-)penalties)
income

- Household member retired taking just periodic payments (monthly or annually)?

Retirement Plan Example for 2023

- 401K balance is \$35,000
- Joe can access balance without terminating job
- He is not fully vested with employers contribution of \$15,000
- He would pay a penalty of 10% to withdrawal

What amount is an asset?

Retirement Plans

IRAs, 401K, Simple IRA, Employer, Annuity

2024

➤ Recognized by IRS?



ANNUITY

Contract sold by insurance company designed to provide payments at specific intervals, usually a retired person.

Questions to ask about Annuities

- Recognized by IRS as retirement plan?
- Holder of annuity have right to withdrawal balance?
- Penalties for withdrawing?
- Tax rate and tax penalty for withdrawing?
- Holder receiving regular payments from annuity?

ANNUITY

- Qualified vs Unqualified
- Handout #8
- Handout #9

FUNERAL PRE-PAID Arrangement

- Revocable?
- Irrevocable?
- Burial Space





Real Estate (House)



Asset Limitation (\$100,000) vs Program disqualification

- Not habitable –cannot be remedied easily
- Jointly owned property (not part household)
- Not suitable for occupancy for work or educational needs
- Not close to medical
- Does not meet physical accessibility needs

(need for more bedrooms, proximity to accessible transportation & etc.)

Refer to Federal Register 2/14/2023 Vol 88 No. 30
pages 9611 -9612



The End