

**NORTH DAKOTA DEPARTMENT OF HUMAN SERVICES
BISMARCK, NORTH DAKOTA
January 19, 2015**

IM 5234

TO: County Social Service Directors
Economic Assistance Policy Regional Representatives
Economic Assistance Policy Quality Control Reviewers

FROM: Carol Cartledge, Director, Economic Assistance Policy

SUBJECT: **Annuities, IRAs, and Retirement Accounts**

PROGRAMS: LIHEAP

EFFECTIVE: Immediately

RETENTION: Until Manualized

SECTIONS 415-25-10-10-05 – Assets – “Liquid”
AFFECTED: 415-25-05-20-20 – Other Income

Effective with this IM, LIHEAP will no longer count annuities or other pension plans (including Individual Retirement Accounts (IRAs), Simplified Employer Pension plans (SEPS) and Keogh plans) as countable assets as long as the money remains in the pension fund. This change in policy is effective for any applications received and not yet processed.

Monthly or regular payments from the pension fund made according to the plan, or lump-sum withdrawals from an IRA, Keogh plan, annuity, or similar instrument are treated as a source of income (See 415-25-05-20-20, Other Income). To arrive at the countable income, the amount of the penalty (if any) should be deducted from the gross disbursement amount.

However, a one-time payoff of all funds in the pension or annuity is considered a conversion of an asset (See 415-10-25-30, Conversion of Assets).

Policy at 415-25-10-10-05 and 415-25-05-20-20 is revised as follows:

Assets - "Liquid" 415-25-10-10-05

"Liquid asset" is defined as any resource which can readily be converted to cash, and includes cash on hand, checking accounts, savings accounts, stocks (See [415-25-10-45](#)), bonds, pension plans (including [Individual Retirement Accounts \(IRAs\)](#), Keogh plans, and Simplified Employer Pension Plans ([SEPs](#))), Individual Indian monies, and other negotiable instruments. Note that certain large deposits designated for future living expenses may temporarily distort the liquid assets (#8).

To arrive at the countable cash value for any account or plan that imposes penalties for early withdrawals, subtract the amount of the penalty (if any) from the value of the account or plan.

"Liquid Assets" NOT Counted:

1. Cash surrender and loan values of life insurance. NOTE that if a life insurance policy is cashed in, proceeds are NOT considered income. Instead, it is treated as a conversion of an asset, and only those proceeds which have been converted to a countable asset will be counted (as an asset).
2. ~~The cash value of pension plans or funds that involve a contractual agreement with a third party, usually an employer. If withdrawn, they become an available asset in the month received. Annuities or other pension plans as long as the money remains in the pension fund.~~

These include but are not limited to: Examples:

- State Retirement
- Teachers Retirement
- 457 plans
- 401(k) plans
- Federal Employee thrift savings plan
- 403(b) Plans, and
- ~~4501(c) (18) plans.~~
- [Keogh plans](#)
- [Individual Retirement Accounts \(IRAs\)](#)
- [Simplified Employer Pension Plans \(SEPs\)](#)

Monthly or regular payments from the pension fund made according to the plan or lump-sum withdrawals from an IRA, Keogh plan, annuity, or similar instrument will be treated as a source of income (See 415-25-05-20-20, Other Income). To arrive at the countable income, the amount of the penalty (if any) should be deducted from the gross disbursement amount.

However, a one-time payoff of all funds in the pension or annuity is considered a conversion of an asset (See 415-10-25-30, Conversion of Assets).

- ~~3. The face value of an annuity, provided the annuity has provided income to the household between the previous June 1 and the following May 31.~~

Other Income 415-25-05-20-20

Income from all other sources not excluded by [415-25-05-30](#) must be included in the determination of the household's income.

- ~~1. Monthly or regular payments from a pension fund (such as social security, SSI, railroad, veterans, & private pensions) dispersed according to the plan or lump-sum withdrawals from an IRA, Keogh plan, annuity, or similar instrument. To arrive at the countable income, the amount of the penalty (if any) should be deducted from the gross disbursement amount. Pensions dispersed upon retirement according to the pension plan (normally as monthly checks) from all sources such as railroad, veterans, social security, SSI, and private pensions.~~

If you have questions, please contact your Regional Representative.