

## AFI IDAs and Major Government Support Programs for Low-Income Families: Eligibility and Strategies

### ***Exemption for AFI Savings in Government Support Programs***

It is Federal law that a participant's AFI IDA resources – including their savings, the matching contributions, and interest accruing on both – may not be considered when determining eligibility or amount of benefits for any federal means-tested program. Intake workers or others who screen for program eligibility may not count any part of the participant's AFI IDA resources as income or as an asset in their determination of eligibility or amount of benefits for other federal programs.

This is stated explicitly in Section 415 of the Assets for Independence Act, as follows (emphasis added):

**NO REDUCTION IN BENEFITS:** Notwithstanding any other provision of Federal law (other than the Internal Revenue Code of 1986) that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such law to be provided to or for the benefit of such individual, funds (including interest accruing) in an individual development account under this Act shall be disregarded for such purpose with respect to any period during which such individual maintains or makes contributions into such an account.<sup>1</sup>

For the full AFI legislation, go to: <http://www.acf.hhs.gov/assetbuilding/afialaw2000.html>. A draft letter that grantees may use in explaining the disregard to local agency staff is also attached here.

### ***Can IDA Assets Be Counted in Eligibility Determinations for Other Government Support Programs?***

	<i>TANF</i>	<i>Food Stamps</i>	<i>Medicaid and SCHIP</i>
<i>AFI IDAs</i>	No	No	No
<i>TANF IDAs</i>	No	No	No

<sup>1</sup> COMMUNITY OPPORTUNITIES, ACCOUNTABILITY, AND TRAINING AND EDUCATIONAL SERVICES ACT OF 1998. Public Law 105-285. 105th Congress TITLE IV-- ASSETS FOR INDEPENDENCE. Assets for Independence Act. 42 USC 604 note. Section 415.

<b><i>Non-AFI, Non-TANF IDAs</i></b>	State discretion	The basic federal rule calls for these IDAs to be counted, but states have new options that should allow them to disregard these IDAs	State discretion
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Source: Center on Budget and Policy Priorities

## Resources

- 1. *Asset Limits in Federal Benefit Programs and How They Affect IDA Participants.***  
 Overview of rules and how IDAs are treated in federal means-tested programs based on type of IDA funding. (Zoe Neuberger. Center on Budget and Policy Priorities, June 2005.) See attachment.
- 2. *2002 Federal IDA Briefing Book – How IDAs Affect Eligibility for Federal Programs.***  
 This briefing book provides details about how IDAs are treated in the context of several major federal programs for assisting low-income families. Featured programs include: TANF, food stamps, Medicaid and SCHIP, SSI, and low-income housing programs. The Community Reinvestment Act, Bank Enterprise Award, First Accounts Initiative, and tax treatment of IDAs are also discussed. (Developed by CFED and the Center on Budget and Policy Priorities, October 2002.) The majority of the information in this document is still current. Go to: <http://www.cbpp.org/10-29-02wel.pdf> or <http://www.cfed.org/publications/IDA%20Federal%20Policy%20Briefing%20Book.pdf>
- 3. *IDAs and Public Assistance Asset Limits: What States Can Do to Remove Penalties for Saving.*** This policy brief highlights some ways in which states can make it easier for IDA holders (as well as other low-income households) to save toward their long-term goals without jeopardizing their eligibility for programs that can help them meet day-to-day needs. This brief is based on the *2002 Federal IDA Briefing Book – How IDAs Affect Eligibility for Federal Programs* (see Resource Number 2 listed above). Building on the original report, this brief includes the best and most up-to-date recommendations for action at the state level to minimize the impact of asset limits. (Developed by Center for Social Development, Washington University in St. Louis and CFED, September, 2004.) Go to: <http://www.cfed.org/publications/Vol%201%20No%202%20-%20Public%20Assistance%20Asset%20Limits.pdf>
- 4. *IDA Participation and Public Benefits Eligibility.*** This paper outlines the potential effects of savings and asset accumulation on public benefits eligibility. It also provides guidelines for finding the right people and strategies for asking the right questions to understand a

state's eligibility policies. Finally, it includes several suggestions for helping an IDA participant receive other public benefits. (Vikki Frank and Susan Smith, September 2004.)  
Go to:

[http://www.ised.org/research&evaluation/documents/IDA\\_Participation\\_and\\_Public\\_Benefits.pdf](http://www.ised.org/research&evaluation/documents/IDA_Participation_and_Public_Benefits.pdf)

5. ***State-by-State Online Information About Key Low-Income Benefit Programs.*** This resource on the Center on Budget and Policy Priorities website provides links to policy manuals, descriptive information, and applications for State Food Stamp, TANF, Child Care, Medicaid, and SCHIP. This site offers state-by-state web addresses on policies (including eligibility), program descriptions, and applications procedures. The sites also often include information on employment and training funded through TANF. In many cases there are online applications, benefits calculators, or prescreening functions that may be used by individuals or staff before making a direct referral. Go to: <http://www.cbpp.org/1-14-04tanf.htm>.
6. ***Protecting Low-Income Families' Savings.*** This is a publication of The Retirement Security Project and extends the discussion of means testing and benefits to the question of asset building for low-income households as they age. Appendices provide details on each state's Medicaid asset limit for various Medicaid eligibility categories. Go to: <http://www.cbpp.org/6-21-05socsec.pdf>