

From the Hotline

If you have any questions on this column or other policy and procedural material, please have your Hotline designee call the **Policy Hotline at 617-348-8478**.

- Q. 1.** I know that the cash surrender value of a client's life insurance policy is considered a countable asset in the TAFDC and EAEDC programs, but what happens when a client reports cashing in his life insurance? In my particular client's case, his life insurance policy had a cash surrender value of \$1,500. Are these funds countable as an asset or are they treated as a one-time lump sum payment?
- A. 1.** The \$1,500 received by your TAFDC client is still treated as an asset. See 106 CMR 204.120(E) for more information. This payment is treated as an asset in the EAEDC Program as well. See 106 CMR 321.120(E) for more information.
- Note:** In SNAP policy, the cash surrender value of life insurance policies is noncountable, provided the insurance policies are not cashed in. For more information, see 106 CMR 363.140(B).
- Q. 2.** When a SNAP client cashes in his life insurance policy, are the proceeds treated as an asset?
- A. 2.** Yes. These payments are counted as an asset and are excluded as income. For more information on these types of payments, refer to 106 CMR 363.230(I.) For more information on assets in SNAP, refer to categorically eligible households in 106 CMR 365.180.
- Q. 3.** Payments such as Social Security, Worker's Compensation and Unemployment Compensation are ongoing payments for some of our clients. However, in policy these payments are also listed as potential lump sum income sources. How can I tell when one of these payments is ongoing, as opposed to a one-time payment?
- A. 3.** To treat Social Security, Worker's Compensation or Unemployment Compensation as a lump sum, there needs to be an indication from the payer that the income covers a specific period of time and that the situation will not be repeated. For example, a client might normally receive \$700 in Social Security benefits, but because of a delay in the processing of his case, he is sent a notice from the Social Security Administration that he is owed \$5,600 in retroactive benefits. This \$5,600 retroactive, one-time amount is considered a lump sum in the SNAP and cash programs. For more information, refer to 106 CMR 363.130(D) in the SNAP regulations, 106 CMR 204.240 in the TAFDC regulations and 106 CMR 321.240 in the EAEDC regulations.
- Q. 4.** In both TAFDC and EAEDC, the cash surrender value of burial insurance is countable. What is the difference between burial insurance and prepaid funeral arrangements?

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- A. 4.** Both burial insurance and prepaid funeral arrangements can cover similar costs, such as funeral services, cemetery plots, headstones and caskets. However, burial insurance can build up cash value over time while a prepaid funeral arrangement typically cannot be converted into cash. For more information on prepaid burial plans in the cash programs, see 106 CMR 204.140(N) in TAFDC regulations and 106 CMR 321.140(N) in EAEDC regulations. For more information on the cash surrender value of burial insurance, see 106 CMR 204.120(F) in the TAFDC regulations and 106 CMR 321.120(F) in EAEDC regulations.

Note: In SNAP, one burial plot per household member and the value of a prepaid funeral arrangement, not to exceed \$1,500, are noncountable assets. If any portion of these assets are used for purposes other than funeral or burial arrangements, then the balance of the asset is countable, under the provisions of 106 CMR 363.130.