Part 4 Financial Eligibility

5 What is financial eligibility?

You must be financially eligible to get TAFDC benefits. To be financially eligible, your **countable** income must be within TAFDC eligibility limits. If you are within TAFDC eligibility limits, the amount of your grant is figured by comparing your countable income, after any allowable deductions, with the payment standard for your family size. These rules are discussed in more detail in this Part.

6 What is income?

In general, income is money that “comes in.” 106 C.M.R. § 704.100.

An asset is money or property you already have. TAFDC does not count assets effective July 1, 2021. See **Question 63**.

6 What income is not counted?

DTA looks at total monthly income to decide eligibility, but not all income counts. 106 C.M.R. § 704.250.

The following items **do not count** as income:

- income of any SSI recipients in the family, including child support received for a child receiving SSI,
- foster care payments you receive for a foster child,
- adoption assistance payments you receive for an adopted child,
- SNAP benefits (food stamps),
- federal and state earned income and child tax credits and tax refunds,
- higher education (college level) grants, loans and work study, including grants from private organizations, **Appendix E** (DTA Online Guide Links),
- up to $7,500 in relocation payments received by a tenant to leave a foreclosed property plus additional amounts you can verify are being used for relocation expenses, DTA Transitions, Jan. 2008, p. 7,
- any loan that cannot be used to meet current living expenses,
- payments from a reverse mortgage (loan that allows homeowner to withdraw equity from property), see DTA Transitions, Apr. 2007, pp. 4-5,
- training stipends up to $130 per month,
- reimbursements for training expenses,
- Youthbuild or AmeriCorps earnings or payments to participants,
- earnings of a child under 16,
- earnings of a child who is a full-time student working part-time), see **Appendix E** (DTA Online Guide Links),
- certain restricted cash gifts from persons who are not financially responsible for anyone in the TAFDC household (see **Question 71**),
- the first $50 a month in child support,
- housing subsidies received under any Massachusetts or federal housing program,

- assistance from social service or other organizations, and
- payments from a guaranteed income program, depending on the program. **Appendix E** (DTA Online Guide Links).

This is not a complete list of noncountable income. The regulations describe over 30 types of noncountable income. Check the regulations for a more complete list. 106 C.M.R. § 704.250.

Advocacy Reminders:

✓ DTA has discretion to make additional types of income noncountable. For example, DTA decided that certain payments to participate in a study were not countable. **Appendix E** (DTA Online Guide Links). Advocates can work with DTA to expand the list of noncountable income sources.

✓ DTA sometimes counts the earned income of children under age 18 who are not full-time students working part-time. Contact your local legal services program, **Appendix D**, for help.

✓ Some employees get "credits" that can be used to pay for benefits such as health insurance, child care, or life insurance. The "credits" may show up on your pay stub as income, but they are not counted for TAFDC or SNAP (food stamps) unless you have the option of taking the credits as cash. See DTA Transitions, Jan. 2006, p. 7 and Feb. 2006, p. 3.

✓ Payments from a publicly supported employment program, such as the federal Workforce Innovation and Opportunity Act, are usually not counted for TAFDC or SNAP. This includes some programs that provide summer employment for youth as well as other programs. Contact your local legal services program, **Appendix D**, if DTA is counting payments from a publicly supported employment program in case the payment should not be counted.

6 What income is counted?

Earned and unearned income is counted unless it is specifically excluded.

Earned income

Countable earned income includes wages, tips, salary and earnings from self-employment. 106 C.M.R. § 704.210(A). Subtract business expenses from self-employment income. There are special rules for business expense deductions if you get income from rent. 106 C.M.R. § 704.210(E).

Unearned income

Countable unearned income includes social security (but not SSI), unemployment compensation, veterans' and other pension benefits, paid family or medical leave, and income from trusts. 106 C.M.R. § 704.210(B); **Appendix E** (DTA Online Guide Links).

6 Does TAFDC count assets?

An asset is money or property you already have. 106 C.M.R. § 704.100.

Effective July 1, 2021, TAFDC does not count assets. Because TAFDC does not count assets, DTA should also not count money or property you spent, gave away, or otherwise transferred before you applied for TAFDC. DTA On Line Guide Transmittal 2021-85 (Nov. 10, 2021) (TAFDC and EAEDC: Asset Eligibility Limits Eliminated) – see **Appendix E**. However, DTA's regulations at 106 C.M.R. § 704.135 still provide for ineligibility of applicants for TAFDC who transferred benefits within 12 months of application. Email info@masslegalservices.org if the transfer of assets rule is a problem for you.

64 What if you are expecting money from an accident or illness?

If you are expecting money from an accident or illness *and* you need TAFDC because of that accident or illness, you have to assign your right to the money to DTA. This includes money from a lawsuit or Workers' Compensation. DTA can reimburse itself from the accident or illness money for the TAFDC you needed because of the accident or illness. 106 C.M.R. § 702.800. The assignment form also covers money you may get for medical expenses.

If you are receiving TAFDC, DTA will apply the lump sum rule to the balance of money that you get from a settlement or Workers' Compensation award. See **Questions 76-78**. Because TAFDC no longer counts assets, you should be able to keep money you got before you applied. See **Question 63**.

Advocacy Reminder:

- ✓ If child support has been paid to the state for the time period covered by the assignment, DTA should ***not*** reimburse itself again for TAFDC benefits that were paid back through child support payments. Similarly, DTA should not reimburse itself for TAFDC benefits you repaid to DTA after DTA said you were overpaid. Be sure to tell your lawyer about any payments that reduce DTA's claim before the lawyer turns any money from the lawsuit over to DTA.

6 What happens if your child's father (or mother) pays child support?

When you get TAFDC, you have to assign your child support (and spousal support) rights to the state for any person who will be included in the grant. The Department of Revenue (DOR) then collects the support.

106 C.M.R. §§ 703.500-703.510. DTA should send you the first $50 a month in support that DOR collects. This is called a child support "pass through."

The assignment of child support does not cover back support (arrearages) for the period before you began receiving TAFDC. DOR should send this money directly to you. DTA may then try to count this money as income for TAFDC and may try to apply the lump sum rule. See **Question 76.** Email info@masslegalservices.org if you get a back child support payment from DOR and DTA tries to count it as income for TAFDC.

If the child support DOR collects for a month plus other countable income is ***more*** than your grant plus $50, DTA should send you the difference. If this happens for two months in a row, DTA should close your TAFDC case and you should get the child support instead (and the month should not count towards your 24 months if you are subject to the time limit). 106 C.M.R. § 704.230; **Appendix E** (DTA Online Guide Links). Even if the child support is less than your grant plus $50, you can close your case to keep your 24-month time limit clock from running or for any other reason. If you close your TAFDC case DOR must send the support money directly to you. There may be several weeks' delay before DOR starts sending you the support.

Advocacy Reminders:

- ✓ Only one $50 a month child support pass (or less) is allowed for each family even if support is paid for more than one child.
- ✓ Support paid for a child receiving SSI does not count against the TAFDC grant but some of it does count against the SSI benefit. 106 C.M.R. § 704.250(A)(1). See also DTA Transitions, Mar. 2002, p. 7.
- ✓ Massachusetts pays most of the support collected for children receiving TAFDC to the state treasury or the federal government. Federal law gives the state the option to pay the money to the children instead.

6 Does DTA ever count money as income even if you do not get it?

DTA counts the money you don't get that is withheld from your paycheck such as the money withheld for taxes, union dues, health insurance, and retirement accounts. DTA also counts money that is withheld from your paycheck to pay child support, back taxes, or a debt.

DTA may also try to count money that is withheld from social security or other benefits to pay back an overpayment. DTA Transitions, May 2013, p. 8. This may be illegal. Contact your local legal services program, **Appendix D**, if this is a problem for you.

DTA regulations say DTA will count income that you transferred within the year before you applied for TAFDC. 106 C.M.R. § 704.135. This is a very unusual situation. If you have a problem with it, email info@masslegalservices.org.

In some cases, DTA counts money as income to you even if all of it was paid to someone else. This is called "deeming." 106 C.M.R. § 704.210(D).

The following questions deal with deeming from a stepparent or ineligible noncitizen parent, **Question 67**, and grandparent deeming, **Question 68**.

6 How does DTA count income of a stepparent or ineligible noncitizen parent?

Your income is counted in figuring your stepchildren's eligibility if you are a stepparent and the child's natural or adoptive parent is also in the home. This is true even though you have not adopted your stepchildren and do not have a legal responsibility to support them. 106 C.M.R. § 704.210(D)(1)(a).

Your income is also counted in figuring your children's eligibility if you are a parent who is an ineligible noncitizen who cannot be in the assistance unit or has chosen not to apply. See **Questions 8** and **32**. 106 C.M.R. § 704.330. See also DTA Transitions, June 2003, p. 2.

Income of a stepparent or ineligible noncitizen parent who lives with a dependent child is counted after deducting

- $200 a month from earned income,
- support payments paid to people outside the TAFDC unit, and
- the Need Standard (see **Question 73**) for the stepparent or ineligible parent and any dependents living with him or her who are not included in the TAFDC unit. 106 C.M.R. § 704.235(A)(2).

Example

Sonia Novik is a lawful permanent resident who got her status two years ago and does not meet noncitizen eligibility requirements. She has two children who are citizens. She earns $800 a month. She pays rent. DTA will subtract $200 a month for work expenses and the Monthly Need Standard for one person of $506 a month (with the rent allowance). DTA will count $94 against a two-person grant for the children.

Advocacy Reminders:

✓ There is no stepparent deeming to the *child* of a teen parent. For example, a 16-year-old with a baby who lives with her mom and her mom's husband should not have her mom's husband's income deemed unless her mom is also part of the assistance unit.

✓ There is no stepparent deeming where the stepparent is the primary caretaker for the child, the natural or adoptive parent is not in the home, and the stepparent is not on the grant. In this situation, the stepparent is treated like any other non-parent relative who is not receiving assistance for herself. See **Question 32**. See DTA Transitions, Oct. 2004, p. 4.

✓ There is no stepparent deeming for MassHealth, but stepparent income is counted if the stepparent is the applicant for her or his spouse or child.

6 How is grandparent income counted towards the baby of a teen parent?

If you are a teen parent under 18 and you live with your child's grandparent (your own parent or the baby's other grandparent) the grandparent's income is counted after deducting 200% of the federal poverty guideline for the grandparent, grandparent's spouse and other dependents who are not receiving assistance. 106 C.M.R. § 704.236.

This is true even though your baby's grandparents have no legal responsibility to support your baby.

Family Size	200% of Poverty Monthly
1	$2,430
2	3,287
3	4,143
4	5,000
These are the 2023 amounts. They usually go up in January or February each year. See http://www.mass.gov/dta/eligibility.	

Example

Sherry is 17. Sherry and her baby live with Sherry's mother, Grace Ryan, and Sherry's 15-year-old sister. Grace Ryan earns $42,000 per year before taxes, or $3,500 per month. Subtract 200% of the federal poverty level for a family of two ($3,287) from Grace's monthly earnings. The difference, $213 a month, is counted as unearned income against the grant for Sherry and her baby.

Advocacy Reminders:

- ✓ Only the income of a grandparent counts. Do not count income of the teen's stepparent (grandparent's spouse) or the teen's siblings. 106 C.M.R. § 704.236.
- ✓ There is no grandparent deeming if a teen parent lives with a non-parent relative such as an aunt, uncle, older sibling, or her own grandparents, and the relative is not receiving TAFDC.
- ✓ There is no grandparent deeming if the teen parent is 18 or 19.
- ✓ There is no grandparent deeming if the teen has left the home and the grandparents are caring for the teen's baby. The grandparents can get a one-person grant for the baby excluding their income. See **Question 32**.
- ✓ There is no grandparent deeming for MassHealth unless the grandparent applies for MassHealth as part of the family group.

---

6 What if a stepparent, parent or grandparent refuses to give income information?

If DTA cannot determine your eligibility because you cannot provide information from a stepparent, parent, or grandparent, your family is not eligible. 106 C.M.R. §§ 704.235, 704.236, 704.315.

---

70 Does DTA count in-kind income?

In-kind income is something you get free, such as free rent, utilities or food. DTA no longer counts in-kind income. DTA Online Guide Transmittal 2019-63 (Aug. 22, 2019) – see **Appendix E**. This change was effective July 1, 2019.

71 Do gifts count as income?

Gifts from Persons with No Financial Responsibility

A friend, charity or relative (except for a parent of a minor child or a spouse) does not have financial responsibility for people receiving TAFDC. The following gifts from people who do not have financial responsibility do not count as income:

- gifts of less than $30 in a three-month period,
- cash gifts that are restricted for a specific purpose and do not cover the full cost of rent or mortgage, fuel, utilities or food,
- cash gifts that are paid to a vendor.106 C.M.R. §§ 704.210, 704.250(N), (AA), 704.510; **Appendix E** (DTA Online Guide Links).
- non-cash (in-kind) gifts. See **Question 70.**

Gifts from Persons with Financial Responsibility

A parent of a minor child or a spouse has financial responsibility for the child or spouse. The following gifts from a parent or spouse do ***not*** count as income:

- gifts (other than child support) of less than $30 in a three-month period,
- non-cash gifts to the recipient or money paid directly to a vendor on the recipient's behalf. 106 C.M.R. §§ 704.210, 704.250(N), 704.510.

Example 1

Ms. Padilla and her baby are on TAFDC. Ms. Padilla's sister gives her $200 specifically to help pay Ms. Padilla's $500 rent. Ms. Padilla's sister is not legally responsible, so the gift is not countable as income.

Example 2

> The father of Ms. Rosen's baby gives $200 directly to Ms. Rosen's landlord to cover part of the rent. The gift is not countable as income since the money is paid to the landlord and not to Ms. Rosen.

Be aware, however, that if a parent pays money directly to a vendor as part of a child support agreement, DTA may try to count the money as income.

You must tell DTA about any child support paid directly to you for a child who is getting TAFDC. DTA may have you turn over the support. If that happens, you should later get a payment from DTA for the first $50 a month of current child support you turned over.

Advocacy Reminders:

✓ One-time gifts that are countable are also treated as lump sum income. See **Question 76**. Recurring gifts that are countable are treated as income only in the month the gift is received. Gifts that are noncountable should not be counted as lump sum income.

✓ To avoid risking a fraud referral, it is better to report changes that may affect eligibility such as receipt of gifts, even though DTA should not count these gifts if they meet the noncountable income rules.

---

7 How do you figure monthly income?

DTA looks at the income you expect to get in the month. If you get the income on a weekly basis, DTA multiplies the weekly amount by 4.333, which is the average number of weeks in a month. If you get the income every two weeks, DTA multiplies the biweekly income by 2.167. 106 C.M.R. § 704.290. This is called "prospective budgeting."

DTA should use the "best estimate" of the income you expect to receive. 106 C.M.R. § 704.290. If your job stopped or you expect to work fewer hours in the coming month, DTA should count the income you expect to receive, not the income you received before.

Advocacy Reminder:

- ✓ DTA will average the income of workers who have a contractual annual salary. 106 C.M.R. § 704.290(A)(4); DTA Transitions, Sep. 2010, p. 4. DTA should not average the income of school employees and others who get their income during only part of the year but do not have an annual contract or are paid on an hourly basis. DTA may average the income of a teacher who is paid during the school year but has an annual contract. DTA should not average the income of a school cafeteria worker who is paid during the school year and does not have an annual contract.

- ✓ For more information on how DTA counted terminated and other income during the pandemic, see **Appendix E** (DTA Online Guide Links).

---

7 How much income can you have and still qualify for TAFDC?

DTA has one set of rules for counting income for *applicants* to determine if they qualify for TAFDC and a different set of rules to calculate the amount of the benefit. **Question 73** deals with *applicant* eligibility, sometimes called *getting in the front door*. **Questions 74** and **75** deal with how DTA calculates benefits once you get in the front door.

Step One. Subtract allowable deductions from gross earned income –

Start with your monthly gross earned income and deduct in the following order

- $200 for work expenses. This is a flat amount regardless of how much your work expenses really are. 106 C.M.R. § 704.270

- One-half of what is left after the $200 work expense deduction **if you were a recipient within the four months before you apply**. 106 C.M.R. § 704.280. DTA calls this the 50% disregard.

- Dependent care costs. Deduct actual dependent care costs (including costs of transportation to and from child care) up to DTA's maximum dependent based on the age of the dependent and the number of hours you work. 106 C.M.R. § 704.275. Determine the maximum deduction you can take for each dependent using DTA's table. **Appendix E** (DTA Online Guide Links).

Maximum Dependent Care Deductions			
Hours of Work		Age of Dependent	
Weekly	Monthly	2 or over	Under 2
1-10	1-43	$44	$50
11-20	44-87	$88	$100
21-30	88-130	$132	$150
31+	131+	$175	$200

Step Two. Subtract allowable deductions from unearned income –

You can deduct the first $50 a month in child support for children who are included in the grant. See **Question 61**.

Step Three. Figure your countable income –

Add earned and unearned income after the deductions allowed above. Include deemed income. See **Questions 62-71**.

Step Four. Compare your total monthly countable income with the Need Standard for your family size –

- Use the Standard with the rent allowance if you live in private, unsubsidized housing.
- Use the lower standard without the rent allowance if you do not pay rent, you live in a teen parent living program, or you live in public or subsidized housing and the rent of at least one of the occupants is based on a percentage of income. 106 C.M.R. § 705.910.
- Be sure to use the higher Standard in September when the clothing allowance is paid.

If your total monthly countable income is less than the Need Standard for your family size, you got in the front door. Go to the next two questions to figure your monthly TAFDC grant.

Assistance Unit Size	Effective Oct. 2022 No rent allowance	Effective Oct. 2022 With rent allowance
1	$513	$553
2	$648	$688
3	$783	$823
4	$912	$952
5	$1,045	$1,085
6	$1,183	$1,223
7	$1,316	$1,356
8	$1,448	$1,488
9	$1,580	$1,620
10	$1,714	$1,754
Increment	$139	$139
Important Note: *The Need Standards go up in September by the amount of the clothing allowance for each eligible child ($450 in September 2023)* **The state legislature approved a 10% increase to grant amounts to be effective April 2024, but the increases were eliminated in January 2024 by 9C budget cuts issued by the Governor.*		

Advocacy Reminders:

✓ Because the Need Standards are higher in September, a family may qualify in September with income that would have made the family ineligible in previous months.

✓ DTA may deny you the $200 work expense deduction, the 50% or 100% earned income disregards, and the dependent care deduction if you left a job without good cause, did not report your earned income on time, or you are under sanction or otherwise excluded from the assistance unit. 106 C.M.R. §§ 704.270(B), 704.275, 704.280. This may not be legal. For help, contact info@masslegalservices.org, **Appendix D**.

✓ The assistance unit does not include SSI recipients or foster children. Do not count their income and do not include them in the assistance unit size. See **Question 30**.

✓ DTA should not ask you for verification that you pay for private, unsubsidized housing unless the amount you report raises questions. DTA Operations Memo 2011-21 (June 29, 2011).

✓ Some programs, such as tax credit programs, subsidize owners, not tenants. Unless you are in a teen living program, DTA rules do not consider you to be living in subsidized housing unless the rent is a based in whole or part on a percentage of a tenant's income. See DTA Transitions, Apr. 2001, p. 5; **Appendix E** (DTA Online Guide Links).

✓ You can get the rent allowance if your mortgage is paid off as long as you verify other housing expenses such as property taxes, condo fees or home insurance. **Appendix E** (DTA Online Guide Links).

✓ You can get the rent allowance if you have HomeBASE assistance as long as you pay for private housing. **Appendix E** (DTA Online Guide Links).

7 What is the 6-month 100% earned income disregard?

Once you get through the front door and qualify as an applicant, DTA will disregard (not count) any of your earned income for 6 months in figuring the amount of your grant as long as your total family income is not over 200% of the Federal Poverty level. DTA calls this the 100% disregard because DTA is disregarding (not counting) 100% of your earned income. 106 C.M.R. § 704.281.

How are the 6 months calculated?

- DTA counts the 6 months as 12 regular payments (two payments per month). The 12 payments do not have to be consecutive. DTA tracks the 12 payments in its computer system.

- If you got a partial payment before you got a regular payment, the partial payment should not count as one of your 12 regular payments.
- If you start working while you are getting TAFDC, DTA counts the first TAFDC payment you get after DTA updates your case with the new job information.
- In a two-parent household, each parent can get the 100% disregard for up to 12 payments.
- If you stop working while you are on TAFDC and DTA counted payments you got when you did not have earned income, DTA can tell the computer system that those months should not be counted. 106 C.M.R. § 704.281; **Appendix E** (DTA Online Guide Links).

What if your TAFDC case closes and you reapply and get back on TAFDC?

- If your TAFDC case closes and you reapply with the same employer, you are eligible for the 100% disregard only if you haven't used up your 12 100% disregard payments.
- If your case is closed for 30 days or more and you reapply with a new employer, you are eligible for another 6 months (12 payments) with the 100% disregard. 106 C.M.R. § 704.281; **Appendix E** (DTA Online Guide Links).

How does DTA determine if total income is below 200% of the Federal Poverty Level?

- See **Question 68** for a table with 200% of the Federal Poverty Level (FPL) by family size. The amounts will increase in January or February.
- Household size for the 100% disregard does not include SSI recipients or their income. Household size also does not include ineligible noncitizen parents even though their income is counted.
- Deemed income (e.g., stepparent income) counts towards the 200% FPL limit.

- Income of an ineligible noncitizen parent counts.
- Income of an SSI recipient does not count. 106 C.M.R. § 704.281; **Appendix E** (DTA Online Guide Links).

---

75 How much will you get each month?

This is how DTA figures your grant amount once you qualify as an applicant and get in the front door. See **Question 75.**

Step One: Figure your countable *earned* income –

Start with your **monthly gross earned income** and deduct in the following order –

- The 100% earned income disregard if you are eligible for it, see **Question 74**, ***or***
- The following deductions if you are not eligible for the 100% earned income disregard:
  - $200 for work expenses. This is a flat amount regardless of how much your work expenses really are.
  - One-half of what is left after the $200 work expense deduction.
  - Dependent care costs. Deduct actual dependent care costs (including costs of transportation to and from child care) up to DTA's maximum based on the age of the dependent and the number of hours you work. 106 C.M.R. § 704.275. See **Question 73**.

What is left after these deductions is your countable earned income.

Step Two: Then figure your countable *unearned* income –

- Do not count child support for a child who is included in the grant.

- Add deemed income. See **Questions 62-71**.

What is left after these deductions and additions is your countable unearned income.

Step Three: Then figure your total countable income –

- Add countable earned and unearned income.

- Subtract your total monthly countable income from the Payment Standard for your family size. See below.

    - Use the Standard with the rent allowance if you live in private, unsubsidized housing.

    - Use the lower standard without the rent allowance if you do not pay rent, you live in a teen parent living program, or you live in public or subsidized housing and the rent of at least one of the occupants is based on a percentage of income. 106 C.M.R. § 705.910.

- The result is your monthly grant. See 106 C.M.R. § 704.500.

In September, add $450 for the clothing allowance for each eligible child to the Payment Standard before subtracting your countable monthly income. Even if the result is less than the clothing allowance, you are still eligible for the full clothing allowance for each child.

Assistance	Effective Oct. 2022	Effective Oct. 2022
Unit Size	No rent allowance	With rent allowance
1	$513	$553
2	$648	$688
3	$783	$823
4	$912	$952
5	$1,045	$1,085
6	$1,183	$1,223
7	$1,316	$1,356
8	$1,448	$1,488
9	$1,580	$1,620
10	$1,714	$1,754
Increment	$139	$139

Important Note: *The Need Standards go up in September by the amount of the clothing allowance for each eligible child ($450 in September 2023)*
**The state legislature approved a 10% increase to grant amounts to be effective April 2024, but the increases were eliminated in January 2024 by 9C budget cuts issued by the Governor.*

Advocacy Reminders:

✓ DTA may deny you the $200 work expense deduction, the 50% or 100% earned income disregards, and the dependent care deduction if you left a job without good cause, did not report your earned income on time, or you are under sanction or otherwise excluded from the assistance unit. 106 C.M.R. §§ 704.270(B), 704.275, 704.281(C). This may not be legal. Email info@masslegalservices.org if DTA denies you the work deductions and disregards for any of these reasons.

✓ The assistance unit does not include SSI recipients or foster children. Do not count their income and do not include them in the assistance unit size. See **Question 30**.

- ✓ DTA should not ask you for verification that you pay for private, unsubsidized housing unless the amount you report raises questions. DTA Operations Memo 2011-21 (June 29, 2011).

- ✓ Some programs, such as tax credit programs, subsidize owners, not tenants. Unless you are in a teen living program, DTA rules do not consider you to be living in subsidized housing unless the rent is based in whole or part on a percentage of a tenant's income. See DTA Transitions, Apr. 2001, p. 5.

- ✓ You can get the rent allowance if your mortgage is paid off as long as you verify other housing expenses such as property taxes, condo fees or home insurance. **Appendix E** (DTA Online Guide Links).

---

7 What is lump sum income and why is it a problem?

You are about to receive a settlement from an accident.

You finally got back money from unemployment compensation.

Your luck has finally changed – ***or has it?***

Lump sum income is money that you do not get regularly, such as a lottery award, an inheritance, a lawsuit award or settlement, or an award for back unemployment compensation. 106 C.M.R. § 704.240.

If you or your children get this money *while you are on TAFDC*, you will be ineligible for TAFDC for a certain number of months. This number of months is equal to the amount of the lump sum divided by the monthly standard of need for your family size. 106 C.M.R. § 704.240(D). You can deduct the first $600 in lump sum income. 106 C.M.R. § 704.250(B).

Example

Martha and her two children get a TAFDC grant of $783 a month. Martha gets a check from an accident settlement for $6,000. She can deduct $600 from the settlement. The rest, $5,400, divided by her monthly standard of need, $783, is 6.9. Martha and her children will be ineligible for TAFDC for seven months, and some of the lump sum will count against her grant when she goes back on TAFDC in the eighth month.

Advocacy Reminders:

- ✓ The lump sum rules only apply to money you get while you are on TAFDC. Money you received before you applied for TAFDC or while your TAFDC case was closed is not subject to the lump sum rules. See DTA Transitions, May 2010, pp. 3-4; DTA Transitions, Jan. 2004, p. 2.
- ✓ There is no lump sum rule for SNAP (food stamps) or MassHealth.
- ✓ Applying the lump sum rule to any money other than inheritances, lottery or other contest winnings, or damage awards may be illegal. For example, the lump sum rule should not apply to back child support. Email info@masslegalservices.org if DTA tries to apply the lump sum rule to back child support.
- ✓ Money in a pension fund is an asset and should therefore not be countable as income when it is withdrawn, but DTA has said that a one-time withdrawal from pension funds may be considered lump sum income. DTA Transitions, Feb. 2014, p. 5. DTA's position may not be correct or legal.
- ✓ Retroactive TAFDC benefits are not countable as income and are therefore not subject to the lump sum rule. 106 C.M.R. § 704.250(DD).

---

7 Can you exclude any money from the lump sum rule?

You can exclude all money that is non-countable. See **Question 61**. You can exclude the $600 deduction.

You can exclude money from a lawsuit or settlement that was intended to replace property or to reimburse you for expenses and which you actually used to pay for or replace these items. 106 C.M.R. § 704.240(A)(3), (A)(4), (B)(3), (B)(4); DTA Transitions, May 2010, p. 3.

You can exclude money that someone (like a landlord or a utility company) refunded to you if you originally paid them with your cash assistance benefits. 106 C.M.R. § 704.250(EE).

You can exclude up to $7,500 in relocation payments you received to get you to leave a foreclosed property plus additional amounts you can verify are being used for relocation expenses. DTA Transitions, Jan. 2008, p. 7.

In addition, you can exclude money you spent for back bills you incurred while you were waiting for the lump sum, but only if you spent the money for

- medical care or health insurance,
- transportation costs (up to $150 per month),
- purchase, replacement or repair of basic household furniture or specific appliances (does not include television or other electronic equipment) up to $2,500,
- basic repairs to your home up to $2,500, provided you own the home,
- court-ordered judgments, including child support or alimony,
- taxes and other debts to the government. 106 C.M.R. § 704.240(B)(4); DTA Transitions, Oct. 2006, p. 4.

If someone else paid for these things for you and you paid the person back after you got the lump sum, you can deduct what you paid. However, you must have written verification that you owed the money and used the lump sum to pay your debt.

Sometimes you can exclude money received because of injury to a legally incompetent person (a child is legally incompetent), if the money is placed in an irrevocable trust for the injured person and is restricted for certain purposes. You will need a lawyer to set up the trust. 106 C.M.R. § 704.240(B)(5).

Advocacy Reminders:

- ✓ Money you received before you applied for TAFDC or while your TAFDC case was closed is not subject to the lump sum rule. DTA Transitions, May 2010, pp. 3-4; DTA Transitions, Jan. 2004, p. 2.

- ✓ You should be able to exclude money you put into a savings account designated as an "economic independence account." DTA is required by a 2014 state law to allow you to save money for a specified purpose in an "economic independence account." See G.L. c. 118, § 16. DTA has not implemented this law. Email info@masslegalservices.org for more information.

---

7 What happens if you run out of money before the lump sum time is up?

You can get your lump sum period of ineligibility recalculated only if

- you had to spend the money or lost it because of a natural disaster,
- because of domestic violence you had to spend the money on daily living expenses or no longer have the money, see DTA Transitions, Feb. 2008, p. 4; **Appendix E** (DTA Online Guide Links),
- you spent the money on the expenses listed in **Question 77**,
- you were not eligible for SNAP (food stamps) and spent the money on food, ***or***
- your TAFDC standard of need has increased because your assistance unit is bigger than it was when your period of ineligibility was calculated or for some other reason. 106 C.M.R. § 704.240(E), (F).

Advocacy Reminders:

✓ Recalculation does not necessarily mean that you can get back on assistance right away. Because the lump sum rules are so complicated and because the consequences of spending your lump sum on disallowed expenses are so severe, it is important to check the rules ***before*** you get the money, whenever possible. If a lawyer is representing you in a lawsuit that may bring you money, make sure the lawyer is familiar with the lump sum rules before trial or settlement of the case. ***Do not rely on oral information from your case worker about how you can spend a lump sum.***

✓ The standard of need increases in September when the clothing allowance is paid. See **Question 73**. If your period of ineligibility includes September, you might be able to get it recalculated using the higher standard of need. Email info@masslegalservices.org for more information.