



Iowa Department of Human Services

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GENERAL LETTER NO. 4-D-51

ISSUED BY: Bureau of Financial, Health and Work Supports,
Division of Adult, Children and Family Services

SUBJECT: Employees' Manual, Title 4, Chapter D, *RESOURCES*, pages 5, 29, 30, and 31,
revised.

Summary

Chapter 4-D is revised to:

- ◆ Update the motor vehicle equity exemption for FIP applicants and participants. The motor vehicle equity exemption is updated each year based on the latest increase in the consumer price index for used vehicles. The new exemption amount is \$5,880. Examples are updated to reflect the new amounts.
- ◆ Update the form number of the *Insurance Report* from PA-2106-0 to 470-0444.

Effective Date

July 1, 2015

Implementation

Apply the new \$5,880 exemption in the motor vehicle equity value beginning July 1, 2015.
Apply the current \$5,874 exemption when determining countable resources for months before July 2015.

Material Superseded

This material replaces the following pages from Employees' Manual, Title 4, Chapter D:

<u>Page</u>	<u>Date</u>
5	August 3, 1999
29-31	July 19, 2013

Additional Information

Refer questions about this general letter to your area income maintenance administrator.

What Resources to Count

Legal reference: 441 IAC 41.26(1), 41.26(5), 41.26(6)“a” and “c”

Unless specifically exempt, all resources are considered countable. Examples of resources that are countable include:

- ◆ Cash on hand.
- ◆ Money in checking or savings accounts.
- ◆ Stocks. (Use the closing price of the stock as of the date of decision or the time of review.)
- ◆ Bonds. (Use the redemptive value as of the date of decision and at the time of review.)
- ◆ Mutual funds.
- ◆ Retirement accounts such as IRAs, Keoghs, 401Ks, and IPERS.
- ◆ Promissory notes and contracts.
- ◆ Motor vehicles. (See [VEHICLES](#).)
- ◆ The net market value of nonexempt nonhomestead property. See [EXEMPT RESOURCES](#) and [Inaccessible Resources](#) for certain exceptions. (See [DETERMINING NET MARKET VALUE OF A COUNTABLE RESOURCE](#) for instructions.)
- ◆ Cash value of life insurance. This is the amount the insurance company pays upon cancellation of the policy before death. Use form 470-0444, *Insurance Report*, to obtain the client’s authorization to verify the amount of the cash value and that the client has ownership or access to this cash value.

When a client leaves employment, the client may receive a lump-sum payment from the retirement fund. Consider the employee’s portion plus accumulated interest as a resource.

Count a resource only when:

- ◆ The applicant or participant owns the property in part or in full and has control over it (meaning it can be occupied, rented, sold, etc. at the client’s discretion).
- ◆ The applicant or participant has a legal interest in a liquidated sum and has the legal ability to make the sum available.

Determine the availability of a resource regardless of the equity (net market) value. See also [Inaccessible Resources](#).

VEHICLES

Legal reference: 441 IAC 41.26(1)“d”

A vehicle is any motorized means of transportation that moves persons or articles from place to place. This includes automobiles, trucks, motorcycles, tractors, snowmobiles, recreational vehicles, campers, and motorized boats.

Vehicle policy is explained in the following sections:

- ◆ [Vehicle exemption](#)
- ◆ [Equity exclusion](#)
- ◆ [Determining equity value](#)

Vehicle Exemption

Legal reference: 441 IAC 41.26(1)“d”

Exempt one motor vehicle without regard to its value. This exemption applies to one motor vehicle for the FIP eligible group. Consider the value of any additional vehicles owned by the eligible group, as described in [Equity Exclusion](#).

Equity Exclusion

Legal reference: 441 IAC 41.26(1)“d” and “n”

Exclude the equity value up to \$5,880 in one motor vehicle for each adult (including a needy nonparental relative) and working teenage child whose resources must be considered in determining eligibility. The equity value limit changes each July to reflect the latest increase in the consumer price index for used vehicles.

The exclusion applies regardless of who owns the vehicle, as long as the owner is a person whose resources must be considered.

Do not allow an exclusion for additional vehicles over and above the number of exclusions to which the eligible group is entitled. When the considered person has multiple vehicles, apply the exemption and the exclusion in the manner that is most beneficial to the client.

Allow the exclusion for a working teenager regardless of the teen’s legal driving age, whether the teen has a driver’s license or whether the car is needed for the teen to drive to work.

The exclusion for the teen continues when the teen is temporarily absent from the job for illness, vacation, between jobs or due to the nature of employment (for example, if the teenager only works during summer vacation). The exclusion does not apply to a teenager who is looking for work but has not been employed in the past.

Ms. B receives FIP benefits for herself and three teenage sons. One son is employed. They own the following vehicles:

- Vehicle A, owned by Ms. B, who is not employed, has an equity value of \$5,900.
- Vehicle B, also owned by Ms. B, has an equity value of \$300.
- Vehicle C, owned by one son who is employed, has an equity value of \$6,000.
- Vehicle D, owned by another son, has an equity value of \$1,000.

Calculate the value to count towards the resource limit as follows:

- Apply the vehicle exemption to the vehicle with the highest equity value.
- Apply the equity exclusion to two vehicles, one for Ms. B and one for the son who is employed.
- Count the entire equity value of the remaining vehicle.

<u>Vehicle</u>	<u>Exemption/Exclusion</u>	<u>Countable Value</u>
A	\$5,880 Excluded	$\$5,900 - \$5,880 = \$20$
B	None	\$300
C	Exempted	\$0
D	\$5,880 Excluded	$\$1,000 - \$5,880 = \$0$
		\$320 Total countable value

When the household has a vehicle that is used both for the self-employment enterprise and also for personal use, apply both the \$10,000 exemption for capital assets and the vehicle exemption. See [Self-Employment Assets](#).

Ms. A, an applicant has the following assets: two cars, one with \$5,500 equity and another with \$5,497 equity value that is used in her self-employment, \$1,000 in savings, \$200 cash value in an insurance policy, and \$5,000 equity in tools needed for her self-employment.

<u>Countable Resources</u>	<u>Exempt Resources</u>
\$1,000 Savings	\$5,500 Equity in car (vehicle exemption)
<u> 200</u> Cash value of insurance	\$5,900 Equity in car (\$5,880 vehicle equity exclusion and remaining \$20 in equity exempt as capital asset)
\$1,200 Countable resource	\$5,000 Equity in tools (exempt as a capital asset)

Ms. A is eligible for assistance.

Determining Equity Value

Legal reference: 441 IAC 41.26(1)“d”

The value of the vehicle is usually found in “blue books,” like the National Automobile Dealer’s Association (NADA) *Used Car Guide*. When using this source, use the average trade-in value to determine net market value. Do not increase the value because of low mileage or optional equipment.

If a new vehicle is not yet listed in the “blue book,” use another reputable assessment, such as a new car dealership, to determine net market value.

If the vehicle is no longer listed in the “blue book,” accept the estimated value given by the household, unless there is reason to believe the estimated value is not accurate and the value will affect eligibility. When the estimate is questionable, the household must verify the value of the vehicle using a reputable source (such as an appraisal or a newspaper ad for a like vehicle).

Ask the household to get proof of the value of any vehicle that is in less than average condition. Vehicles with body damage or engine problems may be worth less than the “blue book” value. Proof of the value of classic cars, antiques, or custom built cars must be from a reliable source. Do not count special equipment to accommodate the handicapped as increased value.