CALFRESH (CF) PROGRAM
REQUEST FOR POLICY/REGULATION INTERPRETATION

INSTRUCTIONS: Complete items 1 - 10 on the form. Use a separate form for each policy interpretation request. If additional space is needed, please use the second page. Be sure to identify the additional discussion with the appropriate number and heading. Retain a copy of the CF 24 for your records.

- Questions from counties, including county Quality Control, must be submitted by the county CalFresh Coordinator and may be submitted directly to the CalFresh Policy analyst assigned responsibility for the county, with a copy directed to the appropriate CalFresh Policy unit manager.
- Questions from Administrative Law Judges may be submitted directly to the CalFresh Policy analyst assigned responsibility to the county where the hearing took place, with a copy of the form directed to the appropriate CalFresh Bureau unit manager.

1. RESPONSE NEEDED DUE TO:
   - ☑ Policy/Regulation Interpretation
   - ☐ QC
   - ☐ Fair Hearing
   - ☐ Other:

2. REQUESTOR NAME:

3. PHONE NO.:

4. REGULATION CITE(S):
   MPP 63-502.142

5. DATE OF REQUEST:
   07/01/2015

NEED RESPONSE BY:

6. COUNTY/ORGANIZATION:
   Marin County

7. SUBJECT:
   Account Withdrawals - Income?

8. REFERENCES: *(Include ACL/ACIN, court cases, etc. in references)*
   NOTE: All requests must have a regulation cite(s) and/or a reference(s).
   63-502.142

9. QUESTION: (INCLUDE SCENARIO IF NEEDED FOR CLARITY):

SCENARIO: A CF client is in her 50s and has run out of money. She is withdrawing $2,500.00 per month from her IRA to pay her mortgage and meet her other needs. She has to pay a penalty every month because she is not yet retirement age. She is actively seeking employment and expects each month to be the last month she will have to take early withdrawals from her IRA.

QUESTION # 01: Would the early withdrawals be considered conversion of property (as they would with any other checking or savings account) and not income?

QUESTION # 02: Would it be different if the client had reached retirement age?

10. REQUESTOR'S PROPOSED ANSWER:

QUESTION # 01: Early withdrawals from an IRA are the same as withdrawals from any other checking or savings account and would not be considered unearned income. Although MPP 63-502.142 identifies "retirement" as unearned income, the client has not reached retirement age and is paying a penalty every month for withdrawals. These withdrawals are conversion of property to meet her needs and are not retirement income.

QUESTION # 02: Now that all property is exempt for most CF recipients, the regulations never address property conversion. We do not, however, count withdrawals from checking and savings accounts as income. My interpretation is that withdrawals from an IRA, even if retirement age, are not what MPP 63-502.142 identifies as unearned "retirement" income. They are instead a conversion of property and only the interest would count as income in the CF budget.

11. STATE POLICY RESPONSE *(CFPB USE ONLY)*:

Age 60 and over do not have a gross income test. In addition, most households are subject to modified eligibility where resources do not count.
For those situations where resources would count, the following applies:
1. Gross Income includes IRAs (MPP 63-502.112). IRA withdrawals early or not (at any age) are considered retirement and are classified as unearned income in the month it is withdrawn according to MPP 63-502.142/CF 273.9(c)(2).
2. To determine the gross income test (part of the eligibility determination), liquid resources (MPP 63-503.11) such as individual retirement accounts (IRA's), cash on hand, money in savings and checking, and nonliquid sources are counted toward resources. For counting IRA resources, the total cash value of the account minus the amount of the penalty, if any, that would be exacted for the early withdrawal of the entire amount in the account (MPP 63-501.113) is used toward the resource limit.

FOR CDSS USE

DATE RECEIVED:	DATE RESPONDED TO COUNTY/ALJ:
7/1/2015	7/2/2015sc

CALFRESH (CF) PROGRAM
REQUEST FOR POLICY/REGULATION INTERPRETATION (Continued)

1. RESPONSE NEEDED DUE TO: ☐ Policy/Regulation Interpretation ☐ QC ☐ Fair Hearing ☐ Other:	5. DATE OF REQUEST:	NEED RESPONSE BY:
	6. COUNTY/ORGANIZATION:	
	7. SUBJECT:	
2. REQUESTOR NAME:	8. REFERENCES: *(Include ACL/ACIN, court cases, etc. in references)* **NOTE: All requests must have a regulation cite(s) and/or a reference(s).**	
3. PHONE NO.:		
4. REGULATION CITE(S):		

To determine CalFresh Program eligibility, the gross income (MPP 63-502.112) includes "all income (MPP 63-502.13) from whatever source… and all unearned income (MPP 63-502.112) as specified in MPP 63-502.142 (e.g. annuities, pensions, retirement).

Resources are defined when...

In counting resources during verification for the purpose of eligibility determination (273.8), liquid resource funds held in individual retirement accts (IRA's)… that do not include the HH member in a contractual relationship with individuals who are not HH members, include the total cash value of the acct or plan minus the amount of the penalty, if any, that would be exacted for the early withdrawal of the entire amount in the account [273.8(c)(1)].