

HPRP Calculating Income from Assets

When calculating income from assets, include assets of all family members
including assets of minor children.

Example 1 (net assets \$5,000 or Less):

Total Net Family Assets are \$5,000 or Less Use Actual Income from Assets		
Type of Asset	Cash Value	Actual Yearly Income
Certificate of Deposit <ul style="list-style-type: none"> • \$2,000 • Withdrawal penalty – 3 months of interest • Interest @ 4% 	\$1,980	\$80
Savings Account <ul style="list-style-type: none"> • \$500 • Interest @ 2.5% 	\$500	\$13
Stock <ul style="list-style-type: none"> • \$1,000 • \$50 Broker Fee • Not paying dividends 	\$950	\$0
TOTAL	\$3,430	\$93

****The total net cash value of the family’s assets is \$3,430. Because the total net cash value is less than \$5,000, the amount that is added to the annual income calculation as “income from assets” is the actual income earned or \$93.**

Example – Calculating the Cash Value of an Asset

A family has a Certificate of Deposit (CD) in the amount of \$2,000 paying interest at 4%. The penalty for early withdrawal is three months of interest.

- $\$2,000 \times 0.04 = \80 in annual income
- $\$80/12$ months = \$6.67 interest per month
- $\$6.67 \times 3$ months (penalty) - \$20.01
- $\$2000 - \$20 = \$1,980$ cash value of CD

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Example 2 (net assets exceed \$5,000):

Total Net Family Assets Exceed \$5,000 Use Greater of Actual Income from Assets or Imputed Income From Assets		
Type of Asset	Cash Value	Actual Yearly Income
Certificate of Deposit <ul style="list-style-type: none"> • \$5,000 • Withdrawal penalty – \$50 • Interest @ 1.5% 	\$4,950	\$75
Savings Account <ul style="list-style-type: none"> • \$500 • Interest @ 2.5% 	\$500	\$13
Stock <ul style="list-style-type: none"> • \$2000 • \$50 Broker Fee • Paying \$25 in Dividends 	\$1,950	\$25
TOTAL	\$7,400	\$113

When total net assets exceed \$5,000, the greater of the actual income from assets or the “imputed income” from assets is included in the annual income calculation.

- The Total Net Cash Value of Assets is greater than \$5,000; therefore, it is necessary to compare the actual income from assets to the “imputed income” from assets.
- The total net cash value of assets (\$7,400) is multiplied by 2% to determine the “imputed income” from assets.
 - $\$7,400 \times 0.02 = \148
- \$148 is greater than the actual income from assets (\$113). **In this case, \$148 would be added to the annual income calculation as “income from assets”.**

HPRP

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Lump Sum Receipts Counted as Assets

Commonly, when a family receives a large amount of money—a lump sum payment—the family will put the money in a checking or savings account or will purchase stocks or bonds or a CD. Lump sum payments received by a tenant are counted as assets. Examples of lump sum payments include the following:

- Cash from the sale of assets;
- Capital gains;
- Lottery winnings paid in one payment;
- Inheritances;
- Insurance settlements (including health and accident insurance, workers compensation, personal and property losses; and
- Any other amounts that are received in one-time lump sum payments.

***A lump sum payment is counted as an asset only as long as the family continues to possess it. If the family uses the money for something that is not an asset—a car or a vacation or education—the lump sum must not be counted.

Balances Held in Retirement Accounts

- Balances held in retirement accounts are counted as assets if the money is accessible to the family member. For individuals still employed, accessible amounts are counted even if withdrawal would result in a penalty. However, amounts that would be accessible only if the person retired are not counted.
- IRA, Keogh, and similar retirement savings accounts are counted as assets, even though withdrawal would result in a penalty.
- Include contributions to company retirement/pension funds:
 - While an individual is employed, count only amounts the family can withdraw without retiring or terminating employment.
 - After retiring or terminating employment, count as an asset any amount the employee elects to receive as a lump sum.
- Include in annual income any retirement benefits received through periodic payments.

If a Family Owns Real Estate

If a family owns real estate, it may be necessary to consider the family's equity in the property as well as the expense to sell the property.

- Example: The family owns a rental house with a market value of \$90,000, and owes \$60,000. The cost to dispose of this house would be \$7,000. To determine the cash value:
 - $\$90,000$ (Market Value) - $\$60,000$ (Mortgage Amount) = $\$30,000$
 - $\$30,000$ - $\$7,000$ (Cost of Selling Property) = $\$23,000$
 - **Cash Value: \$23,000**