

Definitions

- ❖ **Assets** – items of value that may be turned into cash
- ❖ **Cash Value** – the amount the holder would receive if the non-cash asset was turned in for cash
- ❖ **Asset Actual Income** – the amount of income produced by an asset in the form of interest, dividends, or other net income
- ❖ **Imputed Income**– a percentage of the value of total assets based on the current passbooks savings rate (0.06%)

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Assets

Uncommon Assets

- ❖ **Common Assets**
 - ❖ Cash on Hand
 - ❖ Checking Account
 - ❖ Savings Account
 - ❖ 401K/IRA
 - ❖ Retirement/Pension Funds
 - ❖ Whole Life Insurance Policy Cash Value
- ❖ **Uncommon Assets**
 - ❖ Stocks
 - ❖ Bonds
 - ❖ Keogh Accounts
 - ❖ Mutual Funds
 - ❖ Revocable Trusts
 - ❖ Treasury Bills
 - ❖ Certificates of Deposit (CDs)
 - ❖ Money Market Accounts
 - ❖ Equity in Rental Property
 - ❖ Personal Property Held as an Investment
 - ❖ Lump-sum or One-time Receipts

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Assets

- ❖ **Not an Asset**
 - ❖ Personal Property
 - ❖ Interests in Indian Trust Land
 - ❖ Term Life Policies
 - ❖ Assets that are part of an active business
 - ❖ Assets not effectively owned by the applicant

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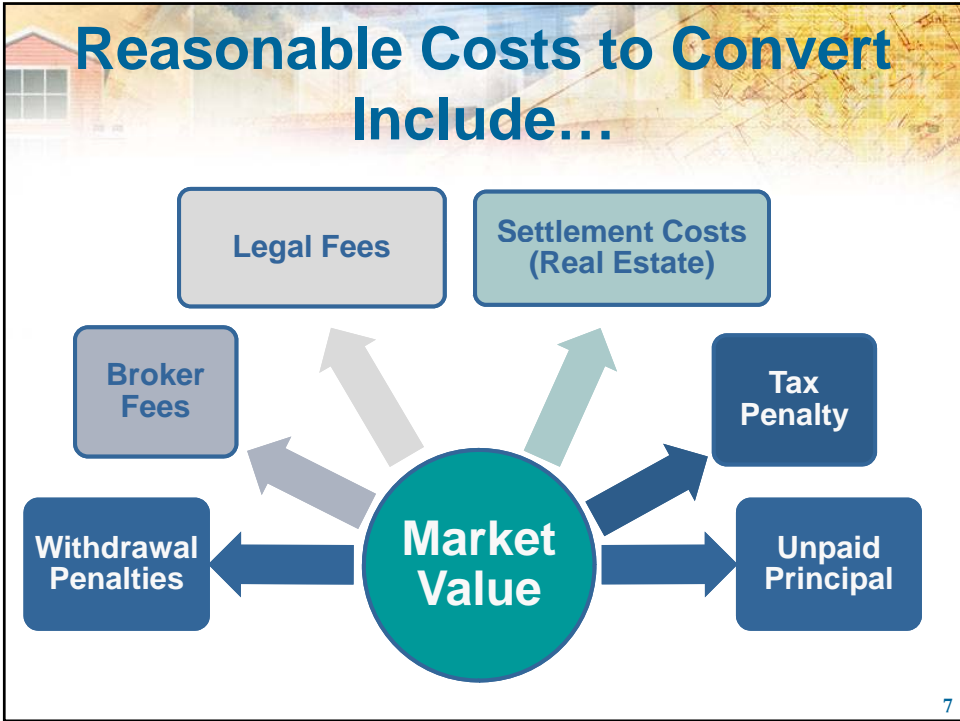
Determine the Cash Value of an Asset

- ❖ The “Cash Value” of an asset is the amount the holder would receive if the non-cash asset was turned in for cash



The Applicant is NOT required to convert the asset to cash

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Calculating Asset Actual Income

- ❖ The “Actual Income” of an asset is typically determined by:

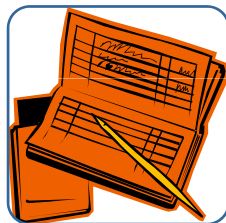


- ❖ When the total cash value of assets is LESS than \$5,000 the determination of income eligibility will include any asset “Actual” income

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Determining Cash Value and Actual Income

- ❖ **Checking Account**
 - ❖ Cash Value = Six (6) months average balance
 - ❖ Actual Income = Interest income (if any)



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Checking Account

ACCOUNT NUMBER		ACCOUNT TYPE			STATEMENT PERIOD	
12345-4321-0		CHECKING			11/20/15 - 12/23/15	
BALANCE LAST STATEMENT	NO OF DEBITS PAID	TOTAL AMOUNT OF DEBITS PAID	NO. OF DEP	TOTAL AMOUNT OF DEPOSITS MADE	SERVICE CHARGES	BALANCE THIS STATEMENT
5,285.57	50	10,094.76	10	9,779.24	.00	4,970.05

❖ **What is the total cash value?**
Unknown, need 6 months of information to determine.

❖ **What is the actual income?**
Unknown, no interest information listed.

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Checking Account

ACCOUNT NUMBER		ACCOUNT TYPE			STATEMENT PERIOD	
12345-4321-0		CHECKING			11/20/15 - 12/23/15	
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5,285.57	50	10,094.76	10	9,779.24	.00	4,970.05

ACCOUNT NUMBER		ACCOUNT TYPE			STATEMENT PERIOD	
12345-4321-0		CHECKING			10/23/15 - 11/20/15	
BALANCE LAST STATEMENT	NO OF DEBITS PAID	TOTAL AMOUNT OF DEBITS PAID	NO. OF DEP	TOTAL AMOUNT OF DEPOSITS MADE	SERVICE CHARGES	BALANCE THIS STATEMENT
5,311.07	47	4,141.69	7	4,116.19	.00	5,285.57

ACCOUNT NUMBER		ACCOUNT TYPE			STATEMENT PERIOD	
12345-4321-0		CHECKING			09/23/15 - 10/23/15	
BALANCE LAST STATEMENT	NO OF DEBITS PAID	TOTAL AMOUNT OF DEBITS PAID	NO. OF DEP	TOTAL AMOUNT OF DEPOSITS MADE	SERVICE CHARGES	BALANCE THIS STATEMENT
8,380.13	35	3,071.61	3	2.55	.00	5,311.07

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Checking Account

ACCOUNT NUMBER		ACCOUNT TYPE			STATEMENT PERIOD	
12345-4321-0		CHECKING			08/24/15 - 09/23/15	
BALANCE LAST STATEMENT	NO OF DEBITS PAID	TOTAL AMOUNT OF DEBITS PAID	NO. OF DEP	TOTAL AMOUNT OF DEPOSITS MADE	SERVICE CHARGES	BALANCE THIS STATEMENT
10,199.28	59	4,362.82	6	2,543.67	.00	8,380.13

ACCOUNT NUMBER		ACCOUNT TYPE			STATEMENT PERIOD	
12345-4321-0		CHECKING			07/23/15 - 08/24/15	
BALANCE LAST STATEMENT	NO OF DEBITS PAID	TOTAL AMOUNT OF DEBITS PAID	NO. OF DEP	TOTAL AMOUNT OF DEPOSITS MADE	SERVICE CHARGES	BALANCE THIS STATEMENT
12,379.57	54	3,741.16	7	1,560.87	.00	10,199.28

ACCOUNT NUMBER		ACCOUNT TYPE			STATEMENT PERIOD	
12345-4321-0		CHECKING			06/23/15 - 07/23/15	
BALANCE LAST STATEMENT	NO OF DEBITS PAID	TOTAL AMOUNT OF DEBITS PAID	NO. OF DEP	TOTAL AMOUNT OF DEPOSITS MADE	SERVICE CHARGES	BALANCE THIS STATEMENT
6,125.79	54	3,236.08	12	9,489.86	.00	12,379.57

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Checking Account

* * * * * INTEREST PAID INFORMATION * * * * *

YOUR INTEREST PAID WAS CALCULATED USING YOUR DAILY BALANCE FOR 33 DAYS FOR AN ANNUAL PERCENTAGE YIELD EARNED OF 0.01%. THIS BRINGS YOUR YTD INTEREST PAID TO 0.69.


- ❖ **What is the total cash value?**
\$7,754.28 Add all 6 months of statements and divide by 6.
 (\$4,970.05 + \$5,285.57 + \$5,311.07 + \$8,380.13 + \$10,199.28 + \$12,379.57)/6

- ❖ **What is the actual income?**
\$0.78 Multiply the cash value by the annual interest rate.
 (\$7754.28 x 0.01%)

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Determining Cash Value and Actual Income

- ❖ **Savings Account**
 - ❖ **Cash Value = Current Balance**
 - ❖ **Actual Income = Interest income (if any)**



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Savings Account

ACCOUNT NUMBER		ACCOUNT TYPE			STATEMENT PERIOD	
12345-4321-0		SAVINGS			09/30/15 - 12/31/15	
BALANCE LAST STATEMENT	NO OF DEBITS PAID	TOTAL AMOUNT OF DEBITS PAID	NO. OF DEP	TOTAL AMOUNT OF DEPOSITS MADE	SERVICE CHARGES	BALANCE THIS STATEMENT
10,631.12	0	0.00	3	4.01	.00	10,635.13

* * * * * INTEREST PAID INFORMATION * * * * *

YOUR INTEREST PAID WAS CALCULATED USING YOUR DAILY BALANCE FOR 92 DAYS FOR AN ANNUAL PERCENTAGE YIELD EARNED OF 0.15%. THIS BRINGS YOUR YTD INTEREST PAID TO 19.03.

- ❖ **What is the total cash value?**
Cash Value is \$10,635.13. Use the latest statement balance.
- ❖ **What is the total actual income?**
Actual Income is \$15.96 (\$10,635.13 x 0.15%).

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Determining Cash Value and Actual Income

- ❖ **Cash on Hand**
 - ❖ **Cash Value = Amount of cash on hand**
 - ❖ **Actual Income = Zero (not earning income)**



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Determining Cash Value and Actual Income

- ❖ **Individual Retirement Accounts (IRA)**
 - ❖ **Cash Value = Amt's which can be withdrawn – any penalties**
 - ❖ **Actual Income = Interest income (if any)**



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Individual Retirement Account

STATEMENT FOR THE PERIOD OCTOBER 1, 2015 TO DECEMBER 31, 2015

Account Overview

CHANGE IN ACCOUNT VALUE	Current Period	Year-to-Date
BEGINNING VALUE	\$3,284.35	\$3,405.47
Additions and Withdrawals	\$0.00	\$0.00
Income	\$60.18	\$115.60
Taxes, Fees and Expenses	\$0.00	\$0.00
Change in Investment Value	\$38.45	(\$138.09)
ENDING VALUE (AS OF 12/31/15)	\$3,382.98	\$3,382.98

Account incurs a 10% early withdrawal fees before the age of 59½. Client is 49. There is no interest income.

- ❖ **What is the total cash value?**
Cash Value is \$3044.68. The current balance (\$3,382.98) minus the 10% withdrawal fee (\$338.30).
- ❖ **What is the total actual income?**
Actual Income is \$0.00.

Determining Cash Value and Actual Income

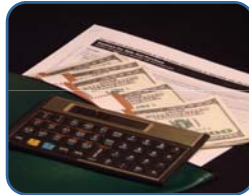
- ❖ **401K**
 - ❖ **Cash Value = Amt's which can be withdrawn – any penalties**
 - ❖ **Actual Income = Interest income (if any)**



Determining Cash Value and Actual Income

❖ Keogh Account

- ❖ Cash Value = Amts which can be withdrawn – any penalties
- ❖ Actual Income = Zero (not earning income)



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Pension/Retirement Funds

- ❖ Balances counted as an asset if accessible
 - ❖ Include those amounts which can be withdrawn without retiring or terminating employment
- ❖ Amounts received through periodic payments are counted in annual income
 - ❖ Amount remaining in the account is Not an asset
- ❖ If amount is only accessible upon retiring it is not counted as an asset



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Retirement Accounts TRUE OR FALSE

❖ Trevor Cole was employed by the State and contributed to a retirement account. The value of the account is verified at \$54,812. The employer indicates that State employees do not have access to their retirement account until they reach retirement age or 30 days after they are no longer employed. Trevor is 49 years old and left his job 6 months ago. Would the cash value of the retirement account be included as an asset?

Yes, since the Mr. Cole now has access.


Remember to factor any fees associated with determining cash value.

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Determining Cash Value and Actual Income

❖ **Stocks**

- ❖ Cash Value = Full Value – any penalties or fees
- ❖ Actual Income = Dividend income



SP	IBM	NEI	JPM
7.85	9.25	8.45	5.5
U.S.	LOW	TRF	TRF
05	2.38	45.800es	
IRSN	900.00	ISED	4752.00

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Determining Cash Value and Actual Income

❖ Bonds

- ❖ Cash Value = Redemption Value (Current Market Price)
- ❖ TreasuryDirect.gov has tools to help determine Redemption Value <https://www.treasurydirect.gov/indiv/tools/tools.htm>
- ❖ Actual Income = Interest income

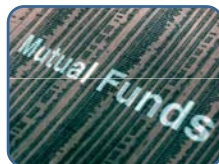


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Determining Cash Value and Actual Income

❖ Mutual Funds


- ❖ Cash Value = Full Value – any penalties or fees
- ❖ Actual Income = Interest/Dividend, or Capital Gains



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Determining Cash Value and Actual Income


- ❖ **Certificate of Deposit (CD)**
 - ❖ Cash Value = Full Value – any penalties or fees
 - ❖ Actual Income = Interest Income



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Imputed Income

- ❖ Imputed income is a percentage of the value of total assets based on the current passbook savings rate
- ❖ *Imputed* income is determined by calculating:



Total Asset Cash Value × **Passbook Rate** = **Imputed Income**

Have You Heard? Effective Feb 1, 2015 Passbook Savings Rate is **0.06%**

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Putting It All Together Completing an Income Certification

Income Certification: Part IV- Income From Assets

PART IV. INCOME FROM ASSETS				
HH Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
1/2	Checking	C	\$7,754.28	\$0.78
1/2	Savings	C	\$10,635.13	\$15.96
1	IRA	C	\$3,044.68	\$0
1	Retirement Account	C	\$54,812.00	\$0
TOTALS:			\$ 76,246.09	\$ 16.74
Enter Column (H) Total If over \$5000		\$ 76,246.09	X .06%	=(J) Imputed Income \$ 45.75
Enter the greater of the total of column I, or J: imputed income			TOTAL INCOME FROM ASSETS (K)	\$ 45.75

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Resources

- ❖ HUD Handbook 4350.3
<http://portal.hud.gov/hudportal/documents/huddoc?id=43503HSGH.pdf>
- ❖ TDHCA Website – ESG Program Guidance
<http://www.tdhca.state.tx.us/community-affairs/esgp/guidance-solutions.htm>

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