

## Asset Building Strategies for People with Disabilities: Background for Medicaid Infrastructure Grants

Asset accumulation is a critical component of financial self-sufficiency. Unfortunately, it is often difficult for people with disabilities. Numerous social and environmental barriers stand in their way, as do the strict asset limits associated with the range of state and federal programs they rely on for income assistance and healthcare coverage. For people with disabilities, the lack of assets restricts their ability to achieve economic security and limits the kinds of opportunities available to them—yet another barrier to independence.

Medicaid Infrastructure Grants are focused on changing systems to promote competitive employment and building infrastructure to sustain and support those changes. Asset building fits well within this rubric since a primary goal of these programs is to move people beyond public programs. Medicaid Infrastructure Grants have a unique opportunity to tap into existing asset building programs and resources, facilitate systems change and policy development, and conduct education and outreach to encourage asset development among people with disabilities.

### WHAT IS ASSET BUILDING?

Asset building programs are a policy strategy aimed at decreasing poverty by helping low-income individuals make economic gains through the accumulation of long-term assets such as a home, savings, education and training, a small business, or a retirement fund. Low-income individuals may also qualify for matching money from a joint federal and non-federal source, thereby increasing their overall savings. Asset building focuses on developing assets as a path to self-sufficiency, rather than increasing income. The goal is to end the cycle of poverty by creating greater economic stability, eventually helping people decrease their reliance on, and ultimately move beyond, publicly funded supports and programs. This helps build social capital within communities as individuals become active members of the neighborhoods where they reside.

This Background Brief explains the most common asset building strategies available for people with disabilities and provides examples of how MIGs can become involved in asset building strategies.

## Asset Building Tools

### INDIVIDUAL DEVELOPMENT ACCOUNTS (IDAs)

IDAs are savings accounts for low-income individuals which provide matched contributions to individual deposits to increase the individual's ability to accumulate money for investment in long-term assets. Use of IDA savings is limited to investments with the potential for high return, such as a house, education costs, or start-up funding for a small business. Matched contributions can come from federal and state governments, private sector businesses, community organizations, and private individuals. Funding is available for states to create IDAs with TANF block grant funding, state general funds, and funds they receive under the Assets for Independence Act (AFIA). Any money an individual saves in an IDA can be disregarded when determining their eligibility for means-tested government programs. IDA eligibility requirements are often equivalent to those for the Earned Income Tax Credit (EITC). Most people with disabilities utilizing public support programs are eligible for IDAs. Unfortunately, these accounts were generally designed for TANF participants and are rarely marketed to people with disabilities.

### FINANCIAL LITERACY

These programs help people with disabilities improve their capacity to manage personal finances, increase savings, and participate in financial planning. They help strengthen individuals' ability to build and maintain assets over time and thereby create greater economic security. The education that comes from attaining financial literacy can be as powerful as the matched funding for people who are having their first experience managing their finances. Understanding the short and long impact of credit building and debt are important lessons for self sufficiency.

### WORK INCENTIVE RELATED TOOLS

**Plan for Achieving Self Support (PASS)** is an individual's written plan to reach an occupational goal under the Supplemental Security Income (SSI) program. PASS plans require SSA approval and can help establish SSI eligibility. In addition, they can increase the individual's SSI payments by excluding income set aside in the plan and allowing individuals to utilize unearned income, wages or other assets for employment-related goals.

**Family Self Sufficiency Program (FSS)** offers vouchers through the Public Housing Authority (PHA) which cover a family's rental costs above 30% of their income. As family income increases, the voucher amount decreases, leaving the family with a larger rental obligation. The amount of the voucher decrease is then saved by the PHA for the family's future use on purchases which will help them achieve self-sufficiency—a down payment on a home, or a vehicle that provides them with transportation to and from work.

**Student Earned Income Exclusion** is an SSI work incentive that allows students to exclude up to \$1,460 per month, or a total of \$5,910 each year, from counting toward their SSI earned income limit. This exclusion is applied to income before any other exclusions are made, and the annual COLA adjustments are also applied.

## Asset Building Tools

### TAX RELATED TOOLS

**Earned Income Tax Credit (EITC)** is a tax credit for low-income workers or working families. The EITC provides eligible individuals with a cash payment from the government regardless of whether or not they have actually paid any income taxes. Individuals with a yearly income of less than \$11,750 receive an EITC of \$399. Couples with a yearly income of less than \$13,750 also receive an EITC of \$399. A parent and child whose yearly income is less than \$31,000 receive an EITC of \$2,662. Couples with a child whose yearly income is less than \$33,000 receive an EITC of \$4,400.

**Volunteer Income Tax Assistance Program (VITA)** is coordinated by state Departments of Revenue in partnership with community organizations. VITA offers tax advice and assistance to low-income individuals who might otherwise pay for commercial tax assistance. VITA volunteers are available in convenient community locations like public libraries, schools, neighborhood centers, and shopping malls.

**Childcare Tax Credit (CTC)** is available to parents with children under age 17. It provides these parents with a \$1,000 tax credit for each child in the family under 17. Eligible families must be working and earning at least \$11,000 a year.

### TRUST FUNDS

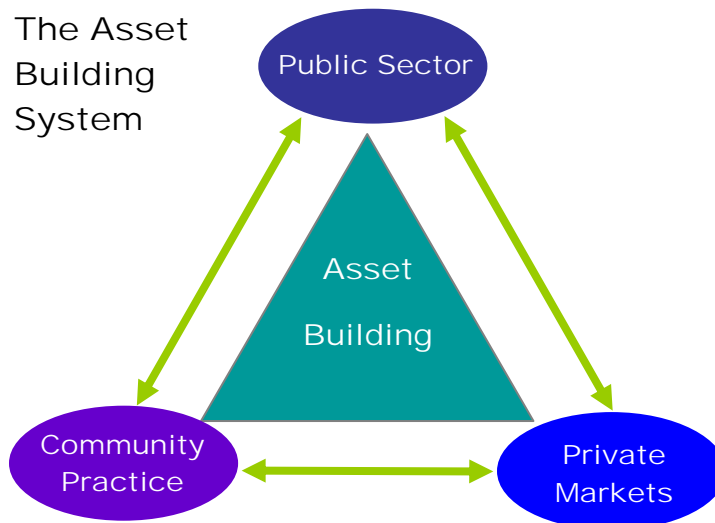
**Court Ordered Trust Funds** enable assets to be put in trust for individuals with disabilities. The funds in trust may not be used to pay for food, clothing or shelter costs. In addition, any remaining funds left in trust at the time of the disabled individual's death must be used to reimburse the state for any medical costs paid on the individual's behalf as part of the state's medical assistance program.

**Pool Trusts** are trusts managed and held by non-profit organizations. The non-profit trust manager is responsible for monitoring the asset investments and meeting tax obligations. The trust pools together assets from different members into a large fund, with the requirement that all individuals in the trust have a disability. When a member of the trust dies, their remaining assets are absorbed into the larger fund to assist the other disabled members of the trust. Anyone can invest assets into a pool trust for someone with a disability. Parents or grandparents will often use this type of trust to help provide for dependents. Money put into a pool trust is available for use immediately upon investment, but may not be used for food, clothing or shelter costs.

**Family Trusts** can also be used to conserve assets for disabled individuals. A trustee is appointed to manage benefits on behalf of the disabled individual. As with pool trusts and court ordered trusts, family trusts may not be used for food, clothing or shelter costs.

**Community Land Trusts** are private non-profit corporations created to acquire and hold land for the benefit of a community and provide secure affordable access to land and housing for community residents. In particular, Community Land Trusts attempt to meet the needs of residents least served by the prevailing markets.

## Asset Building and Medicaid Infrastructure Grants



MIGs have many opportunities to develop and support asset building programs as part of the grant's activities to promote economic self-sufficiency for people with disabilities.

**Program Assessment**—MIGs can help identify and map existing programs, determine how well they mesh with benefits and work incentive programs, and evaluate their effectiveness in meeting the needs of people with disabilities.

**Policy Development**—MIGs offer a stakeholder forum as well as resources to support the development and improvement of asset building programs, including recommendations for systems change and leveraging funding for new programs.

**Collaboration**—Successful asset building programs rely on effective collaboration between government agencies, community-based organizations, and the business community, and MIGs can provide the perfect forum for that collaboration to take place.

**Outreach and Education**—MIGs can identify outreach and education needs, develop targeted messages and support marketing activities to make sure people with disabilities have the information they need to make good decisions about asset building programs. MIGs can also help ensure that benefits counselors and other providers know about asset building opportunities.

For more information on how MIGs can play a role in asset building for people with disabilities in your state, please contact Joe Entwisle (phone 312-401-3909 or email [j.en-twisle@hdadvocates.org](mailto:j.en-twisle@hdadvocates.org)) or visit our web site at [www.nchsd.org](http://www.nchsd.org).

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