
This pamphlet describes the lump sum payment policy, and shows how lump sums can affect Financial Assistance to Needy Families (FANF) benefits and eligibility for medical assistance. If you have any questions after reading this entire pamphlet or if you need help to read this pamphlet, please contact your Family Services Specialist (FSS).

IMPORTANT: Are you expecting a lump sum payment?

In most cases, if you or anyone in your assistance group receives a lump sum payment in a month that you apply for or receive Financial Assistance To Needy Families, you are expected to use the lump sum payment to meet your current and future living expenses for a specified period of time, IN PLACE OF all or part of your financial assistance. This means that:

- If you are an applicant, you could get **no financial assistance at all** for that month or longer.
- If you are a recipient, you could get reduction in your financial assistance for one month or **have your payments stopped** for one month or longer.
- If you use up the lump sum payment sooner than we allow, you may not be able to get financial assistance **even if you have no other income.**

To prevent this situation from happening, please call your FSS before spending any of your lump sum.

What is a Lump Sum Payment?

A *lump sum payment* is any type of one-time-only cash payment. Some examples include: lottery winnings; back benefits from a job; back benefits from Social Security, Unemployment or other benefit programs;

insurance settlements; one-time pension or profit sharing payments; and inheritances.

What should I do when I receive or expect to receive a Lump Sum Payment?

- As soon as you receive or expect to receive a lump sum of money, **tell your FSS immediately.** He or she will tell you if your financial assistance will be reduced or stopped, and for how long.
- **Do not spend** the lump sum payment until your FSS tells you how your financial assistance benefits will be changed.
- Carefully budget your money for the months that your financial assistance is reduced or stopped, because your lump sum is not considered extra spending money. It has to be used for living expenses.

How does a Lump Sum Payment affect my financial assistance benefits?

For financial assistance, your lump sum payment is usually considered income. When you receive a lump sum payment, you are expected to use it in place of your financial assistance benefits. You will not receive cash benefits for yourself or any members of your assistance group during the time that your lump sum payments can be used to pay your living expenses.

The amount of time that your assistance group is ineligible for financial assistance benefits is called the “period of ineligibility.” If you spend the money before your period of ineligibility is over, in most cases you will **not** be able to get financial assistance during this period. The period of ineligibility does not apply to individuals who were not members of your assistance group when the lump sum was received.

How long will my period of ineligibility be?

The number of months for which you will be ineligible is determined by dividing the total amount of your lump sum payment and any other countable income for that month by your *Standard of Need*. Your *Standard of Need* is the monthly income limit for a household of your size. **It is not the same as the *payment standard*, the income limit used to compute your eligibility for a grant.**

EXAMPLE: If your lump sum payment is \$2,800 and you receive \$200 in other income each month, these amounts are added together for a total of \$3,000. Assume your *Standard of Need* is \$1,500 per month. You would be ineligible for financial assistance for 2 months.

How does a lump sum payment affect my eligibility for medical assistance and Supplemental Nutrition Assistance Program (SNAP) benefits?

For medical assistance and SNAP (formerly known as Food Stamps), the lump sum is not counted as income. It is counted as a resource and will be added to your other countable resources. If your total resources are over the resource limit, medical assistance and/or SNAP benefits will be stopped.

Is the whole lump sum amount always counted?

No. Certain expenses can be subtracted from the lump sum income amount. These include:

- Expenses that are directly related to receipt of the lump sum or expenses that the lump sum is intended to cover, such as replacement or repair of property, medical bills, funeral expenses and legal fees;

- An allowance for living expenses during the month of application (applicants only); and
- Employment-related disregards, if the lump sum is earned income and these expenses have not already been allowed.

You must report these expenses to your District Office when reporting your lump sum payment, so that they can be subtracted before your period of ineligibility is figured.

Can the period of ineligibility be shortened?

The period of ineligibility can be shortened **only** in the following circumstances:

- If your *Standard of Need* changes due to increased shelter costs or due to cost-of-living or other across-the-board raises by the Department;
- If you can prove that the lump sum has been or will be spent in connections with life threatening circumstances, but only if there was no other income or resource available and you were or are using the lump sum to meet essential needs; or
- If you can prove that one of the ineligible assistance group members incurred and paid for approved medical expenses during the period of ineligibility.

IMPORTANT! As you can see, the lump sum rules are very complicated.

REMEMBER, if you use up your lump sum sooner than we allow, you might not be able to get financial assistance even if you have no other income. To avoid this situation, **please call your worker as soon as you know you will receive a lump sum, or at least BEFORE spending any of your lump sum.**

DEPARTMENT OF HEALTH AND HUMAN SERVICES OFFICES

BERLIN

650 Main Street, Ste. 200
Berlin, NH 03570-2496
752-7800 or
800-972-6111
Fax: 752-3208

LITTLETON

80 North Littleton Road
Littleton, NH 03561-3841
444-6786 or
800-552-8959
Fax: 444-0348

CLAREMONT

17 Water Street Ste. 301
Claremont, NH 03743-2280
542-9544 or
800-982-1001
Fax: 542-2367

MANCHESTER

1050 Perimeter Rd. Ste. 501
Manchester, NH 03103-3303
668-2330 or
800-852-7493
Fax: 668-5442

CONCORD

40 Terrill Park Drive
Concord, NH 03301-9955
271-6200
800-322-9191
Fax: 271-6451

SOUTHERN

26 Whipple St.
Nashua, NH 03060-3213
883-7726 or
800-852-0632
Fax: 883-2064

CONWAY

73 Hobbs Street
Conway, NH 03818-6188
447-3841 or
800-552-4628
Fax: 447-1988

SEACOAST

19 Rye Street
Portsmouth, NH 03801-2862
433-8300
800-821-0326
Fax: 431-0731

KEENE

111 Key Road
Keene, NH 03431
357-3510 or
800-624-9700
Fax: 352-2598

ROCHESTER

150 Wakefield St, Ste. 22
Rochester, NH 03867-1309
332-9120 or
800-862-5300
Fax: 335-5993

LACONIA

65 Beacon Street West
Laconia, NH 03246-9988
524-4485 or
800-322-2121
Fax: 528-4105

TDD Access: Relay NH 1-800-735-2964 or 711

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**LUMP SUM
PAYMENTS
and
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Assistance to
Needy
Families**

Department of Health and
Human Services
Bureau of Family Assistance
State Office Park South
Brown Building, 129 Pleasant
Street
Concord, New Hampshire 03301-
3857
www.dhhs.nh.gov/DFA