

**County of San Diego, Health and Human Services Agency (HHS)A)  
CalWORKs Program Guide**

**Restricted Accounts**

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**Revision Date:**

January 1, 2023

**Background:**

In addition to the property exclusions allowed under CalFresh rules, CalWORKs specifically exempts restricted accounts.

**Purpose:**

The purpose of this material revision is to reformat this section and to renumber this section from CalWORKs Program Guide (CPG) 42-200.J to 42-200.G. There is no policy change. CPG 42-200.J becomes obsolete with the issuance of this material.

**Policy:**

**Restricted Account**

An Assistance Unit (AU), which includes a recipient, is allowed to retain cash reserves in one or more restricted accounts at a financial institution.

There will be no limit to the amount of money that can be saved in a restricted account. These funds are in addition to the resource limits for the AU indicated on CPG 42-200.B Property Resource Limit section.

**Written Agreement**

Before an account can be designated as “restricted” the AU must sign an agreement which explains the requirements, restrictions and penalties. The written agreement must include a statement which advises recipients to first retain resources close to the resource limit to pay for unexpected expenses or emergencies before they enter into a restricted account agreement.

**Termination of the Written Agreement**

The written agreement for the restricted account terminates when any of the following occurs:

- The AU is discontinued from CalWORKs
- The restricted account is closed
- The AU does not provide timely verification of the account information as specified in the Account Information section
- State or federal law changes the conditions or no longer permits these restricted accounts

**Reapplying for CalWORKs**

If the AU is discontinued and later reapplies for CalWORKs, the funds held in a restricted account will no longer be exempted as a resource.

**Account Information**

The AU must provide verification for each account within 30 calendar days from the date of the written agreement. Failure to comply will result in termination of the agreement.

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The AU must provide all of the following:

- Names of persons as shown on the restricted account
- Name and address of the financial institution
- Account number
- Account balance and activity since the date the agreement was signed

The AU must establish and maintain a restricted account separately from any other account.

Treatment of Interest

Interest payments are exempt for purposes of determining eligibility and grant amount when the interest is deposited directly into the account by the financial institution.

Interest not deposited directly into the restricted account is a non-qualifying withdrawal. If interest is not deposited due to an error by the financial institution, the AU has 30 calendar days from the date of receipt to deposit the interest into the restricted account. Failure to deposit the interest within 30 days will result in a determination that a non-qualifying withdrawal has occurred, unless good cause exists.

Qualifying Withdrawals

The AU can withdraw funds from restricted accounts, and has 30 calendar days to spend these funds, for one or more of the following expenses:

- Purchase of a home - Expenses associated with the purchase of a home that will be the principal residence of the AU. These expenses include but are not limited to deposits, fees, down payment, principal payment, repairs, fixtures, and closing costs  
**Note:** Expenses for furniture and household goods are not allowable
- Education - Expenses for any education or job training for the account holder or any person who is claimed or could be claimed by the account holder as a dependent for federal income tax purposes. These expenses include, but are not limited to fees, tuition, books, school supplies, equipment, special clothing, student housing, meals, transportation costs to and from school, and child care services necessary for school attendance
- Startup of a new business - Allowable expenses include but are not limited to purchase and maintenance of capital equipment, uniforms or other protective clothing and shoes, tools, inventory, payments on loan principal, interest for capital assets or durable goods, rent for office of floor space and associated utilities, shipping and delivery costs, employee salary, fees, business taxes, insurance, and bookkeeping or other professional services  
**Note:** Personal expenses such as entertainment are not allowable
- Homelessness Prevention - Allowable expenses include, but are not limited to first and last month's rent, other deposits required under the rental agreement, and credit check fees  
**Note:** Expenses for furniture and household goods are not allowable
- No Expense Incurred - Funds withdrawn in anticipation of an expense that does not occur or is less than anticipated, must be redeposited into the restricted account within 30 calendar days from the date of the withdrawal. Failure to timely redeposit the funds will result in a determination that a non-qualifying withdrawal has occurred, unless good cause exists

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Verification of Expenditure

The AU must provide the following verifications within 30 calendar days from the date of expenditure:

- Balance prior to the withdrawal
- Date and amount of the withdrawal
- A receipt, canceled check, or signed statement from the provider of goods or services which verifies the type and the amount of expense paid

Non-Qualifying Withdrawals

Non-qualifying withdrawals include:

- Noncooperation - The AU fails to expend or provide verification of a withdrawal or expenditure within the 30-day time limit, unless good cause exists
- Nonallowable purpose - The AU withdraws or spends the funds for purposes or expenses other than those allowed
- Receipt of interest income - When the interest payment was not deposited directly into the account by the financial institution

When it is determined that a nonqualifying withdrawal exists, a calculation will be done for a Period of Ineligibility (POI).

Good Cause

Good cause exists when situations beyond the AU's control occur. These situations include, but are not limited to:

- Illness or medical emergency
- Failed or delayed completion of a home purchase
- Lack of transportation
- Other extenuating circumstances

When good cause is found, the AU will be allowed to fulfill the necessary requirement, within a reasonable period of time, based on the circumstances for the delay. Good cause also exists when the AU complies before the effective date of the notice of action. In these situations, the notice of action will be rescinded.

Excess Resource

When good cause does not exist, the case must be reviewed for excess resources. When the resource limit is exceeded the AU must be discontinued with timely and adequate notice.

Period of Ineligibility (POI)

The following steps will be made to calculate the POI:

- A. Determine the total amount in all the restricted accounts immediately prior to the nonqualifying withdrawal or prior to the issuance of an interest payment when it is not directly deposited into the account by the financial institution
- B. Subtract any portion which is a qualifying withdrawal
- C. Divide the result by the Minimum Basic Standard of Adequate Care (MBSAC) for the number of persons in the AU, plus any special needs
- D. Round down the result to the nearest whole number for the number of months of ineligibility

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The POI will begin on the first day of the month of the next Payment Period following the reported nonqualifying withdrawal on the SAR 7/SAWS 2 Plus and continue for the determined number of months.

Example 1:

An AU of three is in a January-June Payment Period.

Bank balance prior to May withdrawal:	\$8,000
Amount withdrawn from account:	\$4,000
Amount used to purchase home:	\$3,000
Amount used to buy furniture:	\$1,000

Since the AU used a portion of the withdrawal on a nonallowable expenditure, the POI will be calculated as follows:

A.	Balance prior to withdrawal:	\$8,000
B.	Allowable expense for purchase of home:	- 3,000
	=	\$5,000
C.	Divide the remainder by MBSAC* for 3 + special needs:	\$1,641
	=	3.04 months
D.	Round down the result to the nearest whole number for number of months of ineligibility:	3 months

\* MBSAC amounts are subject to change.

The AU is ineligible for three months. The AU will be discontinued at the end of June. The AU can reapply for aid on October 1.

Example 2:

An AU of three is in the January - June Payment Period and has the following property:

Checking account:	\$ 100
Restricted account:	\$2,000
Savings account:	\$ 800
Total:	\$2,900
Amount used to buy furniture:	\$2,500

The AU wants to buy new furniture and withdraws all their funds from their accounts, including the restricted account, to pay for the purchases in May. A determination is made that the AU made a nonqualifying withdrawal.

Although the AU's total property reserve prior to the nonqualifying withdrawal is under the property limit, the POI will be calculated as follows:

A.	Balance prior to nonqualifying withdrawal in May:	\$2,000
B.	Allowable expense:	- 0
	=	\$2,000
C.	Divide the remainder by MBSAC* for 3 + special needs:	\$1,641
	=	1.21 months

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D.	Round down the result to the nearest whole number for number of months of ineligibility:	1 month
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\* MBSAC amounts are subject to change.

The AU is ineligible for one month. The AU will be discontinued at the end of June. The AU can reapply for aid on August 1.

### Shortening the POI

A POI will be shortened when the AU reapplies for aid and the standard of need increases.

An increase in the standard of need includes any increase in AU size, general increase in the MBSAC (COLA increases), or a determination that the ineligible family would be eligible for a special need item as specified in CPG 44-200.

The following steps will be taken to shorten the POI due to an increase in the standard of need:

- A. Identify the restricted account balance used to calculate the original POI
- B. Identify the original MBSAC plus any special needs allocated to the ineligible family unit and multiply it by the number of ineligible months prior to the increase. Subtract the total from the amount in step A above
- C. Divide the result calculated in step B above by the increased standard of need. Round down the result to the nearest whole number
- D. The revised POI is the result in step C above plus the number of ineligible months prior to the increase
- E. The revised POI will begin in the same month as the original POI

Example:

An AU of two is in a POI due to a nonqualifying withdrawal. The pertinent facts of the POI are as follows:

Original balance used to calculate the POI:	\$4,000
Original MBSAC*:	\$1,324
Number of months of ineligibility:	3
First month of ineligibility:	January

\* MBSAC amounts are subject to change.

The AU size increased to three people in February and the need standard increased to \$1,641\*.

A. Original balance:	\$4,000
B. MBSAC* for one month of ineligibility:	- 1,324
	= \$2,676
C. Divide by increased MBSAC* for 3 (\$1,641):	1.63
Number of ineligible months after increase (rounded down):	1
Number of months before increase:	1
Number of months after increase:	+ 1
D. Revised POI (number of months):	2

\* MBSAC amounts are subject to change.

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The prior POI has been reduced from three months to two months; January and February are the ineligible months.

Establishing a Separate AU for Other Eligible

A separate AU may be established for an otherwise eligible person whose needs were not considered in the calculation of the POI.

**Procedure:**

None.

**Impacts:**

Refer to CalFresh Program Guide (CFPG) 63-200 for CalFresh regulations related to resource evaluation.

**References:**

- Eligibility and Assistance Standards (EAS) 42-213.23
- All County Information Letter (ACIN) No. I-59-11

**Sunset Date:**

This policy will be reviewed for continuance by January 31, 2026.

**Approval for Release:**



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Self-Sufficiency Services