

Restricted Accounts: CalWORKs and Food Stamps

Got a lump sum of money you want to save?

Did you get a settlement? Inheritance? Back benefits? **You should talk to a legal advocate about your different options.** (You may want to spend the money on things that won't count against your grant.) But, *if you want to save your money*, you have two options: 1) keep your account less than \$2,000 (\$3,000 if someone on your grant/food stamps is disabled); 2) save the money in a "restricted account."

Restricted accounts can be used to save money *only* for:

- ✓ Your or your children's college education or vocational training
- ✓ To buy a home
- ✓ To start up a new business.
- ✓ To save up for the costs of getting permanent housing, or to make rent payments after being homeless

You need to sign an agreement with the county first. Once the account is set up, you can only use the money for the three reasons listed above. If you don't you will have a big penalty! The money must be kept in a separate account. The interest is also not counted against you.

There is now no limit on the amount you can keep in a restricted account. The restricted accounts are also now allowed for food stamps recipients.

You also can keep your 401(k), 403(b) and 457 retirement accounts. They do not count against your property limit for CalWORKs. In addition, IRAs, Section 529 college savings plans and Coverdell Educational Savings Accounts (ESAs) do not count against CalWORKs or your food stamps IF you are also on CalWORKs.

Need Help? Contact:

Legal cites: Welf. Inst. §11155.2; State regulations §83-130 and ACL 08-11.

