

# SI 01130.500 Property Essential to Self-Support - Overview

## A. INTRODUCTION

The Act provides for the exclusion from resources of property that the Secretary determines is so essential to an individual's means of self-support as to warrant exclusion.

## B. POLICY — GENERAL

### 1. Categories Of Property Excluded Under This Provision

Resources excluded under this provision generally fall into 3 categories. Each is listed below and then described in more detail in a subsequent section.

#### a. Property Excluded Regardless of Value or Rate of Return

This category encompasses:

- property used in a trade or business (effective 5/1/90);
- property that represents government authority to engage in an income producing activity;
- property used by an individual as an employee for work (effective 5/ 1/90); and
- property required by an employer for work (before 5/1/90).

See [SI 01130.501](#).

#### b. Property Excluded up to \$6,000 Equity, Regardless of Rate of Return

This category includes **nonbusiness** property used to produce **goods** or **services** essential to daily activities. For example, it covers land used to produce vegetables or livestock **solely** for consumption by the individual's household. See [SI 01130.502](#).

#### c. Property Excluded up to \$6,000 Equity if it Produces a 6% Rate of Return

This category encompasses:

- property used in a trade or business in the period before 5/1/90;
- nonbusiness income-producing property. However, the exclusion does not apply to equity in excess of \$6,000 and does not apply if the property does not produce

an annual return of at least 6% of the excluded equity. If there is more than one potentially excludable property, the rate of return requirement applies individually to each. See [SI 01130.503](#).

## **2. Current Use Criterion**

Resources that are excluded under this provision must be in current use in the type of activity described. If not in current use, there must be a reasonable expectation that the required use will resume. See [SI 01130.504](#).

## **3. Liquid Resources**

Liquid resources are not considered property essential to self-support except when used as part of a trade or business.

# **C. POLICY — LIMITATIONS ON DEVELOPMENT**

It is not necessary to develop for the exclusion of property essential to self-support if:

- the combined value of the self- support property and other countable resources does not exceed the applicable statutory limit;
- the value of other countable resources (including any equity over \$6,000 when B.1.b. or c. is involved) exceeds the applicable statutory limit and conditional benefits are not possible or are declined by the individual;
- the individual is ineligible for a reason other than resources; or
- the property was excluded under the State plan in effect for October 1972 and the individual meets the criteria for “grandfathering” in [SI 01220.001](#) ff.

# **D. RELATED POLICIES**

## **1. Home Property**

When an individual uses home property to perform self-support activities, the property is excluded under [SI 01130.100](#), regardless of its value, rate of return, or current use.

## **2. Plan For Achieving Self-Support**

The primary differences between the exclusion of property essential to self- support and the exclusions provided for under a plan for achieving self-support (PASS)(see [SI 00870.001](#) ff.) are that the PASS exclusions:

- cover income as well as resources;
- apply to the blind and disabled, but not to the aged;
- have a time limit; and
- do not have an inherent dollar limit.

Consider the overall resources situation to ensure that the individual receives the benefit of the most advantageous exclusion for him or her.

### **3. Former Recipients Of Assistance Under A State Plan**

Former recipients of assistance under a State plan may be entitled to a special resources limit or to more advantageous exclusions under the State plan (see [SI 01220.001](#) ff.).

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