

**County of Orange Social Services Agency
Family Self-Sufficiency & Adult Services Division**

Program/Area: CalWORKS/Eligibility

Title: Restricted Accounts

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Approved: Signature on file

PURPOSE This policy provides guidelines for determining the treatment of Restricted Accounts (RA) for the CalWORKs (CW) Assistance Unit (AU).

POLICY CalWORKs (CW) rules allow a recipient to set aside unlimited funds in a RA for the specified purpose of buying a home, paying for educational expenses, starting a business, paying for costs associated with securing permanent rental housing or to pay for rent arrearages to avoid becoming homeless.

The rules below are the allowed CalWORKs property and resource limit for applicants and recipients, (not including RA):

- \$12,137, (\$11,634 prior to 01/01/2025, \$10,888 prior to 01/01/2024, \$10,211 prior to 01/01/2023, \$10,000 prior to 07/01/2021, \$2,250 prior to 06/01/2020, and \$2,000 prior to 10/01/2014) or
- \$18,206, (\$17,452 prior to 01/01/2025, \$16,333 prior to 01/01/2024, \$15,317 prior to 01/01/2023, \$15,000 prior to 07/01/2021, \$3,250 prior to 06/01/2020) for all households with a member age 60 or older, or disabled.

BOOKMARKS

- [Restricted Accounts](#)
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 - [CW86 Coversheet and Agreement](#)
 - [Qualifying Withdraws](#)
 - [Qualifying Withdrawal Criteria](#)
 - [Verification of Withdrawal Expenditure](#)
 - [Determining Good Cause](#)
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RESTRICTED ACCOUNTS

Who can have a RA:

- Only recipients may have RA. These accounts can be established once all eligibility requirements are met, and the case is approved in CalSAWS
- When benefits are restored during the month following the discontinuance for no SAR 7 (Restoration of Aid)

A person is no longer a recipient when:

- After discontinuance, the beginning date of aid is more than one full calendar month following the month of discontinuance

A client must reestablish recipient status prior to signing the CW86 Agreement – Restricted Accounts establishing a RA.

Note: Reestablishing recipient status does not apply to applicants.

There is no limit to the value of RA.

RA Purpose: The funds in a RA must be retained for one or more of these specified reasons:

- For any education or job training expense of an AU member or IRS tax dependent
- To purchase a home
- To start a business
- To pay for costs associated with securing permanent rental housing or
- To pay for rent arrearages to avoid becoming homeless

Note: Property eligibility is determined at Semi Annual Reporting (SAR) and at Re-Evaluation (RE) for SAR cases, and at RE for Annual Reporting/Child Only (AR/CO) cases. Refer to Policy 100-E5 Semi Annual Reporting (SAR) and Budgeting and Policy 100-E13 Annual Reporting/Child-Only (AR/CO) Cases for additional guidance.

ESTABLISHING A RESTRICTED ACCOUNT

When an AU member requests to establish a RA, the Eligibility Worker (EW) should encourage the recipient to retain close to the \$12,137 or \$18,206 for age 60 or older, or disabled property limit to pay for any unexpected expenses or emergencies.

The recipient must sign the CW86 Agreement – Restricted Accounts and provide the following verification:

- Account number
- Name and address of the bank
- Names of persons on the account (must include an AU member)
- The balance and activity of the RA, effective the date the CW86 Agreement – Restricted Accounts was signed

If this information is not provided by the client within 30 calendar days from the signature date, the EW must obtain a new CW86 Agreement – Restricted Accounts.

The AU must establish and maintain a RA separate from any other accounts.

**CW86
AGREEMENT
AND
COVERSHEET**

When a recipient reports a RA, the EW will:

- Review and provide a copy of the CW86 Agreement – Restricted Accounts to the recipient
- Retain a copy in Hyland Perceptive Experience (HPE)
- Ensure to inform the recipient the current property and resource limits
- Set a control for the 30 calendar-day return of the original copy and proof of the RA.
- Document the details of the RA in a Journal Entry

Form CW86 – Agreement Completion Instructions:

Section A: Sums up the requirement for the RA and must be completed by the recipient after reviewing the coversheet.

Each item in Section A must be reviewed with and initialed by the recipient. An optional signature section is provided for another adult in the household for joint accounts or when required by the financial institution.

Section B: If Section B is not completed concurrently with Section A, review the instructions in Section B with the recipient; retain one copy of the CW86 in HPE, and provide the original to the recipient.

Note: The due date is 30 calendar days from the date the recipient signed Section A of the CW86. If the AU fails to return the completed original with proof within the required 30 calendar days timeframe, the CW86 agreement is terminated.

**QUALIFYING
WITHDRAWALS
AND ELIGIBLE
CRITERIA**

Qualifying withdrawals must meet certain criteria. When a qualifying withdrawal is made, the recipient is allowed 30 calendar days from the date of a withdrawal to expend the funds. When it is determined that a non-qualifying withdrawal occurred, the EW calculates a Period of Ineligibility (POI).

The POI is established at the beginning of the payment period for SAR cases or at the beginning of the next payment period for AR/CO cases and continues for the determined number of months.

Purchase of a Home: Expenses associated with the purchase of a home that will be the primary residence of the AU including:

- Deposits
- Fees
- Down payments
- Principal payment

- Repairs
- Fixtures
- Closing costs

Note: Do not allow expenses for furniture, household goods, and personal expenses such as entertainment.

Starting a New Business: Expenses related to the start-up costs of a new business including:

- The purchase and maintenance of capital equipment
- Payment on loan principal and interest for business assets
- Required clothing
- Tools
- Inventory
- Rent and utilities for office space
- Business taxes
- Insurance
- Fees
- Employee salary

Education or Job Training: Expenses for education or job training for a person who is the account holder or their dependent including:

- Fees
- Tuition
- Books
- School supplies
- Equipment
- Student housing
- Meals
- Childcare necessary for school attendance
- Transportation cost to and from school

Note: Apply expenses toward the withdrawals from the RA before considering any non-exempt educational loans and grants.

Securing Permanent Rental Housing/Rent Arrearages: Expenses related to securing permanent rental housing or to pay for rent arrearages including:

- Overdue rent payments
- Deposits such as cleaning deposits
- First and last month's rent deposits
- Utility deposits

Note: Money withdrawn in anticipation of expenses that do not occur must be re-deposited within 30 calendar days from the date of withdrawal. Failure to timely re-deposit the funds should result in POI unless good cause exists.

Refer to Determining Good Cause *and* POI sections below.

**VERIFICATION
OF
WITHDRAWAL
EXPENDITURE**

The AU must provide verification of expenditures within 30 calendar days of withdrawal. Verifications include:

- Balance prior to the withdrawal
- Date and amount of withdrawal
- Verifications/receipts of expenditures

Re-deposit of interest not directly deposited into the RA

**DETERMINING
GOOD CAUSE**

A good cause determination must be made when an AU withdraws money and fails to spend the money. The EW will verify the withdrawal, expenditures, or re-deposited money remaining from a qualifying withdrawal within 30 calendar days. Good cause can be granted if the AU is affected by circumstances beyond their control including:

- Illness
- Medical emergency
- Failed or delayed completion of a home purchase
- Lack of reasonable transportation
- Or any other extenuating circumstances determined by the EW

When good cause exists, allow the client a reasonable time to comply before considering the withdrawal non-qualifying.

Good Cause Determination Denied: Good cause will not be granted when an AU spends money for a non-qualifying withdrawal and POI should be calculated.

**PERIOD OF
INELIGIBILITY
(POI)**

To compute the POI for a non-qualifying withdrawal:

- Determine the balance of the RA prior to the non-qualifying withdrawal.
- Subtract any portion determined to be a qualifying withdrawal.
- Divide the result by the Minimum Basic Standard of Adequate Care (MBSAC) for the number of persons in the AU, plus special needs.
- Round down to the whole number. This is the number of ineligible months.

Refer to WT 21-CalWORKs Payment Standards Chart for MBSAC rates.

The POI starts at the beginning of the upcoming SAR Payment Period and continues for the determined number of months.

Example: (SAR) An AU of three is in a January through June SAR Period.

- Bank balance prior to May withdrawal: \$5,102
- Amount withdrawn from account: \$4,500
- Amount used to purchase home: \$3,000 (Allowable expense)
- Amount used to buy furniture: \$1,500 (Non-allowable expense)

Since the AU used a portion of the withdrawal on a nonallowable expenditure, the EW should calculate a POI as follows:

Step 1:

\$5,102 balance prior to withdrawal
-3,000 allowable expense for purchase of home
\$2,102 remainder

Step 2:

Divide the remainder (\$2,102) by MBSAC of an AU of three (\$2,102 divided by \$1,892 = 1.11 months)

Step 3:

Round down the result to the nearest whole number (one month).

Findings:

The AU should be discontinued because there is ineligible period of one month (future payment month of July). The AU should be discontinued at the end of June. The AU can reapply for aid on August 1.

**SHORTENING
THE POI**

The POI is shortened only when the AU reapplies for aid and the MBSAC has increased as the result of:

- A Cost-of-Living Adjustment (COLA), or
- Increase in AU size (a newborn or other additional person), or
- A **new** special need

To calculate the shortened POI:

- Identify the RA balance used to calculate the original POI
- Identify the original MBSAC plus any special needs
- Multiply the original MBSAC amount (plus any special needs) by the number of ineligible months prior to the increase
- Subtract the total from the RA balance used to calculate the original POI
- Divide the remainder by the new MBSAC amount
- Round down to the nearest whole number
- Add this number to the number of ineligible months prior to the new MBSAC to determine the revised POI

Example:

An AU of two is in a period of ineligibility due to a non-qualifying withdrawal. The period of ineligibility was determined as follows:

- \$4,082 original balance used to calculate the period of ineligibility
- \$1,526 original MBSAC
- Three months of ineligibility (\$4,082 divided by \$1,526 = 2.67 round down to 2), January is the first month of ineligibility

The **AU** size **increased** to three people in February and the **MBSAC** **increased** to \$1,892.

To calculate the shortened POI, follow the below steps:

- \$4,082 original balance
- -\$1,526 MBSAC for one month of ineligibility
- \$2,556 result; divide by increased MBSAC for three (\$1,892) = 1.35 (round down to 1), February is one month of ineligibility

One month of ineligibility (January) before increase + one month of ineligibility after increase (February) = Two months of ineligibility.

The POI has been reduced from three months to two months. January and February are the ineligible months. The AU can reapply March 1.

**TERMINATION
OF THE
WRITTEN
AGREEMENT
CW86**

Interest payments should be exempt as income when the interest is deposited directly into the RA by the financial institution. Interest not deposited directly into the RA is a non-qualifying withdrawal unless re-deposited into the RA within 30 calendar days. If the funds are not re-deposited, a good cause determination must be made, and POI could be imposed.

REFERENCES

- ACL 01-76, 13-16, 08-11, 14-107, 19-67, 23-71, 24-54
- ACIN 1-59-11
- EAS Manual Section 42-213.231
- Food Stamp Manual Section 63-501

ATTACHMENTS

- [CW86 Agreement – Restricted Accounts](#)
 - [Policy 100-C1 Property](#)
 - [Policy 100-E5 Semi Annual Reporting \(SAR\) and Budgeting Process](#)
 - [Policy 100-E13 Annual Reporting/Child-Only Cases AR/CO](#)
 - [WT 21 Payment Standards Chart](#)
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