

Income Calculation Tips

To determine the household's actual annual income from the last 12-month period preceding the date of application,

The following documents are acceptable to verify income:

- W2s or income tax returns,
- Copies of paychecks or paystubs,
- Written statements from employers,
- Letters or other documents from income source (e.g., Family Independence Agency, Social Security, VA), if dated within the last 60 days
- If self-employed, accounting and other business records showing net income
- Other documents the program site has reason to believe will verify the income of the household.
- ID needs to be verified with the social security number and driver's license or other government issued ID for participants.
- Don't forget to verify children in the household with social security number, birthdate, or inclusion as a dependant on the previous year's tax return.

Income is defined as money wages and salaries before any deductions.

- See Michigan IDA Partnership Policies and Procedures Manual for a listing of what is included and excluded from income calculations.

Example--The participant would be enrolled in the program on May 29, 2003

Documents: income tax return from 2002 and most recent paystubs from both adults working in the household.

Take total gross income from the 2002 income tax return and divide by 12 months.

Multiply the result by the number of the months included in the previous 12 months of participant's income, June through December 2002 (7 months).

If the total household income for 2002 was \$27,119

27,119 divided by 12 = \$2259.92, multiplied by seven = \$15,819.44

add the total earned to date for 2003 from the latest paystubs + \$15,060.97

\$30,880.41

For a household of 4 people, the maximum allowable to qualify is \$36,200,

so this participant meets income eligibility guidelines for MIDAP for the year Oct 1, 2002 through Sept 30, 2003.

Please note that "earned income" is different from "income," in that some of the sources of income used in determining a household's income are not considered earned income for purposes of qualifying for a MIDAP IDA account.

For example, a participant with two children who has income from SSI and from FIP totaling \$12,247 for the 12 months previous to the program entry date would have income below the maximum household income threshold for MIDAP, however, the participant does not have earned income, and therefore would not be eligible to enroll in the program. Before enrolling, the participant would need to get a job or find self-employment in order to satisfy the MIDAP requirement for earned income.