USDA United States Department of Agriculture
Food and Nutrition Service

Resources and Retirement Accounts

There is a $2250 limit on the resources that a household may have and still receive SNAP. The limit is $3250 for a household with an elderly (age 60 or older) or a disabled member. Cash and savings are counted as resources, but funds in most retirement accounts are excluded from consideration as resources.

Recently we have received a number of questions about the excludability of various retirement plans. We believe that such questions have arisen because the 2008 Farm Bill excluded most retirement accounts from resources when determining eligibility for SNAP (as of Oct. 1, 2008). In addition, many formerly employed individuals are applying for SNAP assistance because of the economic downturn.

The following types of retirement accounts are excluded from consideration as resources:

IRS Code	Plan	What is It
Section 401	**Traditional Defined-Benefit Plan**	Employer-based retirement plan that promises retirees a certain benefit upon retirement, regardless of investment performance.
Section 401(a)	**Cash Balance Plan**	Employer-based "hybrid" plan that combines features of defined benefit and defined contribution plans. Each employee is allocated a hypothetical account, but account balances accrue at a specified rate, rather than depending on investment performance.
Section 401(a)	**Employee Stock Ownership Plan**	Similar to a profit-sharing plan that must be primarily invested in the employer's stock and under which distributed benefits must be offered in the form of the employer's stock.
Section 401(a)	**Keogh Plan**	"Informal" term for retirement plans available to self-employed people.
Section 401(a)	**Money Purchase Pension Plan**	Employer-based defined contribution plan under which annual contributions are fixed by a set formula.
Section 401(a)	**Profit-Sharing Plan**	Employer-based defined contribution plan under which employer contributions may, but need not be, linked to profits. Usually refers to non-matching employer contributions.
Section 401(a)	**Simple 401(k)**	401(k)-type plans available only to small businesses: exempt from certain restrictions and subject to some limitations on employer contributions.
Section 401(a)	**401(k)**	Defined contribution plan that allows employees to defer receiving compensation in order to have the amount contributed to the plan. Commonly referred to as a "cash or deferred arrangement" (CODA). Some 401(k) plans allow after-tax Roth 401(k) contributions.
Section 403(a)	**403(a)**	Plans that are similar to 401(a) plans but Are funded through annuity insurance.
Section 403(b)	**403(b)**	Tax-sheltered annuity or custodial account plan offered by tax-exempt section 501(c) organizations or public schools. Many are funded by employee contributions that resemble 401(k)s.
Section 408	**IRA**	Vehicle for tax-deferred retirement savings controlled by individuals rather than employers.

Section 408(p)	**Simple retirement account IRA**	Employer-based IRA (to which employers and employees contribute) available only to small businesses.
Section 408(k)	**Simplified Employee Pension Plan (SEP)**	Employer-sponsored plan available only to small businesses; allows employer to contribute to employee accounts that function as IRAs and are subject mostly to IRA rules. Generally ceased to apply in 1996.
Section 408A	**Roth IRA**	Same as IRA, except that qualified distributions are tax exempt.
Section 457(b)	**Eligible 457(b) Plan**	Funded plan offered by state and local governments or unfunded plan offered by nonprofit organizations.
Section 501(c)	**501(c)18 Plan**	Plan offered mostly by unions. Had to be set by June 1959 and are now largely obsolete.
Section 8439 of Title 5 USC	**Federal Thrift Savings Plan**	Plan offered by the federal government to its employees.