

HI 01120.035 Life Changing Event (LCE) – Loss of Income-Producing Property

A. Policy

1. A significant reduction of income due to a loss of income-producing property beyond the beneficiary's, or the beneficiary's spouse's, control (e.g. natural disaster, arson or criminal theft) which ordinarily generates income used in MAGI may qualify a beneficiary to request and qualify for a new initial determination using a more recent tax year. Income-producing property is defined as any real or personal property that generates income. Some examples of income producing property are:
 - •Real property (e.g., farmland, rental homes),
 - •Crops,
 - •Livestock and other animals (e.g., show dogs),
 - •Vehicles used for business, (e.g., limousines, tractor-trailers).

NOTE: Property that does not generate income will not be considered and loss of that property cannot be used as an LCE. Some examples of properties that are not income-producing are:

- –Property held for investment that does not generate income (e.g. coin collection, stamp collection)
 - –Real property that is used for purposes other than rental income, such as vacation homes and condominiums used for personal use only and not reflected on a tax return as income-producing.
2. The loss of income-producing property must not be caused by the beneficiary's direction. The loss must be caused by circumstances beyond the beneficiary's control. A loss due to donation, gift, sale or transfer of income-producing property is not considered a loss beyond the beneficiary's control and does not qualify for a new initial determination using a more recent tax year. Ordinary risk of loss taken at the time of investment in income-producing property is considered at the beneficiary's direction. Examples of circumstances beyond a beneficiary's control are losses caused by:
 - •Natural disasters (such as flood, hurricane, tornado, fire, earthquake, volcano eruption)
 - •Disease (affecting crops, livestock or other animals)
 - •Arson
 - •Buy-out of the property by a government under Eminent Domain
 - •Theft (including the taking of money or property by blackmail, burglary, embezzlement, extortion, larceny, robbery, fraud, investment fraud or other criminal activity)

NOTE: Loss of dividend income does not qualify as a loss of income from income producing property unless the loss is due to criminal theft.

3. All LCE reports only apply to the reporting spouse. Do not extend the use of the more recent tax year to the non-reporting spouse. If the non-reporting spouse is also affected by the LCE, the non-reporting spouse is responsible for contacting SSA.