

Iowa Department of Human Services
How Earnings May Change Your FIP

County Number

Worker Name

Case Number

What will this form tell me?

You can use this form to help you get an idea about how much you will get in FIP each month when you start to work.

What if I have questions?

Call your worker at _____ . We will accept collect calls.

How are my FIP benefits figured?

When you start to work, we look at how much you make to see if you can still get FIP. To get FIP, your family's income must be:

- less than the **gross income** limit. **Gross income** is the amount of money you get before taxes and other deductions, and
- the amount left after we subtract 20% and then 58% from your family's income must be less than the maximum FIP check.

Any income that is left over after these deductions will be subtracted from your FIP payment.

See the next page for an example of how this works.

This is how it works:

Ms. B gets a full FIP payment of \$426 for herself and two children. She starts a new job in October and gets her first paycheck on November 6. She reports this to her worker within ten days. Ms. B earns \$800.00 per month and has \$175.00 per month child care costs. Ms. B passes the gross income limit. Ms. B will get a lower FIP payment starting in December based on the amount of money she is expected to get in December as follows:

\$ 800.00	Gross earnings
- <u>160.00</u>	20% earned income deduction
= \$640.00	
- <u>371.20</u>	58% work incentive deduction
\$ 268.80	Subtracted from the maximum FIP check

Ms. B's FIP payment for December will be \$157.00 (\$426-\$268.80). Ms. B can get help with her child care costs from the state Child Care Assistance program.

Important:

This letter tells you how the money you get from work is used for people who get FIP. The money made by some people who do not get FIP (like, stepparents of FIP children) is treated differently. Ask your worker for more information.

What else do I need to know?

- If your household loses FIP because of the money you get from work, you may still be able to get Medicaid, Food Assistance and Child Care Assistance. There may also be some other programs available to help you. Ask your worker for more information.
- You may also be able to get a federal Earned Income Tax Credit (EITC). EITC lowers the amount of taxes you must pay by increasing your take-home pay on each paycheck or through a refund when you file your income taxes. See your employer or call the IRS at 1-800-829-1040 for more information. EITC is not counted against your FIP.
- If you need help paying for child care while you work, ask your worker about Child Care Assistance.