

Annuity Guide for Cases with a Community Spouse
Annuities that were Purchased or began Making Payments on or after April 20, 2010

Staff designated by Regional Administrators may use this as a guide for reviewing annuities that were purchased or began making payments on or after April 20, 2010. If an annuity meets all of the following requirements, it can be excluded as a resource and not considered a transfer of property. Annuities meeting these requirements will not need to be reviewed by IM/MHN Program and Policy. If the designated regional staff person has questions regarding the annuity policy, please submit the annuity along with an IM-14 to IM/MHN Program and Policy.

Annuities will not be considered as a resource or subject to a transfer penalty for either the community spouse or institutionalized spouse if they meet all of the following requirements:

1. Is irrevocable and nonassignable.
2. Is actuarially sound as measured by the life expectancy in current [SSA period life table](#). Actuarially sound means the annuity must payout during the remaining life expectancy of the annuitant. The remaining life expectancy of the annuitant is determined by looking at the SSA period life table.
3. Provides equal or nearly equal payments for the duration of the annuity with no deferral and no balloon payments. These equal or nearly equal payments must occur within the remaining life expectancy of the annuitant.
4. The beneficiary designation is one of the following beneficiary options. Beneficiary means the person that takes the funds from the annuity after the death of the annuitant. There are three possible beneficiary options that are appropriate.

Option One—For Annuities Owned By The Community Spouse:

- The annuity must provide that the institutionalized spouse must be named as the primary beneficiary in the event of the community spouse's death, AND
- The annuity must provide that in the event of the death of the institutionalized spouse the state of Missouri must be named as the secondary or contingent beneficiary for the amounts of medical assistance (can also state Medicaid or MO HealthNet) expended by the state of Missouri on the institutionalized spouse's behalf. The annuity must contain the following language to insure that the state of Missouri is repaid - "Proceeds of this annuity shall be paid to the State of Missouri for the amounts expended by the State of Missouri on behalf of (name of the institutionalized spouse)."

Option Two—For Annuities Owned By The Institutionalized Spouse:

- The annuity must provide that the State of Missouri be named as the remainder beneficiary in the first position (also known as primary beneficiary) for at least the total amount of medical assistance (can also state Medicaid or MO HealthNet) paid on behalf of the institutionalized individual. The annuity must contain the following language to insure that the state of Missouri is repaid - “Proceeds of this annuity shall be paid to the State of Missouri for the amounts expended by the State of Missouri on behalf of (name of the institutionalized spouse).”

Option Three—For Annuities Owned By The Institutionalized Spouse:

- The annuity must provide that the State of Missouri is named as such a beneficiary in the second position (also known as secondary or contingent beneficiary) after the community spouse or minor or disabled child and is named in the first position (also known as primary beneficiary) if such spouse or a representative of such child disposes of any such remainder for less than fair market value. The annuity beneficiary designation must contain the following language to insure that the state of Missouri is repaid - “Proceeds of this annuity shall be paid to the State of Missouri for the amount of Medicaid funds expended on behalf of (name of the institutionalized spouse).”