

Income Assessment - Important Information to Know

What is Gross Income? Gross income is the amount someone receives for working before any taxes, insurance, or other deductions are taken out. Gross income includes money paid for bonuses and overtime worked. *If income varies* from month to month, than *averaging* total gross income over several months is necessary. Averaging over 6 months should be reflective in most cases where income is variable. (see handout)

What is Net Income?

Net income is the amount left after all of the taxes and other deductions are taken out. This is the amount the person actually takes home.

What is Current Income?

This is income received in the past 30 days.

What is Annual Income?

This is the amount received during the entire year.

When do you use Current Income?

Whenever the client has a steady income which is the same from month to month.

When do you use Annual Income?

Whenever the client's income varies from month to month OR
When they did not work part of the year.

Examples are: Self-employed, Seasonal workers (construction, farm help, roofers, migrant workers), Students, Salespersons paid on commission,

In general, you assess income based on what the family is receiving now or has received in the past 30 days. Exceptions are those listed above.