

Individual Development Accounts IDA019 Program Overview

July 24, 2019

IDA PROGRAM SUMMARY

The Individual Development Accounts Program, or IDA, helps low income families achieve a greater level of self sufficiency and economic stability through the **purchase of assets**.

Indiana's asset development program was enacted through state legislation in 1997.

The federal program (AFI) was developed in 1998, allowing Indiana to combine state and federal resources for matching funds. That program ended in 2016.

IDA PROGRAM SUMMARY

Assets have been defined as:

- Acquiring Education or Job Training
- Building or Expanding a Business
- Purchasing a Home
- Repairing a Home
- Purchasing a motor vehicle for the purpose of education, job training, or employment

How does the program work?

- A household must be at or below 200% of the federal poverty level.
- Participant must have earned income and demonstrate the ability to save at least their savings goal each month/quarter.
- The participant saves ~\$500 per year and is matched 3:1 with \$1,500 in state resources. Participant will save \$1,500 and be matched \$4,500.
- Each participant receives financial literacy and asset goal specific training.

IDA AGREEMENT, MANUAL & GUIDANCE

All IDA Administrators receive an IDA Program Participation Agreement from IHCDa to manage the IDA accounts.

“Any inconsistency or ambiguity ... shall be resolved by giving precedence in the following manner: (1) this Agreement (2) the Program Manual (3) the CDC’s application” + Guidance + any other website resources

*****Online resource to come: 2019 Manual Appendix**

If you look through all those and can’t find an answer to a question, email us at ida@ihcda.in.gov.

If your question is related to claims and/or IHCDaOnline, email claims@ihcda.in.gov

I Have Prospective Participants – Now What?

FIRST STEPS FOR A PROSPECTIVE PARTICIPANT

1. Accept a complete application
 - There are several components – application is not complete until all are addressed, and turned in within 30 days
2. Determine Eligibility
 - Point – in – time: once they're considered eligible and accepted into the program, they won't need to update any of their information other than residency
 - Determination must be made within 7 days of receiving application: eligible, waitlist, denied, ineligible
3. Approve Applicant
 - Savings Plan Agreement
4. Account Set-up
 - Your account set-up
 - Participant account set-up

PARTICIPANT ELIGIBILITY

At the time of application, an eligible prospective participant must meet the following requirements:

- Household income must be at 200% or below the Federal Poverty Level (using the most recent federal guidelines)
- Have earned annual income
- Be a resident of the state of Indiana w/ a Social Security Number
- Never had an IDA before (household, not just participant)
- Meet any additional requirements required by the IDA Administrator

HOUSEHOLD INCOME LIMITS

See manual for what constitutes a household and how to calculate income using the Income Calculation Worksheet

Keep an eye out for updated income limits

Household Size	Maximum Household Income Allowed (200% 2019 FPG)			
	100% Poverty Guidelines	Annually	Monthly	Bi-Weekly
1	\$12,490	\$24,980	\$2,081.67	\$960.77
2	\$16,910	\$33,820	\$2,818.33	\$1,300.77
3	\$21,330	\$42,660	\$3,555.00	\$1,640.77
4	\$25,750	\$51,500	\$4,291.67	\$1,980.77
5	\$30,170	\$60,340	\$5,028.33	\$2,320.77
6	\$34,590	\$69,180	\$5,765.00	\$2,660.77
7	\$39,010	\$78,020	\$6,501.67	\$3,000.77
8	\$43,430	\$86,860	\$7,238.33	\$3,340.77
For each additional person over 8 add:	\$4,420			

EARNED INCOME

Earned Income, as defined by the Internal Revenue Service (IRS), is “all income from employment, but only if it is includable in gross income.” Earned income generally includes all taxable income which individuals receive from working--income that is not taxable generally does not count as earned income.

We provide examples of income that count as “earned” and examples of types that do not count in the manual.

APPLICATION MATERIALS

Applicants who wish to have their IDA application accepted for review must also submit the following (see manual for specific requirements)

- Income documentation for entire household
 - Household Member Zero Income Affidavit if applicable
 - Use Income Calculation Worksheet
- Documentation validating state residency
- Documentation showing Social Security Number
- No Previous IDA Account Affidavit
- Credit Score
 - Helps with eligibility AND to compare to score at the end of program

ELIGIBILITY VS. READINESS

- IDA Administrators must take the time to assess the true readiness of the prospective participant, not just eligibility
- Some questions to consider:
 - Long-term goals?
 - A clear asset purchase in mind?
 - Stable employment?
 - Desire and willingness to successfully complete required training?
- Use judgement and Applicant Readiness Assessment Tool in Appendix
- Remember: they lose eligibility for the future if they leave part-way through the program

NOTIFICATION

- The IDA Administrator must provide written notification of approval or denial within seven (7) days of receiving a completed application.
- That notification must tell the applicant one of the following:
 - The participant is eligible and can start in the program immediately
 - The participant is eligible but must be put on a waiting list
 - The participant is eligible but the administrator has denied their application (reasons why must be included)
 - The participant is not eligible and cannot participate in the program at this time (reasons why must be included)

WAITLIST & APPEAL

- A prospective participant may be placed on the “Wait List” for one of two reasons:
 - The agency does not have funding available to support the participant for the project period
 - The participant meets most of the eligibility requirements but needs to remove barriers that will impede successful completion of the program
- If on a waitlist for more than 6 months, the applicant must resubmit income and credit score again
- If denied, an applicant can appeal following the process in the manual

APPROVAL: SAVINGS PLAN AGREEMENT

Each approved IDA participant must complete a Savings Plan Agreement that will outline the IDA participants and IDA Administrators' roles and responsibilities.

The SPA must be signed before a participant opens the IDA and is a mandatory part of the IDA program.

The IDA participant should receive a copy of his/her SPA upon execution.

How Should I Set-up All the Accounts?

BANKING PARTNER

Financial Institutions have a central role in the program:

- Work with agency staff
- Work with participants
- Oversee accounts

If you haven't already, find a bank or credit union to partner with over the life of your award for all accounts opened under the award

Ensure they understand the program rules and regulations that they'll have to follow and that they'll help ensure participants follow

Use the Financial Institution Guide in the appendix to help explain the program

BANKING INSTITUTION MOU

To become a participating IDA Financial Institution, each institution must complete a Memorandum of Agreement (MOA) with IHCDA with a 3-year term.

If a financial institution works with multiple CDC Program Administrators, only one MOA is required. Each partner is listed on the document, check all that apply.

Once you have worked out an agreement with a local banking institution, make sure to inform IHCDA as soon as possible, so we know to keep an eye out for a mailed agreement.

PARTICIPANT ACCOUNT STRUCTURE

IDAs are set up through parallel custodial accounts

- Savings: Participant Money Only
- Match: State Funds

Accounts are jointly owned by the IDA participant and the IDA Administrator.

- As a custodial account, the IDA participant will have no direct access to the personal savings or matching funds other than his or her deposits
- All other transactions must be coordinated/approved through the IDA administrator via the Account Withdrawal Form

ADMINISTRATOR ACCOUNT STRUCTURE

Each administrator also needs to have two accounts: one to receive administrative claims and one to hold match claims. The two funding types should NEVER mix.

The administrative account can be one already set-up at the financial institution and/or one already receiving other types of IHCD A funds

The holding account for match claims keeps IHCD A from having to collect account information for each participant and allows claims to be for more than one participant.

Once the funding from a match claim hits the holding account, it should be dispersed to the relevant participant match accounts by the bank using a list provided by the administrator.

We need ACH forms for both!

How Do Participant Deposits Work?

DEPOSITS

Each IDA participant is encouraged to make regularly scheduled (consistent) deposits into his or her personal savings account after their initial \$25+ opening deposit.

Deposits can be made via direct deposit from an employer, regular electronic deposits from another account, or deposits made at a bank branch.

Participants will not have access to ATM bank cards, online banking or telephone banking features.

DEPOSIT & MATCH

	Participant Savings	State Match	Total
Year 1	\$500	\$1,500	\$2,000
Year 2	\$500	\$1,500	\$2,000
Year 3	\$500	\$1,500	\$2,000
Total	\$1,500	\$4,500	\$6,000

According to state legislation, IHCD cannot provide more than \$2,400 in match to one participant per year.

While participants can save more than \$800 in a single year, any amount above that will be matched the following year

MATCHING CLAIMS SCHEDULE

IDA Administrators are required to submit match claims in IHCDOnline **at least** quarterly, based on participant deposits.

- Claims should NOT wait until the full amount has been saved NOR until the participant needs the funds

Match claims should be made according to the following schedule.

Quarter

July 1 to September 30

October 1 to December 31

January 1 to March 31

April 1 to June 30

Claim Due Date

October 31

January 31

April 30

July 31

How Do I Make a Claim?

IHCDAONLINE

To create and submit claims, IHCDA requires IDA Administrators to utilize IHCDAOnline.

New IDA agency program administrators must be granted access to the system by IHCDA Financial Operations staff (see Claims Resource in Appendix).

Any issues or questions related to IHCDAOnline should be sent to claims@ihcda.in.gov. IDA program staff will not be able to assist.

IHCDAOnline link is changing on Monday August 26. More information to come!

MATCH CLAIMS

For matching claims an excel spread sheet should be uploaded showing:

- Participants related to the claim
- The amount they've deposited since the last claim they were on
- The amount in match they are receiving
- Extra: documentation showing deposits

We're creating a document for everyone to use moving forward, which includes all the about information plus additional items.

- This will help our claims department keep track of the relevant program information
- This will also help administrators ensure they don't ask for more than is allowed for a participant or make claims for one participant across multiple awards.

ADMINISTRATIVE BUDGETS

The administrative budget is not tied to match funds.

- \$500 per account awarded

IDA Administrators are eligible to use the entire admin budget, even if the IDA Administrators do not use all of the match funds.

ADMINISTRATIVE CLAIMS

For administrative claims, make sure to have the following supporting documentation:

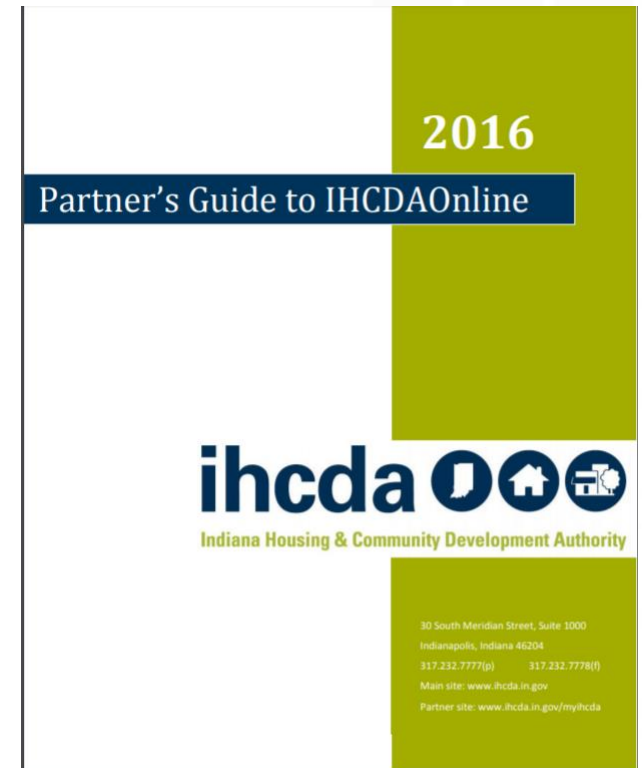
- Invoices
- General Ledgers
- Payroll
- Receipts

IDA Administrators must submit expenses as a claim within 45 days of the occurrence.

RESOURCES

Partner's Guide to IHCDOnline:
https://ihcdaonline.com/AuthorityOnline/Training/Partners_Guide_to_IHCDAOnline.pdf

IDA Resource on Claims: to be provided in Appendix.



How Do Withdrawals Work?

FINANCIAL EDUCATION TRAINING

IDA participants are required to complete at least 6 hours of core Financial Education training.

IHCDA has not mandated a specific financial education that IDA Administrators must use

- See manual for a list of topics as well as curriculum recommendations

Training can be through individual or group meetings, through partner programs within the community, or through an online course.

Participants cannot make any withdrawals until this training is completed.

Training must be completed within first year of program participation

ASSET SPECIFIC TRAINING

In addition to basic financial education, each IDA participant is required to complete asset-goal specific training

This training must occur before the first withdrawal.

Asset-goal specific training should last somewhere between 6-8 hours

See manual for recommended topics for each purchase type

ACCOUNT WITHDRAWALS

Participants can withdrawal funds for an approved asset purchase IF they:

- successfully submitted a program application and all required documentation
- have deposited at least \$25
- completed financial education and asset-specific training
- are in compliance with their Savings Plan Agreement

See Manual page 25 for examples of qualified purchases for each asset type

EXAMPLE WITHDRAWAL

Participant saved \$500 and received \$1,500 in match
(\$2,000 saved total)

Participant has a fall semester tuition due of \$800

Because match rate was 3:1 (25% Personal, 75% IHCD) the funds come as follows

- Personal: \$200
- State Match: \$600
- Total: \$800

WITHDRAWAL STEPS

1. Participant notifies administrator of intent to purchase at least **2-4 weeks before** anticipated purchase date
2. Participant gathers necessary documentation for the asset purchase
 - Refer to checklist in Appendix
3. Participant schedule appointment with administrator to complete Asset Purchase Withdrawal Form.
 - Participant should bring copies of any bills or invoices
4. Participant make arrangements with the administrator for the check disbursement to the third-party vendor (not the participant)
5. Participant returns copies of receipts resulting from the asset purchase to be kept in file

EMERGENCY WITHDRAWALS

Emergency withdrawals may be approved at the discretion of the IDA Administrator at the agency

The following are examples of when an emergency withdrawal may be approved:

- To prevent eviction
- To prevent foreclosure on an IDA participant's primary residence
- To pay for medical care expenses or obtain medical care for the IDA participant, his or her spouse, or a dependent of the IDA Participant
- To pay critical living expenses such as food supplies or heating expenses for the IDA participant following loss of employment

EMERGENCY WITHDRAWALS

Approved emergency withdrawals may only be made from an IDA participant's personal savings account.

- Match funds may **NOT** be used for unqualified expenses, including emergency withdrawals.

All emergency withdrawals must be repaid within 12 months of the withdrawal date.

Once an emergency withdrawal has been approved, **match funds for qualified withdrawals are prohibited until such time that the emergency withdrawal has been repaid.**

Withdrawal process is similar to normal process

What Happens When An Account Needs to be Closed?

ACCOUNT CLOSEOUT: GRADUATE

A **Graduate** has:

- successfully completed the savings plan
- received all applicable match funds
- made all asset purchases
- completed the IDA program by end of agreement term

To close the account, the graduate must complete an IDA Close-out Form

If any funds remain in their personal account, those are returned to the Graduate while any funds remaining in the match account are returned to the state.

The Graduate will be ineligible for an IDA in the future.

ACCOUNT CLOSEOUT: REASSIGNMENT

Grantee organizations have the option to reassign participants from an older IDA grant to a newer one if the organization was awarded in multiple grant years.

An IDA participant must have had a life changing event which alters their life or circumstances in a substantial way.

The agency will be allowed to reassign **one participant** per grant during the term of the grant; exceptions may be made at the discretion of IHCDA

This is a complicated process:

- The match funds must be returned to IHCDA, and then be re-disbursed from the second grant
- The IDA participant must meet/follow guidelines for the second grant
- The empty slot from the original grant must be filled

ACCOUNT CLOSEOUT: NON-GRADUATE

A **Non-Graduate** has been terminated from program participation for one of the following reasons:

- Made an unauthorized withdrawal from the personal savings or match accounts
- Voluntarily terminated participation due to personal circumstances or did not find the IDA program to be a good fit for his/her financial status
- Exceeded the three-year period without using all of the personal/match funds
- Moved out of State

To close the account, the non-graduate must complete an IDA Close-out Form

If any funds remain in their personal account, those are returned to the non-graduate while any funds remaining in the match account are returned to the state.

The Graduate will be ineligible for an IDA in the future.

SENDING BACK FUNDS: REPAYMENT CLAIM

A third party repayment transaction consists of funds being repaid to the State which were initially paid to a third party on behalf of the grantee. In the event of a third party repayment, the funds are placed back in the grantee's award budget for reuse.

If you've claimed funds for a participant that later drops out of the program or is reassigned, you'll need to send back those funds as a **Repayment** so you can use them for another participant.

Closeout forms should be uploaded into ihcdaonline as supporting documentation for the funds being returned.

SENDING BACK FUNDS: RETURN OF FUNDS CLAIM

A third party return of funds transaction returns funds to the State that was initially paid to a third party on behalf of the grantee. In the event of a third party return of funds, the funds are not returned to the organization's award budget but to the State's overall budget.

If you've claimed funds for a participant that graduates but doesn't use all of their matching funds or if the accounts needs to be closed because it's the end of the awards term, you'll need to send back those unused funds as a **Return of Funds**.

Closeout forms should be uploaded into IHCDOnline as supporting documentation for the funds being returned.

RETURN OF FUNDS TO PARTICIPANT

Step 1: The agency needs to fully execute the “IDA Account Close-out Form” that the client must sign

Step 2: The agency sends the ‘IDA Account Close-out Form” to the financial institution so that they can release funds from the participants’ savings account to the participant.

Step 3: The administrator **MUST** update participant financial information in Outcome Tracker

Step 4: Place a copy of the document in the client’s file

RETURN OF FUNDS TO IHCDA

Step 1: The agency sends the ‘IDA Account Close-out Form’ to the financial institution.

Step 2: Enter the claim as a Repayment or Return of Funds in IHCDAonline for the matched savings account within 5 business days of submitting the close-out form to the financial institution. Make a copy of the IHCDAonline Claims receipt.

Step 3: Update IHCDA match funds in Outcome Tracker

Step 4: Email a copy of the following documents to IDA@ihcda.in.gov to let us know to expect the check from the bank:

- The Executed “Close-out Form”
- The claim Receipt

Step 5: Place copy of all documents in the participant’s file.

What Else do I Need to Know?

OUTCOME TRACKER

Outcome Tracker by VistaShare is the cloud-based client management software used to assist IDA Administrators with case management.

It is critical that all data be both complete and current for reporting purposes.

The U.S. system can be found at www.vistashare.com.

Each new IDA agency program administrator will need to request an account be created by IHCDCA so you will have access to the system.

Outcome Tracker **MUST** be used for each IDA participant, from intake to education, asset purchase to closeout.

OUTCOME TRACKER

IDA administrators must enter case notes in Outcome Tracker and in their physical files regarding major activities that take place with the financial transactions. The case notes should document:

- If the IDA participant changes his or her asset goal
- If the IDA participant closes its IDA and chooses not to participate in the IDA program any longer
- If the IDA participant files an appeal regarding the process and action steps completed by the IDA administrator.
- If and why the IDA participant has been terminated by IHCD or the IDA Administrator.

Webinar on the IDA webpage under 'Training/Reference Materials'

More guidance to come!

GRANT CLOSEOUT

No later than forty-five (45) days after the grant agreement expiration date, grant administrators must submit all financial, performance information and other information as required by the terms and conditions their Agreement and the IDA Program Manual.

Purchases must be made!!!!

Accounts must be closed!!!!

REQUIRED REPORTING

It is **vital** that IDA Administrators maintain up-to-date information on all participants in Outcome Tracker.

- This is the main system IHEDA uses to evaluate IDA programs

IHCDA has also been requesting Account Status Reports – those will be replaced with the new Claims Document.

MAINTAINING PARTICIPANT FILES

Good program management is not limited to case management; it also extends to an organization's record keeping practices. IDA Administrators are responsible for keeping comprehensive and up-to-date IDA participant files.

Client Files:

1. Represent the implementation and outcomes of IDA policies
2. Tell the entire story of the participants progress and should be clear to anyone reviewing the file

Elements of a Good Client File

- **Readable:** legible information in a logical order
- **Certified:** Appropriate documents are signed, dated and approved
- **Transparent:** The client has been served according to the program guidelines
- **Consistent:** All files are similar in set up, content and clarity
- **Secure:** All information should be safely stored and secured

See Manual for recommended file format

INTERNAL CONTROLS

All agencies are required to have internal controls that are designed to follow the IDA program administration policies and procedures. These controls ensure program performance and integrity and protect against fraud, waste, and abuse.

Agency internal controls policies must include:

- How to complete an application with proper signature approval process outlined
- How to complete the eligibility review and assessment(s)
- How to retain copies of identification and social security cards in participant files or other locations
- How to approve IDA participant files for employees, board members, or families of either employees or board members
- How to ensure confidentiality
- How to approve and complete withdrawals and asset purchases
- How to properly close an account at the agency, at the bank, and remit information to IHCDA
- How to close a contract with IHCDA

Quick Manual Explanation

MAJOR CHANGES TO MANUAL

- Updated Program Summary to include key program information
- No longer need SSNs for whole household
- Clarified that not having an IDA previously (in household) is an eligibility requirement; No Prior IDA Affidavit added as a required document
- All application documents must be collected within 30 days
- Credit Report no longer required
- Net worth no longer required
- US Military ID no longer acceptable to validate SSN

MAJOR CHANGES TO MANUAL

- Administrators have to make eligibility decision in 7 days
- Waitlist shortened to 6 months
- Financial Education can be completed before specifically joining program
- Accounts must be opened with 4 weeks of completing SPA
- Requirements around regular savings deposits softened
- Language about match holding accounts added
- Match claims and purchases must be made by end of agreement

APPENDIX BREAKDOWN

Required

- Account Closeout form
- Asset Purchase Withdrawal Form
- Grantee ACH Authorization Form
- Household Member Zero Income
- IDA Participant Application
- IDA Savings Plan Agreement
- Income Calculation Worksheet
- No Prior IDA Affidavit
- Participant Reassignment Affidavit
- Request for Emergency Withdrawal

Resources

- Applicant Denial Notification
- Applicant Readiness Assessment
- Asset Purchase Withdrawal Checklist
- Checking Award Balance on ihcdaonline
- Program Definitions
- Training Log
- Financial Institution Guide
- Vehicle Purchase Plan
- Participant File Guide
- Participant Welcome Letter
- Partner Guide to IHCDAOnline
- Program Marketing and Retention
- Program Year reference Guide

Q&A

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