

Individual Development Accounts IDA022 Program Overview

August 24th, 2022
11AM Eastern

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Welcome 2022 IDA Administrators

AGENDA

1. IHCDAonline system (Lisa Ditchley)
2. IDA Summary and Review
3. Program Timeline
4. Participant Recruitment and Eligibility
5. Account Structure
6. Contacting IHCDA
7. Next Steps

IHCDA online

- ▶ To create and submit claims, IHCDA requires IDA Administrators to utilize a comprehensive IDA database system. This system is referred to as IHCDAOnline.
- ▶ New IDA agency program administrators must be granted access to the system by IHCDA Financial Operations staff.
- ▶ **Any issues or questions related to IHCDAOnline should be sent to claims@ihcda.in.gov. IDA program staff will not be able to assist.**

IHCDA ONLINE CLAIMS SYSTEM



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 are defined as the following:
 - ▶ 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?

- ▶ An individual or family must be at or below 200% of the federal poverty level.
- ▶ The participant saves \$500 per year and is matched \$1,500 in state resources. Participant will save \$1,500 and be matched \$4,500.
- ▶ Each participant receives financial literacy and asset-specific training.

IDA Timeline Year 1-4

July 1, 2022-June 30, 2026

Year 1

- Review and Sign Grant Agreement
- Finalize Financial Institution Partnership
- "First six months" Program outreach, Review, and Accept applications
- Participant signs Savings Plan agreement and deposit a min of \$25
- Financial Education and Asset- Specific Training must be completed

Year 2-3

- Participant continues to make regular savings over the course of the next few years
- Administrator continues to support and provide needed casemanagement and education
- Administrator submits claims on quarterly basis as needed

Year 4

- Participant makes final savings contributions
- **BEFORE EXPIRATION DATE ON AGREEMENT** all match claims must be finalized and all asset purchases should be made/ Submit match claims tool
- All IDA accounts must be closed
- Grant closeout (Administrators have 45 days after expiration date to submit final information/admin claims/ return of funds)

Participant Recruitment

- How to find potential participants:
 - ▶ Waiting list
 - ▶ Marketing (press releases/flyers)
 - ▶ Financial class
 - ▶ Home Buyer class
 - ▶ Word of Mouth (previous participants)
 - ▶ Mortgage lenders
 - ▶ Realtors
 - ▶ Builders
 - ▶ Housing Authorities
 - ▶ Schools
 - ▶ Partners
 - ▶ Radio
 - ▶ Walk-ins
 - ▶ Website

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 income at least equal to the amount of his/her annual savings obligation
 - Be a resident of the state of Indiana; No prior IDA
 - Meet any additional requirements required by the IDA Administrator (i.e. service area limits, specific target population and any other requirements set by the administrator).

Household Income limits

- ▶ See manual for what constitutes a household and how to calculate income (and net worth) using the Income Calculation Worksheet

2022		Maximum Household Income Allowed (200% FPG)		
Household Size	100% Poverty Guidelines	Annually	Monthly	Bi- weekly
1	\$13,590	\$27,180	\$2,265	\$1,045.38
2	\$18,310	\$36,620	\$3,052	\$1,408.46
3	\$23,030	\$46,060	\$3,838	\$1,771.54
4	\$27,750	\$55,500	\$4,625	\$2,134.62
5	\$32,470	\$64,940	\$5,412	\$2,497.69
6	\$37,190	\$74,380	\$6,198	\$2,860.77
7	\$41,910	\$83,820	\$6,985	\$3,223.85
8	\$46,630	\$93,260	\$7,772	\$3,586.92
<i>For each additional person over 8 add:</i>	\$4,720			

Income Eligibility Documentation

Applicants who wish to have their IDA application accepted for review must submit the following documents as part of their IDA application submission:

- Copy of the most recent two (2) weeks of consecutive pay stubs for all wage earners in the household at the time of application.
- Copy of the prospective participant's most recent Federal tax return (filed less than 12 months prior to date of application).
- Copy of their credit report and score (cannot be more that 30 days old prior to the application date). There is no required company that must be used in obtaining such information.

Income Eligibility Documentation

Other income documentation that may be considered:

- Salary, wage statements or W-2 forms
- Third-Party Verification of employment income (i.e. Workforce Development Wage Determination)
- A statement signed and dated by the prospective participant or his/her parent/guardian, in the case of minors, that the prospective participant does have earned income such as an allowance. **NOTE:.** A statement should be placed in the case file by the IDA Administrator explaining why a self-declaration was used. **This method of documentation should be used only when it is not possible to use one of the above methods.**

Indiana residency & SSN Verification

- Applicants must submit a copy of their current driver's license, State issued ID or other residency identification
- Participants in the program must also maintain (permanent) residency in Indiana throughout their participation in the program.
- Each household member must present a valid social security number as a part of the eligibility process.
 - ▶ The most acceptable form of is a social security card.
 - ▶ Other acceptable forms of documentation (listed in manual) may be used if they are accompanied by photo identification (current or expired)

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

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.



QUESTIONS SO FAR??

Deposits & Match

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

- ▶ Accounts should be matched by administrators at least quarterly

- ▶ Typical annual saving plan options:
 1. Regular Weekly Deposits (\$9.62/weekly)
 2. Regular Bi-Weekly Deposits (\$19.23/bi-weekly)
 3. Regular Semi-Monthly Deposits (\$20.83/twice per month)
 4. Regular Monthly Deposits (\$41.67/month)
 5. Regular Quarterly Deposits (\$125/ per three months)
 6. *Twice a Year Deposits* (\$250/six months)
 7. *Once a Year Deposits* (\$500/year)

Financial education training

- ▶ IDA participants are **recommended** to complete at least 6 hours of training (Core financial education training and asset-goal specific training)
- ▶ IHCDAs has not mandated a specific financial education curriculum that is mandated 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.
- ▶ 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
 - ▶ used earned income as the source of funds of their deposit(s)
 - ▶ completed financial education and asset-specific training
 - ▶ are in compliance with their Savings Plan Agreement
- ▶ See Manual for examples of qualified purchases for each asset type

Withdrawal Steps

1. Participant notifies administrator of intent to purchase at least **2-4 weeks before** anticipated purchase date Notify the IDA Administrator of the IDA participant's intent to purchase
2. Participant gathers necessary documentation for the asset purchase
 - ▶ Refer to checklist in Appendix on Website
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

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

Account Closeout: Graduate

- ▶ A **Graduate** has:
 - successfully completed the savings plan
 - received all applicable match funds
 - made all asset purchases
 - completed the IDA program within three years
- ▶ 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: 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.

Reassigning Participants

- ▶ Grantee organizations have the option to reassign participants from an older IDA grant to a new one and vice versa 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

Claims Schedule

- ▶ IDA Administrators are required to post deposits and submit match claims in IHCDOnline **at least** quarterly. Deposits and match claims should be posted according to the following schedule.

<u>Quarter</u>	<u>Claim Due Date</u>
▶ July 1 to September 30	October 31
▶ October 1 to December 31	January 31
▶ January 1 to March 31	April 30
▶ April 1 to June 30	July 31

Claims Supporting Documentation

- ▶ For administrative claims, make sure to have the following supporting documentation:
 - Invoices
 - General Ledgers
 - Payroll
 - Receipts

- ▶ For match claims, the claims tool is required

- ▶ Questions.....

Program Administration

- ▶ All IDA Administrators receive an IDA Program Participation Agreement from IHCDA to manage the IDA accounts.
- ▶ The effective date or start date, is the first day that participants can be officially enrolled in the program and be entered into the program administrative database.
- ▶ The expiration date for the Agreement, is the last day of the agreement. **All program funds (administrative and match) must be fully processed and expended by that time.**
 - ▶ Don't spend any more money; don't make any more claims

Administrative Budgets

- ▶ The administrative budget is not tied to match funds.
- ▶ IDA Administrators are eligible to use the entire admin budget, even if the IDA Administrators do not use all the match funds.
- ▶ IDA Administrators must submit expenses within 45 days of the occurrence.
 - ▶ Remember that all claims must be submitted by the end of the contract term.
- ▶ For more information about the required documentation for submitting IDA Administrative claims, see the IHEDA Claims Submission Manual.

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

Return of Funds to IHCD

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

- ▶ **Step 2:** Enter the claim in IHCDonline for the matched savings account within 5 business days of submitting the close-out form to the financial institution. Make a copy of the ihcdonline Claims receipt.

- ▶
- ▶ **Step 3:** Email a copy of the following documents to IDA@ihcd.in.gov:
- ▶
- ▶ The Executed “Close-out Form”
- ▶ The claim Receipt

- ▶ **Step 4:** Place copy of all documents in the participant’s file.

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

IDA Required Documents

- [2022 IDA Match Claims Tool](#)
- [2022 IDA Participant Application](#)
- [2022 Household Member Zero Income Affidavit](#)
- [2022 No Prior IDA Affidavit](#)
- [2022 Income Calculation Worksheet](#)
- [2022 IDA Savings Plan Agreement](#)
- [2022 IDA Grant Reassignment Affidavit](#)
- [2022 Request for Emergency Withdrawal](#)
- [Asset Purchase Withdrawal Form IDA018, IDA019, IDA020, IDA2021, and IDA2022](#)
- [Account Close Out Form IDA018, IDA019, IDA020, IDA2021, and IDA2022](#)

Other IDA Resources

- [IDA Claims Webinar](#)
- [IDA Rack Card](#)
- [IDA Flyer](#)
- [IDA Flyer - Invest in Your Future](#)
- [IDA Training Resources](#)
- [IDA One-Pager](#) (updated May 6, 2019)
- [Indiana IDA Program administrators](#) - Updated August 31, 2020
- [IDA Guide to IHCDA Online](#) - Updated March 25, 2022
- [Additional IDA Resources](#)

NEXT STEPS

1. Register on IHCDOnline if you and/or your organization hasn't already
2. Finalize Financial Institution Partnership
3. If your banks have changed this year submit ACH (Bank forms) if you haven't already. (1 for match acct and 1 for admin acct)
4. Begin Program outreach, Review, and Accept participant applications

Questions?





Thank you for participating
in this webinar.

If you have any unanswered questions, please
contact us:

Program Questions IDA@ihcda.in.gov

CLAIM QUESTIONS Claims@ihcda.in.gov

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