

Individual Development Accounts (IDA) IDA023 Program Overview

August 31st, 2023
1:30 PM Eastern

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**WELCOME NEW AND
EXPERIENCED IDA & IDA TAX
CREDIT ADMINISTRATORS!**

AGENDA

1. IHCDAOnline system/Claims (Lisa Ditchley, Financial Operations Manager)
2. IDA Summary and Review
3. Program Timeline
4. Participant Recruitment and Eligibility
5. Account Structure
6. Contacting IHCDA
7. Next Steps

IHCDAOnline

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.

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 (Assets for Independence or AFI) was developed in 1998, allowing Indiana to combine state and federal resources for matching funds. That program ended in 2016, and IDA is now fully State funded.

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, 2023 – JUNE 30, 2027

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
- Prior to end, all match claims must be finalized and all asset purchases should be made
- All IDA accounts must be closed
- Grant closeout (Administrator has 45 days after expiration to submit final information and admin claims/match claims tool)

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:

- Have a household income at or below 200% of 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.
- Have no prior IDA participation for any member of the household
- 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 DEFINITION

For the purposes of the IDA Program, **household** is defined as “all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

Household members benefit from shared income and resources and contribute financially to each other’s needs and expenses.

This designation may include the prospective participant, his or her dependents and other household income contributors such as a spouse, partner, ex-spouse or ex-partner, parents or other relatives.

HOUSEHOLD INCOME LIMITS

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

2023 Federal Poverty Guidelines		Maximum Eligible Household Income for IDA (200% FPG)		
Household Size	100% Annual Poverty Guidelines	Annually	Monthly	Bi-weekly
1	\$14,580	\$29,160	\$2,430	\$1,122
2	\$19,720	\$39,440	\$3,287	\$1,517
3	\$24,860	\$49,720	\$4,143	\$1,912
4	\$30,000	\$60,000	\$5,000	\$2,308
5	\$35,140	\$70,280	\$5,857	\$2,703
6	\$40,280	\$80,560	\$6,713	\$3,098
7	\$45,420	\$90,840	\$7,570	\$3,494
8	\$50,560	\$101,120	\$8,427	\$3,889
<i>For each additional person over 8 add:</i>	\$5,140	\$10,280	\$857	\$395

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.

Previously, each household member had to provide a valid social security number. As of April 2021, this is no longer required by the program; however, administrators may still choose to collect this information, if it improves ease of opening or tracking accounts. If SSNs are collected, administrators must make sure to manage this information responsibly and minimize the number of documents or locations in which this information can be found.

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 things to consider include whether the participant has:

- 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).

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

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

Participants cannot make any withdrawals until this training is completed.

Training must be completed within first year of program participation.

*See manual for a list of topics as well as curriculum recommendations.

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:

- Have successfully submitted a program application and all required documentation.
- Have deposited at least \$25.
- Have used earned income as the source of funds of their deposit(s).
- Have completed financial education and asset-specific training.
- Are in compliance with their Savings Plan Agreement.

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.
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 Non-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.

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

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

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 match funds must be fully processed and expended by that time.**
- **All final administrative claims must be submitted within 45 days of the award expiration.**

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@ihcda.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 IHCD Online](#) - Updated March 25, 2022
- [Additional IDA Resources](#)

IDA TAX CREDITS

The funds raised by each organization (if all credits are sold) should be 2x the amount of the awarded credits.

Examples:

- If you were given \$11,100, when you sell all your credits, you will have raised \$22,200.
- If a donor gives you \$200 as a contribution, they should receive \$100 in credits.
- If you want to distribute \$1,500 in credits to a donor, they need to contribute \$3,000.

*Must raise sufficient funds for an entire account before assigning a participant.

CONTRIBUTION LIMITS

Multiple donations are allowed, to one or many organizations.

If multiple donations are made to one agency and all donations are credit-eligible, then the donor should receive a contribution form for each donation.

A single donor may only claim up to \$25,000 in total credits (for \$50,000 in donations) each calendar year, even if they donated to multiple organizations. Anything beyond that will not be honored.

Each donation must a minimum of \$100 (\$50 in credits), UNLESS an agency has less than \$50 in credits remaining. In this case, the donation must be for the remaining credit amount.

ELIGIBLE DONORS

Organizations or Corporations:

- Organizations and corporations are welcome to make IDA tax credit eligible contributions.
- Additional steps or information may be required when reporting these contributions, based on whether **the organization** or **its shareholders** claim the credits.

Families or Couples:

- See manual for how to treat donations and credits if a couple files jointly or separately.

Donor Advised Funds:

- See manual for how to treat donations from donor advised funds.

As in previous years, charitable organizations and foundations are ineligible for IDA credits!

ELIGIBLE DONATIONS

Eligible Contributions:

- Cash
- Check
- Credit Card
- Stock (after it has been liquidated)
- IRA and 401K Distributions
- Contributions designated through United Way (minus United Way's cut)

Ineligible Contributions:

- Services (sweat equity), supplies, and equipment are not eligible in-kind donations
- Donations from charitable organizations and foundations
- Membership dues or fees

REQUIRED RECORD KEEPING

All	Donor Contribution Forms (program requirement): one copy for the agency, one copy for the donor
Cash or Credit Card Donations	Receipt copies (or letters)
Checks	Copies of the checks
Stock Donations	Copies of stock transaction reports/pages and thank you letters
United Way Designations	Copies of donor designation, documentation of receipt of donation, and/or employer paystubs from the donors

Records should be kept for at least five years after your award expires.

NEXT STEPS

1. Register on IHCDAOnline if your organization has not already.
2. Finalize Financial Institution Partnership (ensure
3. If your banks have changed this year submit ACH (Bank forms) if you have not already (1 for match/3rd party holding account and 1 for admin/grantee account).
4. Begin program outreach; review and accept participant applications.

FINAL QUESTIONS??

Thank you for participating!

If you have any unanswered questions, please contact us:

Program Questions: IDA@ihcda.in.gov

Claims Questions: Claims@ihcda.in.gov