Individual Development Accounts
IDA016FT Program Overview

October 23, 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.

IDA016FT uses the last round of federal funding.
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 $1,500 during the course of their participant and is matched 3:1 with $4,500 in state and federal resources: $2,250 state funding and $2,250 federal funding.
- 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

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 net worth: less than $10,000***
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

<table>
<thead>
<tr>
<th>Household Size</th>
<th>100% Poverty Guidelines</th>
<th>Annually</th>
<th>Monthly</th>
<th>Bi-Weekly</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$12,490</td>
<td>$24,980</td>
<td>$2,081.67</td>
<td>$960.77</td>
</tr>
<tr>
<td>2</td>
<td>$16,910</td>
<td>$33,820</td>
<td>$2,818.33</td>
<td>$1,300.77</td>
</tr>
<tr>
<td>3</td>
<td>$21,330</td>
<td>$42,660</td>
<td>$3,555.00</td>
<td>$1,640.77</td>
</tr>
<tr>
<td>4</td>
<td>$25,750</td>
<td>$51,500</td>
<td>$4,291.67</td>
<td>$1,980.77</td>
</tr>
<tr>
<td>5</td>
<td>$30,170</td>
<td>$60,340</td>
<td>$5,028.33</td>
<td>$2,320.77</td>
</tr>
<tr>
<td>6</td>
<td>$34,590</td>
<td>$69,180</td>
<td>$5,765.00</td>
<td>$2,660.77</td>
</tr>
<tr>
<td>7</td>
<td>$39,010</td>
<td>$78,020</td>
<td>$6,501.67</td>
<td>$3,000.77</td>
</tr>
<tr>
<td>8</td>
<td>$43,430</td>
<td>$86,860</td>
<td>$7,238.33</td>
<td>$3,340.77</td>
</tr>
</tbody>
</table>

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 readiness AND to compare to score at the end of program

• **Credit Report**
  - Helps with net worth and with readiness
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
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.

ihcda
Indiana Housing & Community Development Authority
BANKING INSTITUTION MOU

To become a participating IDA Financial Institution, each institution must complete a Memorandum of Agreement (MOA) with IHCDA with a 2-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.

New Policy: No claims until MOU is signed by IHCDA
PARTICIPANT ACCOUNT STRUCTURE

IDAs are set up through parallel custodial accounts
  • Savings: Participant Money Only
  • Match: State and Federal 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 IHCDA funds.

The holding (checking) account for match claims keeps IHCDA 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.
ADMINISTRATOR ACCOUNT STRUCTURE

Submit admin account information in IHCDAAOnline under Organization Information.

Submit holding account information in IHCDAAOnline under IDA.

Do not switch where you provide account information!!

If you make an edit to your holding account information, email claims@ihcda.in.gov

New IHCDAAOnline link: https://online.ihcda.in.gov/
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

<table>
<thead>
<tr>
<th></th>
<th>Participant Savings</th>
<th>Match</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$750</td>
<td>$2,250</td>
<td>$3,000</td>
</tr>
<tr>
<td>Year 2</td>
<td>$750</td>
<td>$2,250</td>
<td>$3,000</td>
</tr>
<tr>
<td>Total</td>
<td>$1,500</td>
<td>$4,500</td>
<td>$6,000</td>
</tr>
</tbody>
</table>

According to state legislation, IHCDA 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 IHCDAAonline **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.

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Claim Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1 to September 30</td>
<td>October 31</td>
</tr>
<tr>
<td>October 1 to December 31</td>
<td>January 31</td>
</tr>
<tr>
<td>January 1 to March 31</td>
<td>April 30</td>
</tr>
<tr>
<td>April 1 to June 30</td>
<td>July 31</td>
</tr>
</tbody>
</table>

*We will be checking starting next month.*
How Do I Make a Claim?
IHCDAONLINE

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

Online.IHCDA.in.gov

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.
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’ve created a document for Administrators to use, 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.

Webinar next week about this

Remember to split match evenly between state and federal funds
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.

Remember to split admin evenly between state and federal 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 IHCDAAonline v2019: https://online.ihcda.in.gov/AuthorityOnline/Training/Administration/Partners_Guide_to_IHCDAAonline_v2019.pdf

Most up-to-date version found on IHCDAAonline -> Authority Online -> Online Resources and Training Videos

We’re currently updating the IDA Guide to IHCDAAonline
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 30 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% IHCDA) the funds come as follows

- **Personal**: $200
- **Total Match**: $600
  - State Match: $300
  - Federal Match: $300
- **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 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 like 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 OnlineIHCDA as supporting documentation for the funds being returned.

Split funds evenly between state and federal.
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 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 OnlineIHCDA as supporting documentation for the funds being returned.

Split funds evenly between state and federal
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 OnlineIHCDA Claims receipt.
   • Split match funds evenly between state and federal funds

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 compete 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 IHCDA 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 participant 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 IHCDA or the IDA Administrator.

Webinar on the IDA webpage under ‘Training/Reference Materials’

More guidance to come!
GRANT CLOSEOUT

By end of contract (September 30, 2021):
• Purchases must be made
• Accounts must be in process of closing

No later than forty-five (45) days after the grant agreement expiration date:
• Admin claims must be made
• Return of Funds claims must be made
• All reporting on accounts is due

By November 15, 2021, all work on IDA016FT should be done, except post-survey

Webinar on survey next week
REQUIRED REPORTING

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

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

Reporting also completed on Claims Tool – **webinar next week**
Quick Manual Explanation
MAJOR CHANGES

• 3:1 match, up to $4,500

• Back to using federal funds
  • All claims split evenly between federal and state

• Credit Report required

• Net worth calculation required

• Must use new Claims Match Tool, based on Guidance from August 2019
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 IHCDAO
- Program Marketing and Retention
- Program Year reference Guide
Q&A

ida@ihcda.in.gov